



**SPITFIRE MATERIALS LIMITED**  
(And its controlled entities)  
(ABN 40 125 578 743)

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**HALF-YEAR FINANCIAL REPORT**  
**31 DECEMBER 2016**

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## **DIRECTORS' REPORT**

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Your Directors are pleased to submit their report of Spitfire Materials Limited ("Spitfire" or "the Company") and its controlled entities ("Consolidated Entity" or "Group") for the half year ended 31 December 2016.

### **DIRECTORS**

The names of the company's directors in office during the half year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Russell Hardwick (Director/Company Secretary)

Ian Huitson (Non-Executive Director)

Dominic Traynor (Non-Executive Director)

### **REVIEW OF OPERATIONS**

During the half-year, the company embarked on two gold project acquisitions to add to its exploration portfolio and continued its pursuit of new mineral opportunities. The company acquired a granted Western Australian gold exploration license E38/2869 (England Gold Project) as well as a granted Northern Territory exploration licence EL 30834 (Yoda Prospect).

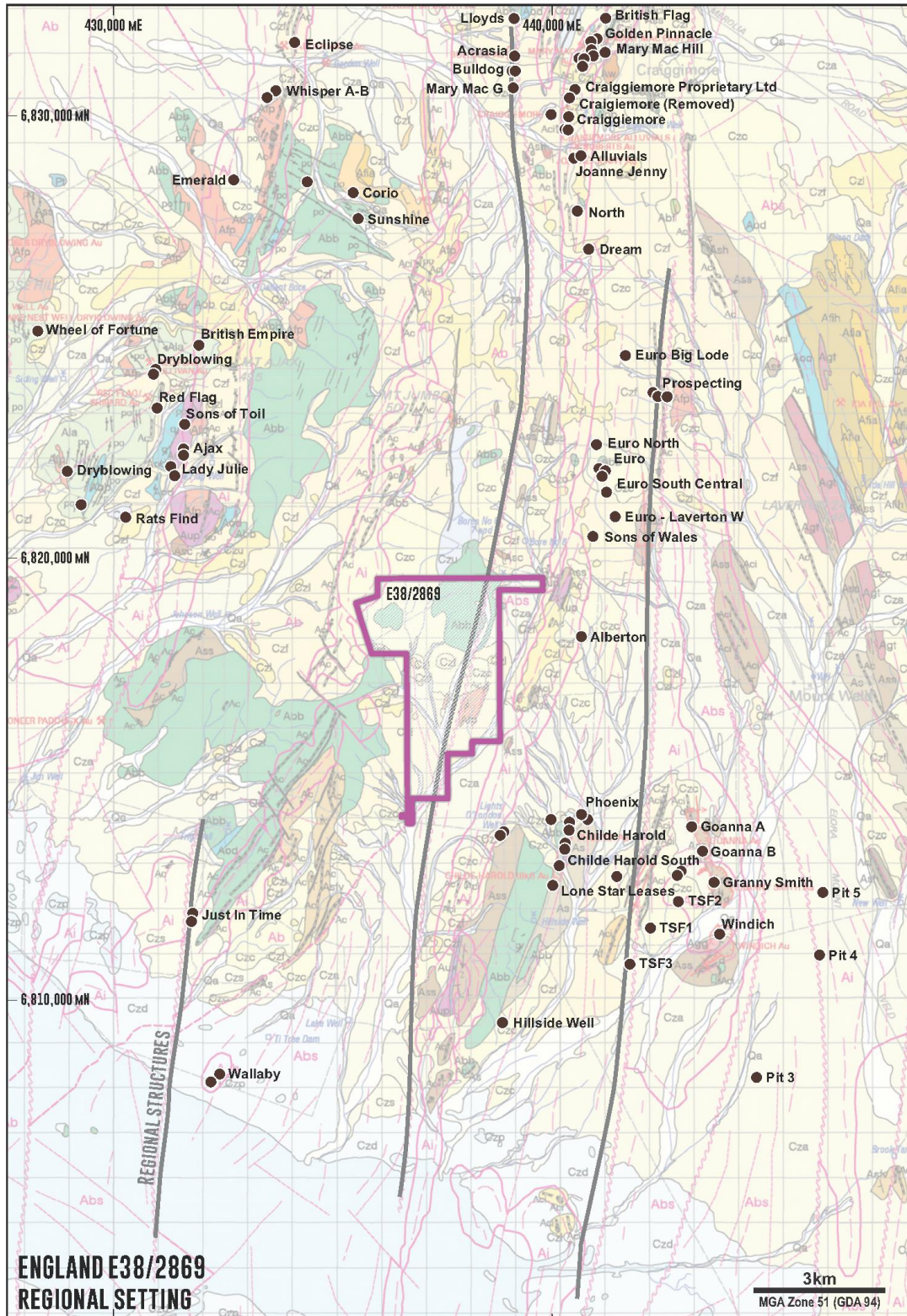
#### **Western Australian Gold Project – England - (Refer ASX Release 7<sup>th</sup> October 2016)**

