SURFIRE RESOURCES NL

Quarterly Report

for the three months ended 31 December 2020

30th January 2021 **ASX Announcement**

DECEMBER 2020 QUARTERLY ACTIVITIES REPORT

During the December quarter 2020 the Company completed a 20 RC hole maiden drilling program at the **Yidby Gold Project** that produced exceptional intersections at the Yidby Road prospect.

Four new exploration licences have been granted at the **Perenjori Gold - Base Metals Project**, that is highly prospective for gold and base metals mineralisation.

Re-processing of IP and EM data at the **Kooline Silver - Lead Project** has highlighted several significant anomalies that may be related to Silver (Ag) - Lead (Pb) mineralisation. Structural interpretation and targeting is in-progress with drilling to be planned.

Exceptional Drilling Results - Yidby

During the quarter, the company completed its maiden RC drilling program comprising 20 drillholes for 1,687m, testing the Yidby Road, Cashens Find and Delaney Well Gold Prospects (see Figure 2).

Significant RC drilling intersections were produced from all three prospects, including exceptional intersections from the Yidby Road Gold Prospect (see ASX:SRN releases 30 November 2020 and 15 December 2020) as summarised below:

YBRC007		**56**m	@	**1.97**	g/t **Au**	*from*	**44**m
	including	**4**m	@	**14.47**	g/t **Au**		
YBRC008		**40**m	@	**3.01**	g/t **Au**	*from*	**24**m
	including	**4**m	@	**26.57**	g/t **Au**		
YBRC006		**36**m	@	**1.51**	g/t **Au**	*from*	**32**m
	including	**5**m	@	**5.86**	g/t **Au**		
YBRC005		**17**m	@	**1.74**	g/t **Au**	*from*	**51**m
	including	**4**m	@	**5.13**	g/t **Au**		
YBRC009		**16**m	@	**1.51**	g/t **Au**	*from*	**50**m
	including	**4**m	@	**4.18**	g/t **Au**		
YBRC010		**9**m	@	**1.60**	g/t **Au**	*from*	**71**m
	including	**2**m	@	**4.62**	g/t **Au**		

The intersections at all three gold prospects are associated with massive quartz-carbonate veining, and minor sulphides in and around quartz-feldspar intrusive porphyries. The porphyry has likely introduced or acted as a brittle conduit for gold bearing mineralised fluid into the surrounding predominantly mafic rocks.

At the Yidby Road Prospect previous (historical) drilling intersected the mineralised porphyry, producing significant intersections, however the previous follow up drilling was predominantly oriented west to east. Surefire drilled the targeted mineralisation from east to west and produced the exceptional, close to true width, intersections highlighted, hence the recent RC drill results show both broader zones of mineralisation and higher-grade intersections than the historical drilling (see cross section Figure 3).

Historical aircore and limited RC drilling at Yidby Road intersected other zones of mineralisation both east and west of the new discovery across a >400m wide corridor. Further, the gold mineralisation is open down dip of the shallow intersections and has only been tested for 200m strike length and is open to the northwest and southeast along strike/down-plunge.

Interpretation of regional aeromagnetic imagery indicates that both the Yidby Road and Cashens Find prospects are part of a regional corridor that may continue for up to 5km along strike within SRN's tenements (see Figure 2).

