



SPITFIRE MATERIALS LIMITED

ACN 125 578 743

NOTICE OF GENERAL MEETING

TIME: 11:00 AM (WST)

DATE: 29 June 2017

PLACE: The Celtic Club, 48 Ord Street, West Perth, WA 6005

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under ASX Listing Rule 10.1 (refer to Resolutions 1 to 4). The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of these Resolutions to the non-associated Shareholders. The Independent Expert has determined the Acquisition is **fair and reasonable** to the non-associated Shareholders.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 6215 0090.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 11:00 AM (WST) on 29th June 2017 at:
The Celtic Club, 48 Ord Street, West Perth, WA 6005

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.00pm on 27th June 2017.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

Proxy Forms may be lodged by the following methods:

Online: www.investorvote.com.au

By fax: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

By mail: Share Registry
Computershare Investor Services
Pty Limited
GPO Box 242
Melbourne Victoria 3001 Australia

By mobile: Scan the QR Code on your
proxy form and follow the
prompts

Custodian voting: For Intermediary Online subscribers only (custodians) please visit
www.intermediaryonline.com to submit your voting intentions

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ACQUISITION OF ADMIRAL GOLD LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of all of the Essential Resolutions, for the purposes of ASX Listing Rules 7.1 and 10.1 and for all other purposes, approval is given for the Company to issue 34,500,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – ACQUISITION OF ADMIRAL GOLD LIMITED – RELATED PARTY – MR JOHN YOUNG

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of all of the Essential Resolutions, for the purposes ASX Listing Rules 10.1 and 10.11 and for all other purposes, approval is given for the Company to issue 7,000,000 Shares in consideration for the acquisition of Admiral Gold Limited to Mr John Young (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a party to the transaction, Mr John Young (or his nominee) and any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and a party to the transaction and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – ACQUISITION OF ADMIRAL GOLD LIMITED – RELATED PARTY – MR NEIL BIDDLE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of all of the Essential Resolutions, for the purposes ASX Listing Rules 10.1 and 10.11 and for all other purposes, approval is given for the Company to issue 9,000,001 Shares in consideration for the acquisition of Admiral Gold Limited to Mr Neil Biddle (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a party to the transaction, Mr Neil Biddle (or his nominee) and any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and a party to the transaction and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ACQUISITION OF ADMIRAL GOLD LIMITED – RELATED PARTY – MR ALAN BOYS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of all of the Essential Resolutions, for the purposes ASX Listing Rules 10.1 and 10.11 and for all other purposes, approval is given for the Company to issue 9,000,000 Shares in consideration for the acquisition of Admiral Gold Limited to Mr Alan Boys (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a party to the transaction, Mr Alan Boys (or his nominee) and any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and a party to the transaction and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolutions 1, 2, 3 and 4

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of Resolutions 1, 2, 3 and 4 to the non-associated Shareholders. The Independent Expert has determined the Acquisition is **fair and reasonable** to the non-associated Shareholders. A copy of the Independent Expert's Report is available on the Company's website www.spitfirematerials.com. If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 3,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of all of the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 75,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 8 – RELATED PARTY PARTICIPATION IN CAPITAL RAISING – MR IAN HUITSON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of all of the Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 400,000 Shares to Mr Ian Huitson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Ian Huitson (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 9 – RELATED PARTY PARTICIPATION IN CAPITAL RAISING – MR RUSSELL HARDWICK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of all of the Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 600,000 Shares to Mr Russell Hardwick (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Russell Hardwick (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. RESOLUTION 10 – ELECTION OF DIRECTOR – MR NEIL BIDDLE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of the Essential Resolutions, for the purpose of clause 15.3 of the Constitution, and for all other purposes, Mr Neil Biddle, being eligible and having consented to act, be elected as a director of the Company, on and from completion of the Acquisition."

11. RESOLUTION 11 – ELECTION OF DIRECTOR – MR JOHN YOUNG

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of the Essential Resolutions, for the purpose of clause 15.3 of the Constitution, and for all other purposes, Mr John Young, being eligible and having consented to act, be elected as a director of the Company, on and from completion of the Acquisition."

12. RESOLUTION 12 – ENABLE THE ISSUE OF PERFORMANCE RIGHTS AND OPTIONS UNDER AN EMPLOYEE INCENTIVE SCHEME

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given to enable the Company to issue Performance Rights and Options under the employee incentive scheme titled "Performance Rights and Option Plan", on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

13. RESOLUTION 13 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – MR RUSSELL HARDWICK

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 12, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 5,000,000 Performance Rights under the Performance Rights and Option Plan to Mr Russell Hardwick (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

14. RESOLUTION 14 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – MR NEIL BIDDLE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 12, for the purposes of ASX Listing Rules 10.14 and for all other purposes, approval is given for the Company to issue 5,000,000 Performance Rights under the Performance Rights and Option Plan to Mr Neil Biddle (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

15. RESOLUTION 15 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – MR JOHN YOUNG

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 12, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 5,000,000 Performance Rights under the Performance Rights and Option Plan to Mr John Young (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

16. RESOLUTION 16 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – MR ALAN BOYS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 12, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 5,000,000 Performance Rights under the Performance Rights and Option Plan to Mr Alan Boys (or his nominee) on the terms and conditions set out in the Explanatory Statement."

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 25th May 2017

By order of the Board



Russell Hardwick
Director/Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

Resolutions 1, 2, 3 and 4 (inclusive) are referred to as Essential Resolutions throughout this Notice. Each Essential Resolution is conditional on each other Essential Resolution being approved.

If any of the Essential Resolutions are not passed, then all of the Essential Resolutions will be taken to have been rejected by Shareholders and the Acquisition the subject of this Notice will not proceed.

The Directors recommend that Shareholders vote in favour of all Resolutions.

1. BACKGROUND

1.1 Summary of Resolutions 1, 2, 3 and 4

Resolutions 1, 2, 3 and 4 are inter-conditional and relate to the acquisition of 100% of the issued share capital of Admiral Gold Limited (ACN 611 994 793) (**Admiral**) (**Acquisition**) including the issue of 59,500,001 Shares (**Consideration Shares**) as consideration for the Acquisition.

Resolution 1 seeks Shareholder approval for the Acquisition and issue of Consideration Shares to parties who are not related parties of the Company (**Unrelated Vendor Shares**). **Resolutions 2, 3 and 4** seek Shareholder approval for the Acquisition and issue of Consideration Shares to related parties of the Company (being, Messrs John Young, Neil Biddle and Alan Boys) (**Related Vendor Shares**).

1.2 Summary of the Acquisition

As announced on 27 March 2017, the Company has entered into a share sale agreement (**Agreement**) with the shareholders of Admiral (**Admiral Shareholders**) in relation to the Acquisition.

The material terms of the Agreement are as follows:

- (a) (**Consideration**): the consideration to be paid to the Admiral Shareholders for the acquisition of 100% of their shares in Admiral (**Admiral Shares**) is the issue of 59,500,001 Consideration Shares;
- (b) (**Conditions Precedent**): settlement of the Acquisition is conditional upon the satisfaction or waiver of the following conditions precedent (**Conditions Precedent**):
 - (i) (**Due Diligence**): completion of due diligence by both parties on the business, assets, operations, financial position, financial performance and any further matters of the other party in accordance with terms of the Agreement;
 - (ii) (**Shareholder Approvals**): the Company obtaining all necessary Shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Acquisition, including, without limitation:

- (A) ASX Listing Rule 10.1 approval for the Acquisition; and

- (B) ASX Listing Rules approval and, if required, approval for the purpose of the Corporations Act, for the issue of the Consideration Shares in accordance with the Agreement;
- (iii) **(Regulatory Approvals)**: the parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law on terms acceptable to the parties as are required to allow the parties to lawfully complete the matters set out in the Agreement;
- (iv) **(Independent Experts Report)**: the Company procuring the preparation of an independent expert's report in accordance with the requirements of ASX Listing Rule 10.10 and the expert forming the opinion that the Acquisition is either fair and reasonable or not fair but reasonable to the non-associated shareholders in the Company; and
- (v) **(Full Acceptance)**: the Company becoming entitled to acquire 100% of the issued capital of Admiral as a result of each Admiral Shareholder agreeing to accept the Company's offer to acquire their Admiral Shares; and
- (c) **(Board Changes)**: The parties agree that, subject to satisfaction or waiver of the Conditions Precedent, upon completion of the Acquisition, the directors of the Company will consist of Messrs Neil Biddle, Russell Hardwick and John Young.

The Agreement otherwise contains terms and conditions considered standard for an agreement of its nature.

1.3 Summary of Admiral's Assets

Admiral holds two farm-in joint venture agreements for two Australian based gold projects (being, the Mulwarrie and Alice River gold projects).

1.3.1 Alice River Gold Project, NE Queensland

Project Overview

The Alice River Gold Project is located 460km north-west of Cairns in North East Queensland. The project encompasses 16 tenements including 8 EPMs and 8 granted MLs, for a total of 808 km².

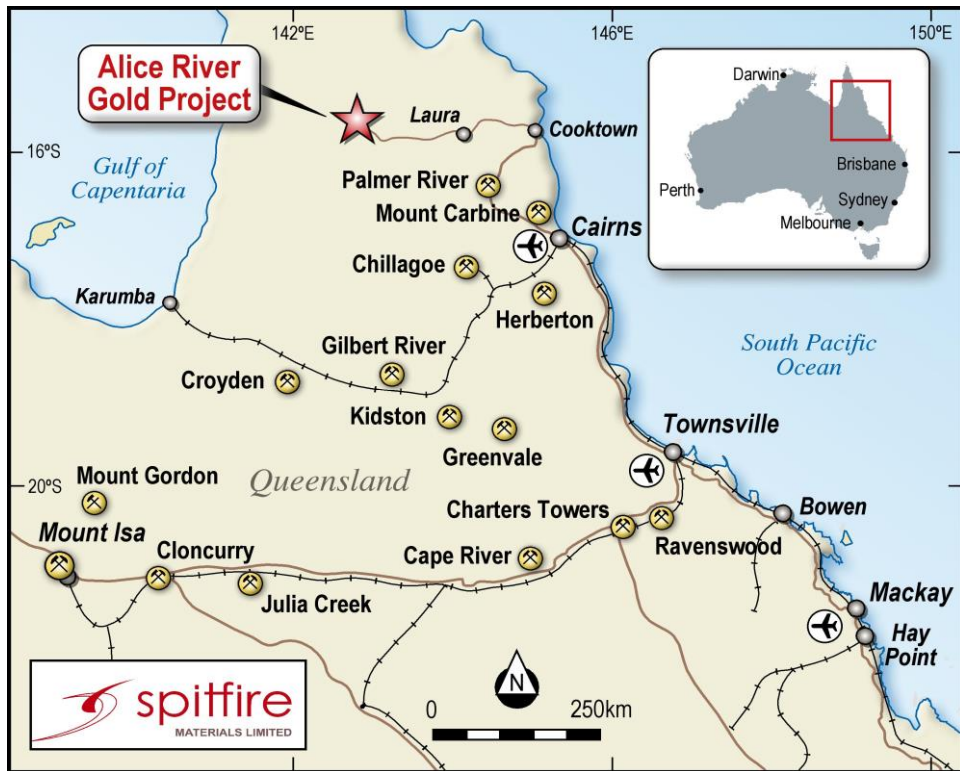


Figure 1: Location, Alice River Gold Project

The Alice River Gold Project includes rocks of the Proterozoic Holyrood Metamorphics, which have been intruded by Late Silurian to Early Devonian Granitoids of the Pama Igneous Province. The gold mineralisation occurs at several prospects along the Alice River Shear Zone, a 50-60km long north-west trending set of shear zones located with the Alice-Palmer Structural Zone.

The Alice River Gold Project has had a long history of prospecting and exploration work, commencing with the discovery of gold by John Dickie in 1903. In the late 1970s, Anaconda Australia explored the northern parts of the project around the Potallah and Gossan prospects including undertaking geochemical surveys, geophysical surveys and drilling. In the 1980s to 1990s, a significant amount of exploration work was conducted by Cyprus Gold Australia, Beckstar and Goldminco, which focused further south around the Peninsula King, Alice Queen and Posie prospects.

All of the significant gold mineralisation which has been identified historically is encompassed within granted mining leases. A large amount of drilling was completed along the Alice River shear zones during the period 1987 to 1998 (469 holes for a total of 18,294.7m drilling including 8,322 assays).

Gold mineralisation was discovered at several prospects associated with the NW shear zone including Alice Queen, One Mile, Peninsula King, Big Blow, German Jack, Julie Anne, Posie, Jerry Dodds, The Shadows, Eureka, Airstrip and Taylors.

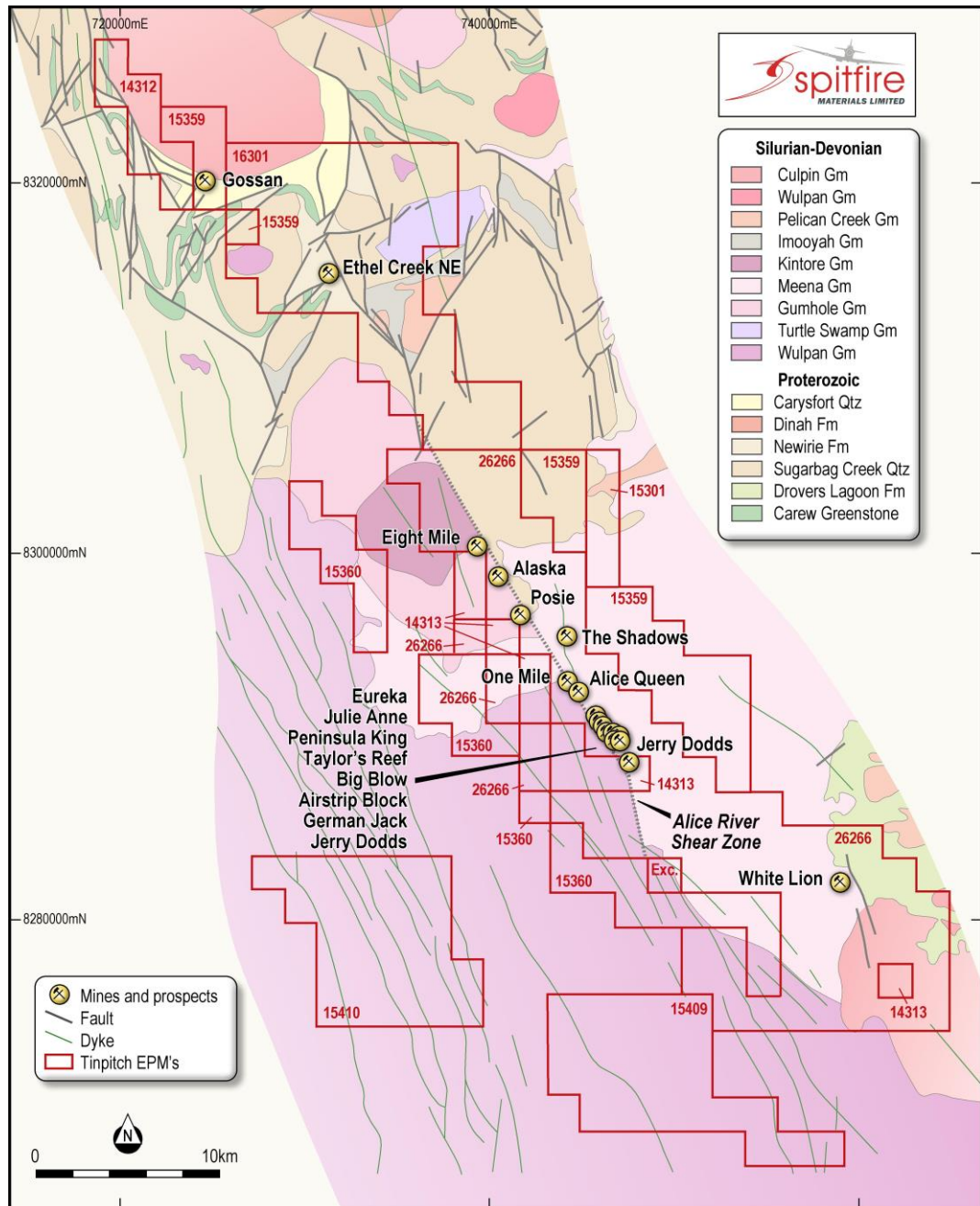


Figure 2: Tenements and regional geology, Alice River Gold Project

The gold mineralisation in the Alice River area is focused along regional NW shear zones. The shear zones are largely hosted within the Imooya Granite, a pale grey to white mica-biotite leucogranite (commonly referred in the old reports as an adamellite), of the Siluro-Devonian Kintore Supersuite.

Mineralisation is generally hosted in quartz veins and minor quartz breccias, up to 10m wide in places. Gold often occurs as both fine free-gold in quartz or interstitial within arsenopyrite and stibnite. Green-white quartz-sericite-epidote alteration zones extend for 50-70m around the mineralised veins at the Peninsula King Deposit, but generally the quartz veins display narrow alteration selvages.

Refer to the Company's ASX Announcement dated 27 March 2017 for further details in relation to the Alice River Gold Project.

Farm-in JV Agreement Details

Admiral has entered into an exploration farm-in joint venture agreement with Tinpitch Pty Ltd (ACN 096 734 306) (**Tinpitch**) for the Alice River Gold Project. Pursuant to the agreement, Admiral has the right to earn and acquire up to a 100% interest in the Alice River Gold Project. The key terms of the exploration farm-in joint venture agreement include:

- (a) **(Stage 1 Interest)**: Admiral has the right to earn up to an initial 51% interest in the tenements (**Stage 1 Interest**) by:
 - (i) expending a minimum of \$1,000,000 on exploration expenditure on or in relation to the tenements by 14 March 2018 (**Year 1 Expenditure Requirement**), including satisfying a minimum expenditure commitment of \$750,000;
 - (ii) expending a minimum of \$5,000,000 on exploration of the tenements, which shall include any amounts spent in satisfying the Year 1 Expenditure Requirement by 14 March 2019; and
 - (iii) completing a scoping study on the tenements;
- (b) **(Stage 2 Interest)**: Subject to Admiral earning the Stage 1 Interest and providing notice in accordance with the terms and conditions of the agreement, Admiral has the right to earn up to an additional 24% interest in the tenements (to increase its aggregate interest to 75%) (**Stage 2 Interest**) by undertaking additional expenditure on exploration of the tenements of not less than \$5,000,000 and completing a pre-feasibility study by 14 March 2021. Upon Admiral earning the Stage 2 Interest and providing notice in accordance with the terms and conditions of the agreement, Tinpitch must elect, within 60 days of receipt of such notice, to either:
 - (i) participate in an unincorporated joint venture and contribute its share of the joint venture expenditure in accordance with the terms of the agreement; or
 - (ii) sell, transfer or dispose of its entire remaining interest in the tenements to a third party on arm's length terms in which case it will grant to Admiral a right of first refusal for a period of not less than 60 days to match the sale offer; or
 - (iii) require Admiral to purchase its entire remaining interest in the tenements at a price agreed by the parties, or for the issue of an agreed quantity of Shares or otherwise in accordance with the terms of the agreement; or
 - (iv) grant Admiral the right, for a period of not less than 90 days, to purchase its entire remaining interest in the tenements in consideration for the grant by Admiral of a 2.5% net smelter royalty; and
- (c) **(Agreed acquisition after bankable feasibility study)**: Within 21 days of completion of a bankable feasibility study, Admiral has a call option to acquire Tinpitch's remaining 25% interest in the Alice River Gold Project.

The exploration farm-in joint venture agreement otherwise contains terms and conditions considered standard for an agreement of its nature.

1.3.2 Mulwarrie Gold Project

Project Overview

The Mulwarrie Gold Project is located 150km north-west of Kalgoorlie in the Ullaring District of the North Coolgardie Mineral Field. The project encompasses two contiguous tenements, M30/119 (67.98 Ha) and M30/145 (111.69 Ha), which lie 10km north-west of the Davyhurst Mining centre.

The two tenements which comprise the Mulwarrie Gold Project lie within a 10km wide greenstone belt which forms the north-west extension of the Coolgardie Line. The structurally dominant, north-trending Mt. Ida fault lies approximately 4km east of the Mulwarrie Mining Centre. Most of the lithologies within this greenstone belt are steeply dipping and well foliated along a NNW/SSE trend.

