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The Manager
Company Announcements
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

By e-lodgement

NEW HIGH-GRADE GOLD DISCOVERIES CONFIRM POTENTIAL

Highlights

- Shallow high-grade gold results confirm the open pit potential of the area.
- Multiple high-grade intersections returned in several holes, confirming multiple lodes and target geometries.
- Significant new gold intersections at Paynes Find include:
 - 7m @ 2.43g/t (PFRC 115 from 26m)
 - 12m @ 6.61g/t (PFRC 116 from 10m)
 - 3m @ 8.04 g/t gold (PFRC 134 from 45m) *
 - 3m @ 5.21 g/t gold (PFRC 134 from 140m) *
 - 3m @ 8.05 g/t gold (PFRC 135 from 77m)
 - 4m @ 6.28 g/t gold (PFRC 150 from 79m)
 - 6m @ 3.56 g/t gold (PFRC 150 from 120m)
 - 3m @ 92.1 g/t gold (PFRC 120 from 41m including 1m at 271g/t) *
 - 3m @ 3.21 g/t gold (PFRC 142 from 30m)
 - 4m @ 2.64 g/t gold (PFRC 133 from 99m)
 - 3m @ 4.94 g/t gold (PFRC 112 from 114m)
 - 2m @ 4.94 g/t gold (PFRC 135 from 82m)
- Results confirm that gold mineralisation is not limited to the predominantly explored gneiss (as previously thought), with significant intersections occurring in the adjacent greenstone schist
- Stage 2 results provide the economic and geological rationale to further advance exploration to capitalise on results to date
- Further extensional and down-dip drilling required to test open high-grade structures to the west, and to potentially link high-grade zones along strike

* Previously announced as earlier stage 2 results

The Directors of Paynes Find Gold Limited ("**Paynes Find**" or "**the Company**") (ASX:PNE) are pleased to announce encouraging results on the Company's 100% held tenements at Paynes Find, 420 km northeast of Perth in Western Australia.

Stage 2 drilling of the initial area of interest at Paynes Find was completed in early September, with 52 Reverse Circulation percussion (RC) holes totalling 5,326m and 6 diamond drill holes totalling 1,540m completed. A total of 7,145 samples (including duplicates) were assayed for gold, silver and copper, and all results have now been received (refer to ASX announcement 28th September 2012 for previously reported results from Stage 2). For full results of the program refer to Table 1.

The Company is currently refining the interpretation of the drilling results and building a geological model of the gold mineralisation known to date. This work will lead to definition of additional drill targets. Additionally, the Company is looking more broadly at the Paynes Find Goldfield, assessing the controls on mineralisation and targeting new zones of mineralisation.