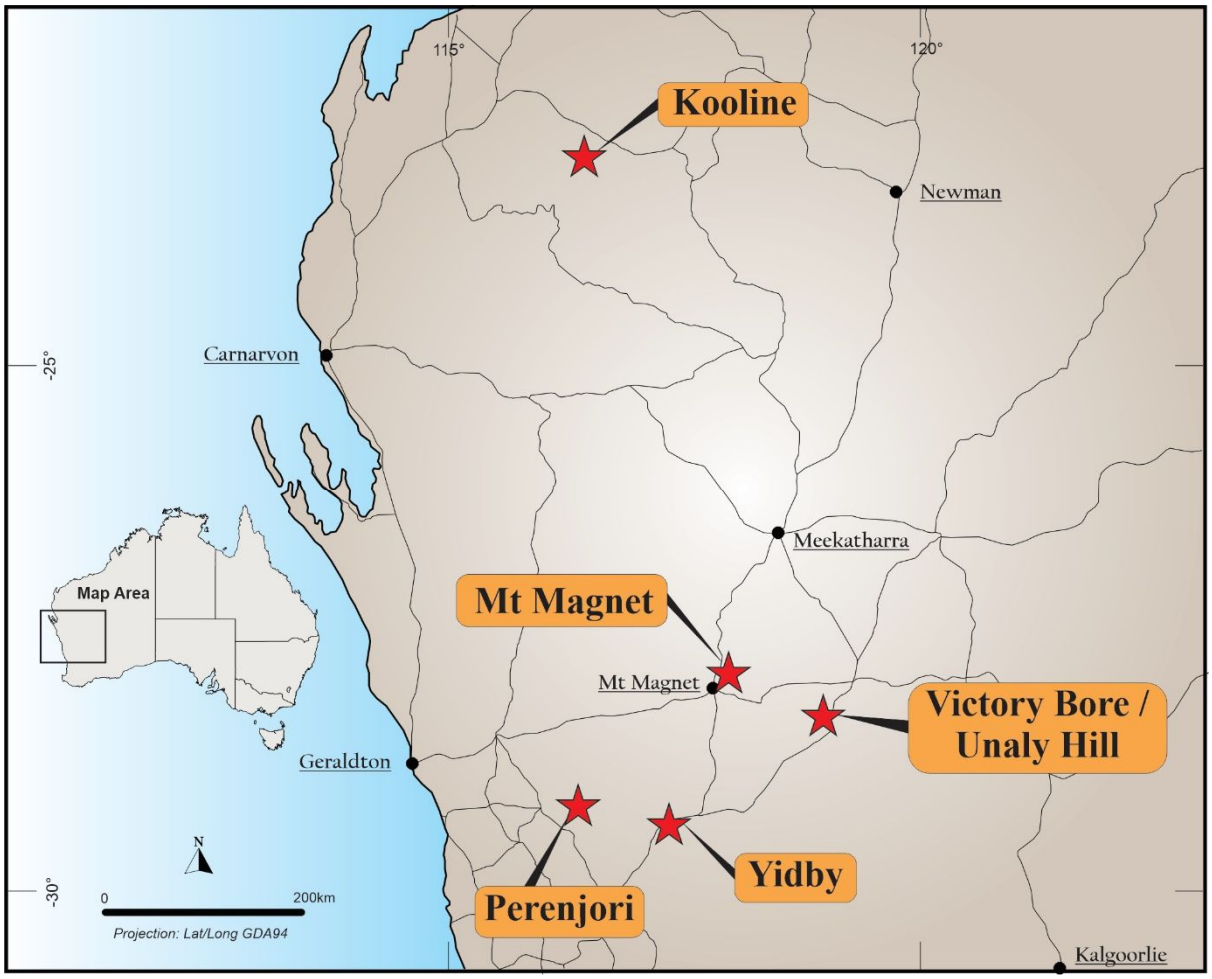


Figure 1 Surefire's Project Locations

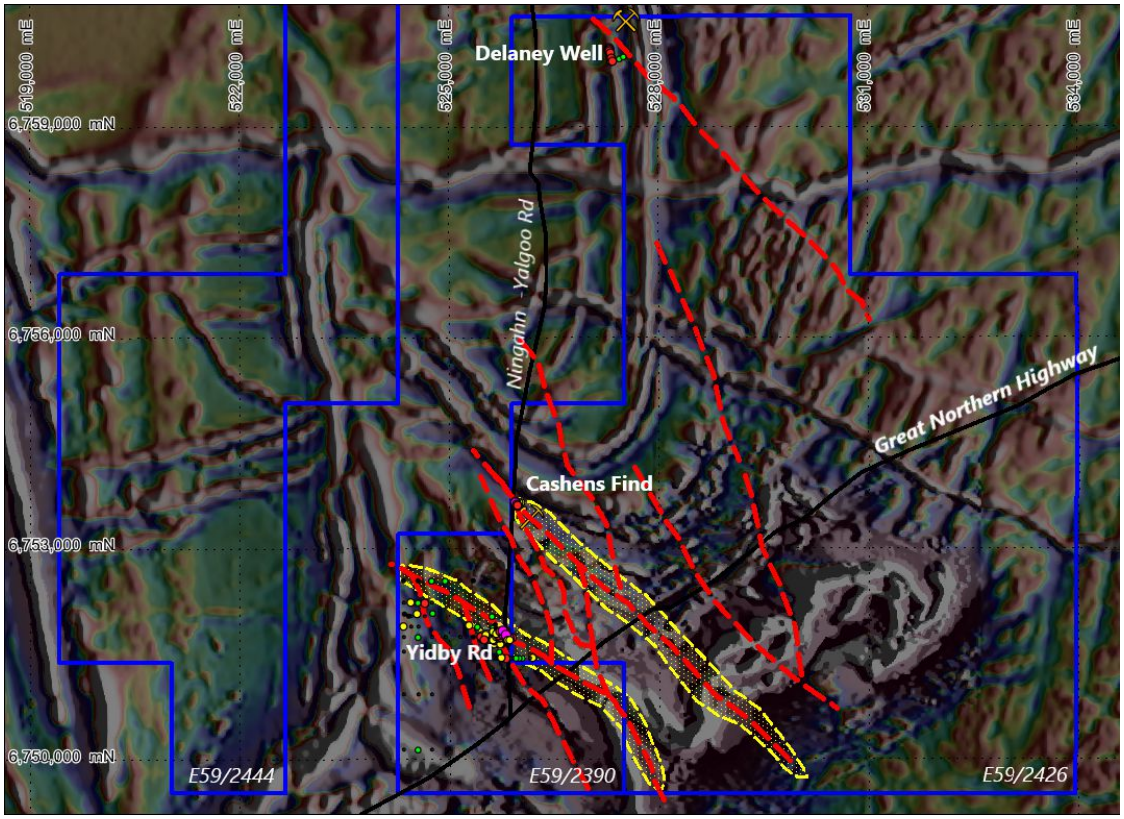


Figure 2: Yidby Gold Project 1VD magnetics with interpreted structures, prospects & drilling max Au