The England project (E38/2869) is located within the Laverton Shire on the Laverton (SH51-02) 1:250,000 geological sheet and the Laverton (3340) 1:100,000 sheet. The tenement is located 15km south south-west of Laverton along the Granny Smith mine road and then west along station tracks and is 7km to the north-east along a major structural corridor that hosts the world class Wallaby gold deposit (currently >7Moz Au).

The next phase of exploration activity will include additional infill air-core bedrock drilling adjacent to the Goat Creek gold intersection of 5m@5.6g/t in hole ENR022 to determine the full extent of mineralisation. Additional reconnaissance bedrock air-core drilling is also planned over untested areas of the England project within highly prospective structural corridors covered with sheet-wash/alluvial sediments.

## DIRECTORS' REPORT

**Figure 1: England Project Location**



## DIRECTORS' REPORT

### Northern Territory Gold Project – Yoda - (Refer ASX Release 15 November 2016)

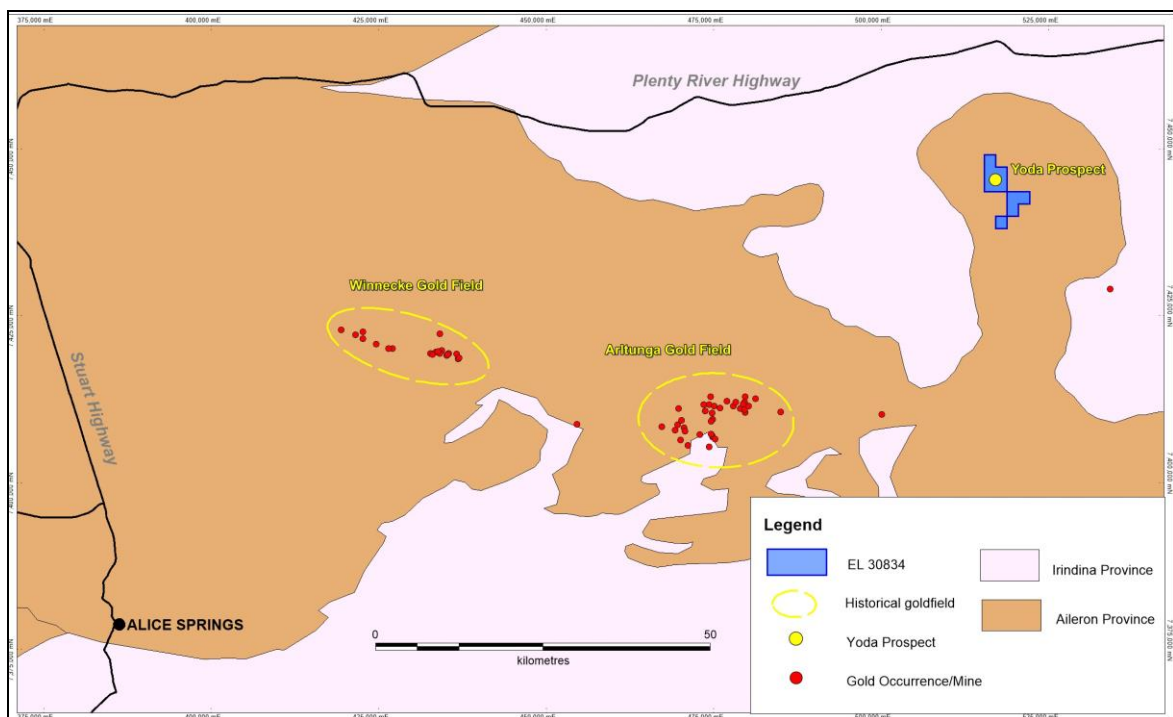
During the period, Spitfire acquired 100% of the granted Northern Territory exploration licence EL 30834 which is known as the Yoda Prospect.