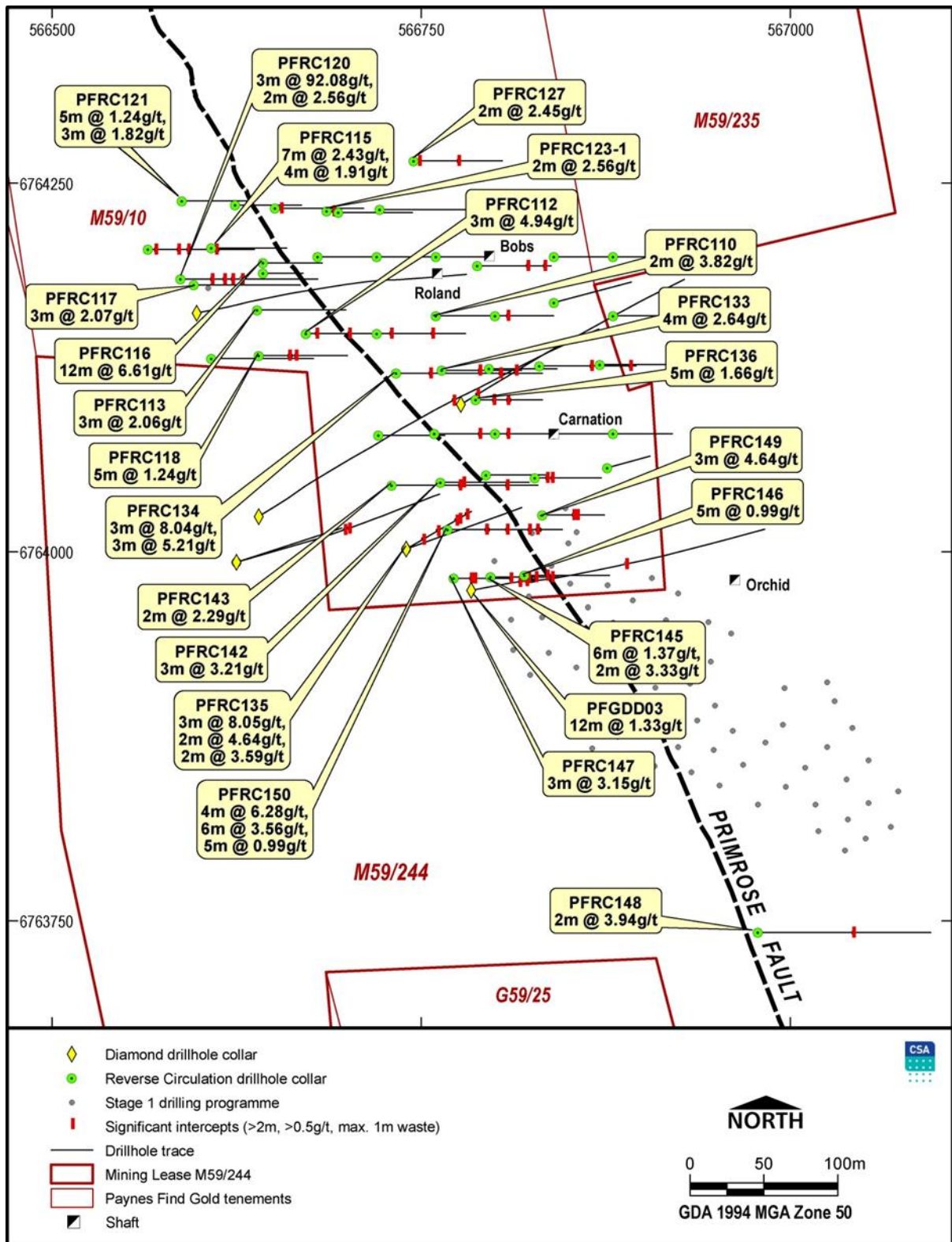


Figure 1: Paynes Find Gold Stage 2 drill hole locations and significant intersections. Full details in Table 1.