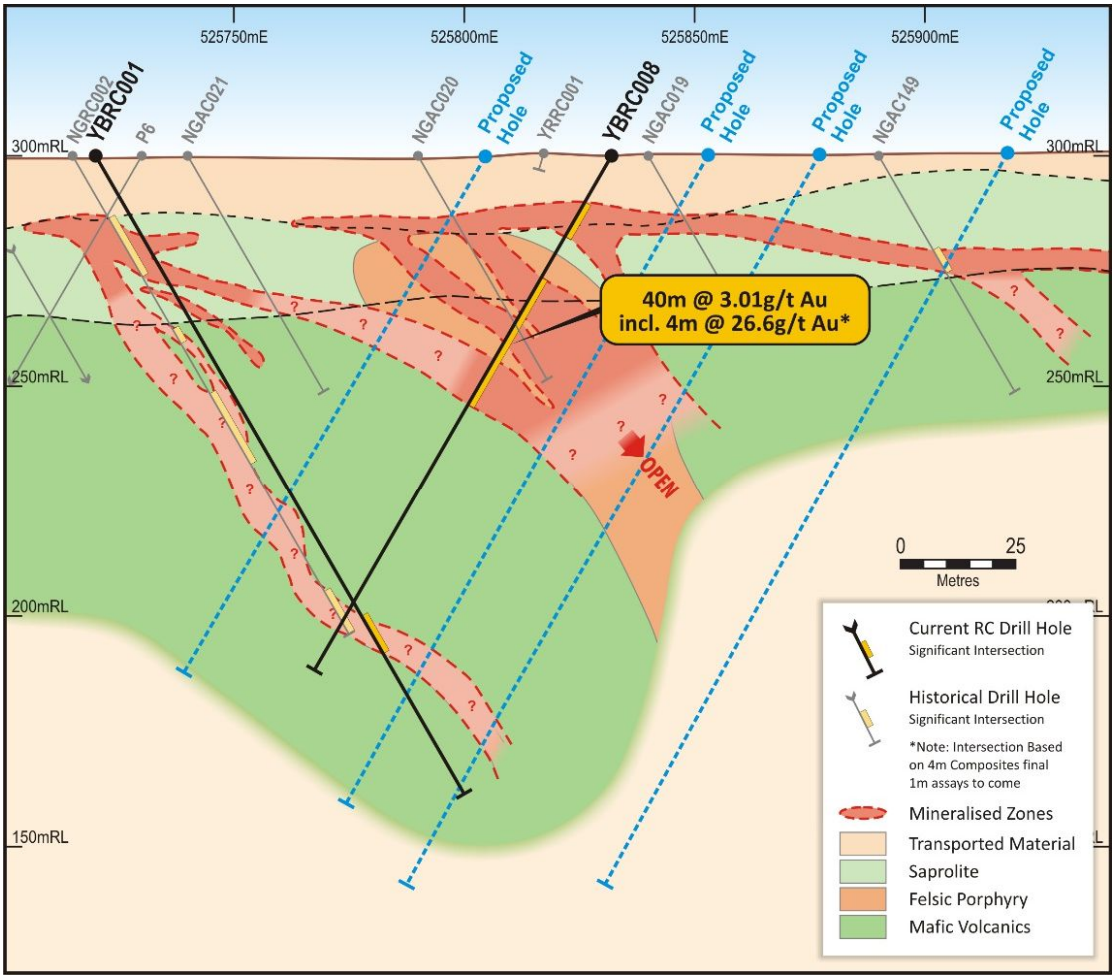


Figure 3: Yidby Road cross-section 6,751,750mN with recent intersections and proposed drilling

YIDBY - GOLD (E59/2390, E59/2426, E59/2444)

The Yidby Gold Project is situated near Paynes Find in the Mid-West of Western Australia and within the southern portion of the Yalgoo-Singleton Greenstone Belt in the western part of the mid to late-Archaean Youanmi Terrane.

To the south of the project is the Extension Hill iron-ore mine and the Mount Gibson Gold Mine (previous production 867Koz). The three granted exploration licences cover 113.77km² with three gold prospects where significant gold mineralisation has been previously identified. Historical workings occur at Nynghan Mining Centre, Delaney Well and Cashen's Find, while historical drilling produced significant gold intersections from the Yidby Road, Delaney Well, and Cashen's Find Prospects.

The Yalgoo-Singleton Greenstone Belt (YSGB) is host to significant gold, base-metal, and iron mineralisation. The belt is 190km in length striking north-north-west and is bound by multiple generations of granitoid intrusions. The YSGB hosts the Minjar Gold Project (1.1Moz Au) and also the world class Golden Grove/Scuddles/Gossan Hill VHMS Camp (22.2Mt Zn, 29.4Mt Cu, 0.1 Mt Au oxide ore). Several regional scale faults and shear zones truncate the YSGB and the Yidby Project tenements. The Mount Gibson Gold Project is situated in the southern end of the Belt, just south of the Yidby Gold Project. The Mount Gibson Project consisted of eight open cuts along a NNE trending shear that predominantly mined gold from the shallow lateritic zone. The project operated from 1986 to 1999 and produced 870,000 oz at 1.6 g/t Au.

PERENJORI (E70/5311, E70/5573, E70/5575, E59/2446)

During the quarter four Exploration Licences were granted to the Company in the Perenjori area (E70/5311, E70/5573, E70/5575 and E59/2446) and a further three Exploration licences are expected to be granted shortly (ELA59/2432, ELA59/2445, ELA70/5572), over a combined area of 642km² (Figure 4).