The Yoda Prospect is located approximately 150 km northeast of Alice Springs (Figure 1). The tenement is located on the Illogwa (SF53-15) 1:250 000 and Quartz (5951) 1:100 000 geological map sheets. The project area is most easily accessed from the north via the Stuart and Plenty Highways and then south via station tracks.

The major historical gold mining districts in the region occur at the Winnecke and Arltunga Goldfields and the more recent White Dam Gold Mine. Winnecke is reported to have produced 1,500 ounces of alluvial gold, Arltunga 15,400 ounces from quartz reefs and White Dam an additional 74,000 ounces, also from quartz reefs.

No drilling has been undertaken at any of the gold exploration targets identified in historical exploration. Further exploration work is warranted to test the extent of gold mineralisation associated with the quartz vein and to test three coincident and semi-coincident IP anomalies spatially associated with mineralisation.

**Figure 2. Yoda Prospect Location**





## **DIRECTORS' REPORT**

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### **3. White Lion Project - Zambia**

The White Lion limestone project is located approximately 100km (by sealed road) from the Zambian capital Lusaka and sits on a granted Large Scale Mining Licence which covers a total area of 245 square kilometres. The Company is undertaking a review of the White Lion Project to determine its viability and has engaged Johannesburg based Venmyn Deloitte to conduct a market and prospectivity review of the project which will be completed during the first quarter of 2017.

### **4. South Woodie Woodie Manganese Project - Western Australia**

Spitfire has reduced or converted its ground position to retention licences to reduce project holding costs and to secure its existing JORC resources. The company continues to monitor the manganese market, which although bottoming in early 2016 has risen steadily since. The company continues to look at ways of maximising value from South Woodie Woodie and remains open to joint ventures or potential farm-in arrangements.

### **Financial Summary**

The net operating loss for the period was \$555,367. Key items included in the half year results are:

- Consulting fees \$153,827 (2015: \$355,592)
- Exploration and evaluation expenditure \$59,800 (2015: \$70,367)

The net assets of the Group have decreased to \$1,898,170 as at 31 December 2016 (30 June 2016: \$1,943,088).

### **Events subsequent to reporting date**

There has not been any other matter or circumstance occurring subsequent to the end of the half year, that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

### **Rounding of amounts**

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

### **Auditor's Independence Declaration**

The lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 8 for the half year ended 31 December 2016. This report is signed in accordance with a resolution of the Board of Directors.

## DIRECTORS' REPORT

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Russell Hardwick  
**Director**  
22<sup>nd</sup> February 2017

### **Competent Person's Statement**

#### **England Project**

*The information in this statement relating to Exploration Results and Mineral Resources is based on information compiled by the Company's exploration consultant, Mr. Stuart Till, a competent person, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Till has sufficient experience relevant to the style of mineralisation and to the type of activity described to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement was previously released on 7<sup>th</sup> October 2016 entitled "Acquisition of Western Australian Gold Exploration Project". The Company is not aware of any new information or data that materially affects the information included in the announcement of 7<sup>th</sup> October 2016.*

#### **Yoda Prospect**

*The information in this announcement relating to Exploration Results and Mineral Resources is based on information compiled by the Company's exploration consultant, Mr Michael Schwarz, a competent person, who is a Member of the Australian Institute of Geoscientists. Mr Schwarz has sufficient experience relevant to the style of mineralisation and to the type of activity described to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.". The information contained in this announcement was previously released on 15<sup>th</sup> November 2016 entitled "Acquisition of Northern Territory Gold Exploration Project". The Company is not aware of any new information or data that materially affects the information included in the announcement of 15<sup>th</sup> November 2016.*

#### **South Woodie Woodie and White Lion**

*The information in this document that relates to exploration results and mineral resources is based on information compiled by Mr. Stuart Peterson, the Company's Consulting Exploration Manager, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Peterson has sufficient experience relevant to the styles of mineralisation mentioned and to the type of activities described to qualify as a competent person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves.' The Company is not aware of any new information or data that materially affects the information included in previous reports and this interim report.*

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To the Board of Directors

### **Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

As lead audit director for the review of the financial statements of Spitfire Materials Limited for the half year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