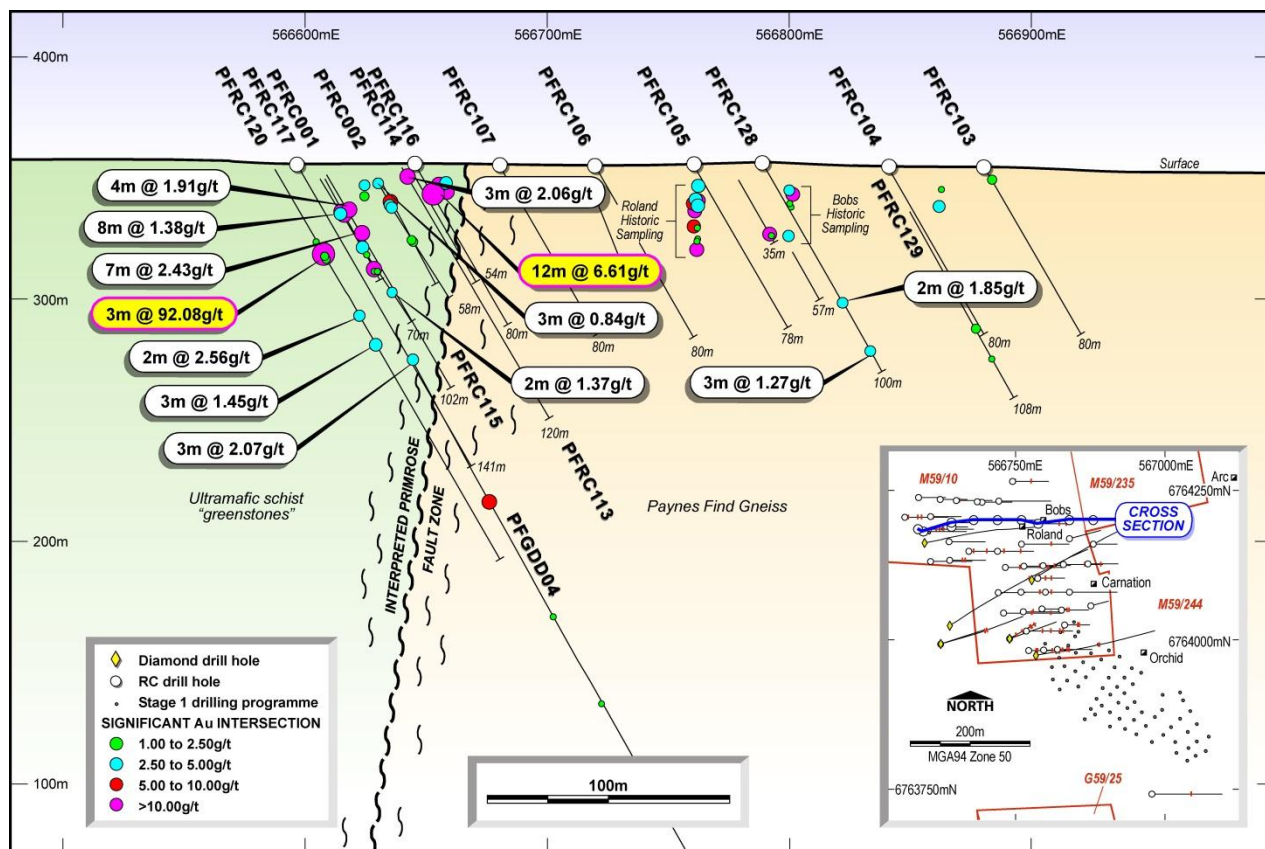


Figure 2: Paynes Find Cross section

Key Results

The recent drilling program was designed to test a previously-developed mining concept of bulking high-grade gold in quartz veins with lower-grade gold mineralisation in country rock (hosting thinner gold-bearing veins and fractures) within an open pit. To this end the program has successfully confirmed both the high grade tenor of the quartz vein array, and the presence of additional lower-grade gold mineralisation, particularly in the area north of the Stage 1 drilling.

Key results from the Company's drilling campaign at Paynes Find (including some previously announced) are summarised below:

- 3m at 92.1 g/t gold from 41m, including 1m at 271 g/t Au
- 12m @ 6.61 g/t gold from 10m, including 3m @ 17g/t gold from 13m
- 2m @ 33.02 g/t gold from 22m
- 3m @ 16.07 g/t gold from 50m
- 2m @ 24.5 g/t gold from 39m
- 3m @ 15.96 g/t gold from 32m
- 7m @ 4.83 g/t gold from 77m
- 3m @ 8.04 g/t gold from 45m and 3m @ 5.21 g/t gold from 140m
- 4m @ 6.28 g/t gold from 79m and 6m @ 3.56 g/t gold from 120m

Structural Study Commenced

A review of the drilling program and a structural study has been commissioned with independent geological consultants CSA Global, in order to better understand controls on the Paynes Find Gold mineralisation and to target additional resources.

From drilling completed to date it is apparent that there is significant potential for additional gold discoveries in the mafic and ultramafic schists (metamorphosed greenstones) that outcrop to the west of the Primrose fault (Figure 2 and 5), as well as in the gneissic terrain to the east, where the bulk of historical production occurred. Of note, one of the key drilling intersections (3m @ 92.08 g/t) occurred in the ultramafic schist (see Figure 2)

Leapfrog Modelling and Further Drilling targets defined

A first-pass appraisal of assay results using Leapfrog™ geological modelling software is underway. This software allows the rapid assessment of mineralisation in three dimensions by providing visual models of different geological concepts. Preliminary Leapfrog™ modelling has produced low-grade (+0.5 g/t Au) envelopes as part of conceptual studies to test the possibility of developing an open pit operation. These preliminary modelled envelopes show distinct linearity paralleling the plunge and general orientation of the historically mined lodes, providing increased confidence in the validity of this modelling approach. The Leapfrog™ modelling has highlighted a number of target areas identified by the Company as requiring further priority drill testing.