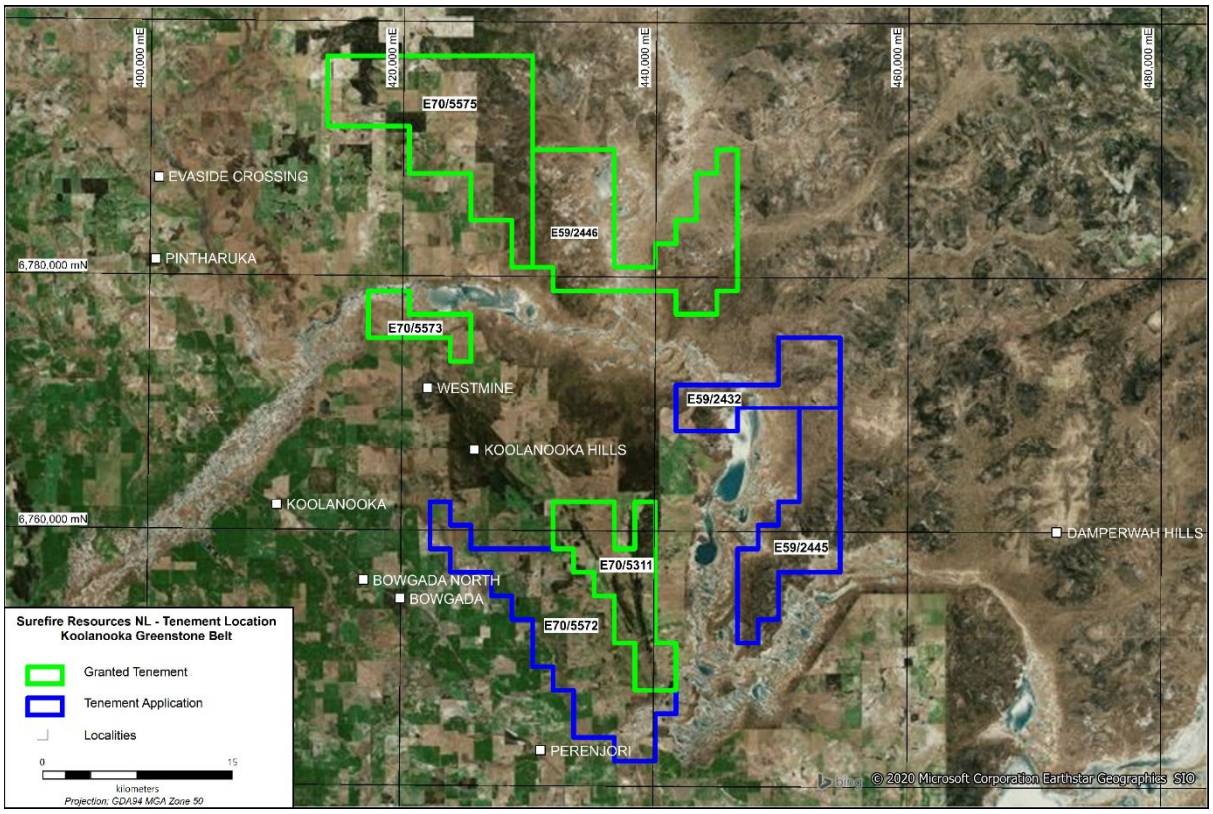


Figure 4: Perenjori Project Tenements location on aerial photography

The Perenjori Gold and Base Metals Project area is located in the South Murchison Region of WA, south of the Deflector Gold Mine and west of the Rothsay Gold Mine, both operated by Silver Lake Resources Ltd, and west of Karara Iron Ore deposit. The area is an under-explored and highly prospective part of the Southern Murchison Domain which hosts numerous deposits and occurrences of iron and precious and base metals.

PERENJORI (E70/5311)

GOLD and BASE METALS

The area is considered highly prospective for gold and base metal mineralisation with geological similarities to the Golden Grove area. Recent and historical work has concentrated on the Iron Ore potential of the BIF units and while this remains a key target, Surefire will concentrate on the gold and base metals potential.

Tenement is largely under-explored for gold and base metals with limited historical exploration (see figure 5) returning:

- **Drilling results include:**

PC16		**28**m	@	**0.72**	g/t	**Au**	*from*	**8**m
	including	**4**m	@	**1.24**	g/t	**Au**	*from*	**32**m
PC01		**8**m	@	**1.18**	g/t	**Au**	*from*	**20**m
	including	**2**m	@	**2.15**	g/t	**Au**	*from*	**18**m
PC05		**4**m	@	**2.31**	g/t	**Au**	*from*	**40**m

- **Channel sampling:**

33m	@	**0.21**	g/t	**Au**
30m	@	**0.22**	g/t	**Au**

- **Rock chip sampling:**

4.50	g/t	**Au**	(Fe-altered sugary chert/mylonite breccia)
8.05	g/t	**Au**	(Ferruginous quartz vein

IRON ORE

There is significant iron ore potential associated with the "V-shaped", tightly folded and thrust stacked greenstone belt located on E70/5311 (see Figure 5 below). The eastern thrust belt contains two main Banded Iron formation ("BIF") units, of which a 3.7km stretch with average width of 55meters is designated as the Core BIF Zone. The western limb also contains a significant BIF unit 80m thick and 2.8 km long, called the Bestry BIF Zone.