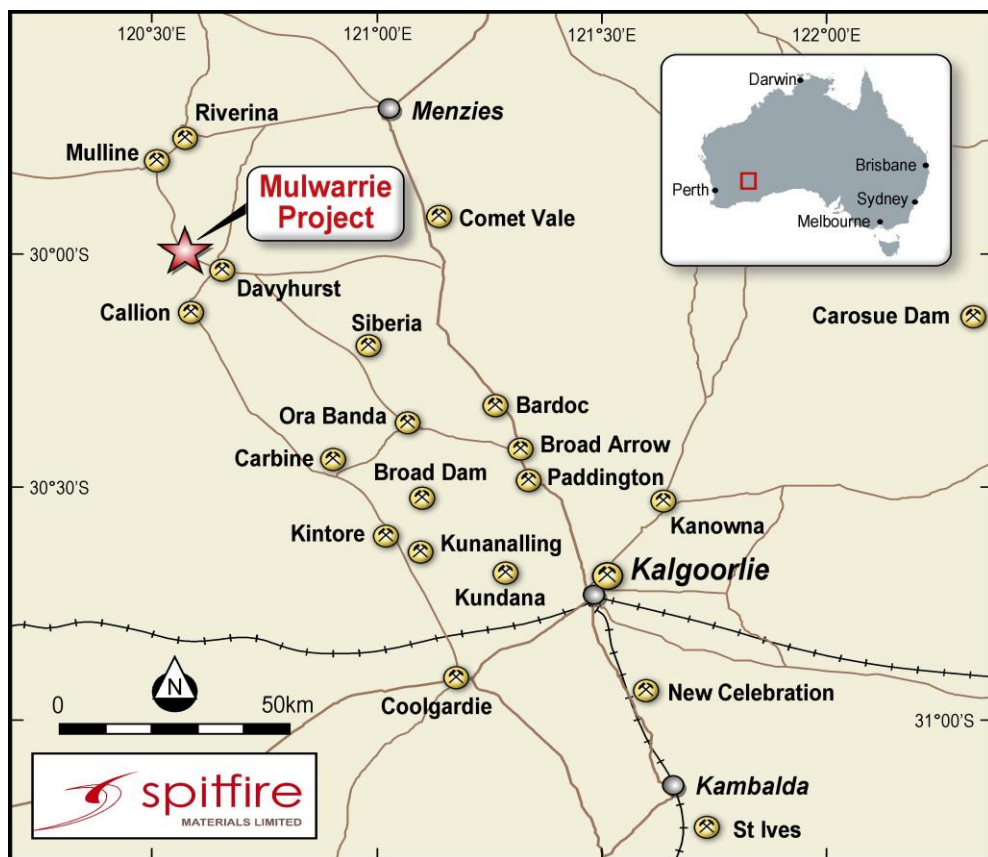


Figure 3: Location, Mulwarrie Gold Project

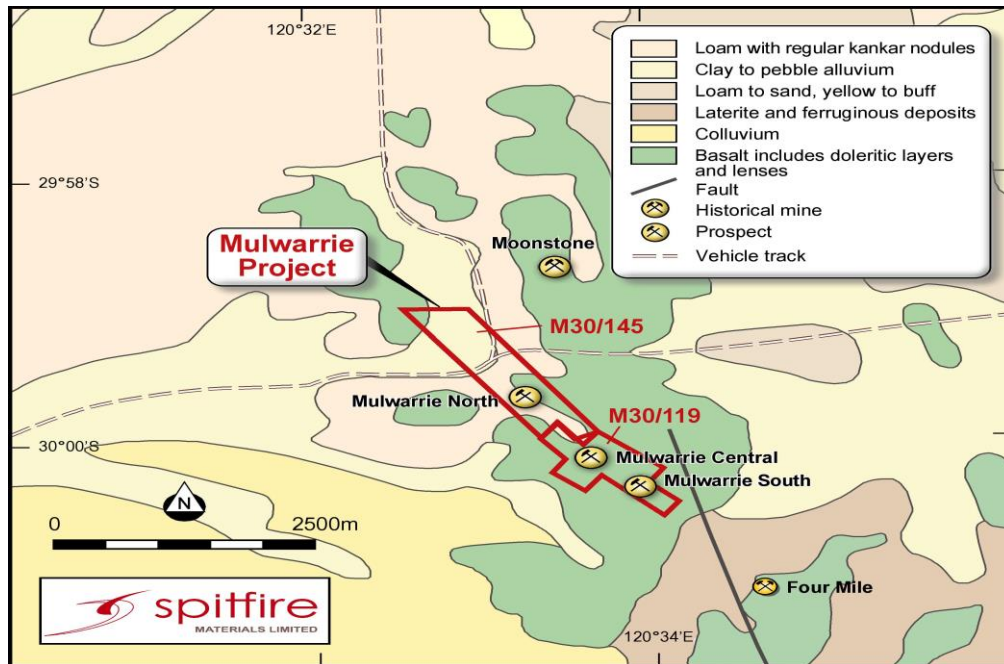


Figure 4: Mulwarrie Gold Project tenements and simplified geology

Grades of metamorphism at the Mulwarrie Gold Project are generally higher than in the Kalgoorlie area with hornblende – biotite – plagioclase amphibolites common. Hornblende is diagnostic of the amphibolite facies and at Mulwarrie metamorphism has peaked at mid to upper amphibolite facies.

Gold mineralisation has been found in two distinct settings at the Mulwarrie Gold Project, being:

- (a) in narrow shear zones with only minor or no quartz veining, with limited calcsilicate alteration haloes and with erratic but occasionally high gold values. The zones of mineralisation may be up to 2m wide but are generally less than 50cm. They are conformable to the stratigraphy and foliation; and
- (b) the second and most important type of gold mineralisation is associated with quite flat dipping often massive quartz reefs with strong diopside, biotite, epidote and carbonate alteration haloes. Pyrrhotite and pyrite development is also strong within and adjacent to the quartz reefs. Minor amounts of chalcopyrite, galena and sphalerite are also associated with gold mineralisation. Gold is found within quartz reefs, within biotite selvages to the quartz veins and also in the associated country rocks.

Refer to the Company's ASX Announcement dated 27 March 2017 for further details in relation to the Mulwarrie Gold Project.

Farm-in JV Agreement Details

Admiral has entered into a binding terms sheet with Goldfield Argonaut Pty Ltd (ACN 162 358 063) (**Goldfield**) in relation to the Mulwarrie Gold Project on the following key terms and conditions:

- (a) (**Stage 1 Interest**): Under the terms of the agreement, Admiral has the right to earn up to an initial 51% interest in the tenements (**Stage 1 interest**) by:

- (i) expending a minimum of \$200,000 on exploration of the tenements and completing a total of 2,000m of reverse circulation and/or diamond drilling) on the tenements by 31 July 2017 (**Minimum Commitment**); and
 - (ii) expending a minimum of \$1,000,000 on exploration of the tenements, which shall include any amounts spent in satisfying the Minimum Commitment, on or prior to 31 January 2018.
- (b) (**Stage 2 Interest**): Subject to Admiral earning the Stage 1 Interest, Admiral has the right to earn up to an additional 19% interest in the tenements (**Stage 2 Interest**) by undertaking additional expenditure on exploration of the tenements of not less than \$1,000,000, on or prior to the 31 January 2019 (**Stage 2 Expenditure Requirement**). Within 60 days of Admiral earning the Stage 2 Interest, Goldfield must elect to either:
 - (i) participate in an unincorporated joint venture for the purpose of exploration and development of the Mulwarrie Gold Project, and if warranted, production from the Mulwarrie Gold Project on terms and conditions acceptable to both parties and to contribute to its share of the joint venture expenditure (in proportion to its interest); or
 - (ii) enter into an unconditional agreement to sell or transfer or dispose of its entire remaining interest in the Mulwarrie Gold Project to a third party on arm's length terms, in which case it will grant to Admiral a right of first refusal for a period of 60 days to match the terms of the sale offer to the third party;
- (c) (**Failure to Meet Stage 2 Expenditure Requirement**): If Admiral does not complete the Stage 2 Expenditure Requirement on or prior to 31 January 2019 then:
 - (i) Admiral will hold only the Stage 1 Interest in the Mulwarrie Gold Project; and
 - (ii) Goldfield will have the right, for a period of one full calendar year from 31 January 2019, to sell its interest in the tenements comprising the Mulwarrie Gold Project to a third party for cash consideration and require Admiral to sell its 51% interest to that party, provided that Admiral will have the first right of refusal for a period of 60 days from notification by Goldfield of the proposed sale offer to match the terms of the sale offer to the third party;
- (d) (**Conversion**): At any stage following execution of the terms sheet, Goldfield may elect to convert its then interest in the Mulwarrie Gold Project into equity in the Company on terms mutually agreed between the parties; and
- (e) (**Obligations of Admiral**): From the date of execution of the terms sheet until the formation of the unincorporated joint venture, Admiral shall be responsible for the administration and maintenance of the tenements, including ensuring compliance with all applicable laws (among other things).

The binding terms sheet otherwise contains terms and conditions considered standard for an agreement of its nature.

1.4 Pro forma balance sheet

An unaudited pro-forma balance sheet of the Company following completion of the Acquisition and the Capital Raising and issues of all securities contemplated by this Notice is set out in section 5.4 of the Independent Expert's Report.

1.5 Pro forma capital structure

The capital structure of the Company following completion of the Acquisition and the Capital Raising and issues of all securities contemplated by this Notice is:

Shares

	Number
As at the date of this Notice ¹	112,183,292
To be issued pursuant to the Acquisition	59,500,001
To be issued pursuant to the Capital Raising	75,000,000
On completion of the Acquisition and the Capital Raising	246,683,293

Notes:

1. 2,000,000 Shares are escrowed until 27 October 2017 and 3,000,000 Shares are escrowed until 9 December 2017.

Options

	Number
On issue as at the date of this Notice ¹	19,225,000
To be issued pursuant to the Resolutions	Nil
On completion of the Acquisition and Capital Raising	19,225,000

Notes:

1. Comprising, 100,000 unlisted Options exercisable at \$1.20 each on or before 15 August 2017, 475,000 unlisted Options exercisable at \$1.10 each or before 22 November 2017, 650,000 unlisted Options exercisable at \$0.45 each on or before 28 November 2019 and 18,000,000 unlisted Options exercisable at \$0.16 each on or before 30 March 2021.

Performance Rights

	Number
On issue as at the date of this Notice	Nil
To be issued pursuant to the Resolutions	20,000,000
On completion of the Acquisition and Capital Raising	20,000,000

1.6 Disclosure of interests

The relevant interest in securities in the Company of the recipients of the Consideration Shares is as follows:

Spitfire Shares held by:	Date of Notice %	Consideration Shares	Total (%) ¹
John Young	13,683,624 (12.20%)	7,000,000	20,683,624 (12.05%)
Neil Biddle	498,441 (0.44%)	9,000,001	9,498,442 (5.53%)
Alan Boys	8,729,877 (7.78%)	9,000,000	17,729,877 (10.33%)
Unrelated Vendors	14,890,000 (13.27%)	34,500,000	49,390,000 (28.77%)
Total	37,801,942 (33.69%)	59,500,001	97,301,943 (56.68%)

Notes:

1. Assumes no Shares are issued other than as contemplated by Resolutions 1, 2, 3 and 4, and that no Shares are issued on exercise of Options or Performance Rights.

The relevant interest in securities in the Company of the recipients of the Consideration Shares after completion of the Capital Raising (as contemplated by Resolution 7) is as follows:

Spitfire Shares held by:	Date of Notice %	Consideration Shares	Total (assuming all Resolutions passed) (%) ¹
John Young	13,683,624 (12.20%)	7,000,000	20,683,624 (8.38%)
Neil Biddle	498,441 (0.44%)	9,000,001	9,498,442 (3.85%)
Alan Boys	8,729,877 (7.78%)	9,000,000	17,729,877 (7.19%)
Unrelated Vendors	14,890,000 (13.27%)	34,500,000	58,140,000 (23.57%) ²
Total	37,801,942 (33.69%)	59,500,001	106,051,943 (42.99%)²

Notes:

1. Assumes no Shares are issued other than as contemplated by this Notice and that no Shares are issued on exercise of Options or Performance Rights.
2. Total includes unrelated vendor's participation in the capital raising of 8,750,000 shares.

1.7 Additional risk factors

The risk profile of the Mulwarrie Gold Project and the Alice River Gold Project (the **Projects**) is similar to that of the Company's existing assets which has previously been disclosed to Shareholders as the Company would be continuing with mineral exploration and both Projects are prospective for gold. These risks include exploration and operational risks, operational costs, environmental regulations, native title regulations, commodity price and foreign currency volatility (among others).

In addition to existing risk factors, the Company may be exposed to the following additional risks as a result of the Acquisition.

(a) Contractual risk

In order for the Company to be able to achieve its objectives, the Company is reliant on the registered holder of the Mulwarrie Gold Project and the Alice River Gold Project tenements (**Tenements**) to comply with its contractual obligations under the joint venture agreements (**Joint Venture Agreements**) with respect to maintaining the Tenements in full force and effect, free from any liability to forfeiture or non-renewal.

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance.

Where the registered holder of the Tenements fails to comply with conditions of the Tenements resulting in loss of title to the Tenements, the Company would lose its interest in the minerals rights being acquired pursuant to the Joint Venture Agreements. It may then be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms. The Company has no current reason to believe that the registered holder of the tenements that it has contracted with will not meet and satisfy its obligations under the Joint Venture Agreements.

(b) Joint Venture risk

The Company is subject to the risk that changes in the status of any of the Company's joint ventures (including changes caused by financial failure or default by a participant in the joint venture) may adversely affect the operations and performance of the Company.

(c) Exploration and Development Risks

The business of exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable reserves;
- (ii) access to adequate capital for project development;

- (iii) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (iv) securing and maintaining title to interests;
- (v) obtaining consents and approvals necessary for the conduct of exploration, development and production;
- (vi) obtaining consents and approvals necessary for the procurement of sufficient power capacity; and
- (vii) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful gold exploration, and establishment of production facilities.

There is no assurance that any exploration on current or future interests will result in the discovery of economic deposits. Even if an apparently viable gold deposit is identified, there is no guarantee that it can be economically developed.

(d) Reliance on Key Personnel

The responsibility of the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance that there will be no detrimental impact if one or more of these employees cease their employment with the group. To mitigate the risks, the Company has and will develop relationships with its senior management, contractors and consultants including where appropriate inviting them to participate in the Company's incentive remuneration plans.

(e) Future capital requirements

Future funding is likely to be required by the Company to continue to explore and progress its Projects, or additional projects that the Company may identify. There can be no assurance that such funding will be available on satisfactory terms or at all. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations as the case may be, which may adversely affect the business and financial condition of the Company and its performance.

1.8 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1, 2, 3 and 4:

- (a) the Projects are prospective for gold which complements the Company's existing assets;

- (b) the Projects are at a more advanced stage of exploration than the Company's existing assets;
- (c) the Alice River Gold Project has a large tenement package of approximately 875km² of tenure and has a long history of prospecting and exploration work;
- (d) highly experienced Australian mining executives and Pilbara Minerals founding directors Messrs Neil Biddle and John Young will join the Board following completion of the Acquisition, which will bolster both the Company's profile and exploration capabilities;
- (e) following completion of the Capital Raising, Spitfire will have cash reserves of approximately \$6.0 million, putting the Company in a strong position to progress exploration programs across its expanded Australian gold portfolio;
- (f) the potential increase in the market capitalisation of the Company following completion of the Acquisition may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity; and
- (g) the Acquisition is consistent with the Company's disclosed business strategy to acquire complementary assets and opportunities.

1.9 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1, 2, 3 and 4:

- (a) current Shareholders will have their voting power in the Company diluted;
- (b) there is no guarantee that the Projects will prove to be economically viable for the Company;
- (c) there is no guarantee that the price of the Shares will not fall as a result of the Acquisition; and
- (d) current Shareholders will be exposed to the additional risks associated with the Mulwarrie Gold Project and the Alice River Gold Project as set out in Section 1.7 above.

1.10 Intentions if Acquisition is not approved

If Resolutions 1, 2, 3 and 4 are not passed and the Acquisition is not completed, the Company will continue to advance exploration on its existing projects as well as looking for additional acquisition opportunities to further its disclosed business strategy.

1.11 Director's recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 1, 2, 3 and 4 as they consider the proposed Acquisition and associated issue of Shares to be in the best interests of Shareholders for the following reasons:

- (a) after assessment of the advantages and disadvantages referred to in Sections 1.8 and 1.9 the Directors are of the view that the advantages outweigh the disadvantages; and
- (b) the Independent Expert has determined the Acquisition to be **fair and reasonable** to the non-associated Shareholders.

2. RESOLUTIONS 1 TO 4 – ACQUISITION OF ADMIRAL GOLD

2.1 General

A summary of the Acquisition is set out in Section 1.2.

Resolution 1 seeks Shareholder approval for the Acquisition including the issue of 34,500,000 Consideration Shares to parties who are not related parties of the Company (**Unrelated Vendor Shares**).

Resolution 2 seeks Shareholder approval for the Acquisition including the issue of 7,000,000 Consideration Shares (**Related Vendor Shares**) to Mr John Young, a related party of the Company.

Resolution 3 seeks Shareholder approval for the Acquisition including the issue of 9,000,001 Consideration Shares (**Related Vendor Shares**) to Mr Neil Biddle, a related party of the Company.

Resolution 4 seeks Shareholder approval for the Acquisition including the issue of 9,000,000 Consideration Shares (**Related Vendor Shares**) to Mr Alan Boys, a related party of the Company.

Resolutions 1, 2, 3 and 4 are inter-conditional.

2.2 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons, a person whose relationship to the entity is such that, in ASX's opinion, the transaction should be approved by security holders, without the prior approval of holders of the entity's ordinary shareholders.

Substantial asset

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The equity interests of the Company as defined by the ASX Listing Rules and as set out in the latest accounts given to ASX under the ASX Listing Rules (being for the six months ending 31 December 2016 were \$1,898,000). 5% of this amount is \$94,900.

As the value of the consideration for the Acquisition is more than 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules, the completion of the Acquisition will result in the acquisition of a substantial asset.

Related Party

For the purposes of ASX Listing Rule 10.1, a related party of an entity includes, amongst other persons, directors of a public company and in relation to a person, a person who was a related party in the previous 6 months, or who would be a related party in the future under the tests set out in section 228 of the Corporations Act.

Messrs John Young and Neil Biddle (the **Proposed Directors**) are related parties of the Company, by virtue of being persons who are likely to become related parties of the Company at any time in the future.

Mr Alan Boys (the **Admiral Director**) is a related party of the Company, by virtue of being a director of Admiral and by virtue of being a person who is likely to become a related party of the Company should Shareholders approve the Essential Resolutions and Admiral becomes a wholly owned subsidiary of the Company.

Substantial shareholder

For the purposes of ASX Listing Rule 10.1, a substantial shareholder is a person who has a relevant interest (either directly or through its associates), or had at any time in the 6 months before the transaction, in at least 10% of the total votes attaching to the voting securities.

Mr John Young, by virtue of his relevant interest in 12.20% of the voting Shares of the Company is a substantial holder of the Company for the purposes of ASX Listing Rule 10.1.

Requirement for shareholder approval

As a result of the above conclusions, the completion of the Acquisition will result in the acquisition of a substantial asset from related parties and substantial holders of the Company and the Company is therefore required to seek Shareholder approval under ASX Listing Rule 10.1.

2.3 Independent Expert's Report

ASX Listing Rule 10.10.2 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report set out in Annexure A sets out a detailed independent examination of the Acquisition to enable non-associated Shareholders to assess the merits and decide whether to approve the Acquisition. The Independent Expert has concluded that the Acquisition is **fair and reasonable** to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

The Independent Expert's Report is also available on the Company's website at www.spitfirematerials.com. If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

2.4 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

The effect of Resolution 1 will be to allow the Company to issue the Unrelated Vendor Shares pursuant to the Acquisition during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.5 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) the maximum number of Unrelated Vendor Shares to be issued is 34,500,000;
- (b) the Unrelated Vendor Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Unrelated Vendor Shares will occur on the same date;
- (c) the Unrelated Vendor Shares will be issued for nil cash consideration in satisfaction of the consideration for the Acquisition;
- (d) the Unrelated Vendor Shares will be issued to the minority Shareholders of Admiral, none of whom are related parties of the Company;
- (e) the Unrelated Vendor Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares other than being escrowed for 12 months from the date of issue; and
- (f) no funds will be raised from the issue of the Unrelated Vendor Shares as they are being issued in satisfaction of the consideration for the Acquisition.

2.6 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Consideration Shares to the Proposed Directors and the Admiral Director constitutes giving a financial benefit and the Proposed Directors and the Admiral Director are related parties of the Company by virtue of being persons who are likely to become related parties of the Company at any time in the future.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares to the Related Party Vendors because the Agreement pursuant to which it was agreed that the Consideration Shares would be issued to the Related Party Vendors was negotiated on an arm's length basis.

2.7 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As Resolutions 2, 3 and 4 involve the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

2.8 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 2, 3 and 4:

- (a) the Related Vendor Shares will be issued to each of Messrs John Young and Neil Biddle, who are related parties of the Company by virtue of being Proposed Directors of the Company;
- (b) the Related Vendor Shares will be issued to Mr Alan Boys, who is a related party of the Company by virtue of being a director of Admiral, which subject to the passing of the Essential Resolutions will become a subsidiary of the Company;
- (c) the number of Related Vendor Shares to be issued to each of the related parties is:
 - (i) 7,000,000 Shares to John Young (or his nominee) in consideration for the sale of a 11.76% interest in Admiral; and
 - (ii) 9,000,001 Shares to Neil Biddle (or his nominee) in consideration for the sale of a 15.13% interest in Admiral; and
 - (iii) 9,000,000 Shares to Alan Boys (or his nominee) in consideration for the sale of a 15.13% interest in Admiral;
- (d) the Related Vendor Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Related Vendor Shares will occur on the same date;
- (e) the Related Vendor Shares will be issued for nil cash consideration as they will be issued in satisfaction of the consideration for the Acquisition;
- (f) the Related Vendor Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares other than for escrow imposed in accordance with the ASX Listing Rules; and

- (g) no funds will be raised from the issue of the Related Vendor Shares as they are being issued in satisfaction of the consideration for the Acquisition.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Related Vendor Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Related Vendor Shares will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

2.9 Dilution

In the event the maximum number of Shares contemplated by Resolutions 1, 2, 3 and 4 are issued and assuming no Options are exercised or other Shares issued, the number of Shares on issue would increase from 112,183,292 (being the number of Shares on issue as at the date of this Notice) to 171,683,292 and the shareholding of existing Shareholders would be diluted by approximately 34.66%.

3. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES

3.1 General

On 27 October 2016, the Company issued 2,000,000 Shares to International Geological Management Services Pty Ltd (ACN 155 601 862) (**IGM**) in consideration for the acquisition of 100% of granted exploration licence E38/2869, which is located in Western Australia (the **England Gold Project**).

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

3.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (a) 2,000,000 Shares were issued;
- (b) the Shares were issued for nil cash consideration in satisfaction of the acquisition of the England Gold Project;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (d) the Shares were issued to IGM, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued in consideration for the acquisition of the England Gold Project.

4. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARES

4.1 General

On 9 December 2016, the Company issued 3,000,000 Shares to Gempart (NT) Pty Ltd (ACN 081 859 896) (**Gempart**) in consideration for the acquisition of 100% of granted exploration licence EL 30834, which is located in the Northern Territory (the **Yoda Prospect**).

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 3.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) 3,000,000 Shares were issued;
- (b) the Shares were issued for nil cash consideration in satisfaction of the acquisition of the Yoda Prospect;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Gempart, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued in consideration for the acquisition of the Yoda Prospect.

5. RESOLUTION 7 – PLACEMENT – SHARES

5.1 General

Resolution 7 seeks Shareholder approval for the issue of up to 75,000,000 Shares at an issue price of \$0.06 per Share to raise up to \$4,500,000 (**Placement**).

A summary of ASX Listing Rule 7.1 is set out in Section 3.1 above.

The effect of Resolution 7 will be to allow the Company to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Shares to be issued is 75,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.06 per Share;
- (d) the Directors will determine to whom the Shares will be issued (which will be primarily be new and existing sophisticated and professional investors) and, other than as set out in Resolutions 8 and 9 these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Placement in the manner set out in the use of funds table at Section 5.3 below.

5.3 Use of Funds

As at the date of this Notice, the Company has current cash reserves of approximately \$1.2 million.

Following Settlement of the Acquisition and completion of the Capital Raising, the Company intends to apply funds available of approximately \$6.0 million (being, the current cash reserves, remaining Admiral funds and funds raised from the Capital Raising) over the first 12 months as follows:

Item	Amount (\$)
Estimated costs of the Acquisition and Capital Raising	\$79,000
Exploration and Evaluation Expenditure ¹	\$3,929,000
General, Administrative and Working Capital Expenses ¹	\$678,000
TOTAL	\$4,686,000

Notes:

1. Includes an allocation to the Company's existing projects and, subject to passing of Resolutions 1, 2, 3 and 4, a part allocation to the Admiral assets.