Preliminary envelopes generated by the software are shown in Figure 3 and 4. Further modelling and interpretation work is continuing to refine the understanding of the distribution of gold mineralisation at Paynes Find.

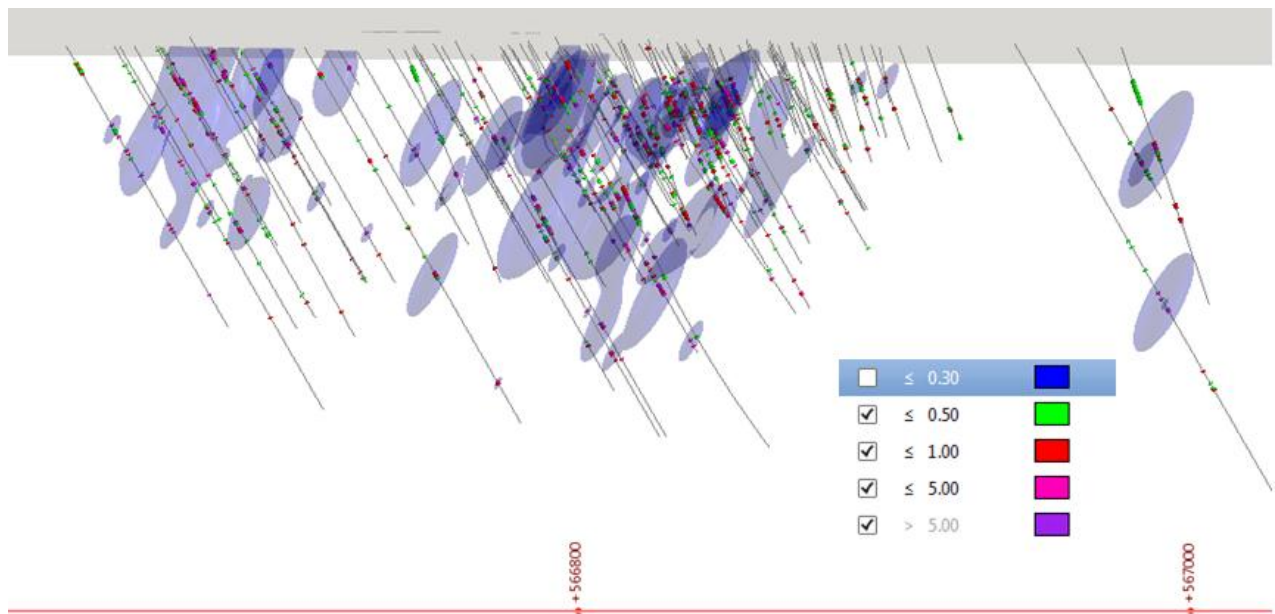


Figure 3: Sectional view, looking north, of preliminary Leapfrog™ low grade envelopes (+0.5 g/t Au); Au filtered on drill holes above 0.3g/t

Stage 3 Programme

PNE has a significant portfolio of 100%-controlled tenements that includes practically all of the historic Paynes Find Goldfield, covering some 940ha. The consolidation of this area has provided the first opportunity to complete a modern exploration program covering a large portion of the gold-mineralising system at Paynes Find compared with the piecemeal approaches possible in the past.

Current gold prices and the integrated approach being applied by the Company enable a fresh look at Paynes Find in terms of potential economic scenarios. Work completed by the Company thus far over a small 600m long section of the field has demonstrated the potential of the Paynes Find Goldfield to generate potentially economic grades and widths, but the full upside of the field remains untested.