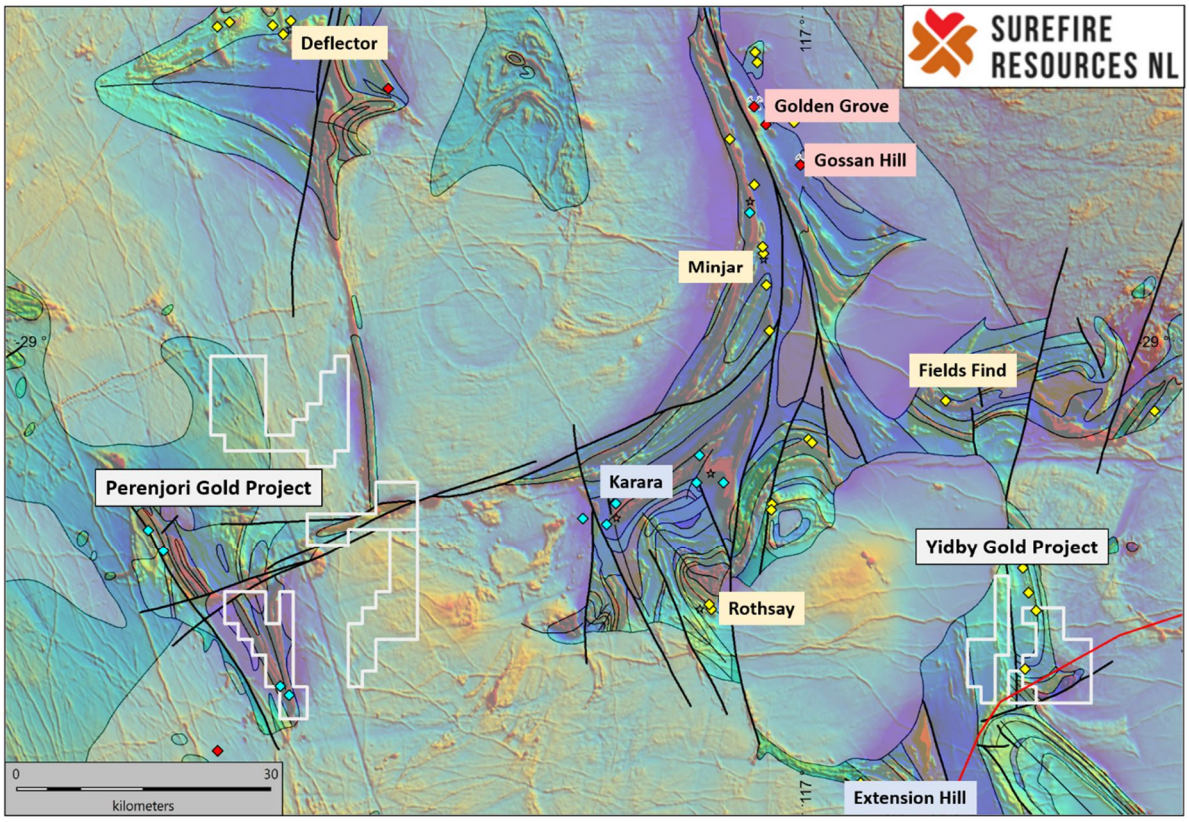
A significant Inferred Resource was reported by the operator of the project, Quest Minerals Ltd ("Quest"), in 2013 of 191Mt at 36.5%Fe (CSA Global – Annual report E70/ 2227, E70/2858, 29/01/14).

A scoping study commissioned by Quest in 2013, completed by Mintrex Pty Ltd, demonstrated that a high-grade and acceptably clean magnetite concentrate can be produced with testwork resulting in 65% to 70% Fe magnetite concentrate grade at a relatively coarse grind being achievable.

The company is currently evaluating previous work and the significant upside resource potential with further resource drilling to be planned and more advanced studies to demonstrate potential to become a valuable production asset for Surefire.

Geology

A key granted tenement, E70/5311, contains a portion of the Koolanooka Greenstone Belt, within a typical granite-greenstone terrain of the southern Murchison Geological Province of the Archaean Yilgarn Craton. The greenstones consist of metamorphosed and deformed basalt (mafic schist), felsic volcanics and related volcanogenic sedimentary rocks (quartz-feldspar-muscovite schist), gabbro-dolerite sills, and multiple BIF units (Figure 5).



