

27 January 2017

ASX Market Announcements  
ASX Limited  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

## GTI TRANSITION TO GOLD PRODUCER IN AUSTRALIA

### HIGHLIGHTS

- **GTI RESOURCES LTD (GTI) has entered into an option and lease agreement (“Option and Lease Agreement”) with Poseidon Nickel Limited (“Poseidon”) in relation to the Windarra tailings dams (“WINDARRA TAILINGS DAMS”) and three gold mining exploration leases (“MLs”) in Laverton Wester Australia.**
- **GTI intends to build a relocatable gold tailings treatment plant to recover gold and other minerals located in the three tailings dams.**
- **The tailings DAMS contain a total Mineral Resource of 183,000 ounces of gold - (see below).**
- **GTI has rights to 80% of the 3 MLs with Poseidon 20% free carry to Bankable Feasibility Study. Drilling programmes are now being assessed.**
- **Acquisition price A\$3m cash (non-refundable).**

GTI has entered into an Option and Lease Agreement with Poseidon in relation to the WINDARRA TAILINGS DAMS (including North, Central and South Dams) and three gold MLs in Laverton Western Australia (collectively the “**Project**”).

GTI plans to build a gold tailings treatment plant to recover gold and other minerals located in the three dams. The gold treatment plant will be relocatable, opening up future options and scenarios for GTI following treatment recovery of the gold and other minerals from the 3 dams.

The mineral resource and reserve statements set out below in Table 1 & 2 will be updated to JORC 2012 standards. At this stage, GTI has not undertaken sufficient work to independently verify the JORC compliant mineral resources and reserves for the project. Further evaluation work and appropriate studies may be required for GTI to independently verify these statements and this is expected to be completed as part of the due diligence process.

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**Table 1: Windarra Tailings Dams - Mineral Resource Statement**

Gold Tailings Resources	JORC Compliance	Cut Off Grade	Mineral Resource Category								
			Indicated			Inferred			Total		
			Tonnes (Kt)	Grade (g/t)	Au (oz)	Tonnes (Kt)	Grade (g/t)	Au (oz)	Tonnes (Kt)	Grade (g/t)	Au (oz)
<b>WINDARRA GOLD TAILINGS PROJECT</b>											
Gold Tailings	2004	NA	11,000	0.52	183,000	-	-	-	11,000	0.52	183,000
<b>TOTAL</b>											
<b>Total Au Resources</b>	<b>2004</b>		<b>11,000</b>	<b>0.52</b>	<b>183,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,000</b>	<b>0.52</b>	<b>183,000</b>

Note: totals may not sum exactly due to rounding (refer Australian Securities Exchange release by Poseidon Nickel Limited dated 3 June 2016 - Silver Swan Resource update page 10 table 3). GTI is not aware of any information that casts doubt on the statement

Poseidon further estimates that the Windarra Tailings Dams contained a Probable Ore Reserve of 4,359,518t at 0.72 g/t gold. (Source: Poseidon 2012 Annual Report, page 13).

**Table 2: Windarra Tailings Dams – Ore Reserves**

Locations	Tonnes	Grade (g/t Au)	Ounces (oz Au)
North Dam	3,499,000	0.78	87,750
South Dam	860,500	0.50	13,830
<b>Total</b>	<b>4,359,500</b>	<b>0.72</b>	<b>101,580</b>

Note: Poseidon 2012 Annual Report, page 13.

Ore reserve under 2004 JORC code - GTI plans to have JORC 2012 sign off following due diligence.

**Key Points:**

1. Mineral Resource of 183,000 ounces;
2. GTI retains 100% of the production and revenue from the three tailings dams;
3. No royalty payable on the production from the three tailings dams;
4. A 1% gold royalty to Poseidon on any production from the 3 MLs;
5. Exploration drilling programme now being assessed;
6. Two new directors will be appointed with hands on technical expertise;
7. Two current directors will retire;
8. Lease period approximately six years from termination of Poseidon Nickel Agreement and ML issued over the Windarra Tailings Project;
9. GTI current shareholders (76,766.669 on issue) will be offered the opportunity to participate, in a shareholder purchase plan on terms to be announced;
10. Due diligence has commenced.

This opportunity is subject to due diligence, finance and West Australian government terminating the 1971 State Poseidon Nickel Agreement transferring to the West Australian Mining Act 1978.

**Key Dates:**

1. Deposit paid \$25,000 (due diligence fee) expires on or before 28 March 2017;
2. Second payment 28 March 2017 of \$975,000;
3. Third payment 28 June 2017 \$1,000,000; and
4. Final payment of \$1,000,000 payable 90 days after issue of a ML over the Windarra Tailings Project.

GTI plans to have commitments in place by the 28 March 2017 – if funding is not in place by 28 March 2017 the option will expire.

Discussions will now take place with identified debt funders to finance the relocatable processing plant going forward.