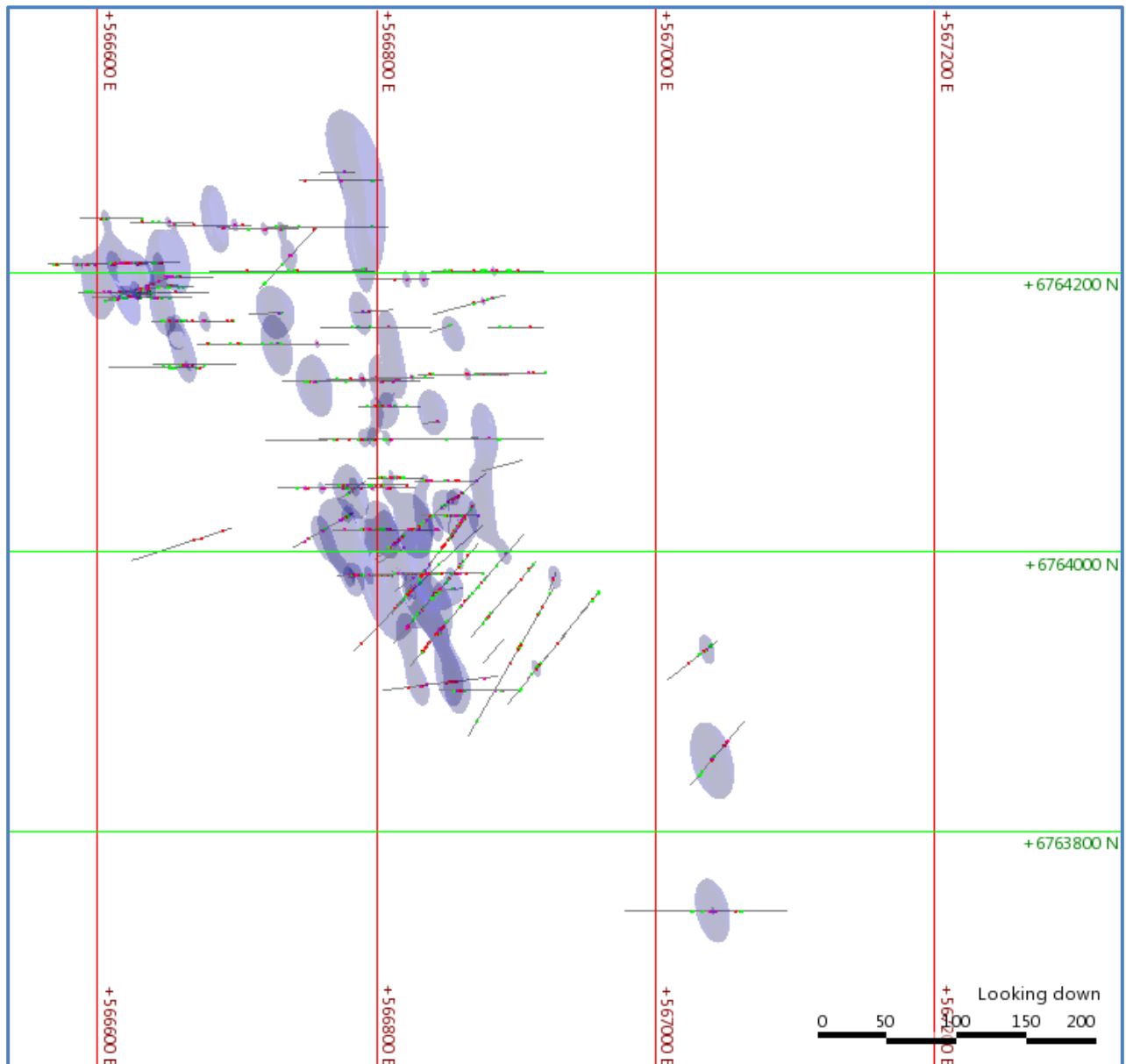


Figure 4: Plan of preliminary Leapfrog™ low grade envelopes (+0.5 g/t Au) based on Stage 1 and 2 drilling

More work is clearly justified to adequately assess the potential of the Paynes Find field. To date only about 5% of the total area available has been explored for gold mineralisation as shown in Figure 5.

The Company is undertaking comprehensive reviews of all available data and integrating the results of recent drilling to deliver an understanding of the controls on gold mineralisation at Paynes Find and then use this to locate economic zones of gold mineralisation.