Yidby and Perenjori Projects on RTP Magnetic Image

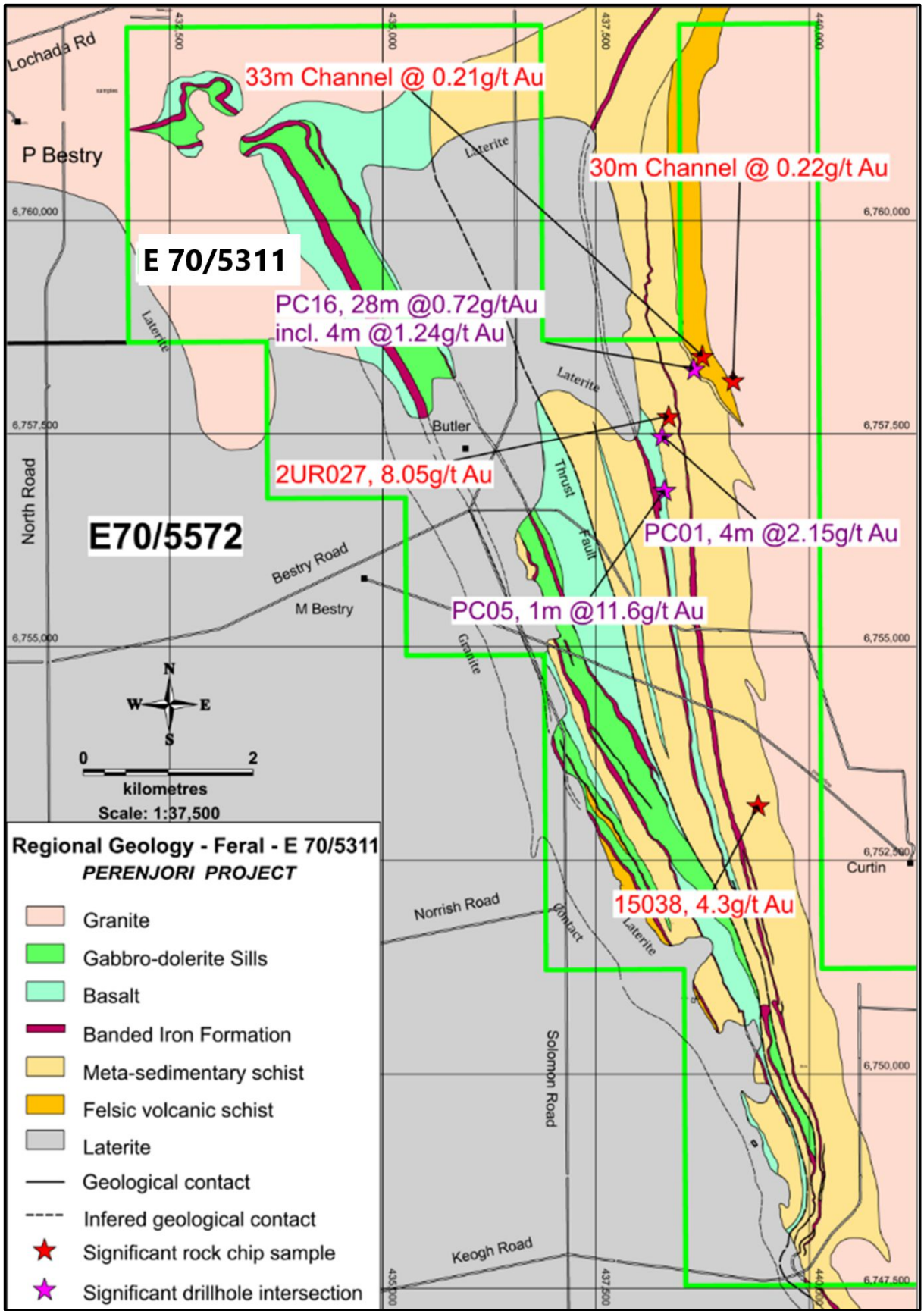


Figure 5: E70/5311 geology with significant historical rock chip & drillhole intersections

KOOLINE HIGH GRADE SILVER - LEAD

The Kooline Project is located in the Ashburton Province of Western Australia, 55 kilometres south of the Paulsen's gold mine, and is highly prospective for silver-lead centred on the high-grade historical Kooline Lead workings, as well as for copper and gold.

The project includes two exploration licences (E08/2373 and E08/2956) that cover a total area of 386 km², and more importantly, includes a 48km striking corridor linking several clusters of high grade historical artisanal high-grade silver-lead workings, with elevated copper and gold geochemical anomalies. For over a century Kooline was Western Australia's largest producer of lead.