**BENTLEYS**  
**Chartered Accountants**



**MARK DELAURENTIS CA**  
**Director**

Dated at Perth this 22<sup>nd</sup> day of February 2017



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
**For the half year ended 31 December 2016**

	Note	31 December 2016 \$000	31 December 2015 \$000
<b>Continuing Operations</b>			
Interest received		17	31
Other Income		1	-
<b>Gross profit/(loss)</b>		<b>18</b>	<b>31</b>
Depreciation expense		(1)	(3)
Consulting expenses		(154)	(356)
Occupancy costs		(53)	(23)
Travel expenses		-	(67)
Exploration and Evaluation costs expensed		(60)	(70)
Share based payments	5	(181)	(10)
Administrative expenses		(124)	(156)
<b>Loss before income tax</b>		<b>(555)</b>	<b>(654)</b>
Income tax (expense)/revenue		-	-
<b>Profit/(Loss) from continuing operations</b>		<b>(555)</b>	<b>(654)</b>
Other comprehensive income/(expense)		(23)	-
<b>Total comprehensive income/ (loss) for the period</b>		<b>(23)</b>	<b>-</b>
<b>Total comprehensive income / (loss) attributable to the members of the Company</b>		<b>(578)</b>	<b>(654)</b>
<b>Profit/(Loss) per share</b>			
From continuing operations:			
Basic and diluted profit/(loss) per share for the half year		(0.513c)	(0.195c)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2016**

	Note	31 December 2016 \$000	30 June 2016 \$000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,573	2,053
Trade and other receivables		60	63
<b>TOTAL CURRENT ASSETS</b>		<b>1,633</b>	<b>2,116</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		29	7
Exploration and Evaluation assets	6	352	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>381</b>	<b>7</b>
<b>TOTAL ASSETS</b>		<b>2,014</b>	<b>2,123</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		116	180
<b>TOTAL CURRENT LIABILITIES</b>		<b>116</b>	<b>180</b>
<b>TOTAL LIABILITIES</b>		<b>116</b>	<b>180</b>
<b>NET ASSETS</b>		<b>1,898</b>	<b>1,943</b>
<b>EQUITY</b>			
Issued capital		28,835	28,483
Reserves		603	445
Accumulated losses		(27,540)	(26,985)
<b>TOTAL EQUITY</b>		<b>1,898</b>	<b>1,943</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the half year ended 31 December 2016**

	Issued Capital \$000	Option Reserve \$000	Foreign Exchange Reserve \$000	Accumulated Losses \$000	Total Equity \$000
<b>Balance at 1 July 2015</b>	<b>25,116</b>	<b>567</b>	<b>-</b>	<b>(22,932)</b>	<b>2,751</b>
Loss for the period	-	-	-	(654)	(654)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(654)	(654)
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	2,167	-	-	-	2,167
Share based payments	-	10	-	-	10
Expiry of share options	-	(239)	-	239	-
<b>Balance at 31 December 2015</b>	<b>27,283</b>	<b>338</b>	<b>-</b>	<b>(23,347)</b>	<b>4,274</b>
<b>Balance at 1 July 2016</b>	<b>28,483</b>	<b>430</b>	<b>15</b>	<b>(26,985)</b>	<b>1,943</b>
Loss for the period	-	-	-	(555)	(555)
Other comprehensive income	-	-	(23)	-	(23)
Total comprehensive income for the period	-	-	(23)	(555)	(578)
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	352	-	-	-	352
Share based payments	-	181	-	-	181
<b>Balance at 31 December 2016</b>	<b>28,835</b>	<b>611</b>	<b>(8)</b>	<b>(27,540)</b>	<b>1,898</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the half year ended 31 December 2016**

	<b>31 December 2016 \$000</b>	<b>31 December 2015 \$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash paid to suppliers and employees	(450)	(484)
Payments for exploration and evaluation	(38)	(325)
Other revenue	-	-
Interest received	14	36
Income Tax Benefit	-	43
<b>Net cash used in operating activities</b>	<b>(474)</b>	<b>(730)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(6)	-
<b>Net cash used in investing activities</b>	<b>(6)</b>	<b>-</b>
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
Net (decrease) in cash and cash equivalents	(480)	(730)
Cash and cash equivalents at the beginning of the period	2,053	2,735
<b>Cash and cash equivalents at the end of the period</b>	<b>1,573</b>	<b>2,005</b>

## NOTES TO THE FINANCIAL STATEMENTS

### For the half year ended 31 December 2016

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#### NOTE 1: BASIS OF PREPARATION

##### REPORTING ENTITY

Spitfire Materials Limited (the “Company”) is a Company domiciled in Australia. The address of the Company’s registered office is 130 Stirling Highway, North Fremantle WA 6159. The consolidated financial statements of the Company as at and for the half year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities. The Group primarily is involved in the minerals exploration industry.