Commenting on the Stage 2 results, **Executive Director Carl Popal** said that *"the key point to derive from the Stage 2 results is that they have now provided the economic and geological rationale to continue further drilling to assess the real potential of the tenements at large"*.

"The positive results have started to add real value, both existing and potential, to the company's assets. The Company is debt free with cash at hand, and supported by a highly regarded team of experts. Current and planned exploration activity is poised to significantly enhance the value of the Paynes Find Field especially in a market conducive to high gold prices and long term investment potential".

The Company is planning a short interim programme (15 holes for around 500m) of shallow RC holes into regional targets, and is reviewing requirements for a third phase drilling exercise in the New Year, based on outcomes from the review of current work and associated structural studies. The third round of drilling is planned for Q1 2013.

Strategic exploration planning is underway on the gold envelopes outlined to date. Depending on the outcomes of this work the Company will look to formalise a Mineral Resource estimate in Q2 2013.

For and on behalf of the Board.



Carl Popal
Executive Director

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Competent Person's Statement

Information in this report which relates to exploration results, together with any related assessments and interpretations, is based on information compiled by CSA Global Pty Ltd on behalf of Mr Giles Rodney (Rod) Dale FRMIT. Mr Dale is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Dale is a consultant to the company and is employed by G R Dale & Associates. Mr Dale has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Dale consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