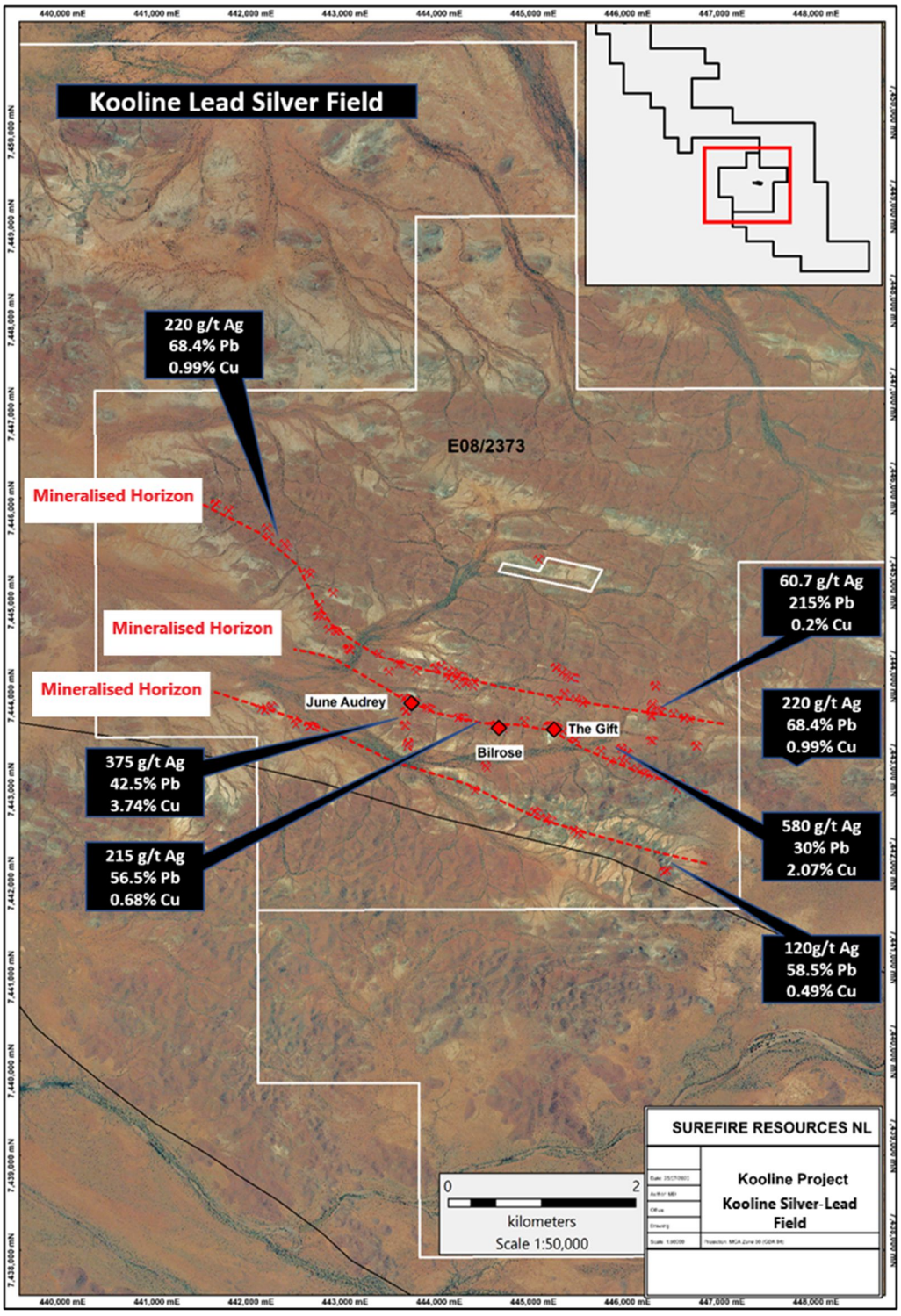


Figure 6: Kooline Silver - Lead Field with previous rock-chip data

Review of Geophysics

During the quarter, geophysical data over the Kooline Lead-Silver Project was re-processed by Southern Geoscience Consultants (SGC) and preliminary interpretations were produced based on historical Gradient Array IP (GAIP) and Dipole-Dipole IP data and Electromagnetic data (Airborne VTEM and ground EM.

Previously at Kooline, SGC has completed reprocessing of geophysical datasets including:

- Merged airborne Magnetics and Radiometric data
- Regional ground Gravity data
- ASTER satellite imagery

In addition, SGC have re-processed electrical geophysical survey data from airborne contractors Geotech and ground geophysical contractors GPX that were acquired. This data includes:

- Five Gradient Array Induced Polarisation (IP) and Resistivity (GAIP) survey blocks
- Two lines of Dipole-Dipole IP and Resistivity (DDIP)
- Two Fixed Loop Electromagnetic (FLEM) survey blocks
- An airborne Versatile Time-domain EM (VTEM) survey using 250m spaced survey lines

IP data re-processing and interpretation:

The SGC re-processing has produced images of the IP that has highlighted significant anomalies in the vicinity of the Ag-Pb workings at Kooline. Each of these workings reported high grade ore supported by surface sampling from SRN and historic explorers.

The IP chargeability anomalies (Figure 7) are interpreted to represent potential "stratigraphic" sulphides. Significant historical Ag-Pb workings occur on the margin of the anomaly on Gradiant Array 3, potentially indicating a more significant target in the footwall. The Pb-Ag workings sit on the margin of an ovoid IP low associated with Gradiant Array 2 & 5, possibly associated with an intrusive body. The anomalies are open at the edge of the surveys, suggesting potential to extend the GAIP at some stage. Final interpretations and targeting was close to completion at quarters end.

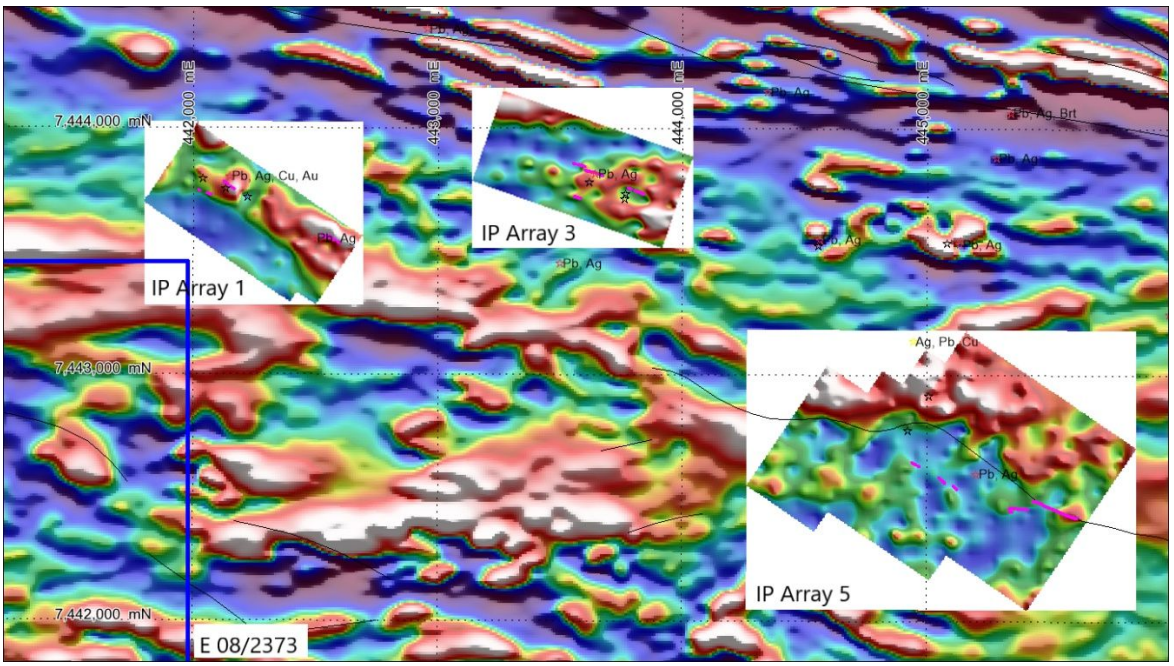


Figure 7: Kooline Silver-Lead Field, GAIP imagery on 1VD magnetics with workings trends (purple lines)

EM data re-processing and interpretation was in progress at the end of the quarter and will be reported in subsequent reports.

