



PAYNES FIND GOLD LIMITED

28 July 2016

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## Quarterly Activities Report and Appendix 5B

### For the Quarter ending 30 June 2016

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The Board of Paynes Find Gold Limited (“**the Company**”) is pleased to provide the following commentary and Appendix 5B.

The June quarter has been a company defining one for Paynes Find Gold Limited. The quarter included the completion of a capital raising, the announcement of a significant Lithium acquisition, the completion of due diligence on that acquisition, the completion and lodgment of a Notice of Meeting of Shareholders to approve the acquisition and the lodgment of a prospectus to raise a maximum of \$9,000,000 for the ongoing funding of the Lithium project.

On the 11 May 2016 the Company announced the acquisition of an advanced Lithium project (Wolfsberg lithium project located 270 kilometres south of Vienna, Austria) with a JORC inferred resource.

#### Highlights of the project to be acquired are;

- **JORC compliant inferred resource of 3,700,000 tonnes at 1.5% Li<sub>2</sub>O (55,500 tonnes contained Lithium).**
- **Previously completed 17,000 metres of drilling and 1,400 metres of declines, drives and crosscuts. This work will allow the Company to examine routes to fast track the development phase.**
- **Additional drilling to commence before completion of transaction with a view to upgrading resource.**
- **Granted Mining Leases over 11 mining areas by the Austrian Mining Authority.**
- **Bulk sample (1,000 tonnes) taken for metallurgical test work. Pre-feasibility study to commence immediately after completion if maximum funds raised.**
- **Planned production profile of 15-20 months from acquisition.**
- **Located 40 kilometres from Samsung battery plant in Gratz, Austria.**
- **Proposed Director and Management have considerable experience in resource project development and wide project execution experience.**
- **Current owner has spent 11.53 million Euros on acquisition and exploration.**
- **Central European location will allow the Company to help meet EU demand. Good local infrastructure and sources of energy nearby. The project provides a**

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**significant transport cost advantage over lithium from South America and Australia.**

- **Close to the largest lithium import markets in EU. EU is a major Lithium importer, consuming 24% of the global market, second only to China.**

Since the announcement of the proposed acquisition the Company has successfully completed the due diligence and advised the ASX on 3 June 2016 that the acquisition was moving towards completion.

The Company has also released on 21 June 2016, a Notice of Meeting of Shareholders to be held 11 am WST on Monday, 25 July 2016. At the meeting the shareholders considered 8 resolutions including the approval of the acquisition of European Lithium AT (Investments) Limited and the capital raising of a maximum of \$9,000,000. All resolutions were passed unanimously on a show of hands. The ASX were advised of the results of the meeting on 25 July 2016.

A second replacement prospectus was lodged with ASIC on 28 July 2016 to raise a maximum of \$9,000,000 via the placement of 112,500,000 shares at an issue price of 8 cents per share.

The Directors will continue to expedite the acquisition of the advanced Wolfsberg Lithium project and capital raising so that the securities of Paynes Find Gold Limited can recommence trading on the ASX as European Lithium Limited with the code **EUR**.

The Directors believe that the Lithium acquisition with continued exploration and development success provides a significant opportunity for Paynes Find shareholder wealth creation.

### **Cash position**

The Company has a total of \$709,000 cash at the 30 June 2016. Outgoings increased due to the cost of completing the due diligence on the acquisition of European Lithium and a deposit of \$750,000 was paid on the acquisition.

### **Exploration and Development Activities**

During the quarter the Company continued its geological assessment of the Paynes Find Gold Project with its focus now moving forward to identifying continuous zones of mineralisation that could lead towards determination of the nature and extent of any economic quantities of gold present. Further work was also completed last quarter with mapping and sampling of previously untested potential in the south and southwest areas within the project tenements. This work included initial assessment of pegmatites identified in the field.

A total of 19 rock samples were collected from various outcrops within the property and 10 were collected from diamond drilling core previously drilled. The maximum value for lithium received was 378ppm with a mode of 5ppm and a mean of 15 ppm across all samples. The pegmatite outcrop where the maximum value was recorded will be further investigated given its anomalism against the other samples taken.

The Company also continued to discuss with interested parties the joint venture or sale of part of the Paynes Find Gold Project.