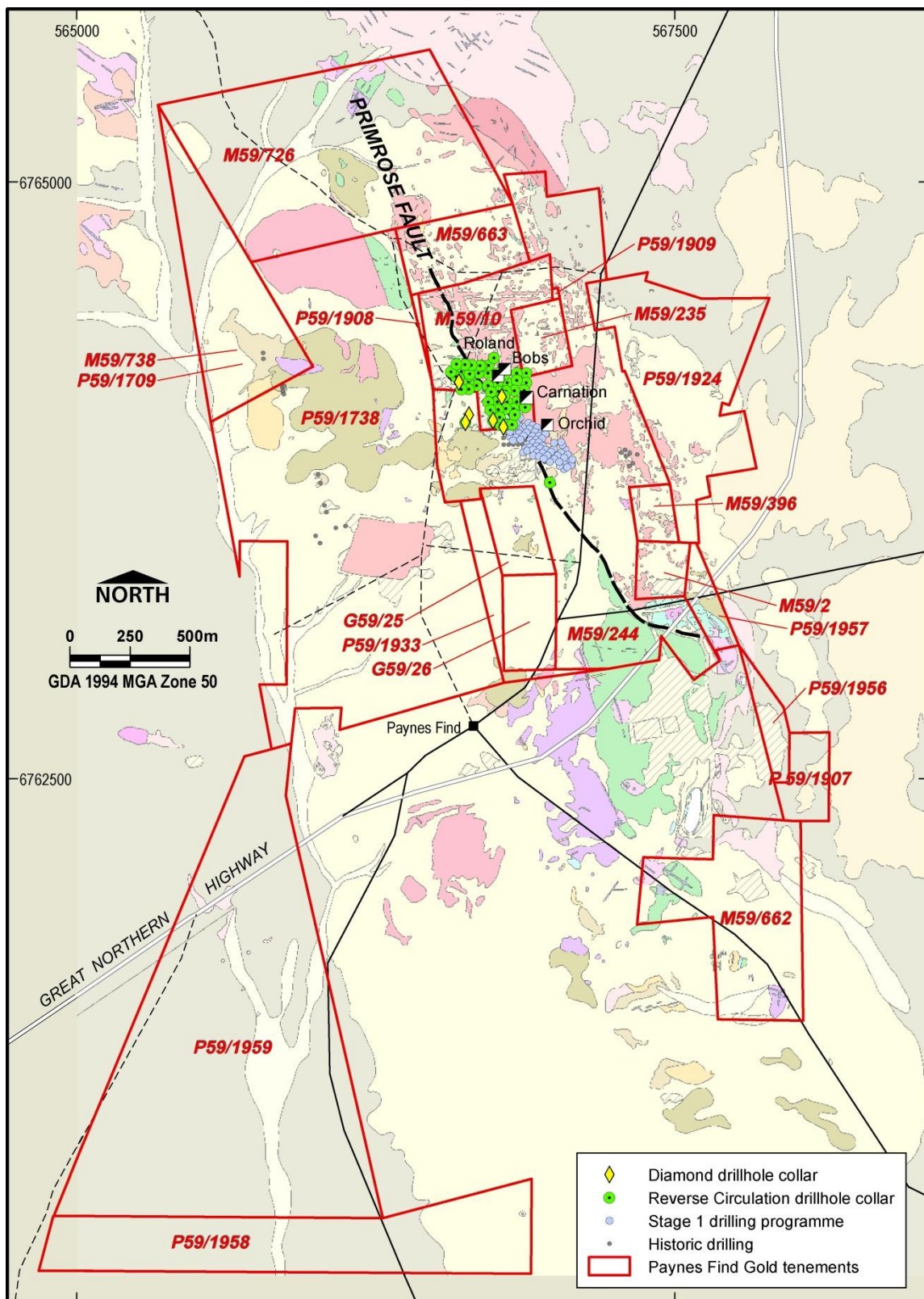


Figure 5: Paynes Find Tenement package with mapped geology), showing exploration activity and the Primrose Fault zone

Table 1: Assay Results – 2012 Stage 2 Drilling Program

Hole ID	Easting (m)	Northing (m)	Max Depth (m)	Dip (°)	Azi (°)	From (m)	To (m)	Int. (m)	Au (g/t)
PFRC102	566800	6764080	80	-60	90	16	19	3	0.84
PFRC110	566760	6764160	108	-60	90	96	98	2	3.82
PFRC112	566672	6764148	192	-60	90	13	15	2	0.63
						57	59	2	0.71
						114	117	3	4.94
						170	172	2	1.11
PFRC115	566608	6764206	102	-60	90	16	20	4	1.91
						26	33	7	2.43
						44	47	3	0.6
						71	73	2	1.85
PFRC116	566643	6764196	80	-60	90	10	22	12	6.61
PFRC117	566596	6764181	144	-60	90	49	51	2	0.6
						92	95	3	2.07
PFRC118	566640	6764133	120	-60	90	40	45	5	1.24
						49	51	2	1.45
PFRC120	566587	6764185	186	-60	90	41	44	3	92.08
						58	61	3	0.8
						69	71	2	2.56
						82	85	3	1.45
PFRC121	566565	6764205	144	-60	90	9	12	3	0.63
						40	43	3	1.2
						53	56	3	1.82
						91	96	5	1.24
PFRC123-1	566686	6764231	18	-60	90	8	10	2	2.56
PFRC124	566651	6764233	120	-60	90	7	9	2	1.11
PFRC127	566745	6764265	120	-60	90	6	8	2	0.88
						59	61	2	2.45
PFRC128	566788	6764194	100	-60	90	67	69	2	1.85
						90	93	3	1.27
PFRC131	566830	6764126	131	-60	90	69	71	2	1.45
						122	124	2	1.02
PFRC133	566764	6764123	108	-60	90	50	52	2	1.61
						99	103	4	2.64