##### a) Statement of compliance

These General Purpose Financial Statements for the interim half year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Spitfire Materials Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016 together with any public announcements made by Spitfire Materials Limited and its controlled entities during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

##### b) Reporting Basis and Conventions

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group’s last annual financial statements for the year ended 30 June 2016, except for the impact of the standards and Interpretations described in 1 (f).

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

##### c) Financial Instruments

The Group’s financial instruments consist of trade and other receivable and trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

Any trading financial assets held by the Group are level-1 financial instruments and valued using the quoted bid prices from the Australian Securities Exchange as at the reporting date.

##### d) Basis of measurement

The interim financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

## NOTES TO THE FINANCIAL STATEMENTS

### For the half year ended 31 December 2016

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#### e) Going Concern

The half year financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

#### f) New Accounting Standards

##### **New or revised standards and interpretations that are first effective in the current reporting period**

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2014-1: Amendments to Australian Accounting Standards (Part D);
- AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations;
- AASB 2014-4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation;
- AASB 2014-6: Amendments to Australian Accounting Standards – Agriculture: Bearer Plants;
- AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements;
- AASB 2015-1: Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle;
- AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101;
- AASB 2015-5: Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception; and
- AASB 2015-9: Amendments to Australian Accounting Standards – Scope and Application Paragraphs.

The adoption of the above standards have not had a material impact on this half year financial report.

#### **NOTE 2: SEGMENT REPORTING**

##### **Identification of reportable segments**

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its individual exploration commodity and the remaining treasury function. Operating segments are therefore determined on the same basis.



## NOTES TO THE FINANCIAL STATEMENTS

### For the half year ended 31 December 2016

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#### **Types of exploration by project segment**

(i) *Australia – Gold Exploration*

The Australian gold exploration segment includes the Northern Territory gold project (Yoda) and the Western Australian gold project (England). Segment assets, including any capitalised exploration expenditure are reported on in this segment.

(ii) *Australia – Manganese Exploration*

The manganese exploration segment is the maintenance of the Manganese project at South Woodie in the East Pilbara. Segment assets, including any capitalised exploration expenditure are reported on in this segment.

(iii) *Zambia – Limestone Exploration*

The Limestone exploration segment is the project based in Zambia. Segment assets, including any capitalised exploration expenditure are reported on in this segment.

(iv) *Australia – Treasury*

In addition, the Company has included a Treasury segment that includes the surplus cash of which the majority is invested in Bank term deposits.

#### **Basis of accounting for purposes of reporting by operating segments**

##### ***Accounting policies adopted***

Unless stated otherwise, all amounts reported to the Board of Directors, as the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

##### ***Segment assets***

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

##### ***Segment liabilities***

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

##### ***Unallocated items***

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Other corporate charges

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2016**

<b>Consolidated 31 December 2016</b>	<b>Australia – Gold Exploration \$000</b>	<b>Australia – Manganese Exploration \$000</b>	<b>Zambia – Limestone Exploration \$000</b>	<b>Australia – Treasury \$000</b>	<b>Consolidated Group \$000</b>
<b>SEGMENT PERFORMANCE</b>					
Finance revenue	-	-	-	17	17
<b>Total segment and group revenue</b>					<b>17</b>
<i>Reconciliation of segment revenue to group revenue</i>					
Other revenue					1
<b>Total group revenue</b>					<b>18</b>
<b>Segment net profit/(loss) from continuing operations before tax</b>	<b>(16)</b>	<b>(13)</b>	<b>(32)</b>	<b>17</b>	<b>(44)</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
- Other tax revenue	-	-	-	-	-
Unallocated Items					
- Consulting Fees					(154)
- Depreciation					-
- Other					(357)
<b>Net Profit/(loss) before tax from continuing operations</b>					<b>(555)</b>
<b>SEGMENT ASSETS</b>					
Segment assets	352	25	10	1,569	1,956
<i>Reconciliation of segment assets to group assets</i>					
Unallocated items					
- Other					58
<b>Total group assets</b>					<b>2,014</b>
Segment asset increases/(decreases) for period:					
- Cash	-	(4)	(12)	(464)	(480)
- Other	352	23	(16)	12	371
	<b>352</b>	<b>19</b>	<b>(28)</b>	<b>(452)</b>	<b>(109)</b>
<b>SEGMENT LIABILITIES</b>					
Segment liabilities					
Payables	5	2	16	-	23
<i>Reconciliation of segment liabilities to group liabilities</i>					
Unallocated items					
- Other					93
<b>Total group liabilities</b>					<b>116</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2016**