The above table of proposed expenditure is a statement of current intentions as at the date of this Notice. Intervening events (such as exploration success or failure, future decisions on Admirals' farm-in and joint venture agreements) may alter the way funds are ultimately applied by the Company and may alter the costs estimated above. The Company confirms that irrespective of the determinations made at this Meeting, the Company intends to advance exploration activities for its existing England and Yoda Projects.

5.4 Dilution

In the event the maximum number of Shares contemplated by Resolution 7 are issued and assuming no Options are exercised or other Shares issued, the number of Shares on issue would increase from 112,183,292 (being the number of Shares on issue as at the date of this Notice) to 187,183,292 and the shareholding of existing Shareholders would be diluted by 40.06%.

6. RESOLUTIONS 8 AND 9 – RELATED PARTY PARTICIPATION IN CAPITAL RAISING

6.1 General

Pursuant to Resolution 7, the Company is seeking Shareholder approval for the issue of up to 75,000,000 Shares at an issue price of \$0.06 per Share to raise up to \$4,500,000 (**Capital Raising**).

Messrs Ian Huitson and Russell Hardwick wish to participate in the Capital Raising.

Resolutions 8 and 9 seek Shareholder approval for the issue of up to 400,000 Shares to Mr Ian Huitson (or his nominee) and 600,000 Shares to Mr Russell Hardwick (or his nominee) arising from the participation by them in the Capital Raising (**Participation**).

6.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and Messrs Ian Huitson and Russell Hardwick are related parties of the Company by virtue of being Directors.

The Directors (other than Messrs Ian Huitson and Russell Hardwick who have a material personal interest in Resolutions 8 to 9) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Mr Huitson and Mr Hardwick on the same terms as Shares issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms.

6.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Placement involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an

exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

6.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Shares will be issued to Mr Ian Huitson (or his nominee) and Mr Hardwick (or his nominee), who are related parties of the Company by virtue of being Directors;
- (b) the maximum number of Shares to be issued is 1,000,000, being:
 - (i) 400,000 Shares to Mr Huitson (or his nominee); and
 - (ii) 600,000 Shares to Mr Hardwick (or his nominee);
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the issue price will be \$0.06 per Share, being the same as all other Shares issued under the Capital Raising;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the funds raised will be used for the same purposes as all other funds raised under the Capital Raising as set out in Section 5.3 of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Messrs Mr Huitson and Mr Hardwick (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

7. RESOLUTIONS 10 AND 11 – ELECTION OF DIRECTORS

7.1 General

In accordance with the Agreement, the Company has agreed to appoint Messrs Neil Biddle and John Young as Directors of the Company on completion of the Acquisition of Admiral (**Completion**). Their appointments will take effect on and from Completion.

Messrs Neil Biddle and John Young are together referred to as the **Proposed Directors**.

Pursuant to Resolutions 10 and 11 Messrs Neil Biddle and John Young seek election from Shareholders to be appointed as Directors of the Company upon Completion.

7.2 Qualifications

The qualifications and experience of the Proposed Directors are set out below:

(a) **Neil Biddle**

Mr Biddle is a geologist and Corporate Member of the Australasian Institute of Mining and Metallurgy who graduated from the Curtin University with a Bachelor of Applied Science (Geology). He has over 30 years' professional and management experience in the exploration and mining industry, and was a founding director of Pilbara Minerals Limited, serving as executive director from May 2013 to August 2016. Throughout his career, Mr Biddle has served on the boards of several ASX-listed companies, including as managing director of TNG Ltd from 1998-2007, Border Gold NL from 1994-1998 and Consolidated Victorian Mines from 1991-1994.

Mr Biddle is currently a non-executive director of ASX listed Pilbara Minerals Limited.

(b) **John Young**

Mr Young is a highly-experienced geologist who graduated from Curtin University with a Bachelor of Applied Science (Geology). He has worked on exploration and production projects encompassing gold, uranium and specialty metals, including tungsten, molybdenum, tantalum and lithium. His corporate experience includes appointments as Chief Executive Officer (**CEO**) of Marenica Energy Limited and CEO and director of Thor Mining PLC. Mr Young was Pilbara Minerals Limited's exploration manager from June 2014 until August 2015 and was appointed as technical director in September 2015. Mr Young is also a non-executive director of AIM listed Mosman Oil and Gas Limited.

7.3 Independence

Mr Neil Biddle has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected, the Board does not consider that Mr Neil Biddle will be an independent director on the basis that Mr Biddle will also provide consultancy services to the Company.

Mr John Young has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected, the Board does not consider that Mr John Young will be an independent director on the basis that it is proposed that Mr Young be appointed as Managing Director on terms to be agreed.

7.4 Proposed remuneration

Mr Biddle will receive Director fees and will provide consultancy services to the Company. As at the date of this Notice, Mr Biddle's proposed remuneration is \$140,000 per annum. Subject to Shareholder approval, Mr Biddle will also receive 5,000,000 performance rights as incentive based remuneration (the subject of Resolution 14).

As noted above, it is proposed that Mr John Young will be appointed as Managing Director on terms to be agreed following completion of the Acquisition. As at the date of this Notice, it is proposed that Mr Young's remuneration will be comprised of a salary of \$250,000 per annum (plus superannuation) together with 5,000,000 performance rights as incentive based remuneration (the subject of Resolution 15).

7.5 Board Recommendation

The Board supports the election of each of the Proposed Directors and recommends that Shareholders vote in favour of Resolutions 10 and 11.

8. RESOLUTION 12 – ENABLE THE ISSUE OF PERFORMANCE RIGHTS AND OPTION UNDER AN EMPLOYEE INCENTIVE SCHEME

Resolution 12 seeks Shareholder approval to enable the Company to issue Performance Rights and Options under the employee incentive scheme titled "Employee Performance Rights and Option Plan" (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 12 is passed, the Company will be able to issue Performance Rights or Options under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

Shareholders should note that no Performance Rights or Options (collectively referred to as an **Award** for the purposes of the Plan) have previously been issued under this Plan.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Performance Rights or Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A material feature of the Plan is the issue of Performance Rights or Options pursuant to the Plan may be undertaken by way of provision of a non-recourse, interest free loan to be used for the purposes of subscribing for the securities based on a price that will be not less than the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the date of acceptance of the offer.

Any future issues of Performance Rights or Options under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 13 to 16 for the issue of Performance Rights to certain Directors, Proposed Directors and a director of a proposed subsidiary of the Company (the Admiral Director) pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary by e-mail to russell.hardwick@spitfirerematerials.com.au. Shareholders are invited to contact the Company if they have any queries or concerns.

9. RESOLUTIONS 13 TO 16 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES

9.1 General

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Employee Performance Rights and Option Plan (**Plan**) (refer to Resolution 12), to issue up to a maximum of 20,000,000 Performance Rights (**Related Party Performance Rights**) to related parties of the Company (**Related Parties**) as follows:

- (a) up to 5,000,000 Related Party Performance Rights (being, 2,500,000 Class A Related Party Performance Rights and 2,500,000 Class B Related Party Performance Rights) to be issued to Mr Russell Hardwick, a related party by virtue of being a Director of the Company;
- (b) up to 5,000,000 Related Party Performance Rights (being, 2,500,000 Class A Related Party Performance Rights and 2,500,000 Class B Related Party Performance Rights) to be issued to Mr Neil Biddle, a related party by virtue of being a Proposed Director of the Company;
- (c) up to 5,000,000 Related Party Performance Rights to be issued to Mr John Young (being, 2,500,000 Class A Related Party Performance Rights and 2,500,000 Class B Related Party Performance Rights), a related party by virtue of being a Proposed Director of the Company; and
- (d) up to 5,000,000 Related Party Performance Rights (being, 2,500,000 Class A Related Party Performance Rights and 2,500,000 Class B Related Party Performance Rights) to be issued to Mr Alan Boys, who will become a related party by virtue of being a director of Admiral, which upon Shareholder approval of the Essential Resolutions and completion of the Acquisition, will become a wholly owned subsidiary of the Company.

The Related Party Performance Rights proposed to be granted to the Related Parties are being offered to incentivise the Related Parties to work towards and provide rewards for achieving increases in the Company's value as determined by the underlying exploration results and the market price of its Shares. For this reason, the vesting conditions are directly linked to the potential delineation of a JORC Resource and the market price of Spitfire Shares. The Board considers the granting of the Related Party Performance Rights to be a cost-effective reward for the Company to make to appropriately incentivise the continued performance of the Related Parties and is consistent with the strategic goals and targets of the Company.

These Related Party Performance Rights will vest upon satisfaction of the following milestones:

Class A Rights

- (a) Class A Related Party Performance Rights held by the Holder shall vest upon **(Milestone 1)**:
 - (i) the Company's 5-day volume weighted average price (**VWAP**) being greater than \$0.20 per Share at any time subsequent to the date of the grant (market-based condition); and
 - (ii) other than for reasons outside of the control of the Holder (such as invalidity, bona fide redundancy, or death), the Holder remains employed or engaged with the Company for a continuous period of 12 months from the date of grant of the Related Party Performance Rights.

Class B Rights

- (b) Class B Related Party Performance Rights held by the Holder shall vest upon **(Milestone 2)**.
 - (i) the Company's delineating a minimum JORC Resource of greater than 250,000 ounces at any time subsequent to the date of the grant (resource condition); and
 - (ii) other than for reasons outside the control of the Holder (such as invalidity, bona fide redundancy, or death), the Holder remains employed or engaged with the Company for a continuous period of 12 months from the date of grant.

(each referred to as a **Milestone**).

Resolutions 13 to 16 are subject to and conditional upon the passing of Resolution 12.

Resolutions 13 to 16 seek Shareholder approval for the issue of up to 20,000,000 Related Party Performance Rights (being, 10,000,000 Class A Related Party Performance Rights and 10,000,000 Class B Related Party Performance Rights) to the Related Parties.

9.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Performance Rights constitutes the giving a financial benefit and Messrs Hardwick, Biddle, Young and Boys are related

parties of the Company by virtue of being a Director, Proposed Directors and a director of a proposed subsidiary of the Company (respectively).

In addition, ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

The Directors (other than Mr Hardwick who has a material personal interest in Resolution 13) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Related Party Performance Rights because the agreement to grant the Related Party Performance Rights, reached as part of the remuneration package for the Related Parties, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

9.3 Information required pursuant to ASX Listing Rule 10.15

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of the Related Party Performance Rights:

- (a) the related parties are Messrs Hardwick, Biddle, Young and Boys and they are related parties by virtue of being a Director, Proposed Directors and a director of a proposed subsidiary of the Company (respectively);
- (b) the maximum number of Related Party Performance Rights (being the nature of the financial benefit being provided) to be granted to the Related Parties is 20,000,000 (comprising 10,000,000 Class A Related Party Performance Rights and 10,000,000 Class B Related Party Performance Rights), to be granted as follows:
 - (i) up to 5,000,000 Related Party Performance Rights (2,500,000 Class A Related Party Performance Rights and 2,500,000 Class B Related Party Performance Rights) to Mr Hardwick (or his nominee);
 - (ii) up to 5,000,000 Related Party Performance Rights (2,500,000 Class A Related Party Performance Rights and 2,500,000 Class B Related Party Performance Rights) to Mr Biddle (or his nominee);
 - (iii) up to 5,000,000 Related Party Performance Rights (2,500,000 Class A Related Party Performance Rights and 2,500,000 Class B Related Party Performance Rights) to Mr Young (or his nominee); and
 - (iv) up to 5,000,000 Related Party Performance Rights (2,500,000 Class A Related Party Performance Rights and 2,500,000 Class B Related Party Performance Rights) to Mr Boys (or his nominee);
- (c) the Related Party Performance Rights will be granted for nil cash consideration; accordingly, no funds will be raised;
- (d) no Related Party Performance Rights have previously been issued under the Plan nor has the Plan previously been adopted by Shareholders;
- (e) all Directors are entitled to participate in the Plan, however, at the current time, the Company only intends to make an offer to the Related

Parties. Accordingly, approval is being sought only for the offers to the Related Parties;

- (f) no loans are being provided in connection with the issue of the Related Party Performance Rights;
- (g) the Related Party Performance Rights will be granted to the Related Parties no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Performance Rights will be issued on one date; and
- (h) the Performance Rights will be issued on the terms and conditions of the Plan and the following additional key terms:
 - (i) **Expiry Date:** the Related Party Performance Rights will expire on the date that is 4 years from the date of grant of the Related Party Performance Rights to the Related Parties; and
 - (ii) **Vesting Conditions:** as detailed in Section 9.1 above.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Performance Rights to Messrs Biddle, Hardwick, Young and Boys as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Performance Rights will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

Acquisition means the acquisition of 100% of the issued capital of Admiral by the Company pursuant to the Agreement.

Admiral means Admiral Gold Limited (ACN 611 994 793).

Agreement has the meaning given to that term in Section 1.2.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Award means a Performance Right or Option issued under the Plan.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising has the meaning given to that term in Section 6.1.

Chair means the chair of the Meeting.

Company means Spitfire Materials Limited (ACN 125 578 743).

Completion means completion of the acquisition of Admiral in accordance with the Agreement.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

England Gold Project has the meaning given to that term in Section 3.1.

Essential Resolutions means Resolutions 1, 2, 3 and 4.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

km² means square kilometre.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Plan means the Performance Rights and Option Plan as summarised in Schedule 1.

Proposed Directors has the meaning given to that term in Section 7.1.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

Yoda Prospect has the meaning given to that term in Section 4.1.

SCHEDULE 1 – SUMMARY OF PERFORMANCE RIGHTS AND OPTION PLAN

- (a) **Eligibility:** Participants in the Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a **Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Awards under the Plan (**Eligible Participants**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Unless the Awards are quoted on the ASX, Awards issued under the Plan will be issued for no more than nominal cash consideration.
- (e) **Vesting Conditions:** An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).
- (f) **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:
- (i) special circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or

- (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant Offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the Relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant; or
 - (ii) a change of control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of an Award:** An Award will lapse upon the earlier to occur of:
- (i) an unauthorised dealing, or hedging of, the Award occurring;
 - (ii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition and vest the Award;
 - (iii) in respect of unvested Awards only, an Eligible Participant ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Awards only, a relevant person ceases to be an Eligible Participant and the Award granted in respect of that person is not exercised within one (1) month (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
 - (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) a winding up resolution or order is made;
 - (vii) the expiry date of the Award.
- (h) **Shares:** Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (i)) from the date of issue, rank on equal terms with all other Shares on issue.
- (i) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Awards up to a maximum of five (5) years from the grant date of the Awards. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.

- (j) **No Participation Rights:** There are no participating rights or entitlements inherent in the Awards and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards.
- (k) **Change in exercise price of number of underlying securities:** Unless specified in the offer of the Awards and subject to compliance with the ASX Listing Rules, an Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.
- (l) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Award are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (m) **Trust:** The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Awards, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Plan to effect the establishment of such a trust and the appointment of such a trustee.

ANNEXURE A – INDEPENDENT EXPERT’S REPORT

Enclosed.

18 May 2017

The Directors
Spitfire Materials Limited
130 Stirling Highway
NORTH FREMANTLE WA 6159

The Independent Expert has concluded that the transactions related to the issue of a total of 59,500,001 Consideration Shares in Spitfire as consideration for the Acquisition of Admiral (including the issue of Consideration Shares to the interests of Young, Biddle and Boys), the subject of Resolutions 1, 2, 3 and 4 as outlined in the Notice of General Meeting are fair and reasonable to the shareholders of the Company (not associated with Young, Biddle and Boys or their associates) as at the date of this report.

Dear Sirs

Re: SPITFIRE MATERIALS LIMITED (SPI" OR "THE COMPANY") (ABN 40 125 578 743 ON THE PROPOSAL TO ISSUE ORDINARY SHARES TO THE SHAREHOLDERS OF ADMIRAL GOLD LIMITED ("ADMIRAL") AS CONSIDERATION TO ACQUIRE ALL THE SHARES IN ADMIRAL, A COMPANY IN WHICH JOHN ALEXANDER YOUNG ("YOUNG") (AN INDIRECT SUBSTANTIAL SHAREHOLDER OF SPI) CONTROLS A 11.76% SHAREHOLDING INTEREST IN ADMIRAL, NEIL BIDDLE ("BIDDLE") CONTROLS AN APPROXIMATE 15.13% OF ADMIRAL (AND APPROXIMATELY 0.44% OF SPI) AND ALAN BOYS ("BOYS") (AN INDIRECT SUBSTANTIAL SHAREHOLDER OF SPI) CONTROLS AN APPROXIMATE 15.13% OF ADMIRAL AND APPROXIMATELY 7.78% OF SPI - SHAREHOLDERS MEETING PURSUANT TO AUSTRALIAN SECURITIES EXCHANGE LIMITED ("ASX") LISTING RULE 10.1

1. Introduction

- 1.1 It is proposed that SPI will issue of a total of 59,500,001 shares ("Consideration Shares") in SPI to the shareholders of Admiral so SPI acquires all (100%) of the issued capital of Admiral.
- 1.2 The proposal to acquire 100% of Admiral who has interests in two farm-in agreements relating to various mineral tenements ("Tenements") is known in this report as the Acquisition. Further details are outlined below and in the Explanatory Statement ("ES") attached to the Notice of Meeting ("the Notice") to be forwarded to shareholders in May 2017 or June 2017.

Admiral has entered into two farm-in agreements and we summarise the key matters contained in such agreements. Further details on the farm-in agreements and the Tenements underlying such farm-in agreements are outlined in more detail in the ES attached to the Notice and the valuation report on the Tenements by Al Maynard & Associates ("Maynard") included as Appendix B to this report.

Mulwarrie Project in Western Australia

A Binding Terms Sheet (“BTS”) was entered into between Goldfield Argonaut Pty Ltd (“Goldfield”) and Admiral in January 2017 whereby Admiral has the right to earn up to an initial interest in the tenements M30/119 and M30/145 (granted mining leases) (Mulwarrie Tenements”). A total of 1,000,000 Admiral shares were issued to Goldfield and nominee on signing of the BTS and for Admiral to earn its initial 51% interest, it needs to spend:

- a minimum of \$200,000 of exploration expenditure (including rents, rates, bonds, insurance and outgoings) on the Mulwarrie Tenements and complete a total of 2,000 metres of Reverse Circulation and/or Diamond Drilling on the tenements within 6 months of execution of the BTS (“minimum commitment”); and
- a minimum of \$1,000,000 (including the amount spent in the minimum commitment) of exploration expenditure (including rents, rates, bonds, insurance and outgoings) within 12 months of execution of the BTS;

Admiral may earn a further 19% (to take its interest to 70%) on Admiral spending a minimum of a further \$1,000,000 of exploration costs (including rents, rates, bonds, insurance and outgoings) on the Mulwarrie Tenements within 24 months of execution of the BTS.

If Admiral earns a 70% interest, Goldfield may elect to enter into a joint venture with Admiral or agree to sell or transfer or dispose of its entire remaining interest to a third party on arm’s length terms (“Sale Offer”) in which case Admiral will have the first refusal for a period of 60 days to match the Sale Offer.

If Admiral does not complete the Stage 2 Expenditure Requirements within the Stage 2 Period (as defined), then:

- Admiral will hold only the Stage 1 Interest (51%) in the Mulwarrie Tenements; and
- Goldfield will have the right, for a period of one year from the expiry of the Stage 2 Period, to sell its interest to a third party for cash consideration and require Admiral to sell its 51% interest in the Mulwarrie Tenements to that third party on equivalent terms (in all material respects), provided that Admiral will have the first right of refusal, for a period of 60 days from notification by Goldfield of the proposed sale, to match the proposed terms of the sale to the third party.

Alice River Project in Queensland

Admiral has entered into an Exploration Farm-In Joint Venture Agreement (“EFJVA”) on 14 March 2017 with Tinpitch Pty Ltd (“Tinpitch”).

For Admiral to earn its initial 51% interest (“Stage 1 Interest”) in tenements, namely EPM 14312, 14313, 15359, 15360, 15409, 15410 and 16,301; EPMA 26266, ML’s 2901, 2902, 2907, 2908, 2957, 2958, 3010 and 3011 and MLA’s 20290, 20302, 20303, 20327, 20517, 20519, 20520, 20521, 20522, 20523 and 20524 (“Alice River Tenements”) it must:

- expend a minimum of \$5,000,000 on Exploration Expenditure (as defined in the EFJVA); and
- complete a scoping study on the Alice River Tenements (Stage 1 Scoping Study”), together the Stage 1 Requirements within two years from the Commencement Date (date of the EFJVA and known as the Stage 1 Period).

Admiral needs to expend a minimum of \$1,000,000 within the first 12 months of the Stage 1 Period. If Admiral fails to meet the year 1 minimum expenditure (of \$1,000,000), Tinpitch can terminate the EFJVA and Admiral will incur no further liability in respect of the Alice River Tenements and Admiral will not be entitled to any right, title or interest on the Alice River Tenements.

In the event that Admiral earns its initial Stage 1 interest in the Alice River Tenements, Admiral may elect to earn a further 24% interest in the Alice River Tenements (to take its interest to 75%), by:

- expend a further minimum of \$5,000,000 on Exploration Expenditure; and
- complete a pre- feasibility study on the Alice River Tenements (Stage 2 Feasibility Study”), together the Stage 2 Requirements within four years from the Commencement Date (date of the EFJVA and known as the Stage 2 Period).

If Admiral does not complete the Stage 2 Expenditure Requirements within the Stage 2 Period (as defined), then:

- Admiral will hold only the Stage 1 Interest (51%) in the Alice River Tenements and Tinpitch must elect, within 60 days of the end of the Stage 2 Period to either:
- Sell or transfer or dispose of its remain interest in the Alice River Tenements to a third party on arm’s length terms (“Sales Offer”) in which case it will grant Admiral a first right of refusal for a period of 60 days to match he Sales Offer. Admiral, if the Sales Offer is accepted (for Admiral to acquire the 51% interest from Tinpitch) will have 90 days to raise funds to complete the acquisition in accordance with the terms of the Sales Offer; or
- require Admiral to purchase its entire remaining interest in the Alice River Tenements at a price agreed by the parties or as determined by a person agreed by the parties or if the parties are unable to agree, a person appointed by the Chairman of the Joint Ore Reserves Committee and otherwise on terms agreed by the parties acting in good faith.

If Tinpitch does not give any notice of election, within 60 days of the end of the Stage 2 Period, it will have deemed to have elected to participate in the Joint Venture Agreement (as defined in the EFJVA) and contribute its share of Joint Venture Expenditure (as defined in the EFJVA) in accordance with the EFJVA.