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For and on behalf of the Board.



**Paul Lloyd**  
**Non-executive Chairman**

**Competent Person's Statement**

The information regarding field exploration at the Payne's Find project in this quarterly to which this statement is attached relates to exploration results compiled by Mr. D. J. Holden, who is a Director and geological consultant to the Company. Mr. Holden is a Member of The Australian Institute of Geoscientists, with over 30 years' experience in the mining and resource exploration industry. Mr. Holden has sufficient experience, as to qualify as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Mineral Resources and Ore reserves". Mr. Holden consents to the inclusion in the report of the matters based on information in the form and context in which it appears. The company is reporting the historical exploration results under the 2012 edition of the Australasian Code for the Reporting of Results, Minerals Resources and Ore reserves (JORC code 2012).

*The information in this report which relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves over the Wolfsberg lithium project is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the Director and principal geologist of Al Maynard & Associates Pty Ltd and has over 35 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard 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, Exploration Targets, Mineral Resources and Ore Reserves".(JORC Code). Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.*

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## JORC TABLE 1

### Section 1 Sampling Techniques and Data

<b>Criteria</b>	<b>Explanation</b>
<i>Sampling techniques</i>	The surface rock samples were collected as outcrop rock chip grab samples and continuous channel rock chip samples. Equipment used was predominately hammer with the collection of rock fragments. No prescriptive methodology has been employed in grab samples however where possible one or more rock fragments over an area of 10cm x 10cm has been taken.
<i>Drilling techniques</i>	No drilling has been completed.
<i>Drill sample recovery</i>	No drilling has been completed.
<i>Logging</i>	Brief descriptions of the core has been completed.
<i>Sub sampling techniques and sample preparation</i>	No sub sampling completed as no drilling completed.
<i>Quality of assay data and laboratory tests</i>	For the initial rock samples no check or repeat samples have yet been submitted for analysis. The complete sample collected was submitted to the laboratory for analysis. Each sample was weighed at the preparation laboratory and the weights recorded along with analytical results. No specific quality control procedure has been adopted for the collection of the samples other than due care exercised to maintain an unbiased and uniform sample as possible. Samples were shipped to SGS laboratories in Perth WA for drying and pulverizing and splitting to prepare a pulp for analytical determinations.
<i>Verification of sampling and assaying</i>	Analysis was by acid digestion with ICP-OES determinations. Samples were pulverised to minus 75 microns before a split was taken and sent to SGS Perth for analysis. This is an accepted industry analytical process appropriate for the nature and style of mineralisation under investigation. No company generated blanks or standards were incorporated into the sampling procedure. SGS undertook their own internal checks and blanks.
<i>Location of data points</i>	All samples sites have been located using a hand held DGPS unit and cross checked onto aerial photographs where relevant. The GPS recorded locations used MGA94 zone 50 as the datum.
<i>Data spacing and distribution</i>	The data is not expected to be incorporated into any Mineral Resource or Ore Reserve estimation and is primarily an initial exploration reconnaissance sampling programme. As such the determination of data spacing and distribution is not relevant at this time
<i>Orientation of data in relation to geological structure</i>	No drilling was undertaken and no orientation of rock sampling considered relevant.
<i>Sample security</i>	All samples were collected in calico sample bags with sample number tickets included in each bag and the same identification externally on the bag. Given the very early stage of exploration combined with the limited number of field staff involved, the security over sample dispatch is considered adequate for these samples at this time.
<i>Audits or reviews</i>	No audits or reviews have yet been conducted on the exploration data presented in this release.

### Section 2 Reporting of Exploration results

<b>Criteria</b>	<b>Explanation</b>
<i>Mineral tenements and land tenure status</i>	All claims are current and 100% owned by Paynes Find Gold Limited. There are no outstanding issues regarding access or ownership. Tenement numbers are shown in the quarterly report to which this table has been attached.
<i>Exploration done</i>	Historical drill holes exist however no technical information relating specifically to lithium or REE exploration has been identified outside the mention of the