UNALY HILL (E57/1068) & VICTORY BORE VANADIUM (E57/1036)

VANADIUM

Hydrometallurgical testing of a beneficiated sample from the Unaly Hill Project is undergoing testing at Nagrom laboratories in Perth.

Victory Bore Vanadium Project includes a significant vanadium resource of 151Mt @ 0.44% V_2O_5 and the Unaly Hill Project includes a vanadium resource of 86Mt @ 0.42% V_2O_5.

MOUNT MAGNET GOLD (E58/559)

The Mt Magnet project is located within the north-south striking Meekatharra-Mt Magnet greenstone belt. The greenstone belt lithologies comprise a succession of steeply dipping and intensely deformed mafic and ultramafic extrusive and intrusive rocks, felsic volcanics and banded iron formations (BIF). Granitic rocks intrude the greenstone belt stratigraphy. The BIF is the dominant host rock for gold mineralisation in the area. Gold mineralisation is typically associated the pyrite & pyrrhotite replacement of magnetite in the banded iron. High-grade ore shoots are developed along the intersection of the BIF and a swarm of northeast trending faults.

CORPORATE ACTIVITIES

Issues of Securities

During the quarter, the Company made the following issues of securities for cash:

1. 259,076,820 quoted options (**SRNOC**) to acquire fully paid ordinary shares at an issue price of $0.001 each, raising $259,077;
2. 200,000,000 unquoted contributing shares (as approved at the Company's 2020 AGM) at an issue price of $0.0001 each, raising $20,000;
3. Exercise of 190,701,090 quoted options into fully paid ordinary shares at $0.006 each, raising $1,144,206;
4. Conversion of 43,681,064 partly-paid shares into fully paid shares at $0.027 each, raising $1,179,389.

In addition to the above issues for cash consideration, the Company also issued 4,350,000 fully paid shares to the drilling contractor for drilling services and 22,125,000 fully paid shares to the directors in exchange for previously billed services converted into equity as approved at the 2020 AGM.

ASX Additional Information

Surefire provides the following information pursuant to ASX Listing Rule requirements:

1. ASX Listing Rule 5.3.1 - Exploration and Evaluation Expenditure during the quarter was $230k. Full details of exploration activities during the December quarter are set out in this report;
2. ASX Listing Rule 5.3.2 - There was no substantive mining production and development activities during the quarter; and
3. ASX Listing Rule 5.3.5 - Payment to related parties of the Company and their associates during the quarter: $157k cash. The Company advises that this relates to remuneration of Directors for managing director consultancy and non-executive directorial services, all paid to director related entities.

Controlled Placement Agreement – Extension

The Company is pleased to announce that Acuity Capital has agreed to extend the expiry date of the Controlled Placement Agreement ("**CPA**").

As previously announced, the CPA provided SRN with up to $2m of standby equity capital (see announcement 26 October 2018). The Company and Acuity Capital have agreed to extend the maturity date of the CPA to 31 January 2023.

ASX RELEASE AUTHORISED BY*:*

Vladimir Nikolaenko
Managing Director

QUALIFYING STATEMENTS

Competent Person Statement:

The information in this report that relates to exploration results has been reviewed, compiled and fairly represented by Mr Jonathon Dugdale, a Fellow of the Australian Institute of Mining and Metallurgy ('FAusIMM') and a full time employee of Discover Resource Services Pty Ltd. Mr Dugdale has sufficient experience, including over 34 years' experience in exploration, resource evaluation, mine geology and finance, relevant to the style of mineralisation and type of deposits under consideration to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee ('JORC') Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Dugdale consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Forward Looking Statements:

This announcement contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'potential', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

APPENDIX 1
TENEMENT HOLDINGS AT 31 DECEMBER 2020

Concession ID	Type	Description/Status
Kooline:		
E08/2373	Exploration	Kooline-Wyloo - SRN 100% - Granted
E08/2956	Exploration	Kooline – SRN 100% - Granted
Yidby Gold Project:		
E59/2390	Exploration	Yalgoo – Beau Resources attributable to SRN 100% - Granted
E59/2426	Exploration	Nynghan – Beau Resources attributable to SRN 100% - Granted
E59/2444	Exploration	Yidby Hill – SRN 100% - Granted
Perenjori:		
E59/2432	Exploration	Maniws Gossan - Beau Resources attributable to SRN 100%- Application
E59/5311	Exploration	Southwest - Beau Resources attributable to SRN 100% - Granted
E59/2445	Exploration	Perenjori 1 – SRN 100% - Application
E59/2446	Exploration	Perenjori 2 – SRN 100% - Granted
E70/5572	Exploration	Fitzroy – SRN 100% - Application
E70/5573	Exploration	Pinjarra Hill – SRN 100% - Granted
E70/5575	Exploration	Kadji – SRN 100% - Granted
Unaly Hill and Victory Bore:		
E57/1068	Exploration	Unaly Hill – SRN 100% - Granted
E57/1112	Exploration	Unaly Hill – SRN 100% - Granted
E57/1036	Exploration	Atley – SRN 100% - Granted
E57/1139	Exploration	Victory Bore – SRN 100% - Granted
Mt Magnet:		
E58/559	Exploration	Mt Magnet – SRN 100% - Granted