- 1.3 The total Consideration payable to the shareholders of Admiral for the Acquisition is 59,500,001 Consideration Shares in SPI. Admiral recently completed the issue of 10,000,000 shares at 5 cents each to raise a gross \$500,000, so that at the date of Acquisition, Admiral will have 59,500,001 shares on issue. The actual issue price of the Consideration Shares has yet to be determined but based on share prices over the past few months may lie in the range of 6.0 cents to 16.0 cents. The last sale on 27 March 2017 was 8.0 cents (date of announcement of the proposal to acquire Admiral) and the closing price on 10 April 2017 is 9.5 cents having reached 10.5 cents on 6 April 2017. After 21 April 2017, the shares in SPI have traded on ASX at between 11.0 cents and 16.0 cents with a last sale on 15 May 2017 of 11.0 cents.

Resolutions 1, 2, 3 and 4 in the Notice and the ES refer to the Acquisition and proposed issue of the Consideration Shares. A total of approximately 11.765% (7,000,000) of the Consideration Shares are to be issued to the interests of Young (a related party and substantial shareholder of SPI as noted below) and Resolution 2 seeks approval to issue such 7,000,000 Consideration shares to the interests of Young.

Resolution 3 seeks to obtain approval to issue approximately 15.126% (9,000,001 Consideration Shares) to the interests of Biddle, a deemed related party as noted below.

Resolution 4 seeks to obtain approval to issue approximately 15.126% (9,000,000 Consideration Shares) to the interests of Boys, a deemed related party as noted below.

Resolution 1 relates to issue of the remaining 34,500,000 Consideration Shares (approximately 57.983%) to other Admiral shareholders who are not deemed related parties.

However, it is noted that several other deemed non-related parties own a total of 14,890,000 shares in SPI and will be issued a total of 9,000,000 Consideration Shares (out of the 59,500,001 Consideration Shares to be issued).

- 1.4 Completion of the Acquisition is inter-alia subject to and conditional upon SPI shareholders approving the issue of the Consideration Shares to the Admiral shareholders who are related parties pursuant to ASX Listing Rules 10.1 and 10.11 and Chapter 2E of the Corporations Act 2001.
- 1.5 Young is indirectly a substantial shareholder of SPI in that John Alexander Young and Cheryl Kaye Young are trustees of the Forever Young Family Trust owning 6,683,624 shares in SPI and are trustees for the Forever Young Superannuation Fund Account owing 5,000,000 shares in SPI. Furthermore, Cheryl Kaye Young the spouse of Young owns 2,000,000 shares in SPI. The Young interests as at 8 May 2017 totals 13,683,624 shares in SPI that represents an approximate 12.20% interest in SPI at that date. Furthermore, the interests of Young have an approximate 11.76% shareholder in Admiral. John Alexander Young and Cheryl Kaye Young as trustees of the Forever Young Family Trust holding 5,000,000 shares in Admiral and Cheryl Kaye Young holding 2,000,000 shares in Admiral. ASX Listing Rule 10.1 deems Young to be a related party of SPI as he is a proposed Director of SPI, to be appointed following completion of the Acquisition of Admiral, subject to SPI shareholder approval. Young will also continue to be a director of Admiral following completion of the Acquisition.

Biddle Partners Pty Ltd, a company controlled by Neil Biddle owns 498,441 shares in SPI and various companies associated with Biddle own 9,000,001 shares in Admiral. Neil Biddle will become a Director of SPI (as will John Young). ASX Listing Rule 10.1 deems Biddle to be a related party of SPI as he is a proposed Director of SPI, to be appointed following completion of the Acquisition of Admiral, subject to SPI shareholder approval. Biddle will also continue to be a director of Admiral following completion of the Acquisition

Anne Marie Boys, the spouse of Alan Boys owns 1,250,000 shares in SPI and Starchaser Nominees Pty Ltd (as trustee for the AH and AMB Superannuation Fund), a company associated with Boys owns 7,479,877 shares in SPI (a total interest of 8,729,877 SPI shares). ASX Listing Rule 10.1 deems Boys to be a related party of SPI as he will continue to be a Director of Admiral following completion of the Acquisition of Admiral.

- 1.6 ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons, a substantial holder or one of its associates or a related party or its associates, without the prior approval of holders of the entity's ordinary shareholders.

Substantial asset

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules (being for the year ended 30 June 2016) were approximately \$1,943,000 (and as at 31 December 2016, the audit reviewed net assets totalled approximately \$1,898,000).

As the value of the Tenements to be acquired via acquiring all of the shares in Admiral is deemed to be more than 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules, the Acquisition (of all of the shares in Admiral) will result in the acquisition of a substantial asset.

- 1.7 As noted above, John Young is a substantial shareholders of SPI (by virtue of his relevant interests) and is to receive 7,000,000 Consideration Shares in SPI, John Young is also to become a Director of SPI on completion of the Acquisition and is thus deemed a related party to SPI; Biddle has an interest in 9,000,001 shares in Admiral and will receive 9,000,001 Consideration Shares in SPI, Neil Biddle is also to become a Director of SPI on completion of the Acquisition and is thus deemed a related party to SPI; Alan Boys is a substantial shareholder in SPI (by virtue of his relevant interests) and is to receive 9,000,000 Consideration Shares in SPI and will continue to be a director of Admiral and is therefore also deemed a related party of SPI.

Accordingly, approval pursuant to ASX Listing Rules 10.1 and 10.11 (in respect of the related parties) and ASX Listing Rules 7.1 and 10.1 (in respect of the unrelated parties) is required to approve the issue of 59,500,001 Consideration Shares (including the issue of 7,000,000 Consideration Shares to Young (or his nominee), 9,000,001 Consideration Shares to Biddle (or his nominee) and 9,000,000 Consideration Shares to Boys (or his nominee)).

ASX Listing Rule 10.10.2 requires an independent expert to report on the fairness and reasonableness of issuing 7,000,000 Consideration Shares (approximately 11.76% of the Consideration Shares) to the interests of Young (as a related party) (the subject of Resolution 2); 9,000,001 Consideration Shares (approximately 15.13% of the Consideration Shares) to the interests of Biddle (as a related party) (the subject of Resolution 3) and 9,000,000 Consideration Shares (approximately 15.13% of the Consideration Shares) to the interests of Boys (as a related party) (the subject of Resolution 4)

- 1.8 We have been requested by the Directors of SPI to prepare an Independent Expert's Report (this report) for this purpose as noted in Resolutions 1, 2, 3 and 4 as referred to in the Notice and Section 1 of the ES attached to the Notice to be forwarded to shareholders in May 2017. To report on the fairness and reasonableness of issuing approximately 11.76% of the Consideration Shares (7,000,000 Consideration Shares) to the interests of Young (encompassed in Resolution 2); the issue of approximately 15.13% of the Consideration Shares (9,000,001 Consideration Shares) to the interests of Biddle (encompassed in Resolution 3) and the issue of approximately 15.13% of the Consideration Shares (9,000,000 Consideration Shares) to the interests of Boys (encompassed in Resolution 4), we have had to consider the Acquisition as a whole and the issue of a total of 59,500,001 Consideration Shares. The remaining 34,500,000 Consideration Shares are to be issued as outlined in Resolution 1 to the Notice.

- 1.9 Apart from this introduction, this report considers the following:
- Summary of opinion
 - Implications of the proposals
 - Corporate history and nature of business of SPI
 - Future direction of SPI
 - Basis of valuation of SPI shares and Value of Consideration

- Basis of valuation of Admiral
- Fairness of the Acquisition
- Conclusion as to fairness
- Reasonableness of the offer
- Conclusion as to reasonableness
- Sources of information
- Appendices A and B and our Financial Services Guide

- 1.10 In determining the fairness and reasonableness of the acquisition of Admiral, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) in its Regulatory Guide 111, “Content of Expert Reports”. Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness).

The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above-mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash.

An offer is “reasonable” if it is fair. An offer may also be reasonable, if despite not being “fair”, there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer.

- 1.11 **In our opinion, the proposals as outlined in paragraphs 1.1, 1.2 and 1.3 and Resolutions 1, 2, 3 and 4 may, on balance, taking into account the factors referred to in 10 below and elsewhere in this report, be considered to be fair and reasonable to the shareholders of SPI (including those not associated with Young, Biddle and Boys) as at the date of this report.**
- 1.12 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the independent valuation report on the Tenements subject to the two farm-in agreements described above under paragraph 1.2 and the existing mineral interests of SPI as prepared by Al Maynard & Associates Pty Ltd (“Maynard”) included as Appendix B to our report.

2. **Implications of the Proposals**

- 2.1 As at 17 May 2017, there are 112,183,292 ordinary fully paid shares on issue in SPI. The top 20 ordinary shareholders list as at 5 May 2017 discloses the following:

Shareholder	No. of fully paid ordinary shares	% of issued fully paid ordinary shares
Starchaser Nominees Pty Ltd as trustee for the AH & AMB Superannuation Fund	7,479,877	6.67
John Alexander Young and Cheryl Kaye Young are trustees of the Forever Young Family Trust	6,683,624	4.96
John Campbell Smyth as trustee for the Smyth Superannuation Fund	6,400,000	5.70
JP Morgan Nominees Australia Limited	6,461,764	5.76
	<u>27,025,265</u>	<u>24.09</u>

- 2.2.1 The top 20 shareholders according to the top 20 shareholders list at 5 May 2017 owned approximately 62.81% of the ordinary issued capital of the Company. As noted above, the interests of Young total 13,683,624 shares in SPI; the interests of Biddle total 498,441 shares in SPI and the interests of Boys total 8,729,877 shares in SPI.
- 2.2.2 The number of Consideration Shares to be issued is 59,500,001 but the actual issue price will be based on the last sale price of an SPI share on the day before the issue of the Consideration Shares. The actual issue price of the Consideration Shares cannot be determined at this stage but based on share prices over the past few months may lie in the range of 6.5 cents to 16.0 cents. The last sale on 19 April 2017 was 11.0 cents and on 15 May 2017, 11.0 cents.

Thus, the value of the Consideration Shares may fall in the range of \$3,867,500 (at 6.5 cent each) to \$9,520,000 (at 16.0 cents each). At 7.5 cents and 8.0 cents share issue price, the value of the Consideration Shares that are to be issued would be \$4,462,500 and \$4,760,000 respectively and at 9.5 cents, the value of the Consideration Shares would be \$5,652,500. At 14.0 cents, the value of the Consideration would be \$8,330,000.

Approximately 11.76% of the Consideration Shares that may be issued to the interests of Young may fall in the range of approximately \$455,000 and \$1,120,000 and approximately 15.13% of the Consideration Shares that may be issued to the interests of Biddle and Boys may each fall in the range of approximately \$585,000 to \$1,440,000.

Before a planned capital raising as noted below, the collective Admiral Shareholders interest in SPI (including the current shareholding of the Young, Biddle and Boys interests and other common shareholders) may approximate 56.68% (27.91% excluding the other common shareholders).

The Company is in the process of completing a capital raising of 75,000,000 shares at 6.0 cents each to raise a gross \$4,500,000 ("Capital Raising") as an assistance to fund part of the exploration commitments on the Tenements and for general working capital.

Thus, the potential number of shares on issue post the completion of the Capital Raising (of \$4,500,000) and Acquisition will be as follows:

Shares on issue as at 17 May 2017	112,183,292
Consideration Shares	59,500,001
Capital Raising Shares	<u>75,000,000</u>
Total shares on issue	<u>246,683,293</u>

The potential shareholding interest of the Admiral shareholders (including the shares in SPI already controlled by the Young, Biddle and Boys interests and other common shareholders) may approximate 42.99% after the completion of the Acquisition and Capital Raising (approximately 56.68% after completion of the Acquisition but before the Capital Raising).

The Young shareholding interests will total 20,683,624 shares (in SPI) that will approximate 8.38% of the expanded issued capital of SPI (approximately 12.05% before the Capital Raising); the shareholding interests of Biddle will total 9,498,442 shares in SPI that will approximate 3.85% (approximately 5.53% before the Capital Raising) and the shareholding interests of Boys will total 17,729,877 shares in SPI that will approximate 7.19% (approximately 10.33% before the Capital Raising).

It is proposed to issue a total of 20,000,000 Performance Rights (10,000,000 Class A and 10,000,000 Class B) as noted in Resolutions 13 to 16 and Young may be issued 5,000,000 of the Performance Shares (2,500,000 Class a and 2,500,000 Class B) (Resolution 15) and

Biddle may be issued 5,000,000 (2,500,000 Class A and 2,500,000 Class B of the Performance Shares (Resolution 14) and Boys may be issued 5,000,000 of the Performance Shares (2,500,000 Class A and 2,500,000 Class B) (Resolution 16).

The Class A Performance Shares vest and can be exercisable into ordinary shares in SPI when the Company's 5-day volume weighted average share price ("VWAP") is greater than 20 cents during the vesting period (of 4 years from date of grant); and other than for reasons outside the control of the participant (such as invalidity, bona fide redundancy or death), the participant remains employed or engaged with the Company for a continuous period of 12 months from the date of grant.

The Class B Performance Shares vest and can be exercisable into ordinary shares in SPI when the Company delineates a minimum JORC Resource of greater than 250,000 ounces during the vesting period; and other than for reasons outside the control of the participant (such as invalidity, bona fide redundancy or death), the participant remains employed or engaged with the Company for a continuous period of 12 months from the date of grant.

A total of 5,000,000 Performance Shares are proposed to be issued to each of Young, Biddle and Boys.

- 2.4 The current Board of Directors is expected to change in the near future as a result of the Acquisition. The Board is currently Russell Hardwick (Director/ Company Secretary), Ian Huiston (Non-Executive Director) and Dominic Traynor (Non-Executive Director). On completion of the Acquisition, it is proposed that Ian Huiston and Dominic Traynor resign from the Board and Neil Biddle and John Young be appointed as new directors. Both are current directors of Admiral. Additional Board members may be added in the future as the needs arise.
- 2.5 Admiral will become a wholly owned subsidiary of SPI and thus will have an interest in the two farm-in agreements noted in paragraph 1.3 above with the right to earn interests in the tenements. SPI will post Acquisition fund the exploration and operating and exploration costs of Admiral.
- 2.6 Share Options outstanding are noted below:
- 100,000 exercisable at 120 cents each, on or before 15 August 2017;
 - 475,000 exercisable at 110 cents each, on or before 22 November 2017;
 - 650,000 exercisable at 45 cents each, on or before 28 November 2019; and
 - 18,000,000 exercisable at 16 cents each, on or before 30 March 2021.

3. Corporate History and Nature of Businesses

SPI

- 3.1 Principal Exploration assets are:
- Western Australia England Gold Project (100%) near Laverton in WA. Acquired in the last quarter of 2016 for 2,000,000 shares in SPI with a deemed value of \$148,000;
 - Northern Territory Yoda Gold Project located approximately 150km northeast of Alice Springs. Acquired in the last quarter of 2016 for 3,000,000 shares in SPI with a deemed value of \$204,000; and
 - South Woodie Woodie Manganese Project in Western Australia. The Company is considering farming out/joint venturing this project. All costs have been impaired in prior years.

Admiral

- 3.2 Admiral was incorporated on 21 April 2016 with one share. Post incorporation and to 28 February 2017, the Company has issued 49,500,001 shares to raise a gross \$485,000 and has recently issue a further 10,000,000 shares to raise a gross \$500,000. Immediately before the Acquisition of all of the shares by SPI, Admiral would have 59,500,001 shares on issue.

Further details on Admiral and the farm-in agreements are outlined above and in the ES attached to the Notice and announcements made by SPI in March, April 2017 and May 2017 (to the date of this report). All shareholders should read the ES and the Maynard Valuation Report on the farm-in interests by Maynard to gain a fuller picture on the prospectivity of the Tenements before voting on Resolutions 1, 2, 3 and 4.

4. Future Directions of SPI

- 4.1 We have been advised by the directors and management of SPI, that:

- There are no proposals currently contemplated either whereby SPI will acquire any further assets from the shareholders of Admiral (however SPI will issue Consideration Shares to the shareholders of Admiral as outlined above in relation to the Acquisition) or where SPI will transfer any of its property or assets to the shareholders of Admiral);
- The composition of the Board is proposed to change in the short term as noted above;
- The Company will complete the Capital Raising of \$4,500,000 as noted above;
- No dividend policy has been set; and
- The Company will endeavour to enhance the value of the Tenements being acquired via acquiring all of the shares in Admiral and undertake further exploration on its existing mineral projects.

5. Basis of Valuation of SPI Shares and Value of Consideration

5.1 Shares

- 5.1.1 In considering the proposal to acquire all of the Tenements, via acquiring all of the shares in Admiral, we have sought to determine if the consideration payable by SPI to the shareholders of Admiral is fair and reasonable to the existing non-associated shareholders of SPI.
- 5.1.2 The offer would be fair to the existing non-associated shareholders if the value of the shares in Admiral being acquired by SPI is greater than the implicit value of the Consideration Shares (ordinary shares) being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on SPI shares for the purposes of this report.
- 5.1.3 The valuation methodologies we have considered in determining a theoretical value of a SPI ordinary share are:
- capitalised maintainable earnings/discounted cash flow;
 - takeover bid - the price at which an alternative acquirer might be willing to offer;
 - adjusted net asset backing and windup value; and
 - the market price of SPI shares.

5.2 Capitalised maintainable earnings and discounted cash flows

- 5.2.1 Due to SPI's current operations, a lack of a reliable long term profit history arising from business undertakings and the lack of a reliable future cash flow from current business activities, we have considered these methods of valuation not to be relevant for the purpose of this report. SPI made a loss from continuing operations attributable to the members of the consolidated entity of \$4,293,000 (rounded) for the year ended 30 June 2016 and as at that date has accumulated losses of \$26,985,000. The loss for the six months ended 31 December 2016 approximated \$555,000.

5.3 Takeover Bid

- 5.3.1 It is possible that a potential bidder for SPI could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of SPI have formed the view that there is unlikely to be any takeover bids made for SPI in the immediate future. However, following the completion of the Acquisition, the collective shareholdings of the Admiral shareholders will be up to 56.68% of the issued capital of SPI, assuming the Consideration Shares are issued. If all 75,000,000 Capital Raising Shares are issued, the collective shareholding interests of the Admiral shareholders (including the interests of Young, Biddle, Boys and other common shareholders) may approximate 39.44%. It is noted however, that such parties are not associated with each other.

5.4 Adjusted Net Asset Backing

- 5.4.1 We set out below an audit reviewed balance sheet (statement of financial position) of SPI (Balance Sheet "A") as at 31 December 2016 adjusted for estimated administration, exploration and corporate costs of \$178,000 to 31 March 2017 (as disclosed in the quarterly cash flow report to 31 December 2016) along with a further \$557,000 estimated to be incurred to 30 June 2017.

In addition, we disclose a pro-forma consolidated Balance Sheet "B" assuming the following:

- the acquisition of 100% of Admiral by way of the issue of 59,500,001 Consideration Shares at an amount equivalent to the preferred fair value of Admiral estimated at \$6,535,000;
- the issue of a Capital Raising Shares to raise a net \$4,485,000 (net of capital raising costs of \$15,000);
- costs in relation to the shareholders meeting of approximately \$64,000 (including preparation of expert's reports);

In addition, we disclose a summary unaudited statement of financial position of Admiral as at 30 April 2017 after allowing for exploration and corporate costs of say \$250,000 to 30 June 2017.

	Audit Reviewed as adjusted 31 December 2016 SPI	Unaudited (Adjusted) Admiral 30 April 2017 (100%)	Audit Reviewed adjusted Pro-forma 31 December 2016 SPI (including 100% of Admiral) \$000 “B”
	\$000 “A”	\$000	
Current Assets			
Cash assets	838	402	5,661
Trade and other receivables	60	2	62
Total Current Assets	898	404	5,723
Non-Current Assets			
Plant at WDV	29	38	67
Exploration and Evaluation Assets	352	10	6,532
Total Non-Current Assets	381	48	6,599
Total Assets	1,279	452	12,322
Current Liabilities			
Trade and other payables	116	87	203
Total Current Liabilities	116	87	203
Total Liabilities	116	87	203
Net Assets	1,163	365	12,119
Equity			
Issued Capital	28,835	995	39,855
Reserves	603	-	603
Accumulated Losses	(28,275)	(630)	(28,339)
Total Equity	1,163	365	12,119

The net asset (book value) backing per fully paid ordinary share (before the Proposed Transaction is completed and before the Capital Raising is completed) as at 31 December 2016 based on the adjusted unaudited balance sheet (Balance Sheet “A”) and 112,183,292 pre-Acquisition and pre- Capital Raising fully paid ordinary shares on issue is approximately 1.04 cents (refer paragraph 5.4.5 below).

- 5.4.2 We, in conjunction with SPI commissioned Maynard to prepare a valuation report of the existing mineral interests (“Mineral Assets”) of the SPI Group and the Tenements as noted above. The Maynard Valuation Report should be read in its entirety and a full copy of the Maynard Valuation Report is attached as Appendix B to this report. The May 2017 Maynard Valuation Report ascribes a range of values to the Mineral Assets (and Tenements) and for the purposes of our report we have used the low, high and preferred range valuations referred to in the Maynard Valuation Report.
- 5.4.3 We have used and relied on the Maynard Valuation Report on the Mineral Assets (and the interest in the Tenements as noted above) and have satisfied ourselves that:
- Maynard is a suitably qualified geological consulting firm and has relevant experience in assessing the merits of gold, copper and other base metal projects and preparing mineral asset valuations (also the authors of the report are suitably qualified and experienced);

- Maynard is sufficiently independent from SPI and Admiral; and
- Maynard has employed sound and recognised methodologies in the preparation of the valuation report on the Mineral Assets (and the tenements).

5.4.4 Maynard has provided a range of market values of the interests in the Mineral Assets of the SPI Group as follows:

	Low \$	Preferred \$	High \$
SPI Group Mineral Assets	<u>820,000</u>	<u>1,040,000</u>	<u>1,270,000</u>

5.5.5 Talking into account the fair values of the Mineral Assets by Maynard, the range of fair values of the net assets of SPI would fall in the range of \$1,631,000 (low) to \$2,081,000 (high) with a preferred fair value of \$1,851,000.

The fair value per share (112,183,292 shares on issue) thus lies in the approximate range of approximately 1.45 cents (low) to 1.85 (high) cents with a preferred fair value of approximately 1.65 cents. See comments below on ASX share prices.

5.5.6 We note that the market has been informed of all of the current projects, and joint ventures entered into between SPI and other parties. We also note it is not the present intention of the Directors of SPI to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in SPI based on the market perceptions of what the market considers a SPI share to be worth.