<b>Consolidated 31 December 2015</b>	<b>Australia - Manganese Exploration \$000</b>	<b>Zambia - Limestone Exploration \$000</b>	<b>Australia - Treasury \$000</b>	<b>Consolidated Group \$000</b>
<b>SEGMENT PERFORMANCE</b>				
Finance revenue	-	-	31	31
<b>Total segment and group revenue</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>31</b>
<i>Reconciliation of segment revenue to group revenue</i>				
Other revenue				-
<b>Total group revenue</b>				<b>31</b>
<b>Segment net profit/(loss) from continuing operations before tax</b>	<b>(74)</b>	<b>(32)</b>	<b>31</b>	<b>(75)</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>				
- Other tax revenue	-	-	-	-
Unallocated Items				
- Consulting Fees				(356)
- Depreciation				(3)
- Other				(220)
<b>Net Profit/(loss) before tax from continuing operations</b>	<b>(74)</b>			<b>(654)</b>
<b>Consolidated 30 June 2016</b>				
<b>SEGMENT ASSETS</b>				
Segment assets	6	39	2,034	2,079
<i>Reconciliation of segment assets to group assets</i>				
Unallocated items				
- Other				44
<b>Total group assets</b>				<b>2,123</b>
Segment asset increases/(decreases) for the period:				
- Cash	(10)	14	(686)	(682)
- Other	(112)	25	-	(87)
- Unallocated	-	-	-	44
				<b>(725)</b>
<b>SEGMENT LIABILITIES</b>				
Segment liabilities				
Payables	1	1	-	2
<i>Reconciliation of segment liabilities to group liabilities</i>				
Unallocated items				
- Other			178	178
<b>Total group liabilities</b>				<b>180</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2016**

**NOTE 3: COMMITMENTS**

**a) Operating Lease Commitments**

	<b>Consolidated</b>	
	<b>31 December 2016</b>	<b>30 June 2016</b>
	<b>\$000</b>	<b>\$000</b>
Non-cancellable operating lease contracted for but not capitalised in the financial statements:		
Payable		
- Within one year	40	15
- One year or later and no later than five years	4	-
	<b>44</b>	<b>15</b>

The above amounts relate to the property lease at 130 Stirling Highway, North Fremantle, which is expiring on 15<sup>th</sup> September 2017 and an Equipment lease expiring on 31 December 2019.

**b) Exploration Commitments**

	<b>Consolidated</b>	
	<b>31 December 2016</b>	<b>30 June 2016</b>
	<b>\$000</b>	<b>\$000</b>
In order to maintain current rights of tenure to exploration tenements, the Company has the following discretionary exploration expenditure up until the expiry of leases. These obligations are not provided for in the financial statements and are payable:		
- Within one year	140	144
- One year or later and no later than five years	58	258
	<b>198</b>	<b>402</b>

The sale, transfer, surrender or farm-out of exploration rights to third parties reduces or extinguish these obligations.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2016**

**NOTE 4: ISSUED CAPITAL**

	Consolidated	
	31 December 2016	30 June 2016
	\$000	\$000
<b>a. Ordinary shares</b>		
112,183,292 (2016: 107,183,292) fully paid ordinary shares	29,816	29,464
Share issue expenses	(1,215)	(1,215)
Share options expired	234	234
	<b>28,835</b>	<b>28,483</b>