<i>by other parties</i>	presence of pegmatites within the property boundary.
<i>Geology</i>	The mineralisation is seen as predominantly pegmatite veins within metavolcanics metasediments and granitic Archean rocks of Western Australian Yilgarn Craton. This is a recognised style of mineralisation and one that is common to the district.
<i>Drill hole Information</i>	No drilling was conducted.
<i>Data aggregation methods</i>	No aggregation of sample results completed.
<i>Relationship between mineralisation width and intercept lengths</i>	No drilling was conducted.
<i>Diagrams</i>	Due to the limited number of samples taken and the very early stage of exploration for lithium, no diagram is considered relevant at this stage. A Table of coordinates, sample result and sample number is included in the quarterly to which this table has been attached.
<i>Balanced reporting</i>	The limited sampling programme is to seek to identify if there is any indication of lithium within the pegmatites identified. As such the initial results are reported to reflect simply this.
<i>Other substantive exploration data</i>	No other exploration data is present or available relating to the pegmatites.
<i>Further work</i>	Only one sample is thus far considered to be anomalous in terms of its value relative to the other samples collected. This will be further investigated in the field and possibly further samples collected to see if the result can be replicated or further elevated lithium is present.

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SAMPLE NO:	TYPE	EASTING	NORTHING	DATUM	ppm Li (detection to 1ppm)
1	outcrop	567464	6763187	MGA94 Zone 50	7
2	outcrop	567379	6763355	MGA94 Zone 50	6
3	outcrop	565755	6764368	MGA94 Zone 50	379
4	outcrop	566907	6764990	MGA94 Zone 50	83
5	outcrop	566907	6764990	MGA94 Zone 50	49
6	outcrop	566907	6764990	MGA94 Zone 50	8
7	outcrop	566872	6765017	MGA94 Zone 50	5
8	outcrop	566870	6764766	MGA94 Zone 50	5
9	outcrop	566866	6764628	MGA94 Zone 50	6
10	outcrop	566819	6764526	MGA94 Zone 50	5
11	outcrop	566819	6764530	MGA94 Zone 50	5
12	outcrop	566835	6764527	MGA94 Zone 50	10
13	outcrop	566627	6764730	MGA94 Zone 50	58
14	outcrop	566627	6764730	MGA94 Zone 50	6
15	outcrop	567356	6764108	MGA94 Zone 50	7
16	outcrop	567388	6764036	MGA94 Zone 50	8
17	outcrop	567459	6763576	MGA94 Zone 50	7
18	outcrop	567367	6763857	MGA94 Zone 50	58
19	outcrop	567470	6763170	MGA94 Zone 50	10
CORE 01	DDH04	566598	6764162	MGA94 Zone 50	4
CORE 02	DDH04	566598	6764162	MGA94 Zone 50	20
CORE 03	DDH04	566598	6764162	MGA94 Zone 50	4
CORE 04	DDH04	566598	6764162	MGA94 Zone 50	4
CORE 05	DDH02	566777	6764100	MGA94 Zone 50	3
CORE 06	DDH01	566640	6764024	MGA94 Zone 50	19
CORE 07	DDH01	566640	6764024	MGA94 Zone 50	19
CORE 08	DDH01	566625	6763993	MGA94 Zone 50	<1
CORE 09	DDH06	566784	6763974	MGA94 Zone 50	5
CORE 10	DDH03	566784	6763974	MGA94 Zone 50	4

## Schedule of Mineral Tenements

Paynes Find Gold Ltd Schedule of Mineral Tenements		
Held as at 30 June 2016		
Tenement	Ownership Interest	Location
M59/2	100%	Paynes Find, WA
M59/10	100%	Paynes Find, WA
M59/235	100%	Paynes Find, WA
M59/244	100%	Paynes Find, WA
M59/396	100%	Paynes Find, WA
M59/662	100%	Paynes Find, WA
M59/663	100%	Paynes Find, WA
P59/1907	100%	Paynes Find, WA
P59/1908	100%	Paynes Find, WA
P59/1909	100%	Paynes Find, WA
P59/1924	100%	Paynes Find, WA
P59/1941	100%	Paynes Find, WA
P59/1942	100%	Paynes Find, WA
P59/1956	100%	Paynes Find, WA
P59/1957	100%	Paynes Find, WA
P59/1958	100%	Paynes Find, WA
P59/1959	100%	Paynes Find, WA
Disposed of during quarter		
Nil		
Acquired during quarter		
Nil		

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