5.5.7 The market has either generally valued the vast majority of small cap companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market for SPI shares and the market is kept fully informed of the activities of the Company. However, it is noted that from SPI's point of view as the legal parent company, the value ascribed to the Consideration Shares to be issued would be accounted for at the share price of an SPI share as traded on ASX at the date of issue of such Consideration Shares.

It is noted that this value may be significantly greater than the net preferred fair value per share before the Acquisition (of 1.65 cents per share).

5.8 Market price of SPI fully paid ordinary shares

5.8.1 Share prices in SPI as recorded on the ASX since 1 October 2016 up to and including 27 March 2017 (the announcement of the Acquisition) have been as follows:

	High Cents	Low Cents	Closing Price Cents	Volume 000's
October 2016	7.4	4.7	7.2	5,339
November 2016	7.8	5.5	5.5	3,077
December 2016	6.8	5.5	6.8	556
January 2017	7.5	6.0	7.5	1,507
February 2017	8.0	6.5	7.8	971
March 2017 (to 27th)	8.0	7.5	8.0	1,245

As can be seen from the trading volume on ASX, there was very little trading of the SPI shares before the announcement of the acquisition, other than in October/ November 2016. On 7 October 2016, SPI announced the acquisition of the England Gold Project in Western Australia and on 15 November 2016, SPI announced the proposed acquisition of the Yoda Gold Project in the Northern Territory. Since 1 October 2016 through to 27 March 2017, shares were traded on 68 days in that time.

As can be seen above, the price at which shares traded varied in the 4.7 cent to 8.0 cent range and it is difficult to arrive at a fair value for a SPI share, particularly in light of the modest trading volumes. Due to the low volumes (no Deep Market exists), varying share price and the Company's relatively low cash, we have considered that the listed share price methodology is not the most appropriate methodology to use in this instance. However, the ASX share prices are a guide as to what minority shareholders will pay for a share in SPI.

Subsequent to the announcement of the Acquisition, the shares in SPI have traded on ASX mainly between 8.0 cents and 16.0 cents with a last sale on 19 April 2017 of 11.0 cents and a last sale on 15 May 2017 of 11.0 cents.

6. Preferred valuation method of valuing a SPI Share

6.1 In assessing the fair value of SPI and a SPI fully paid ordinary share before the Acquisition, we have selected the net assets on a going concern methodology as the preferred methodology due to the following reasons:

- SPI does not generate revenues or profits and per the audited accounts has incurred significant losses in the financial years ended 30 June 2015 and 2016. Therefore, the capitalisation of future maintainable earnings and discounted future cash flows are not appropriate; and
- although the shares of SPI are listed, there is only moderate trading volumes on ASX and the share prices in recent times may be affected by the lack of cash resources and in particular the lack of a sustainable business activity, it is arguably inappropriate to use market share prices to value the Company and the shares in the Company for the purposes of this report. We note share prices as a secondary methodology and have considered share prices in assessing reasonableness of the proposal with the SPI Shareholders.

6.2 As stated at paragraph 5.5.5, we have assessed the value of a SPI share prior to the Acquisition on a fair value basis as follows:

	Preferred
Fair value per share (cents)	<u>1.65 cents</u>

We note that, the technical net asset (fair) value may not necessarily reflect fair values in the current economic circumstances of the Company. The net book asset value approximates 1.04 cents. The low and high fair values approximate 1.45 cents and 1.85 cents respectively.

6.3 As noted above, the estimated preferred fair value per share of the Company prior to the proposed Acquisition approximates 1.65 cents which is less than the last ASX share price of approximately 8.0 cents on 24 March 2017 (the last trading share price date before the announcement of the proposed Acquisition on 27 March 2017).

6.4 The future value of a SPI share will depend upon, inter alia:

- the future prospectivity of the Tenements and the existing Mineral Assets of the SPI Group;
- the state of Australian and overseas stock markets;
- future prices for gold and other base metals;
- foreign exchange rates;
- the cash position of the Company;
- the strength and performance of the Board and management and/or who makes up the Board and management;
- general economic conditions;
- the liquidity of shares in SPI; and
- possible ventures and acquisitions entered into by SPI.

7. Value of Consideration

7.1 Based on the pre-announcement assessed preferred fair value of a fully paid ordinary share in SPI (not ASX share prices), the ordinary share consideration would be:

59,500,001 Consideration Shares	<u>\$981,750</u>
Assumed fair value of an SPI Share (paragraph 6.2)	<u>1.65 cents</u>

We have excluded the indirect costs and legal and other fees. If we used the low value of an SPI share (not ASX market values) of 1.45 cents and used the high value of an SPI share (not ASX market values) of 1.85 cents, the Consideration would be \$862,750 and \$1,100,750 respectively.

7.2 It is noted that at the time of negotiation of the Proposed Acquisition, the SPI directors considered that the fair market value of a SPI fully paid ordinary share may have been around 7.0 cents.

7.3 If we used the 8.0 cents to 16.0 cents ASX share price since the announcement of the proposed Acquisition as noted above, the amounts attributable to the Consideration Shares would lie in the range of approximately \$4,760,000 to \$9,520,000. Based on the last sale price on 27 March 2017, the deemed accounting consideration for the Consideration Shares would be \$4,760,000. The actual issue price of the Consideration Shares has yet to be determined but based on share prices over the past few months may lie in the range of 6.0 cents to 16.0 cents. The last sale on 19 April 2017 was 11.0 cents and on 15 May 2017, 11.0 cents.

7.4 However, as noted above the fair value of the deemed technical Consideration (not based on ASX share prices for a share in SPI) lies in the range of \$862,750 to \$1,100,750 with a preferred fair value of \$1,981,750.

8. Valuation of Admiral

8.1 Admiral is an unlisted public company and therefore valuing the shares on a takeover basis and on a market based approach are not that relevant. There are no indications that other parties wished to acquire all of the shares in Admiral other than SPI. Admiral was initially formed with the objective to obtain a suite of Tenements (more fully described in the Maynard Valuation Report referred to below). The shareholders in Admiral do not have an active market to trade their shares.

- 8.2 Stantons International Securities Pty Ltd appointed Maynard to prepare a valuation report (the Maynard Valuation Report) on the Tenement interests of Admiral. The Maynard Valuation Report should be read in its entirety and a full copy of the Maynard Valuation Report is attached as Appendix B to our report. The Maynard Valuation Report ascribes a range of values to the interests to the Tenements and for the purposes of our report we have used the low, high and mid range market valuations referred to in the Maynard Valuation Report.
- 8.3 Maynard has ascribed a range of values to the Tenements (that takes into account the probability that Admiral needs to spend funds as noted above) as follows:

	Low	Preferred	High
	\$	\$	\$
Alice River and Mulwarrie	<u>5,560,000</u>	<u>6,180,000</u>	<u>6,800,000</u>

Thus, the net fair value of all Tenements (that takes into account the probability that Admiral needs to spend funds as noted above) is in the range of \$5,560,000 to \$6,800,000 with a preferred fair value of \$6,180,000.

- 8.4 Completion of the Acquisition is conditional on all necessary due diligence being successfully completed on the ownership interests of the Tenements.
- 8.5 The adjusted consolidated balance sheet of Admiral at 30 April 2017 is disclosed under paragraph 5.4.1 above. This adjusted balance sheet shows net assets carried at a book value of around \$365,000 with the exploration and evaluation expenditure carried at a book value of \$10,000.

After taking into account the other assets and liabilities of Admiral as at 30 April 2017 (as adjusted), the net fair values of Admiral (rounded) lies in the range of \$5,915,000 (low) and \$7,155,000 (high) with a preferred fair value of \$6,535,000.

- 8.6 Completion of the Acquisition is conditional on all necessary due diligence being undertaken on the ownership interests of Admiral, Admiral's shareholding and interests and ownership of the Tenements (via the farm-in agreements noted in paragraph 1.2 above). We advise that we have not undertaken any further steps to ascertain ownership of Admiral and its assets and liabilities and the interests in the Tenements (which at this stage is \$nil but have the right to earn interests in the Tenements via the farm-in agreements).

9. Conclusion as to Fairness

- 9.1 The proposal to acquire Admiral for the Consideration noted in paragraph 6.2 above is believed fair to SPI's non-associated shareholders if the value of the Consideration offered is equal to or less than the value of Admiral. The valuation of mineral interests and valuing future profitability and cash flows is extremely subjective as it involves assumptions regarding future events that are not capable of independent substantiation.
- 9.2 We have examined below the value attributable to the Consideration Shares proposed to be issued by SPI to the shareholders of Admiral.

	Low \$	Preferred \$	High \$
Assessed value of Share Consideration (paragraph 7.1)	862,750	981,750	1,100,750
Assessed value of Admiral (paragraph 8.5)	5,915,000	6,535,000	7,155,000
Excess of value of Admiral over the Consideration payable	5,052,250	5,553,250	6,054,250

- 9.3 **Based on the above, in our opinion the proposals with the shareholders of Admiral as outlined in Resolutions 1, 2, 3 and 4 to the Notice is considered on balance to be fair at the date of this report and thus the issue of Consideration Shares to the interests of Young, Biddle and Boys (as outlined in Resolutions 2, 3 and 4 respectively) are also deemed fair to the non-associated shareholders of SPI at the date of this report.**

10. **Reasonableness of the Acquisition**

- 10.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Acquisition that we considered in arriving at our conclusion on the reasonableness of the Acquisition and in particular the proposals pursuant to Resolutions 1, 2, 3 and 4.

Advantages

- 10.2 The Acquisition as noted above is considered fair based on the range of valuations provided by Maynard and appear to have good prospectivity with a possible opportunity to enter into gold mining in the future.
- 10.3 The Company's current exploration interests are in the main on hold (except the Western Australia England Gold Project and the Northern Territory Yoda Gold Project acquired in late 2016/early 2017) and the Company needs to obtain new exploration interests to enhance shareholder value. The Company by increasing the number of mineral prospects (via the Acquisition) increases the opportunity to have commercial success. Diversification into a number of new mineral areas by potentially acquiring an interest in the Tenements (via the farm-in agreements entered into by Admiral) may reduce the risk (but at the same time SPI is taking on commitments).
- 10.4 The Company may be able to raise further funds by way of share equity as a result of acquiring an interest in the Tenements (via the farm-in agreements entered into by Admiral). It is planned the Company will complete the Capital Raising of a gross \$4,500,000 as noted above. As at 31 December 2016 the Company has minimal funds (a net \$1,101,000) and this may be spent on the existing Western Australia England Gold Project and the Northern Territory Yoda Gold Project and for general administration costs in 2017. The raising of new capital will revitalise the Company and allow it to continue in its exploration activities (including its existing mineral interests noted above and spend money on the Tenements to earn an initial 51% interest).

It is also noted that following the completion of the Acquisition, the principals and major shareholders of Admiral, Mr Neil Biddle and Mr John Young, will join the board of Spitfire. Messer's Biddle and Young and John are highly experienced and capable geologists and mining executives with a strong track record spanning many years which has the potential to bolsters Spitfire's profile and exploration capabilities.

It is expected that the Company may raise further funds in 2018 but this will depend on a number of factors, including, inter-alia prospectivity of the Tenements (and the existing SPI exploration assets) and the state of the markets.

- 10.5 There is an incentive for the Admiral shareholders, including Young, Biddle and Boys to make SPI a viable mineral exploration company as the interests of Young, Biddle and Boys will have significant shareholding interests in SPI (as noted above).

Disadvantages

- 10.6 The number of fully paid ordinary shares on issue would rise (see paragraph 2.3 above) after issuing the Consideration Shares and the Capital Raising Shares This could represent a significant increase in the number of shares on issue.

Other Factors

- 10.7 SPI may need to raise further significant working capital (in addition to the proposed Capital Raising of a gross \$4,500,000) to spend on exploration and evaluation of the Tenements. The timing and number of shares that may be issued to raise additional capital is not yet ascertained however any future capital raisings may further dilute the current non-associated shareholders' interests in SPI. In relation to the Alice River Tenements a sum of \$5,000,000 (\$1,000,000 in the first year) needs to be spent on exploration (plus costs to undertake a scoping study) for Admiral to earn a 51% interest. The raising of a gross \$4,500,000 from the Capital Raising will not be enough for Admiral to spend the \$5,000,000 plus scoping study costs over 2 years.
- 10.8 The Tenements may not turn out to be commercially viable and thus losses may be incurred. Companies involved in mineral exploration acquire new Tenements on a regular basis and thus SPI potentially acquiring new tenement interests is not unusual. SPI will need to fund the on-going exploration commitments of Admiral that currently are planned to be an initial \$6,000,000 (over a two-year period) to earn a 51% interest in the Tenements (currently Admiral only has a right to earn an initial 51% interest in the Tenements) but depending on exploration results could be more.
- 10.9 The share price of SPI is dependent upon exploration success (or otherwise) and by having further Tenements (by acquiring the Tenement interests via the farm-in agreements entered into by Admiral) theoretically increases the chance of success (but commercial success cannot be assured).
- 10.10 It is noted that for accounting purposes in the books of SPI, the Consideration Shares will be booked at the market value of the ordinary shares in SPI at the date the ordinary Consideration Shares are issued to the shareholders of Admiral. SPI will account for the value of the Consideration Shares at the market value of the ordinary shares in SPI that may be considered to be in the range of 8.0 cents to 11.0 cents based on share prices of SPI shares traded on ASX since the announcement.
- 10.11 The net book assets of SPI prior to the Acquisition are estimated at \$1,163,000 whilst post the \$4,500,000 Capital Raising (and allowing for Capital Raising costs of \$15,000) and Acquisition, the net book assets of the SPI Group that will include ownership of the right to earn interests in the Tenements is estimated to be an initial \$12,119,000. The value attributable to the existing shareholders approximates \$5,511,000 compared with a current shareholding book interest of approximately \$1,163,000.
- 10.12 It is the view of the existing Board of SPI that the proposed Acquisition (of 100% of Admiral) is in the best interests of all shareholders of the Company.

- 10.13 The exploration commitments, planned expenditures and expenditure obligations pursuant to the Tenements are quite high. As noted above, exploration expenditures to acquire an initial 51% interest in the tenements total over \$6,000,000 to 2017 and 2018. Should commercial minerals (mainly gold) be proven, to proceed to development may require significant additional capital which would dilute the current shareholders even further. The number of shares that may be issued to raise additional capital is not yet known.

11. Conclusion as to Reasonableness

- 11.1 **After taking into account the factors referred to in section 10 above and elsewhere in this report we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and thus the proposed Acquisition as noted in paragraphs 1.1, 1.2 and 1.3 and Resolution 1, 2, 3 and 4 in the Notice may be considered, on balance, to be reasonable to the existing non-associated shareholders of SPI at the date of this report.**

Thus, in our opinion, the issuing of 7,000,000 of the Consideration Shares to the interests of Young; the issue of 9,000,001 Consideration Shares to the interests of Biddle and the issue of 9,000,000 Consideration Shares to the interests of Boys are also reasonable at the date of this report.

12. Shareholder Decision

- 12.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the issue of 59,500,001 Consideration Shares to the shareholders of Admiral (and in particular, the issue of Consideration Shares to the interests of Young, Biddle and Boys) is fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolutions 1, 2, 3 and 4) (and all other Resolutions) but we have been requested to determine whether the proposal pursuant to Resolutions 1, 2, 3 and 4 are fair and/or reasonable to those shareholders not associated with Young, Biddle and Boys. The responsibility for such a voting recommendation lies with the directors of SPI.

- 12.2 In any event, the decision whether to accept or reject Resolutions 1, 2, 3 and 4 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

If in any doubt as to the action they should take in relation to the proposals under Resolutions 1, 2, 3 and 4 (and all other Resolutions) shareholders should consult their own professional adviser.

- 12.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in SPI. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposals under Resolutions 1, 2, 3 and 4 (and all other Resolutions). Shareholders should consult their own professional adviser in this regard.

13. Sources of Information

- 13.1 In making our assessment as to whether the proposed Acquisition as noted in paragraphs 1.1, 1.2 and 1.3 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, Admiral and the Tenements that is relevant to the current circumstances. In addition, we have held

discussions with the management of SPI about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of SPI.

13.2 Information we have received includes, but is not limited to:

- a) Drafts of the Notice of SPI and ES to 17 May 2017;
- b) Discussions and/or correspondence with management of SPI and Admiral;
- c) Details of historical market trading of SPI ordinary fully paid shares recorded by ASX for the period 1 January 2016 to 17 May 2017;
- d) Shareholding details of SPI as supplied by the Company's share registry as at 10 March 2017;
- e) Audited financial statements of SPI as at 30 June 2016;
- f) Audit reviewed balance sheet of SPI as at 31 December 2016;
- g) Announcements made by SPI to the ASX from 1 January 2016 to 17 May 2017;
- h) The unaudited financial statements of Admiral to 31 December 2016 and 30 April 2017;
- i) List of Admiral shareholders prior and post the issue of 10 million shares by Admiral;
- j) The Share Sale Agreement (Major Shareholders) executed in March 2017 for the proposed acquisition of the shares in Admiral;
- k) Estimated acquisition costs of Admiral as supplied by SPI;
- l) The Maynard Valuation Report on the Tenements of May 2017;
- m) The Offer to Minority Shareholders for Admiral Gold Limited of March 2017;
- n) Admiral Exploration Farm-in Joint Venture Agreement with Tinpitch;
- o) Admiral Binding Term Sheet with Goldfield Argonaut Pty Ltd;
- p) Cash flow budgets of SPI for the period 1 March 2017 to 30 June 2018; and
- q) Estimated cash outflows on the Tenements (Admiral farming-in) for May and June 2017 as advised by Admiral management on 3 May 2017.

13.3 Our report includes Appendices A and B our Financial Services Guide attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



J P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 18 May 2017, relating to the issue of a total of 59,500,001 Consideration Shares to be issued to the shareholders of Admiral pursuant to Resolutions 1, 2, 3 and 4 (and in particular the issue of Consideration Shares to the interests of Young, Biddle and Boys) and as disclosed in the Notice of Meeting to Shareholders and the Explanatory Statement proposed to be distributed to the SPI shareholders in May 2017.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposals. There are no relationships with SPI, Young, Biddle, Boys and Admiral other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$22,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John P Van Dieren and Martin Michalik have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) do not hold any securities in SPI and Admiral. There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd, Mr J Van Dieren and Mr Martin Michalik have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, and Mr Martin Michalik, ACA, the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of SPI in order to assist them to assess the merits of the proposals as noted in Resolutions 1, 2, 3 and 4 to which this report relates. This report has been prepared for the benefit of SPI's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer-term value of SPI, Admiral and the value of the Tenements. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of SPI and Admiral. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposals set out in Resolutions 1, 2, 3 and 4 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolutions 1, 2, 3 and 4.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by SPI and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd experience and qualifications), SPI has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which SPI may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by SPI; and
- (b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from SPI or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of SPI or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd

A draft of this report was presented to SPI directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 18 May 2017**

1. Stantons International Securities Pty Ltd ABN 42 128 908 289 and Financial Services Licence 448697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances, we are required to issue to you, as a retail client a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone 08 9481 3188
Fax 08 9321 1204
Email jvdieren@stantons.com.au

APPENDIX B

IIINDEPENDENT TECHNICAL VALUATION OF THE MINERAL ASSETS OF SPI AND THE TENEMENT INTERESTS OF ADMIRAL (“MAYNARD VALUATION REPORT”)

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Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT TECHNICAL VALUATION
OF
THE MINERAL ASSETS
OF
SPITFIRE MATERIALS LIMITED
AND
ADMIRAL GOLD LIMITED'S
MINING INTERESTS
PREPARED FOR
STANTONS INTERNATIONAL SECURITIES PTY LTD

Author: Allen J Maynard BAppSc(Geol), MAIG, MAusIMM
Peer Review: Brian J. Varndell, BSc(Spec.Hons.), FAusIMM
Company: Al Maynard & Associates Pty Ltd
Date: 17th May, 2017

EXECUTIVE SUMMARY

This Independent Technical Valuation Report (“ITV”) of the Spitfire Materials Limited’s (ASX:SPI) (“SPI”) mining assets in WA & NT and those of unlisted Admiral Gold Limited (“AGL”) in WA and QLD, has been prepared by Al Maynard & Associates (“AM&A”) at the request of Mr John van Dieren, FCA (Director) of Stantons International Securities Pty Ltd for inclusion in their Independent Expert’s Report (“IER”). The location of the tenements concerned are shown (Figure 1).

This report provides an independent technical valuation of the tenements as at 5th May, 2017. The AM&A report has been prepared in accordance with the guidelines of the Valuation of Mineral Assets and Mineral Securities for Independent Expert’s Reports (the “Valmin Code” - 2015) as adopted by the Australian Institute of Geoscientists (“AIG”) and the Australasian Institute of Mining and Metallurgy (“AusIMM”).

SPI is a company on the Official List of Australian Securities Exchange Limited (“ASX”). Its principal business is involved in mineral exploration.

The key projects include:-

- The England & South Woodie Woodie Projects (WA) and Yoda (NT) held by SPI
- The Mulwarrie (WA) and Alice River (Qld) rights held by AGL.

Given the relevance of the assumptions and factors underlying the development and conceptual prospectivity for resources of the projects (Appendix 1 calculation table), AM&A has concluded that it is reasonable to rely on this data for the purposes of this report and the derivation of a current valuation accordingly based on that information. AM&A has relied on the technical data supplied by SPI and AGL and accepted that data in reaching our conclusions, unless AM&A expressly states otherwise.

The summary of the valuation conclusions is presented in Table 4. This current valuation has used a form of the MEE Method applied to expenditures that are relevant to the present-day tenement holding and the JV method plus actual purchase costs applied to potential mineralisation. The average of the methods was selected as the most appropriate method for valuation estimate purposes.

This Report concludes that the cash value of 100% of the SPI tenement portfolio as at 5th May, 2017, is ascribed at \$1.04M from within the range of \$0.82M to \$1.27M. The cash value of the AGL interests is ascribed at \$6.18M from within the range of \$5.56M and \$6.80M; also at 5th May, 2017.