Hole ID	Easting (m)	Northing (m)	Max Depth (m)	Dip (°)	Azi (°)	From (m)	To (m)	Int. (m)	Au (g/t)
PFRC134	566733	6764121	198	-60	90	45	48	3	8.04
						140	143	3	5.21
PFRC135	566740	6764002	102	-60	90	25	28	3	0.69
						48	50	2	3.59
						77	84	7	4.83
						93	97	4	0.89
PFRC136	566787	6764103	90	-60	90	23	27	4	1.13
						42	47	5	1.66
PFRC137	566759	6764080	84	-60	90	60	62	2	1.43
PFRC140	566827	6764050	90	-60	90	15	18	3	0.87
						22	24	2	1.15
PFRC142	566763	6764047	120	-60	90	30	33	3	3.21
PFRC143	566730	6764045	198	-60	90	91	93	2	0.94
						155	157	2	2.29
PFRC145	566797	6763983	96	-60	90	44	46	2	3.33
						50	56	6	1.37
						60	62	2	0.6
						82	85	3	0.67
PFRC146	566820	6763984	115	-60	90	29	34	5	0.99
PFRC147	566772	6763982	80	-60	90	22	24	2	0.95
						27	31	4	1.16
						76	79	3	3.15
PFRC148	566978	6763742	234	-60	90	128	130	2	3.94
PFRC149	566832	6764025	84	-60	90	41	44	3	4.64
						46	50	4	1.21
PFRC150	566768	6764015	155	-60	90	51	56	5	0.99
						79	83	4	6.28
						109	111	2	0.81
						120	126	6	3.56
PFGDD01	566640	6764024	483	-60	60	294	297	3	0.5
PFGDD02	566777	6764100	327.2	-62	58.7	36	37	1	3.95
PFGDD03	566784	6763974	402	-62.3	80	70	74	4	0.73
						80	92	12	1.33
						219	221	2	0.88
PFGDD06	566625	6763993	385	-70	70	214	216	2	2.07
						222	225	3	1.28

Hole ID	Easting (m)	Northing (m)	Max Depth (m)	Dip (°)	Azi (°)	From (m)	To (m)	Int. (m)	Au (g/t)
PFRC100	566880	6764080	80	-60	90	NRI			
PFRC101	566840	6764080	80	-60	90	NRI			
PFRC103	566880	6764200	80	-60	90	NRI			
PFRC104	566840	6764200	80	-60	90	NRI			
PFRC105	566760	6764200	78	-60	90	NRI			
PFRC106	566720	6764200	80	-60	90	NRI			
PFRC107	566680	6764200	80	-60	90	NRI			
PFRC108	566880	6764160	80	-60	90	NRI			
PFRC109	566800	6764160	79	-60	90	NRI			
PFRC111	566720	6764148	120	-60	90	NRI			
PFRC113	566639	6764164	120	-60	90	NRI			
PFRC114	566643	6764189	54	-60	90	NRI			
PFRC119	566608	6764131	138	-60	90	NRI			
PFRC122	566722	6764232	174	-60	90	NRI			
PFRC125	566624	6764235	90	-60	90	NRI			
PFRC126	566588	6764238	90	-60	90	NRI			
PFRC129	566840	6764169	108	-60	90	NRI			
PFRC130	566871	6764127	100	-60	90	NRI			
PFRC132	566796	6764124	92	-60	90	NRI			
PFRC138	566721	6764079	90	-60	90	NRI			
PFRC139	566876	6764057	60	-60	90	NRI			
PFRC141	566794	6764052	80	-60	90	NRI			
PFRC144	566625	6763993	150	-60	90	NRI			
PFGDD04	566598	6764162	378	-60	80	NRI			
PFGDD05	566740	6764002	142.4	-60	80	NRI			

Notes:

- All coordinates are Zone 50, MGA94 based on single GPS averages.
- PFGDD prefixes are for holes drilled with NQ diamond core.
- PFRC prefixes are for holes drilled by 5½" Reverse Circulation Percussion.
- Half NQ core was sampled in 1m intervals following geological logging.
- RC percussion samples were split on site using a riffle splitter.
- All holes were geologically logged by industry standard approaches.
- Sample recoveries from both drilling techniques were good.
- Sample analysis was by Nagrom laboratory in Perth, WA.
- 40g of sample is digested in aqua regia (HCL and HNO3) and the solution analysed by ICP. Ag and Au are analysed by ICP-MS and Cu by ICP-OES.

- Intersections were calculated using minimum criteria of 2m at 0.5 g/t Au and with a maximum internal waste interval of 1m.
- Field standards and duplicates together with laboratory QC replicates and standards were used to monitor the reliability of the analysis. Inspection of QA reports showed no issues with the analysis.
- The extreme high grade samples was verified by repeat sampling of the original bulk reject RC percussion chips from the drill hole, together with laboratory repeats, by the Company's personnel.
- All intersections are downhole lengths and it is not known whether these are true widths.
- NRI - No reportable intersection - note that the holes are potentially part of further planned drilling at different azimuths and angles taking into account the 'snaking' mineralized nature of the reefs encountered.