**b. Performance Shares**

*10 Performance shares	-	-
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	Consolidated	
	31 December 2016	30 June 2016
	No.	No.
<b>a. Ordinary shares</b>		
At the beginning of reporting period	107,183,292	25,511,347
Shares issued during the year		
- 18 August 2015 @ 0.01c (White Lion Acquisition)	-	21,671,945
- 27 June 2016 @ 0.02c (Placement)	-	60,000,000
- 27 October 2016 @ 0.074c (England Project Acquisition)	2,000,000	-
- 9 December 2016 @ 0.068c (Yoda Project Acquisition)	3,000,000	-
<b>At reporting date</b>	<b>112,183,292</b>	<b>107,183,292</b>
<b>b. Performance shares</b>		
At the beginning of reporting period	10	-
Issued during the year		
- 18 August 2015 (White Lion acquisition)	-	10
- 19 August 2016 (Cancellation of performance shares)	(10)	-
<b>At reporting date</b>	<b>-</b>	<b>10</b>

At the Shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each Shareholder has one vote on a show of hands.

On 19 August 2016, the Company reached an agreement with the vendors of the White Lion Project to cancel the performance shares. The formal cancellation of the performance shares was approved at a Special General Meeting on 16 November 2016.

## NOTES TO THE FINANCIAL STATEMENTS

### For the half year ended 31 December 2016

#### NOTE 5: SHARE BASED PAYMENTS

##### Shares

On 27<sup>th</sup> October 2016 2,000,000 fully paid ordinary shares were issued as consideration for the acquisition of the England Gold Project, the value using a share price of \$0.074 was \$148,000.

On 9<sup>th</sup> December 2016 3,000,000 fully paid ordinary shares were issued as consideration for the acquisition of the Yoda Gold Prospect, the value using a share price of \$0.068 was \$204,000.

##### Options

All options granted to key management personnel are exercisable into ordinary shares in Spitfire Materials Limited, which confer a right of one ordinary share for every option held. No new options were issued during the half year and no options expired during the half year.

The number and weighted average exercise prices of share options issued to Key Management Personnel are as follows:

Consolidated	Weighted average exercise price	Number of options
Options outstanding as at 30 June 2016	19.84c	19,225,000
Options outstanding as at 31 December 2016	19.84c	19,225,000
Options exercisable as at 31 December 2016:		1,225,000
Options exercisable as at 30 June 2016:		900,000

The weighted average remaining contractual life of options outstanding at year end was 4.1 years. The range of exercise prices of outstanding options at reporting date is from 16c to \$1.20c.

Included under employee benefits expense in the income statement is \$181,118 which relates to the vesting expense of share-based payments (30 June 2016: \$103,443).



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2016**

**NOTE 6: EXPLORATION AND EVALUATION ASSETS**

	Consolidated	
	31 December 2016 \$000	30 June 2016 \$000
<b>ASSETS</b>		
<b>NON-CURRENT</b>		
Exploration and Evaluation		
- At Cost		
- Acquisition of White Lion Project	-	2,167
- Acquisition of England Gold Project	148	-
- Acquisition of Yoda Gold Project	204	-
- Exploration & Evaluation Expenditure	-	257
- Impairment of Exploration & Evaluation asset	-	(2,424)
	<b>352</b>	<b>-</b>

**NOTE 7: EVENTS AFTER THE BALANCE SHEET DATE**

There has not been any other matter or circumstance occurring subsequent to the end of the half year, that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

**NOTE 8: FINANCIAL INSTRUMENTS**

The Group's financial instruments consist of trade and other receivables and trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amounts of the financial assets and liabilities approximate their fair value.

## **DIRECTORS' DECLARATION**

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The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 21, are in accordance with the Corporations Act 2001 and:
  - a. Comply with Accounting Standards AASB 134: Interim Financial Reporting; and
  - b. Give a true and fair view of the financial position as at 31 December 2016 and of the performance for the half year ended on that date of the Company and consolidated Group.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Russell Hardwick', written in a cursive style.

**RUSSELL HARDWICK**

**Director**

Dated this 22<sup>nd</sup> day of February 2017

## Independent Auditor's Review Report

### To the Members of Spitfire Materials Limited

We have reviewed the accompanying half-year financial report of Spitfire Materials Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

### Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Independent Auditor's Review Report

To the Members of Spitfire Materials Limited (Continued)

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## Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Spitfire Materials Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

A handwritten signature in blue ink that reads "Bentleys".

**BENTLEYS**  
**Chartered Accountants**

A handwritten signature in blue ink that reads "Mark DeLaurentis".

**MARK DELAURENTIS CA**  
**Director**

Dated at Perth this 22<sup>nd</sup> day of February 2017