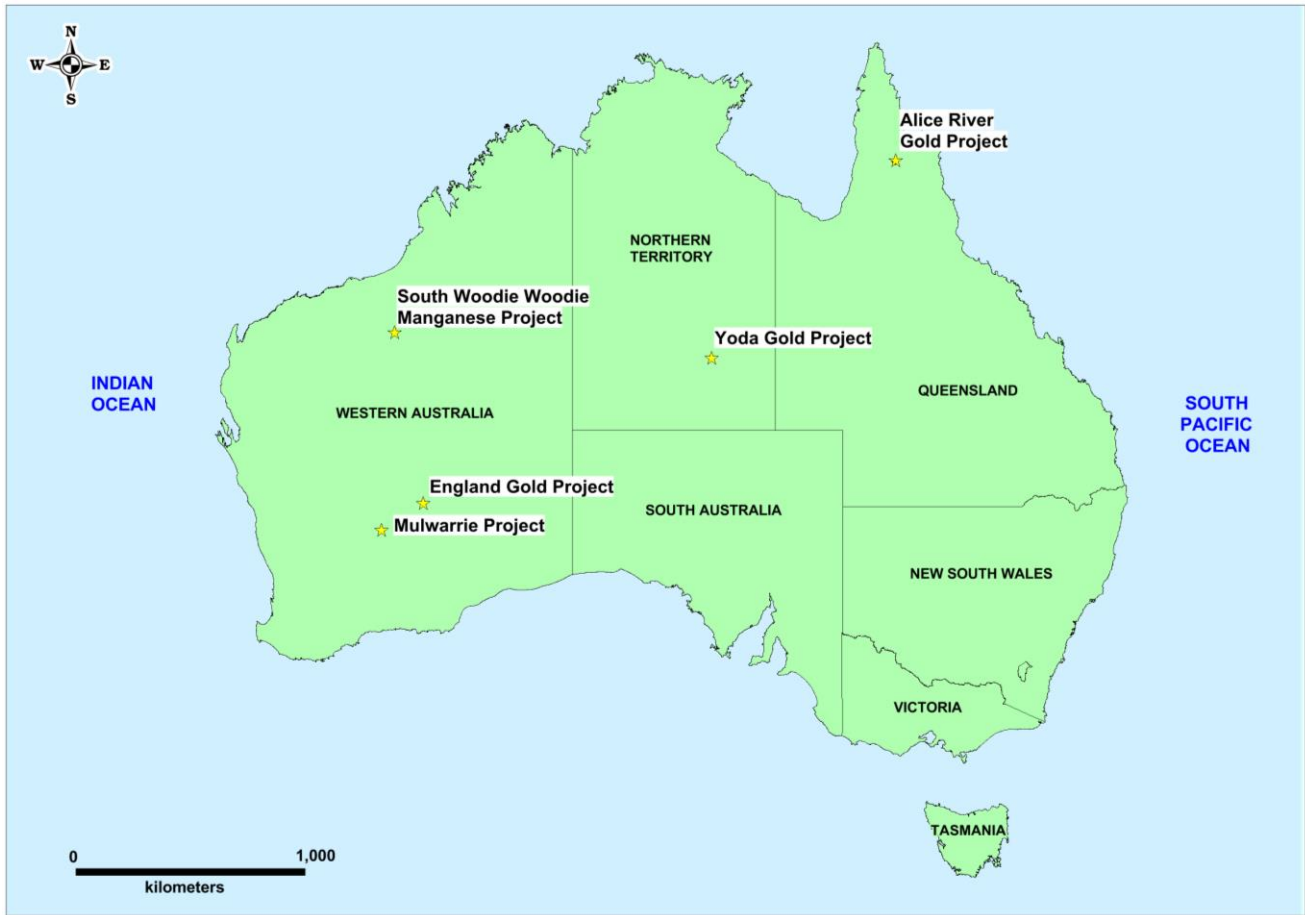


Figure 1: Projects Location Plan.

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The Directors,
Stantons International Securities Pty Ltd
Level 2, 1 Walker Avenue,
West Perth,
WA 6005.
Australia

17th May, 2017

Dear Sirs,

VALUATION OF THE SPI & AGL PROJECTS

1.0 Introduction

This Independent Technical Valuation Report (“ITV”) of the Spitfire Materials Limited (ASX:SPI) mining projects; Western Australia and those of unlisted Admiral Gold Limited (“AGL”) has been prepared by Al Maynard & Associates (“AM&A”) at the request Mr John van Dieren, FCA (Director) of Stantons International Securities Pty Ltd (“SIS”) for inclusion in its Independent Expert’s Report (“IER”). The project locations are depicted in (Figure 1).

The directors of SPI engaged SIS to prepare an IER on whether the proposed transaction is fair and reasonable as referred to in a Notice of Meeting of Shareholders (“Notice”) and an Explanatory Statement (“ES”) attached to the Notice to be forwarded to shareholders in May, 2017 for a shareholders meeting planned for June 2017.

Spitfire Materials Ltd is a company listed on the Official List of Australian Securities Exchange Limited (ASX:SPI). Its principal business is involved in mineral exploration.

This report provides an independent technical valuation of the projects, as at 5th May, 2017. The report has been prepared in accordance with the guidelines of the Valuation of Mineral Assets and Mineral Securities for Independent Expert’s Reports (the “Valmin Code”) (2015) as adopted by the Australian Institute of Geoscientists (“AIG”) and the Australasian Institute of Mining and Metallurgy (“AusIMM”) and specifically: -

- ASIC Regulatory Guideline 111 – Content of expert’s Reports (“RG 111”)
- ASIC Regulatory Guideline 112 – Independence of Experts (“RG 112”); and
- AusIMM’s Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (“the ValMin Code”).

1.1. Scope and Limitations

This Report is valid as of 17th May, 2017 which is the date of the latest review of the data and technical information and there have been no material changes to this data or valuation since that date. The valuation can be expected to change over time having regard to political, economic, market and legal factors. The valuation can also vary due to the success or otherwise of any mineral exploration that is conducted either on the mineral assets concerned or by other explorers on prospects in the near environs. The valuation could also possibly be affected by the consideration of other exploration data from adjacent licences with production history affecting the mineral assets which have not been made available to the writers.

In order to form an opinion as to the value of any mineral asset, it is necessary to make assumptions as to certain future events, which might include economic and political factors and the likelihood of exploration success. The writer has taken all reasonable care in formulating these assumptions to ensure that they are appropriate to the case. These assumptions are based on the writer’s technical training and over 40 years’ experience in the exploration and mining industry. Whilst the opinions expressed represent the writer’s professional opinion at the time of this Report, these opinions are not however, forecasts as it

is never possible to predict accurately the many variable factors that need to be considered in forming an opinion as to the value of any mineral asset.

The information presented in this Report is based on technical reports provided by SPI supplemented by our own inquiries as to the reasonableness of the supplied data. At the request of AM&A, copies of relevant technical reports and agreements were readily made available. There is also information available in the public domain and relevant references are listed in Section 6.0 – References. A site visit was undertaken to the Queensland property during 3rd to 5th April, 2017; Alice River, but not recently to the WA properties since the writer is familiar with the terrane from visits to the same environs for previous clients and sufficient technical information is provided to enable an informed opinion to be derived.

SPI will be invoiced and expected to pay a fee, estimated to be between \$13,000 and \$14,000 for the preparation of this Report, including the site visit. This fee comprises a normal, commercial daily rate plus expenses. Payment is not contingent on the results of this report. Except for these fees, neither the writer nor any family members nor Associates have any interest, nor the rights to any interest in either SPI nor AGL nor any interest in the mineral assets reported upon. The companies have confirmed in writing that all technical data known to them was made available to the writer. The title of this report shall not pass to the Company until all professional fees have been paid in full.

The valuation presented in this Report is restricted to a statement of the fair value of the mineral asset package. The Valmin Code defines fair value as “The estimated amount of money, or the cash equivalent of some other consideration, for which, in the opinion of the Expert reached in accordance with the provisions of the Valmin Code, the mineral asset or security shall change hands on the Valuation date between a willing buyer and a willing seller in an arms’ length transaction, wherein each party had acted knowledgeably, prudently and without compulsion”.

It should be noted that in all cases, the fair valuation of the mineral assets presented is analogous with the concept of “valuation in use” commonly applied to other commercial valuations. This concept holds that the assets have a particular value only in the context of the usual business of the company as a going concern. This value will invariably be significantly higher than the disposal value, where there is not a willing seller. Disposal values for mineral assets may be a small fraction of going concern values.

In accordance with the Valmin Code, we have prepared the “Range of Values” as shown in Table 4, Section 8. Regarding the Projects, it is considered that sufficient geotechnical data has been provided from the reports covering the previous exploration of the relevant areas to enable an understanding of the geology and style of mineralisation. This provides adequate information to enable an informed opinion as to the current value of the mineral assets.

1.2. Statement of Competence

This Report has been prepared by Allen J. Maynard and peer reviewed by Brian J. Varndell. Maynard is the Principal of AM&A, a qualified geologist, a Member of the Australasian Institute of Mining & Metallurgy (“AusIMM”) (No 104986) and a Member of the Australian Institute of Geoscientists (“AIG” No. 2062). He has had over 35 years of continuous experience in mineral exploration and evaluation and more than 30 years’ experience in mineral asset valuation. Brian J. Varndell BSc (SpecHonsGeol), FAusIMM (No111022), is a geologist with over 40 years in the industry and 35 years in mineral asset valuation. The writers each hold the appropriate qualifications, experience and independence to qualify as an independent “Expert” and “Competent Person” under the definitions of the Valmin Code.

2.0 Valuation of the Mineral Assets – Methods and Guides

With due regard to the guidelines for assessment and valuation of mineral assets and mineral securities as adopted by the AusIMM Mineral Valuation Committee on 17th February, 1995 – the Valmin Code (updated 1999, 2005 & 2015). AM&A has derived the estimates listed below using a combination of several methods for the current technical value of the mineral assets as applied to the JORC Code (2012) compliant resources estimates declared for the tenement.

The ASIC publications “Regulatory Guides 111 & 112” have also been referred to and duly considered in relation to the valuation procedure. The subjective nature of the valuation task is kept as objective as possible by the application of the guideline criteria of a “fair value”. This is a value that an informed, willing, but not anxious, arms’ length purchaser will pay for a mineral (or other similar) asset in a transaction devoid of “forced sale” circumstances.

2.1. General Valuation Methods

The Valmin Code identifies various methods of valuing mineral assets, including:-

- Discounted cash flow,
- Joint Venture and farm-in terms for arms’ length transactions,
- Precedents from similar comparable asset sales/valuations,
- Multiple of exploration expenditure,
- Ratings systems related to perceived prospectivity,
- Real estate value and rule of thumb or yardstick approach.

2.2. Discounted Cash Flow/Net Present Value

This method provides an indication of the value of a mineral asset with identified reserves. It utilises an economic model based upon known resources, capital and operating costs, commodity prices and a discount for risk estimated to be inherent in the project.

Net present value (‘NPV’) is determined from discounted cash flow (‘DCF’) analysis where reasonable mining and processing parameters can be applied to an identified ore reserve. It is a process that allows perceived capital costs, operating costs, royalties, taxes and project financing requirements to be analysed in conjunction with a discount rate to reflect the perceived technical and financial risks and the depleting value of the mineral asset over time. The NPV method relies on reasonable estimates of capital requirements, mining and processing costs.

2.3. Joint Venture Terms

The terms of a proposed joint venture agreement may be used to provide a market value based upon the amount an incoming partner is prepared to spend to earn an interest in part or all of the mineral asset. This pre-supposes some form of subjectivity on the part of the incoming party when grass roots mineral assets are involved.

2.4. Similar or Comparable Transactions

When commercial transactions concerning mineral assets in similar circumstances have recently occurred, the market value precedent may be applied in part or in full to the mineral asset under consideration.

2.5. Multiple of Exploration Expenditure

The multiple of exploration expenditure method ('MEE') is used whereby a subjective factor (also called the prospectivity enhancement multiplier or 'PEM') is based on previous expenditure on a mineral asset with or without future committed exploration expenditure and is used to establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented positive results a MEE multiplier can be selected that take into account the valuer's judgment of the prospectivity of the mineral asset and the value of the database. PEMs can typically range between 'zero' to 3.0 and occasionally up to 5.0 where very favourable exploration results have been achieved, applied to previous exploration expenditure to derive a dollar value. Typical PEM Factors are shown in Table 1.

PEM Range	Criteria
0.1 – 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation identified
0.5 – 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 – 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 – 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical)
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralisation
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	A resource has been defined at Inferred Resource Status, no feasibility study has been completed
3.0 – 4.0	Indicated Resources have been identified that are likely to form the basis of a prefeasibility study
4.0 – 5.0	Indicated and Measured Resources

Table 1: Typical PEM Factors.

2.6. Ratings System of Prospectivity (Kilburn)

The most readily accepted method of this type is the modified Kilburn Geological Engineering/Geoscience Method and is a rating method based on the basic acquisition cost ('BAC') of the mineral asset that applies incremental, fractional or integer ratings to a BAC cost with respect to various prospectivity factors to derive a value. Under the Kilburn method the valuer is required to systematically assess four key technical factors which enhance, downgrade or have no impact on the value of the mineral asset. The factors are then applied serially to the BAC of each mineral asset in order to derive a value for the mineral asset. The factors used are; off-property attributes on-property attributes, anomalies and geology. A fifth factor that may be applied is the current state of the market.

2.7. Empirical Methods (Yardstick – Real Estate)

The market value determinations may be made according to the independent expert's knowledge of the particular mineral asset. This can include a discount applied to values arrived at by considering conceptual target models for the area. The market value may also be rated in terms of a dollar value per unit area or dollar value per unit of resource in the ground. This includes the range of values that can be estimated for an exploration mineral asset based on current market prices for equivalent assets, existing or previous joint venture and sale agreements, the geological potential of the mineral assets, regarding possible potential resources, and the probability of present value being derived from individual recognised areas of mineralisation.

This method is termed a "Yardstick" or a "Real Estate" approach. Both methods are inherently subjective according to technical considerations and the informed opinion of the valuer.

2.8. General Comments

The aims of the various methods are to provide an independent opinion of a “fair value” for the mineral asset under consideration and to provide as much detail as possible of the manner in which the value is reached. It is necessarily subjective according to the degree of risk perceived by the mineral asset valuer in addition to all other commercial considerations. Efforts to construct a transparent valuation using sophisticated financial models are still hindered by the nature of the original assumptions where no known resource exists and are not applicable to mineral assets without an identified resource or reserve.

The values derived for this Report have been concluded after taking into account the general geological environment for the mineral assets under consideration with respect to the exploration potential of each tenement.

2.9. Environmental implications

Information to date is that there are no identified existing material environmental liabilities on the mineral assets. Accordingly, no adjustment was made during this Report for environmental implications.

2.10. Indigenous Title Claims

Native style claims over the project area have not been indicated to AM&A.

2.11. Commodities-Metal prices

Where appropriate, current metal prices are used sourced from the usual metal market publications or commodity price reviews (e.g. “Kitco.com” or “Alibaba”).

2.12. Resource/Reserve Summary

There are no JORC Code (2012) compliant resource estimates declared for the Projects.

2.13. Previous Valuations

No previous valuations of the tenement package within the previous two years are known to the authors.

2.14. Encumbrances/Royalty

The Projects may be subject to government royalties as stipulated by the Government where currently applicable.

No royalty payments are considered in this valuation as no mining is yet occurring.

3.0 Background Information

3.1. Introduction

This valuation has been provided by way of a detailed study of existing information and field data provided by the Companies regarding operations completed at the projects to date. Exploration target potential has been considered at some tenements. AM&A has been supplied with available historical expenditures which also form another basis for this valuation.

3.2. Specific Valuation Methods

There are various methods acceptable for the valuation of a mineral prospect ranging from the most favoured DCF analysis of identified Proved & Probable Reserves to the more subjective rule-of-thumb assessment when no Reserves have yet been calculated but Resources may exist. These are discussed above in Section 2.0.

For the projects the JV method and purchase costs averaged with MEE method has been applied to the available historic expenditures to determine a value range as at 5th May, 2017 and a preferred or most likely value ascribed within that range.

3.3. Tenement Holding

SPI and wholly owned subsidiaries hold rights to all minerals on the tenements. The Company provided the full tenement details to AM&A and we have accepted this tenement holding. (Table 2).

The status of the tenements pursuant to paragraphs 67 and 68 of the VALMIN Code has not been formally legally verified by AM&A and the tenements are believed to be in good standing at the date of this valuation as represented. A Tengraph search confirmed the holdings. The tenements are listed in Table 2 below.

SOUTH WOODIE WOODIE PROJECT									
ID	STATUS	HOLDER	SHARE	AREA	UNIT	GRANTED	EXPIRES	EXPCOM	RENT
E46/0616	LIVE	SPITFIRE AUSTRALIA (SWW) Pty Ltd	80%	1	SB	03-Aug-05	02-Aug-17	\$20,000	\$518
E46/0787	LIVE	SPITFIRE AUSTRALIA (SWW) Pty Ltd	100%	4	SB	22-Jul-09	21-Jul-19		\$2,070
E46/0835	LIVE	BELLPIPER PTY LTD	100%	26	SB	25-Mar-11	24-Mar-21	\$52,000	\$13,458
Totals								\$72,000	\$16,046
SOUTH WOODIE WOODIE PENDING APPLICATIONS									
ID	STATUS	CLIENT	SHARES1	AREA	UNIT	GRTDATE	EXPDATE	EXPCOM	RENT
E46/1159	PENDING	SPITFIRE AUSTRALIA (SWW) Pty Ltd	100%	18	SB			\$20,000	\$2,331
E46/1160	PENDING	SPITFIRE AUSTRALIA (SWW) Pty Ltd	100%	4	SB			\$15,000	\$518
R46/0002	PENDING	SPITFIRE AUSTRALIA (SWW) Pty Ltd	80%	100	Ha			\$-	\$745
Totals								\$35,000	\$3,594
ENGLAND PROJECT									
ID	STATUS	CLIENT	SHARES1	AREA	UNIT	GRTDATE	EXPDATE	EXPCOM	RENT
E38/2869	LIVE	BELLPIPER PTY LTD	100%	6	SB	26-Nov-14	25-Nov-19	\$20,000	\$1,209
YODA PROJECT									
ID	STATUS	CLIENT	SHARES1	AREA	UNIT	GRTDATE	EXPDATE	EXPCOM	RENT
EL30834	LIVE	STARPART HOLDINGS PTY LTD	100%	9 Blocks	SB	11-Dec-16	10-Dec-21	\$11,350	\$158

Note: Spitfire Australia (SWW) Pty Ltd, Bellpiper Pty Ltd and Starpart Holdings Pty Ltd are 100% Subsidiaries of Spitfire Materials Limited

Table 2: SPI Tenement Holdings.

4.0 SPI Projects, Western Australia

4.1. Introduction

SPI has rights to all minerals on all its tenements for the three projects listed above in Table 2.

4.2. Location and Access

The South Woodie Woodie project area is approximately 70 km south of Woodie Woodie, in the East Pilbara region of Western Australia, approximately 340 km South East of Port Hedland (450 km via Road), Figure 2.

4.3. Regional Setting



Figure 2: Regional setting for South Woodie Woodie.

4.4. Tenements

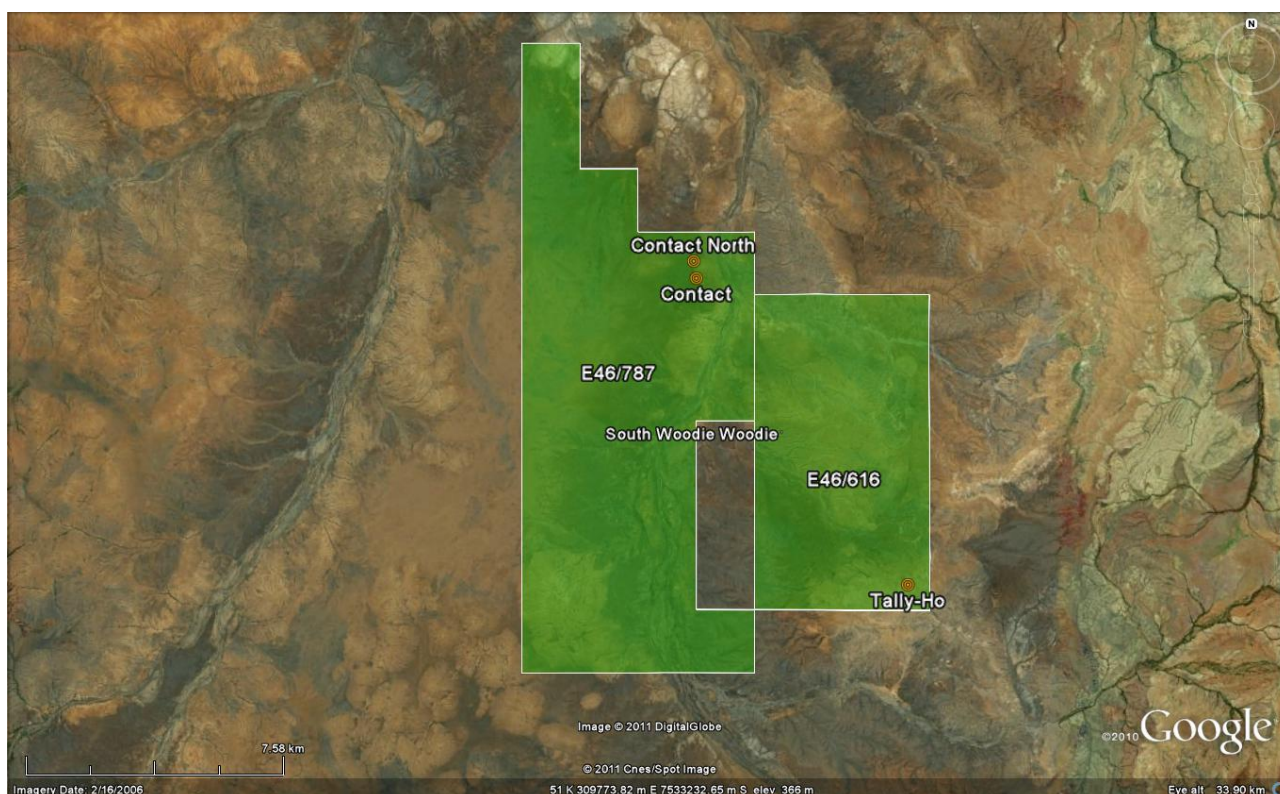


Figure 3: Main South Woodie Woodie Tenements over Google Earth Background.

4.5. Mineralisation

The South Woodie Woodie Project hosts combined JORC (2004) Inferred Mineral Resources of ****14.2Mt @ 13.3% Mn** within three defined deposits.

JORC Inferred Resource	Mt	Mn%	Al ₂ O ₃ %	Fe %	SiO ₂ %	P %	LOI (1000)
Contact	2.8	13.6	5.1	15.7	42.9	0.054	8.4
Contact North	8.5	15.4	3.0	15.0	42.4	0.057	8.6
Tally-Ho	2.8	13.6	5.1	15.7	42.9	0.054	7.95
Total	14.2	13.3	4.2	13.9	46.7	0.053	8.45

******Weighted average summary of combined mineral resource estimates for deposits at South Woodie Woodie

This information was prepared and first disclosed under JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. If further work is performed on these deposits which changes the current resource standing, they will then be updated to the 2012 JORC reporting standards.