Poseidon have been in discussions with the West Australian State Government ("**State Government**") with a view to terminating the 1971 Poseidon Nickel Agreement WA which expires in December 2017. The State Government have indicated to Poseidon that termination of the Poseidon Nickel Agreement will not take place until after the 2017 State election, as the termination requires an act of State Parliament allowing for the issuance of an ML under the WA Mining Act 1978. Current advice from the Department of State Development is that termination is likely to be in the second half of 2017.

GTI now has access to all Poseidon's data and reports including a definitive feasibility study ("**DFS**") and gold tailings mine plan completed in 2012, together with the assistance of the Poseidon team to form an opinion on or before the 28 March 2017 (expiry date of due diligence and first payment payable under the agreement).

GTI has reviewed a number of projects over an extended time frame. The Project is well known to the team and represents a real opportunity to add value in real terms to the balance sheet of GTI, allowing GTI to advance opportunities for all shareholders.

The Poseidon team are focussed on developing the WINDARRA NICKEL PROJECT.

Shareholders will be kept up to date and provided with a notice of meeting requesting approval for this transaction.

Shareholders will be given a comprehensive update following due diligence.

#### **Background**

The Windarra Nickel Project is an historical mine site previously operated by Western Mining Resources / BHP Billiton during the period 1973-1995. The Windarra Nickel Project has a long history of exploration and mining. Nickel rich gossan outcrops were first discovered in 1969 through a surface prospecting programme. Subsequent exploration and drilling programmes during the period 1969-1971 defined nickel sulphides deposits at the Mt Windarra and south Windarra prospects. In 1973 Western Mining Corporation ("**WMC**") acquired the properties and in 1974 underground mining commenced at Mt Windarra and open pit mining in south Windarra.

WMC continued mining with periodic interruptions until 1994 when operations ceased due to a prolonged and substantial fall in nickel prices.

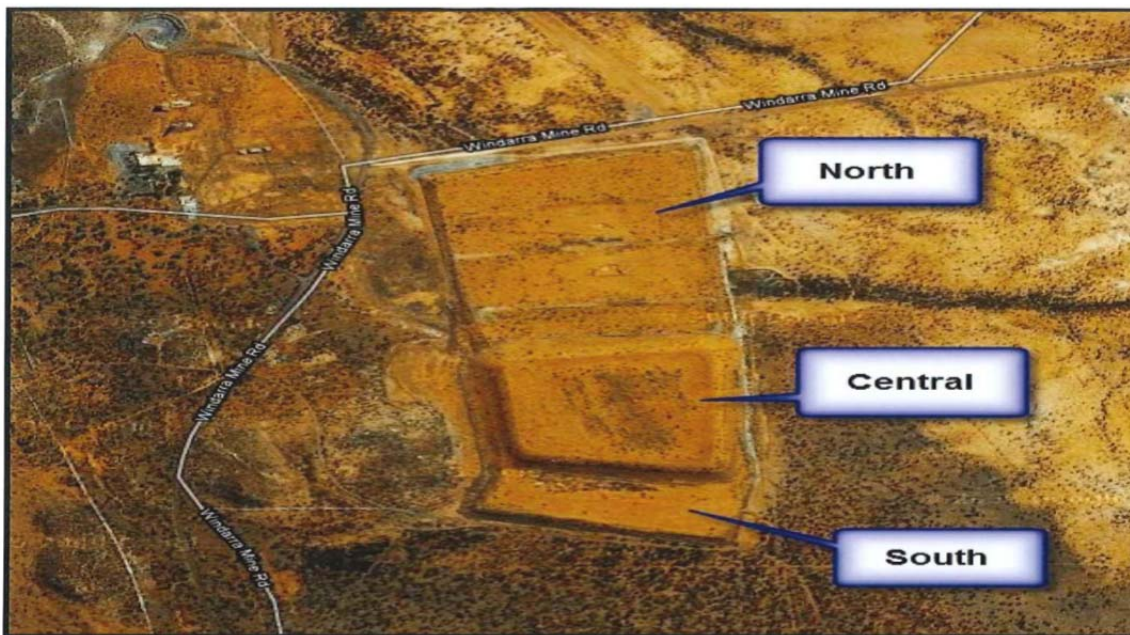
WMC also mined and processed 5.1 million tonnes of gold at a grade of 5 g/t for 704,000 oz from WMC owned and operated gold mines in the Laverton region (WMC production report 1995).

Gold tailings were also deposited in the dumps from local mines during the 1980's and 1990's.

Yours sincerely



**Murray McDonald**  
Chairman



**WINDARRA**  
North - Central - South  
Tailings Dumps

**Competent Person Statement:**

*Contents of this report relating to Exploration Results, Mineral Resources or Ore Reserves are based on information released previously to the ASX by Poseidon Nickel Limited.*

**Forward Looking Statements:**

*This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning GTI Resources Ltd planned exploration programmes and other statements that are not historical facts. When used in this document, the words such as could-plan-estimate-expect-intend-may- potential-should and similar expressions are forward-looking statements. Although GTI Resources Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.*

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