5.0 England Prospect

5.1. Introduction

The England prospect is located on the same north-east trending structure as the Wallaby gold deposit (7 million oz) and is close to the Granny Smith Deposit (>2 million oz). Neither of those two resources are owned by SPI. Preliminary RAB drilling by Golden State has encountered strong gold anomalism (5 m at 0.56 g/t gold) associated with this north-east structure. Further drilling is proposed to follow up the anomalous intersections on the mineralised structure.

Resampling of the aircore drill samples from the September 2006 program was conducted in October 2006. The best result from this drilling program was 5 m at 1.5 g/t Au at 55-60 m in ENR027. This is consistent with a maximum of 5.6 g/t Au at 45-50 m in hole ENR022 drilled in 1996. A number of intersections in the range 0.1-0.5 g/t Au were resampled. The results delineate a NE trending anomaly for 2 km along strike and 500 m wide.

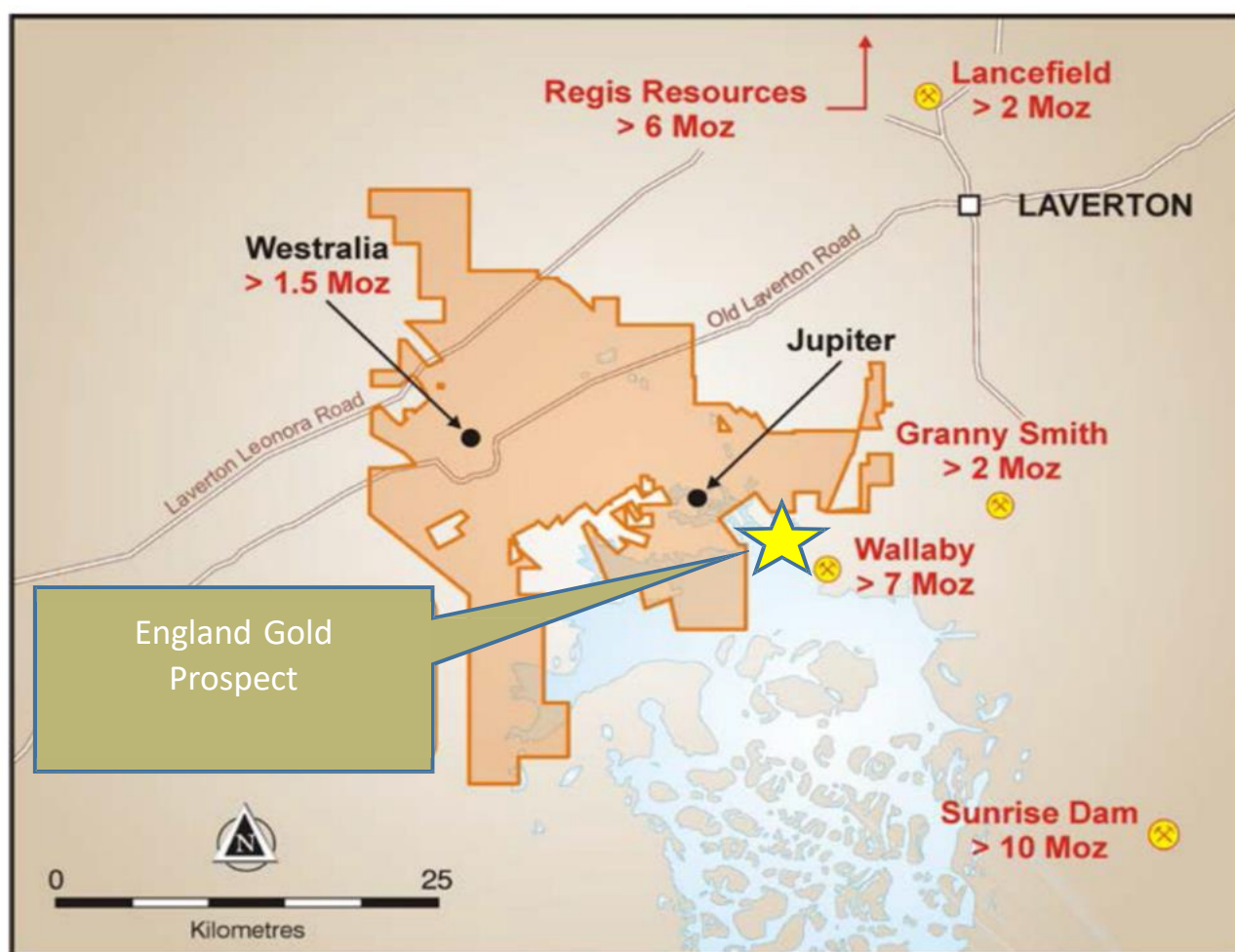


Figure 4: England Prospect in relation to known resources.

6.0 Yoda Prospect

6.1. Introduction

In late 2016, Spitfire acquired 100% of the granted Northern Territory exploration licence EL 30834 which is known as the Yoda Prospect.

The project area is accessible from Alice Springs via the Stuart and Plenty Highways. Station tracks provide access to the area with the remainder accessed by four-wheel drive or on foot. Regionally, the Prospect is located in the far eastern Arunta Block on the boundary between the outcropping Proterozoic Aileron Province and the undercover Cambro-Ordovician Irindina Basin. The project area is located on the Illogwa Creek SG53-15 1:250 000 scale map sheet and the Quartz SF59-51 1:100,000 scale map sheet.

6.2. Regional Geology

The tenement is situated over the Entia Dome in the eastern limits of the Palaeoproterozoic Aileron Province and proximal to the boundary of the Cambro-Ordovician Irindina Basin.

Regionally the geology is dominated by the Entia Gneiss Complex and the Strangways Metamorphic Complex. The Entia Gneiss Complex includes a package of Palaeoproterozoic meta-igneous rocks that vary in composition from granite to granodiorite, diorite, tonalite and gabbro along with subordinate metasedimentary rocks. The Strangways Metamorphic Complex consists of a mix of felsic and mafic gneiss, metavolcanics and metapelites.

6.3. Local Geology

The EL contains approximately 50% outcrop/subcrop with recent cover from colluvial sand and gravel. Where outcrop is available the dominant stratigraphic units is the Inkamulla Granodiorite and meta-hornblendite/meta-ultramafic rocks.

The area has been subjected to intense deformation and metamorphism (as outlined in regional geology above).

6.4. Exploration History

Work completed during the 2011-2012 reporting period included:

- Historical data compilation
- 53 rock chip samples collected
- VTEM Survey: 130 line km of data collected
- IP/Resistivity Survey: 1.05 line km of data collected

2012-2013 - Surface Sampling

One rockchip and 12 stream sediment samples were collected over the tenement by MMG. The sampling program was conducted using a helicopter during mid to late September 2012. Catchments within the tenement were identified and the survey was designed to target as many of these catchments as possible.

7.0 Admiral Gold Limited (AGL)

7.1. Introduction

AGL has the rights to two gold areas; one in Qld called 'Alice River' and one in WA called 'Mulwarrie'

The various tenements are listed below in Table 3.

Admiral Queensland Farm-in Tenements - Tinpitch Pty Ltd								
Type	Number	Name	Status	Sub Status	Date Granted	Date Expires	Holder Name	Area Ha
ML	2901	ALICE QUEEN	Granted		29-Apr-82	30-Apr-24	Tinpitch Pty Ltd	2.88
ML	2902	GERMAN JACK	Granted		29-Apr-82	30-Apr-24	Tinpitch Pty Ltd	2.88
ML	2907	EUREKA	Granted		3-Jun-82	30-Jun-24	Tinpitch Pty Ltd	2.06
ML	2908	PENINSULA KING	Granted		3-Jun-82	30-Jun-24	Tinpitch Pty Ltd	4.03
ML	2957	JULIE ANN	Granted		7-Mar-85	31-Mar-27	Tinpitch Pty Ltd	1.60
ML	2958	ALICE	Granted	Renewal Lodged	10-Apr-86	30-Apr-07	Tinpitch Pty Ltd	11.43
ML	3010	ONE MILE	Granted	Renewal Lodged	25-Jan-90	31-Jan-11	Tinpitch Pty Ltd	29.52
ML	3011	AIRSTRIPE BLOCK	Granted	Renewal Lodged	1-Oct-87	31-Oct-08	Tinpitch Pty Ltd	4.40
ML	20523	DAM	Application				Tinpitch Pty Ltd	486.38
EPM	14312		Granted	Renewal Lodged (3 yrs), submission sent 31 Mar 17	13-Jul-05	12-Jul-15	Tinpitch Pty Ltd	2,312.25
EPM	14313		Granted	Renewal Lodged (3 yrs), submission sent 31 Mar 17	13-Jul-05	12-Jul-14	Tinpitch Pty Ltd	3,298.74
EPM	15359		Granted	Renewal Lodged (3 yrs), submission sent 31 Mar 17	24-May-07	23-May-15	Tinpitch Pty Ltd	8,250.30
EPM	15360		Granted	Renewal Lodged (3 yrs), submission sent 31 Mar 17	23-Aug-07	22-Aug-15	Tinpitch Pty Ltd	8,246.17
EPM	15409		Granted	Renewal Lodged (3 yrs), submission sent 31 Mar 17	24-May-07	23-May-15	Tinpitch Pty Ltd	7,910.49
EPM	15410		Granted	Renewal Lodged (3 yrs), submission sent 31 Mar 17	23-May-07	23-May-15	Tinpitch Pty Ltd	8,242.68
EPM	16301		Granted	Renewal Lodged (3 yrs), submission sent 31 Mar 17	14-Oct-08	13-Oct-16	Tinpitch Pty Ltd	15,849.55
EPM	26266	Alice River Southeast	Granted		8-May-17	7-May-22	Tinpitch Pty Ltd	26,715.71
								81,371.07

Admiral Western Australian Farm-in Tenements - Goldfield Argonaut Pty Ltd							
Type	Number	Name	Status	Date Granted	Date Expires	Holder Name	Area Ha
ML	30/119	Mulwarrie	Granted	13-Aug-07	12-Aug-28	Goldfield Argonaut Pty Ltd	67.98
ML	30/145	Mulwarrie	Granted	12-Jan-07	11-Jan-28	Goldfield Argonaut Pty Ltd	111.69
							179.67

Table 3: AGL Tenement Holdings.

The Alice River Gold Project (Figure 6) includes rocks of the Proterozoic Holyroyd Metamorphics, which have been intruded by Late Silurian to Early Devonian Granitoids of the Pama Igneous Province. The gold mineralisation occurs at several prospects along the Alice River Shear Zone, a 50-60 km long north-west trending set of shear zones located with the Alice-Palmer Structural Zone.

The project has had a long history of prospecting and exploration work, commencing with the discovery of gold by John Dickie in 1903. In the late 1970s, Anaconda Australia explored the northern parts of the project around the Potallah and Gossan prospects including undertaking geochemical surveys, geophysical surveys and drilling. In the 1980s to 1990s, a significant amount of exploration work was conducted by Cyprus Gold Australia, Beckstar and Goldminco, which focused further south around the Peninsula King, Alice Queen and Posie prospects.

7.2. Mineralisation

All the significant gold mineralisation identified historically is encompassed within granted Mining Leases. A large amount of drilling was completed along the Alice River shear zones during the period 1987 to 1998 (469 holes for a total of 18,294.7m drilling including 8,322 assays).

Gold mineralisation was discovered at several prospects associated with the NW shear zone including Alice Queen, One Mile, Peninsula King, Big Blow, German Jack, Julie Anne, Posie, Jerry Dodds, The Shadows, Eureka, Airstrip and Taylors.

The gold mineralisation in the Alice River area is focused along regional NW shear zones. The shear zones are largely hosted within the Imooya Granite, a pale grey to white mica-biotite leucogranite (commonly referred in the old reports as an adamellite), of the Siluro-Devonian Kintore Supersuite.

Mineralisation is generally hosted in quartz veins and minor quartz breccias, up to 10 m wide in places. Gold often occurs as both fine free-gold in quartz or interstitial within arsenopyrite and stibnite. Green-white quartz-sericite-epidote alteration zones extend for 50-70 m around the mineralised veins at the Peninsula King Deposit, but generally the quartz veins display narrow alteration selvages.

7.3. Target Mineralisation

The discounted gold exploration target range at Alice River has been reduced by AM&A in the interests of conservatism to be from 180,000 oz Au to 220,000 oz Au. This range has been discounted by 99% to derive one part of the valuation range for this area (Appendix 1). This reduced range was derived from preliminary modelling which resulted in an advanced Exploration Target* under the JORC 2012 code, consisting of 1.47 Mt to 2.21 Mt at an average grade of 2.4 to 3.6 g/t Au, for a total of 115,000 to 250,000 ounces Au.*

** Because the potential quantity and grade of this Exploration Target is conceptual in nature, in accordance with the JORC Code there has been insufficient exploration to define a Mineral Resource estimate and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

Exploration Target Support and justification:

The exploration target has been derived from extrapolation and modelling of mineralised structures/veins completed to a depth of 120 m with the targeted zones remaining open at depth and along strike.

Historical Exploration Data

Gold mineralisation was discovered at several prospects associated with the NW shear zone, such as Alice Queen, One Mile, Peninsula King, Big Blow, German Jack, Julie Anne, Posie, Jerry Dodds, The Shadows, Eureka, Airstrip and Taylors.

Airtrack, RC and Diamond Drill Hole data from a range of different prospects were used for the Alice River Gold Exploration Target estimations completed by White Geoscience for Tinpitch Pty Ltd in 2016, using Geosoft Target software. This work also included a review of the historical literature and geological plans and, where available, the drill hole lithological logs and historic cross-sections.

Historical drilling was completed at a number of prospects at Alice River, which has allowed preliminary modelling of the main prospects. The capture and validation of Alice River drill data has allowed the preliminary modelling and an estimation of an initial Exploration Target, based on the main prospects below:

1. Alice Queen – One Mile (ML 2901, ML 3010).
2. Peninsula King – Big Blow – German Jack (ML 2902, ML 2908, ML 3011).
3. Julie Anne (ML 2957).
4. Posie (EPM 26266).

The full drill-hole database includes 469 holes for a total of 18,294.7m drilling and 8,322 assays. Airtrack drilling makes up 41.4%, RC drilling makes up 43% and diamond drilling makes up 15.6% of the total metres drilled. Hole depths range from 10m to 196m, with an average depth of 39m. Data from the drill holes have been digitally captured and verified by Trepanier Pty Ltd and White Geoscience Pty Ltd.

In generating an initial exploration target, the existing mineralisation has been considered on only four of the main prospects. The original drilling was located on local grid patterns of 20 m by 10 m over areas often restricted by the size of the original Mining Leases. The drill-hole database contains 469 holes with an average drill-hole depth of 39 m. Approximately 22% of all drill-hole intercepts occur beyond 50 m down-hole, indicating significant upside in tonnage below known mineralisation. Only 2% of the significant drill intercepts outside of the Alice-Queen – One Mile target area occur below 50 m downhole, and only 104 drill holes out of 469 occur have ended below 50 m. It is clear there is significant potential for additional gold mineralisation below 50 m depth. It is expected that a substantial work program focused on extensional drilling both along strike and down-dip will provide a significant resource base.

The preliminary modelling of gold mineralisation focused on the gold assays from the 469 historical drill holes drilled at Alice River. Block modelling using kriging methods was completed using a range of different cut-off grades and modelling parameters. A range of potential tonnages and grades were then calculated using these block models. These results are based on the areas previously drilled and did not include any of the potential gold mineralisation targets or predicted extensions.

After reviewing the block models in 3D, it is considered that an additional 50% of the initial modelled tonnages can be included in the calculation of the initial Exploration Target to account for the high-priority target zones that are likely to deliver additional mineralisation.

At many of the prospects at Alice River, the mineralisation is open down-dip and along strike and therefore there is a high probability to discover additional zones of mineralisation with further drilling.

Future Exploration Plans

The following work is planned to advance the Alice River Gold Project. 2017 fieldwork will consist of:

- Ground-truthing of drill collar positions with a differential GPS;
- Aeromagnetic survey to define detailed structural geology and to identify prospective alteration zones;
- Initial 5,000 m drilling program of the advanced targets (4500 m RC; 500 m diamond);
- Soil/Auger sampling in new target areas;
- Geological mapping and structural interpretations;
- Trenching/costeaning in new target areas;
- Further resource and exploration RC Drilling of new targets +5000 m;
- Resource delineation drilling to define Mineral Resources under JORC 2012; and
- Ore mineralogy and metallurgical studies.

Independent Technical Valuation Report – AM&A

7.4. Mulwarrie Gold Prospect

The Mulwarrie Gold Project is located 150 km north-west of Kalgoorlie in the Ularring District of the North Coolgardie Mineral Field. The project encompasses two contiguous tenements, M30/119 (68 ha) and M30/145, which are 10 km north-west of the Davyhurst Mining centre.

The two tenements (Figure 7) are within a 10 km wide Greenstone Belt which forms the north-west extension of the Coolgardie Line. The structurally dominant, north-trending Mt. Ida fault lies approximately 4 km east of the Mulwarrie Mining Centre. Most of the lithologies within this Greenstone Belt are steeply dipping and well foliated along a NNW/SSE trend.

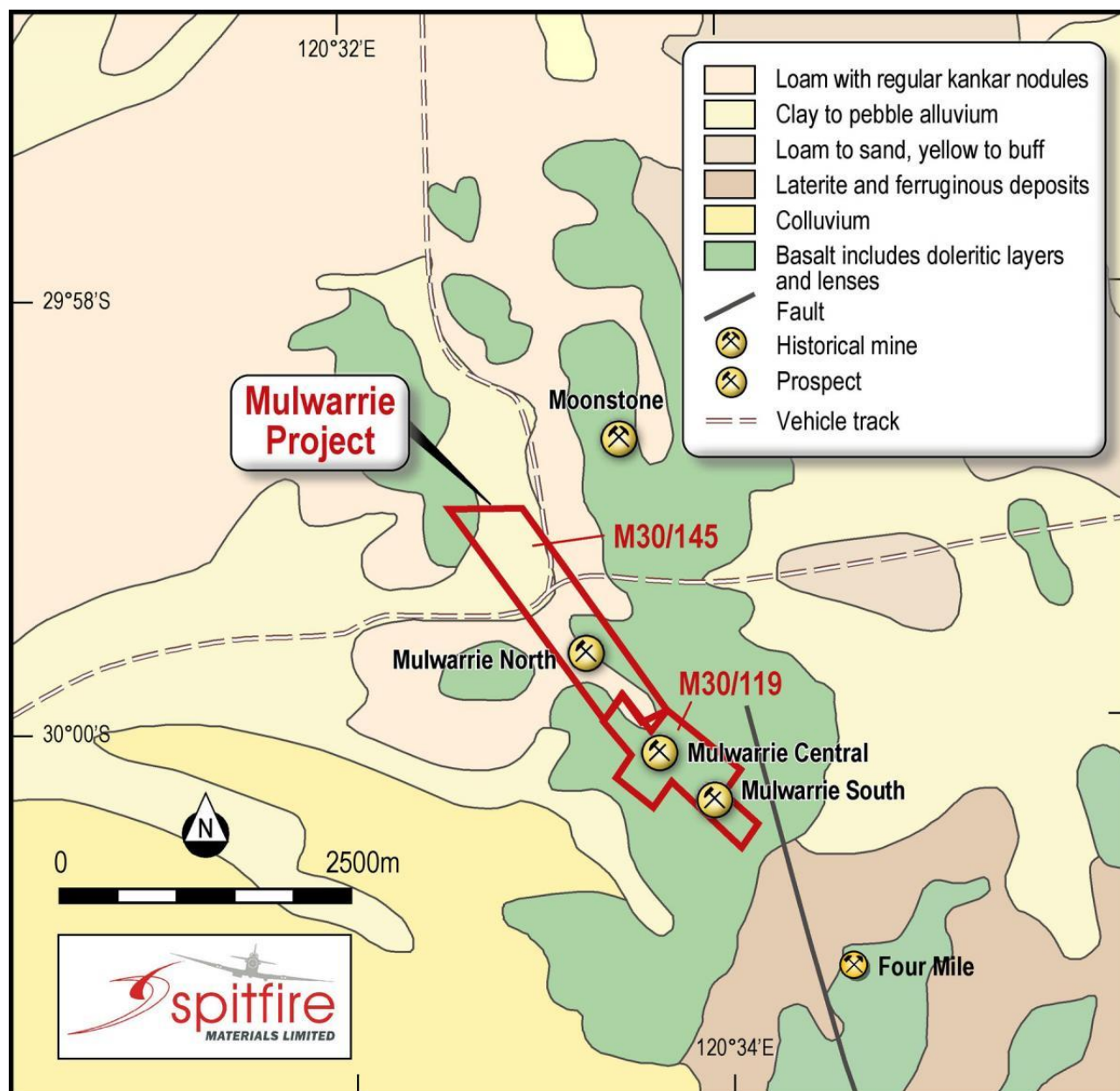


Figure 7: Mulwarrie tenements over Geology.

Grades of metamorphism at Mulwarrie are generally higher than in the Kalgoorlie area with hornblende – biotite – plagioclase amphibolites common. Hornblende is diagnostic of the amphibolite facies and at Mulwarrie metamorphism has peaked at mid to upper amphibolite facies.

Gold mineralisation has been found in two distinct settings at Mulwarrie: –

- In narrow shear zones with only minor or no quartz veining, with limited calcsilicate alteration haloes and with erratic but occasionally high gold values. The zones of mineralisation may be up to 2 m wide but are generally less than 50 cm. They are conformable to the stratigraphy and foliation; and
- The second and most important type of gold mineralisation is associated with quite flat dipping often massive quartz reefs with strong diopside, biotite, epidote and carbonate alteration haloes. Pyrrhotite and pyrite development is also strong within and adjacent to the quartz reefs. Minor amounts of chalcopyrite, galena and sphalerite are also associated with gold mineralisation. Gold is found within quartz reefs, within biotite selvages to the quartz veins and also in the associated country rocks.

8.0 Valuation of the Projects

When valuing any mineral asset/project it is important to consider as many factors as possible that may either assist or impinge upon the current cash value estimates of the mineral asset under consideration. In this Report AM&A considers that the primary features to be taken into account are the Tenement Security; Available Infrastructure; Relevant Expenditure on development, Resource Estimations and the general Geological Setting.

Basically, these items are covered with regards to tenement security, infrastructure, previous exploration concepts and a favourable geological environment.

8.1. Selection of Valuation Methods

The following valuation methods, as described above in section 2, are not considered applicable for the respective reasons provided:

- The Discounted Cash Flow method cannot be used for the Project as the lack of mineral reserve estimates precludes a DCF;
- The Kilburn 'prospectivity' method - as the range of values generated is typically too wide to be realistic.
- Comparable transactions – with the recent general demise of the exploration industry, through lack of 'high-risk funds', this has curtailed much activity thus no similar recent relevant transactions could be located for similar projects.
- Real estate value which is usually based on a value ascribed to varying areas of tenement holdings which may consequently become unrealistic due to the varying areas of projects.
- The Empirical method was deemed unreliable since there are only minimal JORC Code (2012) compliant resource estimates.

Accordingly, the average of the MEE with a large discount to the exploration target and the JV methods and the actual purchase price of several of the areas, both with appropriate discount factors, have been adapted as the basis for the estimation of the value.

The MEE method was applied to the supplied historical expenditures for the projects inflated by the Reserve Bank of Australia Inflation Calculator to arrive at a present day value. A PEM factor with very large discount factor between (95% to 96%) were applied to the total inflated expenditures to arrive at present day expenditure that was then varied by $\pm 10\%$ to produce a range of values.

The Yardstick method addressed heavily discounted in situ potential mineralisation.

Details of these workings are summarised in Appendix 1.

8.2. Yardstick Method

The Exploration Target* ranges of potential mineralisation (of length times width times depth times specific gravity times grade) provides the insitu mineralisation tonnage potential for key working areas. To allow for various risks (geological, geotechnical, discovery, commodity price, currency fluctuation, environmental) a discount factor of 99% was applied to the theoretical mineralisation value ranges. **Note that exploration targets are conceptual in nature and further work may or may not outline a resource in part or in whole.*

8.3. Valuation Conclusions

The summary result for the methods is presented in Table 4. As stated above the average of the MEE and the Yardstick methods plus the purchase price SPI recently paid was selected as the most appropriate method for valuation estimate purposes.

	AGL	SPI	Totals
Low	5.56	0.82	6.38
Pref	6.18	1.04	7.22
High	6.80	1.27	8.06

Table 4: Summary Range of Current Values.

This Report concludes that the cash value of 100% of the SPI tenement portfolio as at 5th May, 2017, is ascribed at \$1.04M from within the range of \$0.82M to \$1.27M. The cash value of the AGL interests is ascribed at \$6.18M from within the range of \$5.56M and \$6.80M; also at 5th May, 2017.

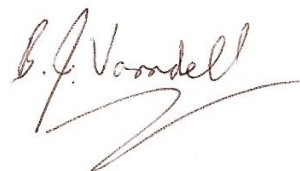
Yours faithfully,

(Signed)



Allen J. Maynard
BAppSc(Geol), MAIG, MAusIMM.

(Signed)



Brian J. Varndell
BSc(Spec Hons) FAusIMM.

Competent Persons Statement

The information in this report which relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves 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 AI 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.

Competent Persons Statement

The information in this report which relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brian Varndell, who is a Fellow of the Australasian Institute of Mining and Metallurgy and independent consultant to the Company. Mr Varndell is an associate of AI Maynard & Associate Pty Ltd and has over 40 years of exploration and mining experience in a variety of mineral deposit styles including iron ore mineralisation. Mr Varndell 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 Varndell consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

9.0 References

9.1. Valuation

AusIMM - JORC Code, 2012. *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve*, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (JORC), 2012 Edition.

AusIMM. (2012): "Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code)" 2012 Edition.

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Rudenno, V. 2009: "The Mining Valuation Handbook" 3rd Edition.

Reserve Bank Inflation Calculator, Australia 2017:- <http://www.rba.gov.au/calculator/annualDecimal.html>

9.2. Reports

HISTORICAL REPORTS FOR THE ALICE RIVER PROJECT, QLD

REPORT No	COMPANY	TIME PERIOD	TITLE
CR7047	ANACONDA AUSTRALIA	4/7/1978 - 3/1/1979	HALF YEARLY REPORT FOR PERIOD ENDING 3/1/1979 POTALLAH CREEK A to P 1881M
CR7320	ANACONDA AUSTRALIA	4/1/1979 - 3/7/1979	HALF YEARLY REPORT FOR PERIOD ENDING 3/7/1979 POTALLAH CREEK A to P 1881M
CR7421	GEOPEKO	FEB - AUG 1979	HALF YEARLY REPORT FEB - AUG 1979 POTALLAH A to P 1895M
CR7458	ANACONDA AUSTRALIA	5/1/1978 - 4/1/1980	FINAL REPORT FOR RELINQUISHED PORTION OF POTALLAH CREEK A to P 1881M
CR8023	GEOPEKO	JAN - JUNE 1980	HALF YEARLY REPORT 1980 A to P 1895M POTALLAH
CR8123	ANACONDA AUSTRALIA	3/1/1980 - 2/7/1980	A To P 1881M POTALLAH 6 MONTHLY REPORT FOR PERIOD ENDING 2/7/1980
CR11229	TEOS MINES NL	31/12/1980	PROGRESS REPORT TO 31/12/1980 A to P 2547 ALICE RIVER GOLD FIELD
CR8706	CSR LIMITED	20/9/1980 - 19/3/1981	REPORT ON EXPLORATION FOR 6 MONTHS ENDED 19/3/1981 A to p 2605M ALICE RIVER PROSPECT
CR11861	ANACONDA AUSTRALIA	3/9/1982 - 2/9/1984	POTALLAH A to P 3344M RELINQUISHMENT REPORT
CR14757	BAMBOO CREEK HOLDINGS LTD	DEC 1984	ALICE RIVER PROJECT RECON FIELD PROGRAM DEC 1984 A to P 3775M & 3812M
CR17495	CYPRUS MINERALS AUSTRALIA	14/12/1986 - 13/6/1987	PROGRESS REPORT 6 MONTHS TO 13/6/1987 ALICE RIVER A to P 4551M & 4610M
CR19702	CYPRUS GOLD AUSTRALIA	DEC 1987 - DEC 1988	PROGRESS REPORT 12 MONTHS TO DEC 1988 ALICE RIVER A to P 4551M, 4610M & 5023M
CR21405	CYPRUS/ ARIMCO NL	APRIL 1990	ALICE RIVER RESOURCE CALCULATIONS APRIL 1990
CR21646A	CYPRUS GOLD AUSTRALIA	DEC 1988 - DEC 1989	PROGRESS REPORT 12 MONTHS TO DEC 1989 ALICE RIVER A to P 4551M, 4610M & 5023M
CR22502	CYPRUS GOLD AUSTRALIA	13/1/1987 - 12/1/1990	FINAL REPORT FOR ALICE RIVER A to P 4551M, 4610M & 5023M
NONE	CYPRUS GOLD AUSTRALIA/ BECKSTAR PTY LTD	1990 - 1991	EXPLORATION AT THE ALICE RIVER PROJECT INTERIM REPORT & RESOURCE REPORT A to P 2551
CR23419	BECKSTAR PTY LTD	23/2/1991 - 22/8/1991	PROGRESS REPORT 6 MONTHS TO 22/8/1991 ALICE RIVER EPM 7566
CR24616	MIM EXPLORATION PTY LTD	18/6/1991 - 17/6/1992	COEN INLIER PROJECT EPM'S 8019-8021, 8187 & 8391 COMBINED ANNUAL REPORT FOR 12 MONTHS 18/6/91 TO 17/6/92
CR24051	BECKSTAR PTY LTD	23/8/1991 - 22/2/1992	PROGRESS REPORT 6 MONTHS TO 22/2/1992 ALICE RIVER EPM 7566
NONE	BECKSTAR PTY LTD	23/8/1992 - 22/2/1993	PROGRESS REPORT 6 MONTHS TO 22/2/1993 ALICE RIVER EPM 7566
NONE	BECKSTAR PTY LTD	23/2/1993 - 22/8/1993	PROGRESS REPORT 6 MONTHS TO 22/8/1993 ALICE RIVER EPM 7566
NONE	BECKSTAR PTY LTD	23/8/1993 - 22/2/1994	PROGRESS REPORT 6 MONTHS TO 22/2/1994 ALICE RIVER EPM 7566
NONE	GEOPHYSICAL RESEARCH INSTITUTE	26/9/1995	PROJECT No95051 HIGH DEFINITION MAGNETOMETER SURVEY FOR MINERAL EXPLORATION ALICE QUEEN & POSIE GRIDS
CR27812	BECKSTAR PTY LTD	1995	PROGRESS REPORT TO DEC 1995 ALICE RIVER PROJECT A to P 7566
NONE	BAMBOO CREEK HOLDINGS LTD	?	RESOURCE CALCULATIONS

Valuation of the SPI & AGL Projects – Australia

NONE	SUBLOO INTERNATIONAL RESOURCE CORP	1996	1996 INTERIM REPORT & EXPLORATION PROGRAM
NONE	GOLDMINCO CONSOLIDATED MINING CORP	OCT 1996	HIGH DEFINITION MAGNETOMETER SURVEYS FOR MINERAL EXPLORATION GRI PROJECT 96108
NONE	GOLDMINCO CONSOLIDATED MINING CORP	1996	ALICE RIVER EXPLORATION 1996 REPORT
NONE	GOLDMINCO CONSOLIDATED MINING CORP	JAN 1997	THE POSIE PROSPECT & ENVIRONS INTERPRETATION OF MAGNETIC ANOMALIES JAN 1997
NONE	GOLDMINCO CONSOLIDATED MINING CORP	MARCH 1997	THE POSIE & ALASKA PROSPECTS & ENVIRONS INTERPRETATION OF MAGNETIC ANOMALIES MARCH 1997
NONE	GOLDMINCO CONSOLIDATED MINING CORP	DEC 1996 - MARCH 1997	ALICE RIVER EXPLORATION DEC 1996 TO MARCH 1997
NONE	GOLDMINCO CONSOLIDATED MINING CORP	1997	ALICE RIVER EXPLORATION 1997
NONE	TINPITCH PTY LTD	1997	ALICE RIVER PROJECT DRILLING RESULTS 1997
CR29604	BECKSTAR PTY LTD	DEC1996 - DEC 1997	PROGRESS REPORT 12 MONTHS TO DEC 1997 ALICE RIVER GOLD PROJECT EPM 7566
NONE	CYPRUS GOLD AUSTRALIA CORP	14/7/1987 - 13/1/1988	PROGRESS REPORT A to P 4551M & 4610M 6 MONTHS TO 13/1/1988 ALICE RIVER
CR30510	GOLDMINCO CONSOLIDATED MINING CORP	1998	1998 EXPLORATION REPORT ALICE RIVER PROJECT
NONE	CYPRUS GOLD AUSTRALIA CORP	DEC 1987 - DEC 1988	PROGRESS REPORT 12 MONTHS TO DEC 1988 ALICE RIVER A to P 4551M, 4610M & 5023M
NONE	GOLDMINCO CONSOLIDATED MINING CORP	13/5/1999	AMDEL METALLURGICAL TESTING OF ALICE RIVER SAMPLE REPORT N122LH98 (PART 2) 13 MAY 1999
NONE	TINPITCH PTY LTD	2/6/2004	KETTLEWELL & ASSOCIATES ASSESSMENT OF ALICE RIVER PROJECT 2/6/2004
NONE	OZ CIVIL PTY LTD	5/9/2005	TABLELAND ANALYTICAL PTY LTD - ALICE RIVER TAILINGS TEST WORK 5/9/2005
NONE	OZ CIVIL PTY LTD	5/9/2005	AMDEL REPORT N1544PE05 PETROLOGY OF 5 ROCK SPECIMENS
NONE	AUSTRALIAN GOLD CORP PTY LTD	25/3/2006	ORE TESTING BY NORTH QUEENSLAND ANALYTICAL 25/3/2006 ALICE QUEEN
NONE	AUSTRALIAN GOLD CORP PTY LTD	3/7/2006	GEOLOGICAL OVERVIEW OF THE ALICE RIVER GOLD PROJECT 3/7/2006
CR31639	TINPITCH PTY LTD	1/7/2005 - 11/2/2008	REPORT FOR THE RELINQUISHED PORTION OF ALICE RIVER EPM14313 & APPENDICES
NONE	AUSTRALIAN GOLD CORP PTY LTD	JUNE 2009	MEMORANDUM OF INFORMATION ALICE RIVER GOLD PROJECT JUNE 2009
NONE	AUZ GOLD HOLDINGS PTY LTD	APRIL 2010	REPORT ON VISIT TO ALICE RIVER GOLD PROJECT
NONE	ALICE RIVER GOLD PTY LTD	29/8/2103	INFORMATION MEMORANDUM ALICE RIVER GOLD PROJECT 29/8/2013
NONE	TINPITCH PTY LTD	9/12/2014	ALICE RIVER GOLD - PROJECT OVERVIEW 9/12/2014 BY SNOWDEN

HISTORICAL REPORTS FOR THE MULWARRIE PROJECT, WA.

ACCESSION No	COMPANY	TIME PERIOD	TITLE
A13453	PANCONTINENTAL MINING LIMITED	22/11/1982 - 21/11/1983	ANNUAL REPORT, GML'S 30/1363-1369, MULWARRIE
A15034	PANCONTINENTAL MINING LIMITED	MARCH 1985	SUMMARY REPORT MULWARRIE PROJECT EL 30/3
A15148	PANCONTINENTAL MINING LIMITED	1/7/1984 - 7/3/1985	SUMMARY REPORT PL'S 30/7-11 VOL 1, TEXT, PLATES 1-5
A15310	PANCONTINENTAL MINING LIMITED	15/11/1983 - 14/11/1984	SUMMARY REPORT - MULWARRIE PL'S 30/120-129, 136, 317-319
A16405	MAITLAND MINING NL	MARCH 1984 - MARCH 1985	MULWARRIE GOLD PROSPECT, ANNUAL EXPLORATION REPORT
A17100	PANCONTINENTAL MINING LIMITED	DECEMBER 1984 - DECEMBER 1985	ANNUAL REPORT 1985, MULWARRIE PROJECT, PL'S 30/121-128, 136, 317, 30/16
A17487	PANCONTINENTAL MINING LIMITED	1985	MULWARRIE PROJECT, ANNUAL REPORT 1985, EL 30/3
A17517	PANCONTINENTAL MINING LIMITED	MARCH 1986	MULWARRIE JV INTERIM REPORT, MARCH 1986
A18287	PANCONTINENTAL MINING LIMITED	JUNE 1985 - JUNE 1986	REPORT ON ACTIVITIES PL 30/120, 129, 382, 383, 318, 319 MULWARRIE AREA
A19934	PANCONTINENTAL MINING LIMITED	16/10/1986 - 20/10/1986	MULWARRIE JV INTERIM REPORT, GEOLOGICAL EVALUATION E30/3
A20178	PANCONTINENTAL MINING LIMITED	1986, INCLUDES 1983-1985 SUMMARY	MULWARRIE JV INTERIM REPORT JANUARY 1987, VOL 1, PL'S 30/7-11
A25061	PANCONTINENTAL MINING LIMITED	JULY 1998	MULWARRIE JV INTERIM REPORT JULY 1998, VOL 1/1
A33149	PANCONTINENTAL MINING LIMITED	OCT 1989 - OCT 1990	MULWARRIE JV ANNUAL REPORT M30/64-66, 78, 81, 83 OCT 1989 - OCT 1990
A34176	PANCONTINENTAL MINING LIMITED	1988	GEOLOGICAL REPORT M30/24, 41, 71 & PL'S 30/7-11
A35194	CONSOLIDATED EXPLORATION LIMITED	1990 - 1991	FINAL REPORT MULWARRIE SOUTH JV PL'S 30/810 & 829
A42387	J. HOPPMANN & H. REIF	10/6/1993 - 10/6/1994	ANNUAL REPORT FOR MULWARRIE E30/96
A45016	CONSOLIDATED EXPLORATION LIMITED	3/7/1992 - 2/7/1994	MULWARRIE SOUTH P30/841 COMBINED ANNUAL REPORT 3/7/92 - 2/7/94
A45421	BROADMEADOW PTY LTD	6/5/1994 - 5/5/1995	ANNUAL REPORT 6/5/94 - 5/5/95 PL30/891 MULWARRIE PROSPECT, WA
A46342	ABERFOYLE RESOURCES LIMITED	22/10/1994 - 21/10/1995	ANNUAL TECHNICAL REPORT E30/102 & 103 DAVYHURST REGIONAL JV MULWARRIE

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A46823	CONSOLIDATED GOLD NL	11/6/1994 - 10/6/1995	E30/96 MULWARRIE ANNUAL REPORT TO 10/6/95
A48167	CONSOLIDATED GOLD NL	6/5/1995 - 5/5/1996	P30/891 ANNUAL REPORT 6/5/95 - 5/5/96
A49649	ABERFOYLE RESOURCES LIMITED	22/10/1995 - 21/10/1996	E30/102 & E30/103 ANNUAL TECHNICAL REPORT 22/10/95 TO 21/10/96
A53408	ORYX RESOURCES NL	11/6/1196 - 10/6/1997	MULWARRIE PROJECT E30/96 ANNUAL REPORT FOR YEAR ENDING 10/6/1997
A55841	DELTA GOLD NL	10/4/1997 - 9/4/1998	LADY IDA PROJECT ANNUAL REPORT 10/4/97 - 9/4/98 FOR MULWARRIE OPTION P30/931
A55886	H. F. REIF & J. E. HOPPMANN	11/6/1997 - 10/6/1998	MULWARRIE PROJECT E30/96 ANNUAL REPORT FOR YEAR ENDING 10/6/1998
A60534	DELTA GOLD LIMITED	10/4/1999 - 9/4/2000	MULWARRIE OPTION P30/931 ANNUAL TECHNICAL REPORT 10/4/1999 TO 9/4/2000
A61045	H. F. REIF	11/6/1999 - 10/6/2000	MULWARRIE PROJECT E30/96 ANNUAL REPORT FOR YEAR ENDING 10/6/2000
A71138	H. F. REIF	11/6/2004 - 10/6/2005	MULWARRIE PROJECT E30/96 ANNUAL REPORT FOR YEAR ENDING 10/6/2005
A72147	RIVERINA RESOURCES	12/3/2005 - 11/3/2006	ANNUAL TECHNICAL REPORT 12/3/2005 TO 11/3/2006 PL'S P30/958-961 COMBINED REPORT C93/2005
A73247	HODGES RESOURCES LIMITED	1/7/2005 - 30/6/2006	COMBINED ANNUAL TECHNICAL REPORT FOR THE MULWARRIE PROJECT P30/987, 992-996, C161/2005
A74738	RIVERINA RESOURCES	12/3/2006 - 11/3/2007	ANNUAL TECHNICAL REPORT 12/3/2006 TO 11/3/2007 PL'S P30/958-961, COMBINED REPORT C93/2005

10.0 Glossary of Technical Terms and Abbreviations

Anomaly	Value higher or lower than the expected or norm.
Base metal	Generally a metal inferior in value to the precious metals, e.g. copper, lead, zinc, nickel.
Complex	An assemblage of rocks or minerals intricately mixed or folded together.
Diamond drill	Rotary drilling using diamond impregnated bits, to produce a solid continuous core sample of the rock.
Dip	The angle at which a rock layer, fault or any other planar structure is inclined from the horizontal.
Fault	A fracture in rocks on which there has been movement on one of the sides relative to the other, parallel to the fracture.
Intercept	The length of rock or mineralisation traversed by a drillhole.
JORC	Joint Ore Reserves Committee- Australasian Code for Reporting of Identified Resources and Ore Reserves.
Mineralisation	In economic geology, the introduction of valuable elements into a rock body.
Ore	A mixture of minerals, host rock and waste material which is expected to be mineable at a profit.
Outcrop	The surface expression of a rock layer (verb: to crop out).
Primary	Mineralisation which has not been affected by near surface mineralisation oxidising process.
Quartz	A very common mineral composed of silicon dioxide-SiO ₂ .
RAB	Rotary Air Blast (as related to drilling)—A drilling technique in which the sample is returned to the surface outside the rod string by compressed air.
RC	Reverse Circulation (as relating to drilling)—A drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.
Reconnaissance	A general examination or survey of a region with reference to its main features, usually as a preliminary to a more detailed survey.
Remote Sensing	Geophysical data obtained by satellites processed and presented Imagery as photographic images in real or false colour combinations.
Reserve	In-situ mineral occurrence which has had mining parameters applied to it, from which valuable or useful minerals may be recovered.
Resource	In-situ mineral occurrence from which valuable or useful minerals may be recovered, but from which only a broad knowledge of the geological character of the deposit is based on relatively few samples or measurements.
Shear (zone)	A zone in which shearing has occurred on a large scale so that the rock is crushed and brecciated.
Stratigraphy	The succession of superimposition of rock strata. Composition, sequence and correlation of stratified rock in the earth's crust.
Strike	The direction or bearing of the outcrop of an inclined bed or structure on a level surface.

Abbreviations

B	Billion	m³	cubic metre
g	gram	mm	millimetre
kg	kilogram	M	million
km	kilometre	oz	troy ounce
km²	square kilometre	t	tonne
m	metre	µm	micron
m²	square metre		


	SPI	Pref	Low	High
		0.8	0.6	1
Purchase Cost to SPI	Ave			
0.148	0.12	0.12	0.11	0.14
0.204	0.12	0.12	0.11	0.13
	Total	1.04	0.82	1.27

JV \$M	Earn	over 4Yrs	Earn	100%	Allow 50%
5.0	51%	5.0	75%	13.3	6.67
				100%	Allow 75%
1.0	51%	1.0	70%	2.86	2.14
				Total	8.81

Independent Technical Valuation Report – AM&A

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

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Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 11:00am (WST) Tuesday, 27 June 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔



☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form


Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Spitfire Materials Limited hereby appoint

☐ the Chairman of the Meeting **OR**


 **PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Spitfire Materials Limited to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday, 29 June 2017 at 11:00am (WST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 12 to 16 (except where I/we have indicated a different voting intention below) even though Resolutions 12 to 16 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 12 to 16 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

 **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS		For	Against	Abstain			For	Against	Abstain
Resolution 1	Acquisition of Admiral Gold Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Related Party Participation in Capital Raising - Mr Russell Hardwick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Acquisition of Admiral Gold Limited - Related Party (MrJohn Young)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Election of Director - Mr Neil Biddle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Acquisition of Admiral Gold Limited - Related Party (Mr Neil Biddle)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Election of Director - Mr John Young	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Acquisition of Admiral Gold Limited - Related Party (Mr Alan Boys)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12	Enable the Issue of Performance Rights and Options under an Employee Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Prior Issue - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 13	Issue of Performance Rights to Related Party - Mr Russell Hardwick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Prior Issue - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 14	Issue of Performance Rights to Related Party - Mr Neil Biddle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 15	Issue of Performance Rights to Related Party - Mr John Young	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Related Party Participation in Capital Raising - Mr Ian Huitson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 16	Issue of Performance Rights to Related Party - Mr Alan Boys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /