



ASX: SPI



ASX: AQQ

## Merger Presentation – August 2017

**Creating a leading Australian gold development company**



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# Competent Person's Statement

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## **SPI Competent Persons Statement**

The information in this presentation relating to Exploration Results and Mineral Resources is based on information compiled by the Company's proposed Managing Director, Mr John Young, a competent person, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Young has sufficient experience relevant to the style of mineralisation and to the type of activity described to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Young has disclosed to the Company that he is a substantial shareholder in the Company. Mr Young consents to the inclusion in this announcement of the matters based on his information in the form and content in which it appears.

## **AQQ Competent Persons Statement**

The information in the report to which this statement is attached that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Eduard Eshuys, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Eduard Eshuys has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Eshuys consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **AQQ Notes on JORC Resource Estimate**

The JORC Resource for the Aphrodite Gold Project consists of 7.77Mt @ 2.97g/t Au for 741,364 ounces (Indicated) and 5.33Mt @ 3.03g/t Au for 519,502 ounces (Inferred) totalling 13.10Mt @ 2.99g/t Au for 1.26 Million ounces of gold. This resource has been broken down into two domains; potential open pit (0 to 150m depth) and underground (below 150 to 540m depth). Potential open pit resources consist of 6.21Mt @ 2.06g/t Au for 411,002 ounces (Indicated) and 3.95Mt @ 1.47g/t Au for 187,199 ounces (Inferred) totalling 10.17Mt @ 1.83 g/t Au for 598,201 ounces at a cut-off grade of 0.5g/t. Potential underground resources consist of 1.55Mt @ 6.60g/t Au for 330,362 ounces (Indicated) and 1.38Mt @ 7.49g/t Au for 332,303 ounces (Inferred) totalling 2.93Mt @ 7.00 g/t Au for 662,665 ounces at a cut off grade of 3.0g/t. Full details of the JORC resource are contained in the Company's ASX announcement of 27 June 2017. Note: Spitfire has not undertaken sufficient work to independently verify the JORC Mineral Resource for the Aphrodite Gold Project. Further evaluation work and appropriate studies may be required for Spitfire to independently verify the JORC Mineral Resource. Following completion of the merger, Spitfire expects to undertake this work within 12 months.

## **Forward Looking Statements**

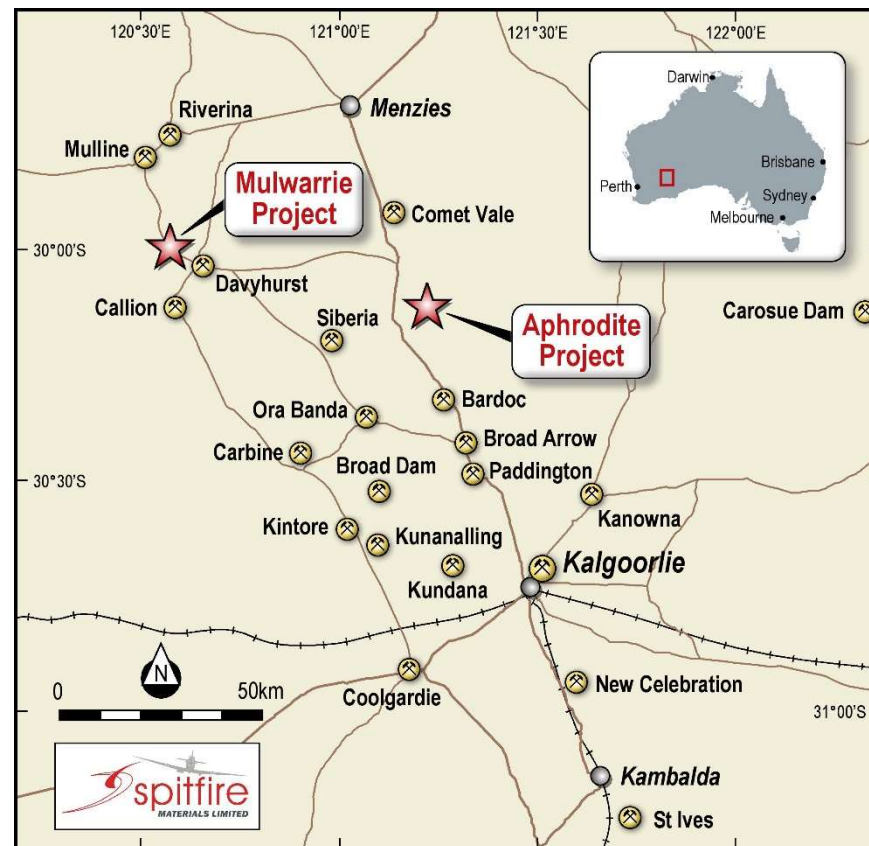
Statements regarding plans with respect to the Company's mineral properties are forward looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as expected. There can be no assurance that the Company will be able to confirm the presence of mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties

# Creating a Leading ASX-Listed Gold Developer

**Combined company will have ~1.3Moz in JORC resources, a vast and highly prospective exploration portfolio in WA and Queensland and will be led by the highly successful management team which founded Pilbara Minerals**

## Strong Strategic Rationale for the Merger:

- ✓ Enhanced asset portfolio and project pipeline
- ✓ Creates a company that is technically strong with a **substantial resource inventory** plus considerable exploration upside
- ✓ **Strong synergies** between the two companies' North Kalgoorlie gold projects
- ✓ The combined entity plans to embark on aggressive drilling programs aimed at expanding the existing Mineral Resource inventory at Aphrodite and establishing JORC resources at Mulwarrie
- ✓ This will establish the foundations for a Definitive Feasibility Study (DFS) aimed at fast-tracking the development of a substantial new WA gold production hub near Kalgoorlie
- ✓ Increased market profile, market capitalisation and liquidity for both sets of shareholders
- ✓ Strengthened board and management
- ✓ Expanded technical expertise with existing AQQ geological staff to remain with Spitfire



# Transaction Details

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## Transaction Structure

- Merger to be implemented via a Scheme of Arrangement (Spitfire to be the surviving entity)
- Aphrodite shareholders to receive 1 Spitfire share for every 2.9 Aphrodite shares held

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## Board Composition

- Two Spitfire Board members will remain (Neil Biddle and John Young)
- Two Aphrodite directors, Peter Buttigieg and Roger Mitchell, to join the Spitfire Board

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## Combined Group

- Both Aphrodite shareholders and Spitfire shareholders will each hold approximately 50% of Spitfire post-completion of the Transaction
  - Combined group market capitalisation of approximately A\$60.8 million @ 0.13c
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# Benefits of the Merger

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## Benefits for Spitfire Shareholders

- ❑ Diversifies Spitfire's asset base via exposure to the advanced Aphrodite Gold Project
- ❑ Provides access to ~1.3Moz resource base and increased land holding with significant exploration upside
- ❑ Spitfire, as a possible near-term producer, will have the capacity to benefit from a re-rating and be able to demonstrate a pipeline of projects

## Benefits for Aphrodite Shareholders

- ❑ Compelling premium whilst retaining exposure to the Aphrodite Gold Project
- ❑ Strengthened financial platform and enhanced access to capital
- ❑ Gain exposure to Spitfire's high quality exploration portfolio while retaining upside from the Aphrodite Gold Project
- ❑ Benefits of diversification
- ❑ Provides long term Aphrodite shareholders with new direction in progressing the Aphrodite Gold Project towards development
- ❑ Provides high quality additions to the exploration team

## Benefits for All Shareholders

- ❑ Creates a company with an advanced exploration and development portfolio with considerable exploration upside
- ❑ Creates a company with the ability to attract significantly greater opportunities in the Northeastern Goldfields with a large near term development project to complement Spitfire's Mulwarrie project
- ❑ Delivers and immediate growth story and diversifies investment risk
- ❑ Strengthened board and management team
- ❑ Strong synergies from adjacent and consecutive developments (Mulwarrie and Aphrodite)
- ❑ Increased liquidity and scale of combined group – enhanced access to both equity and debt markets in order to fund current and future growth opportunities
- ❑ Benefit from the enhanced financial strength to optimize funding of the combined projects, including an increased level of liquidity and exposure to a global and expanding investor base giving greater funding flexibility

# Corporate Structure & Pro Forma Capitalisation

## Pro-forma Capital Structure

	Units	SPI	AQQ	MergeCo Pro-forma
Share Price (11 August 2017)	A\$	\$0.13	\$0.024	-
Shares on issue *	m	246.7	714.4*	467.7**
SPI Performance Rights	m	20.0	-	20.0
SPI Options on Issue	m	20.2	-	20.2
AQQ Options/replacement	m	-	40.0	13.8
Market Capitalisation	A\$m	\$32.1	\$17.1	\$60.8
Cash (30 June 2017)	A\$m	\$5.6	\$0.9	\$6.5
Enterprise Value	A\$m	\$26.5	\$16.2	\$54.3 **

\*Includes issue of ~5.6 million shares to consultants of AQQ

\*\*SPI currently holds 10.46% of AQQ

## Proposed Board

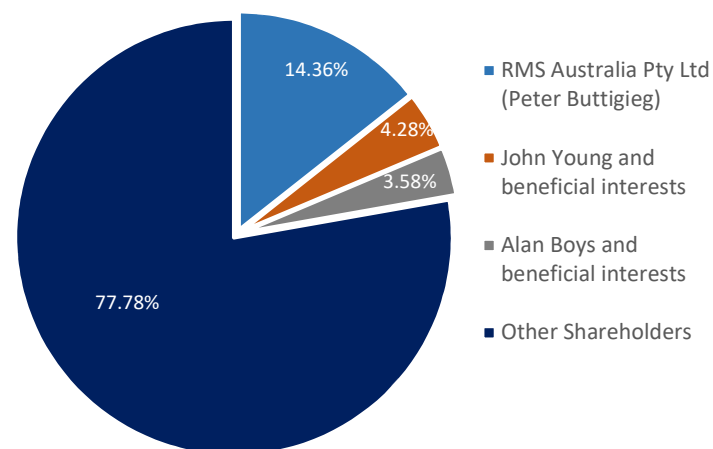
**Non-Executive Chairman** Peter Buttigieg

**Managing Director** John Young

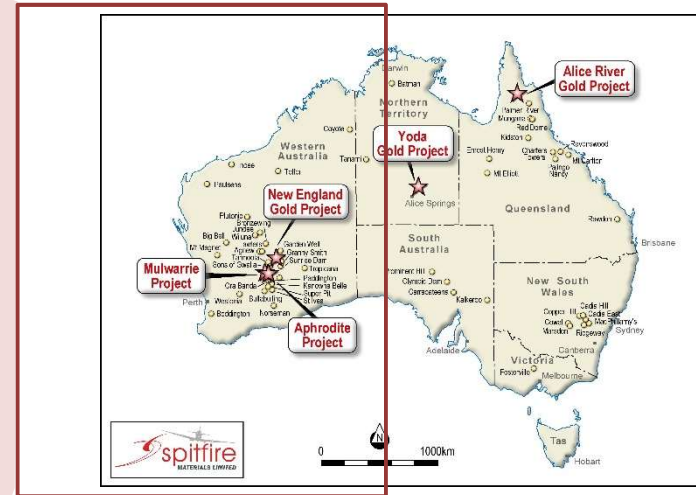
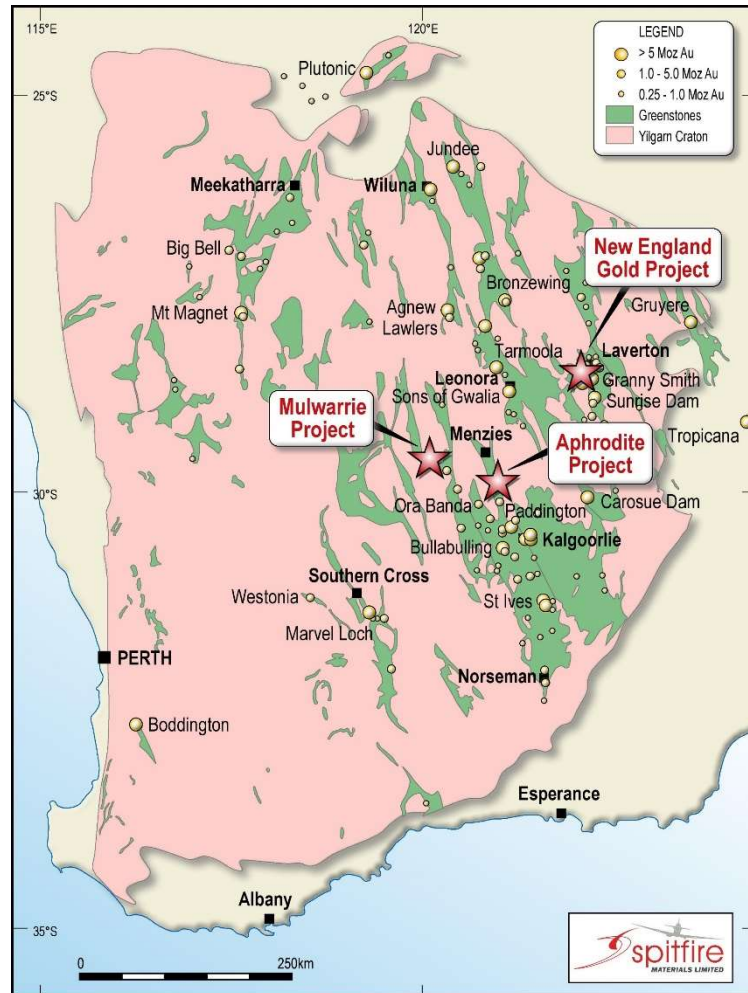
**Executive Director** Neil Biddle

**Non-Executive Director** Roger Mitchell

## MergeCo Key Shareholders



# Overview of Combined Portfolio of Projects



# Overview of Combined Portfolio of Projects

## Overview of Spitfire Projects

### Mulwarrie Gold Project

- Advanced exploration project
- Drill-ready targets allows for focused exploration
- Deposits have a history of small-scale open pit mining with no effective exploration since 1998
- Advanced exploration and resource development targets already delivering results at Mulwarrie

### Alice River Project

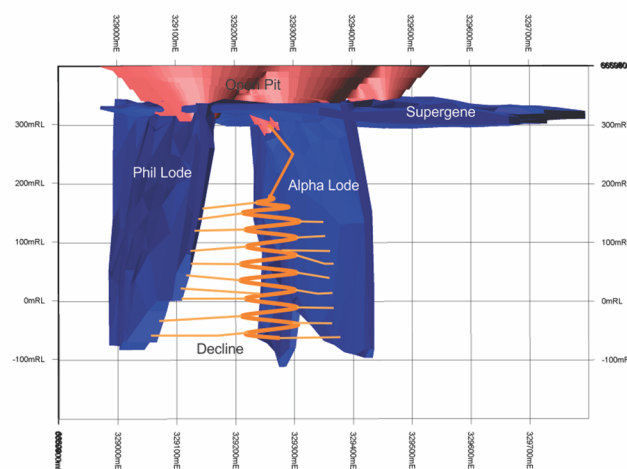
- Advanced exploration project
- Low acquisition/joint venture cost
- Drill-ready targets allows for focused exploration
- Deposits have a history of small-scale open pit mining with no effective exploration since 1998
- Large gold field with significant untapped potential
- Areas mined historically are all pre-JORC 2012
- 8 granted Mining Leases and 8 granted EPMs



## Overview of Aphrodite Projects

### Aphrodite Gold Deposit

- Advanced development project
- PFS completed
- JORC 2012: **13.1 million tonnes @ 2.99 g/t Au for 1.26 million contained ounces**
- Underground Primary resource totalling **663,000oz at 7.0g/t Au**
- Drill-ready underground targets allows for focused exploration
- The Mineral Resource is open at depth with strong mineralisation evident below 350 metres

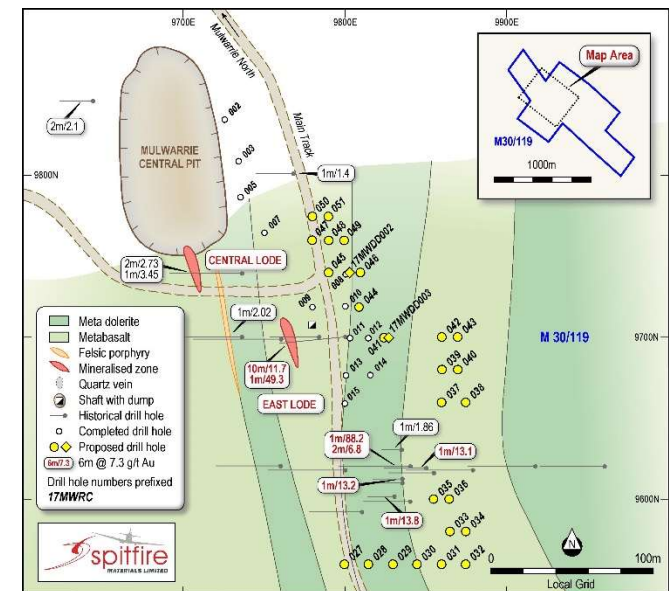
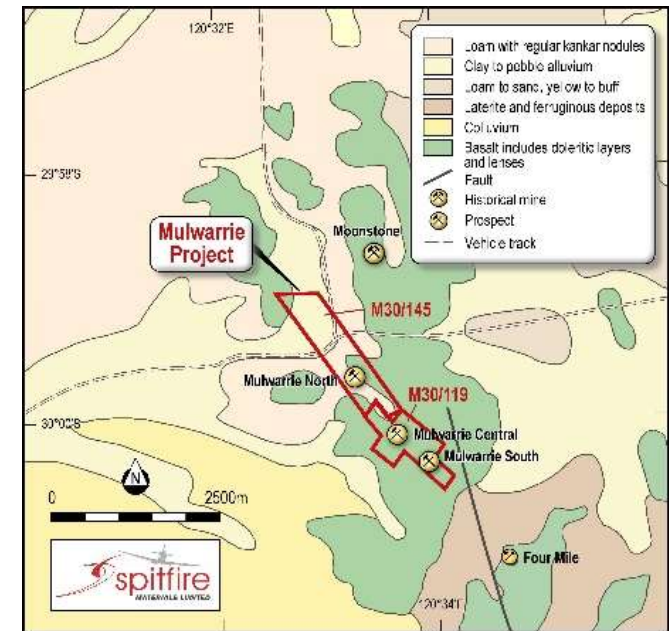


## *Spitfire Portfolio*

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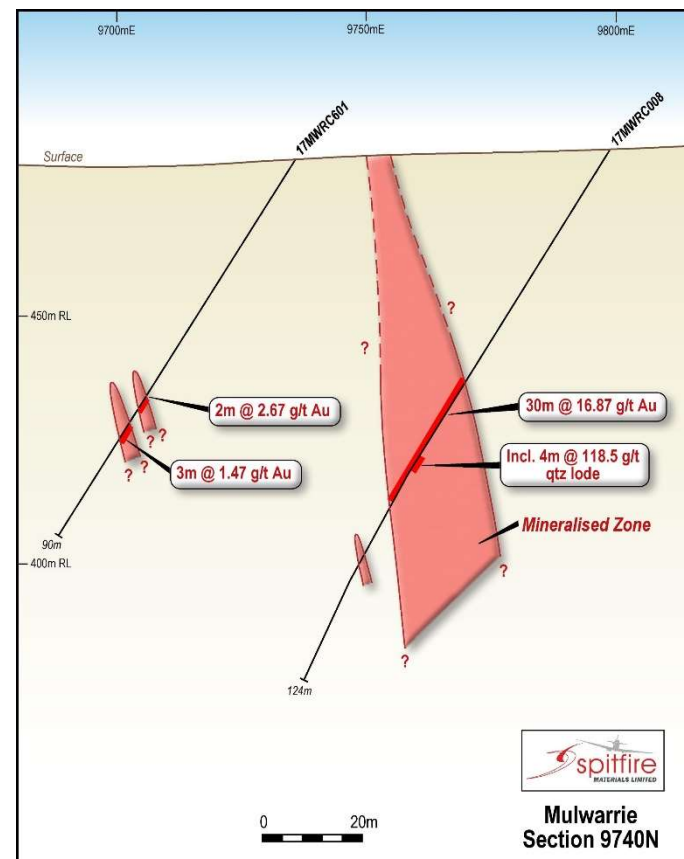
# Mulwarrie Gold Project

- Located 150km NW of Kalgoorlie with good road access
- 6km long mineralised Mulwarrie Shear Zone
- Within 10km of Davyhurst Mining Centre
- Two granted mining tenements (18sq km) with excellent potential to secure further ground
- High grade gold veins with historical pre-JORC drill intercepts (e.g. 15 m @ 9.54 g/t Au)
- **Structurally-controlled style of gold mineralisation – typical goldfields greenstone association: massive quartz reefs with strong diopside, biotite, epidote and carbonate alteration haloes**
- Shallow mineralisation
- Strong potential to developing the resource base by drilling deeper and along-strike, targeting extensions of the mineralisation



# Mulwarrie RC Drilling 2017

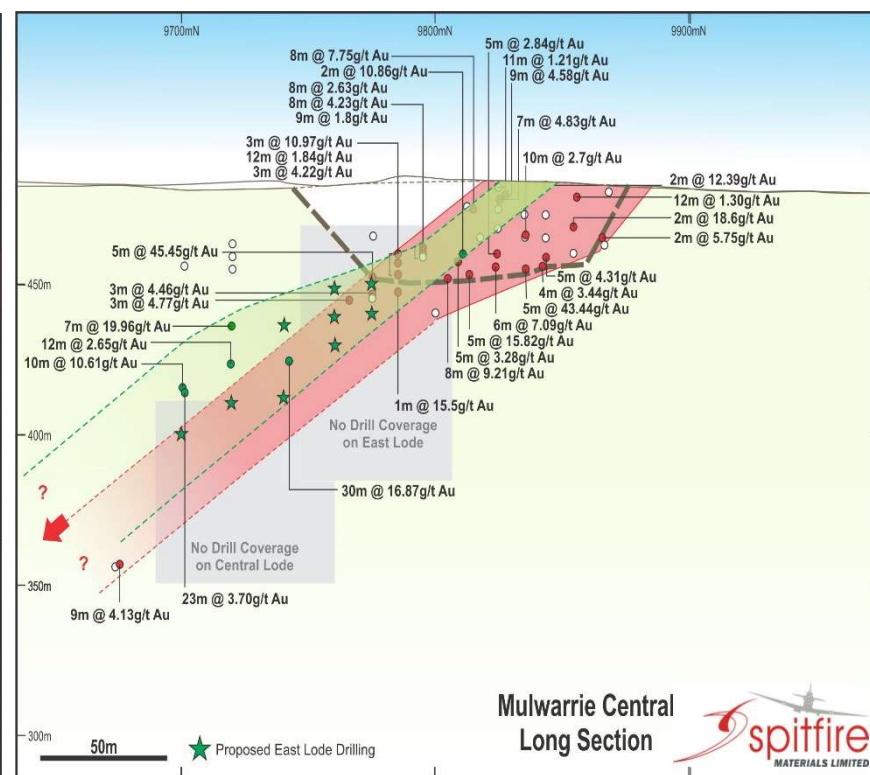
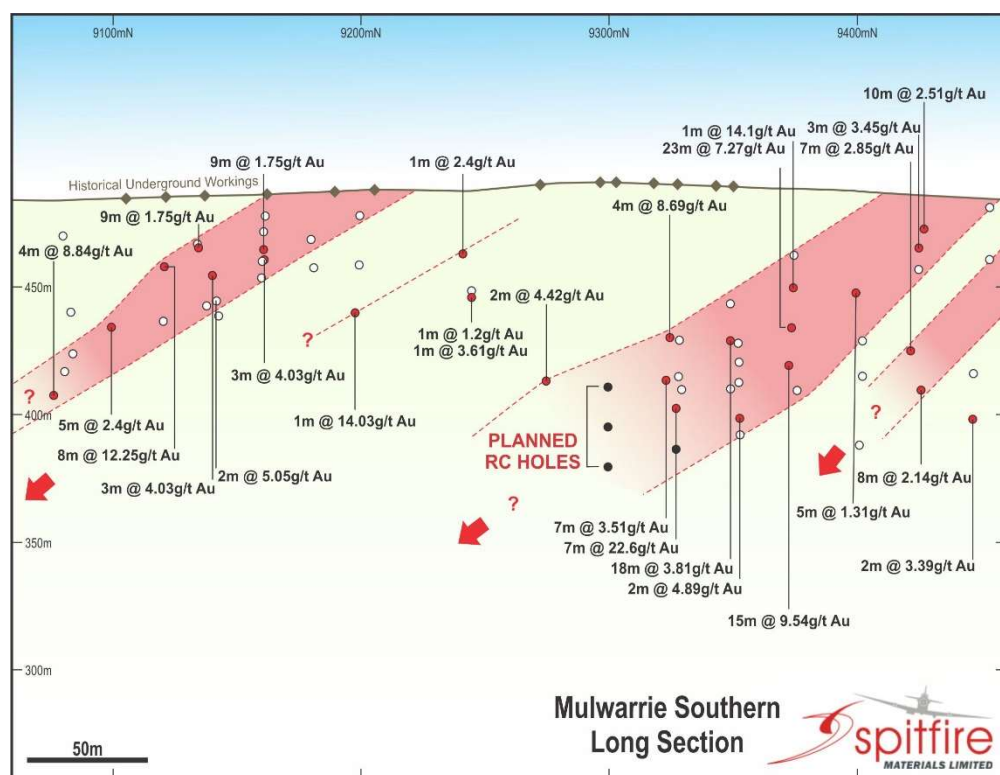
- Spitfire/Admiral Gold completed its maiden drilling program in the June Quarter, which returned highly encouraging results, intersecting significant primary gold mineralisation below and along strike from a historical gold mining area
- Drilling intersected thick zones of primary gold mineralisation both down-plunge and along strike from the historical Mulwarrie Central open pit:
  - 17MWRC008 **30m @ 16.87 g/t Au** from 56m, including:  
**4m @ 118 g/t Au** from 73m
  - 17MWRC010 7m @ 19.96 g/t Au from 53m; and  
12m @ 2.65 g/t Au from 65m
  - 17MWRC012 **23m @ 3.7 g/t Au** from 70m, including:  
**4m @ 14 g/t Au** from 70m
  - 17MWRC003 **2m @ 10.86g/t Au** from 31m
  - 17MWRC014 **9m @ 4.13 g/t Au** from 137m including  
**1m @ 16.54 g/t Au** from 137m
  - 17MWDD001 **23m @ 7.27 g/t Au** from 53m, including:  
**9.5m @ 16.26g/t Au** from 63m
  - 17MWRC018 **4m @ 8.69 g/t Au** from 67m;
  - 17MWRC019 **7m @ 22.66 g/t Au** from 97m including  
**1m @ 133 g/t Au** from 97m, and  
**5m @ 2.39 g/t Au** from 121m
  - 17MWRC024 **4m @ 8.84 g/t Au** from 87m



\*Refer - ASX Release 16 May 2017 for full results.

# Mulwarrie Central

- Further 3D leapfrog modelling is required and in-fill drilling is planned for August 2017
- Drilling designed to delineate the geometry and extent of the high-grade shoots
- The individual quartz lodes appear to extend up to 60m down-plunge and are slightly steeper than the original interpretation
- The down-plunge extent of these shoots will be drilled as well as areas where there is insufficient drill coverage



# Alice River Gold Project

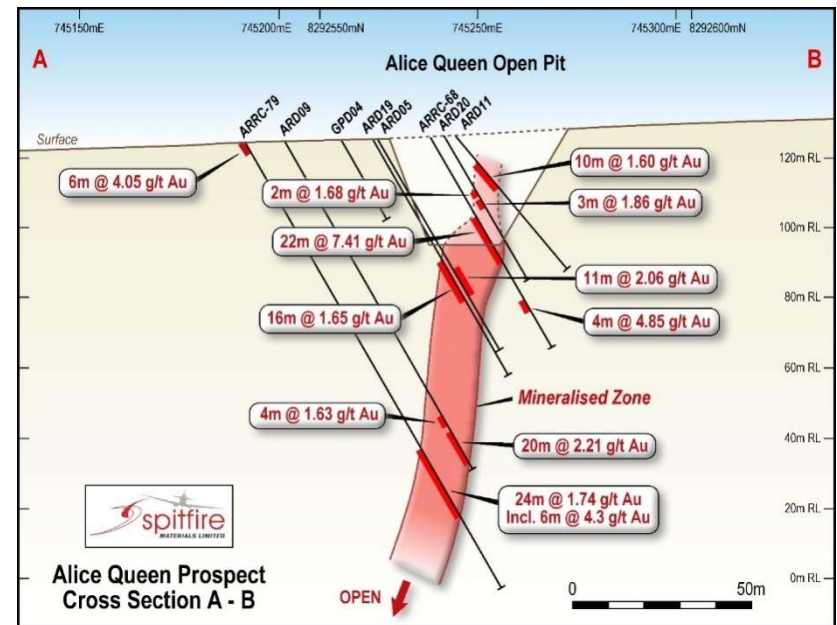
Alice River has a long history of gold exploration, with multiple advanced gold prospects and several drill-ready targets outlined by previous exploration and mining activities:

- Low acquisition/joint venture cost
- Drill-ready targets allows for focused exploration
- Deposits have a history of small-scale open pit mining with no effective exploration since 1998
- Advanced exploration and resource development targets.

• **Large gold field with significant untapped potential, with analogies including:**

Mount Leyshon	3.2Moz
Kidston	4.5Moz
Red Dome / Mungana	2.7Moz
Mount Rawdon	1.3Moz
Charters Towers	6.5Moz

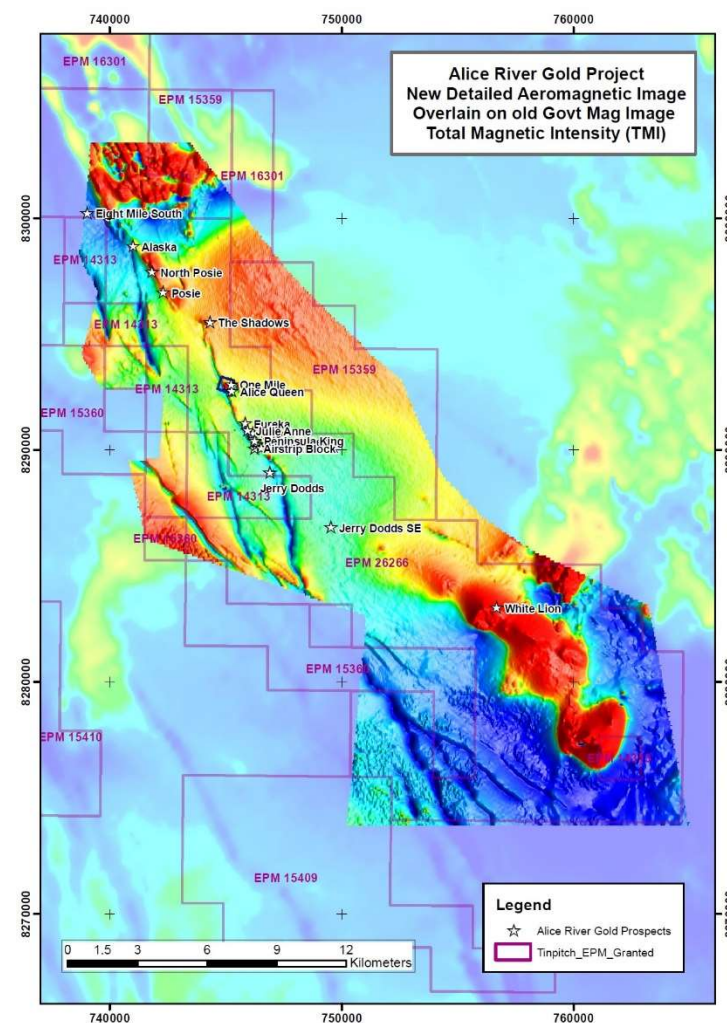
- Areas mined historically are all pre-JORC 2012
- 8 granted Mining Leases and 8 granted EPMs
- **Experienced exploration team** to unlock value



# Alice River Gold Historical Drilling

- 12 main historical gold prospects at Alice Queen, One Mile, Peninsula King, Big Blow, German Jack, Julie Anne, Posie, Jerry Dodds, The Shadows, Eureka, Airstrip and Taylors
- Database from 1987 to 1998 – 469 holes for a total of 18,294.7m of drilling and 8,322 assays

Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Prospect
ARAT-158	26	34	8	8.44	Big Blow
ARAT-158	16	34	18	4.11	Big Blow
ARAT-166	12	16	4	11.95	Jerry Dodds
ARD17	6	12	6	40.67	Alice Queen
ARD02	43	48	5	67.29	Alice Queen
ARD03	26	37	11	6.04	Alice Queen
ARD07	80	84	4	13.01	Alice Queen
ARD08	46	48	2	27.27	Alice Queen
ARD09	87	107	20	2.21	Alice Queen
ARRC-02	10	14	4	26.98	Taylors
ARRC-33	18	22	4	110.99	Julie Anne
ARRC-33	18	26	8	45.35	Julie Anne
ARRC-45	32	36	4	23.66	Big Blow
ARRC-50	42	48	6	9.75	Julie Anne
ARRC-50	36	48	12	5.23	Julie Anne
ARRC-68	28	34	6	23.75	Alice Queen
ARRC-68	20	42	22	7.41	Alice Queen
ARRC-70	30	34	4	11.17	Alice Queen
ARRC-70	38	42	4	14.86	Alice Queen
ARRC-70	30	46	16	7.26	Alice Queen

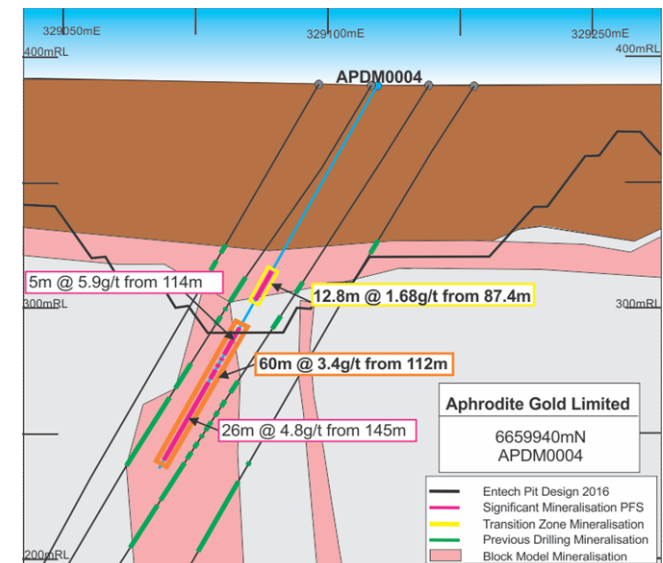
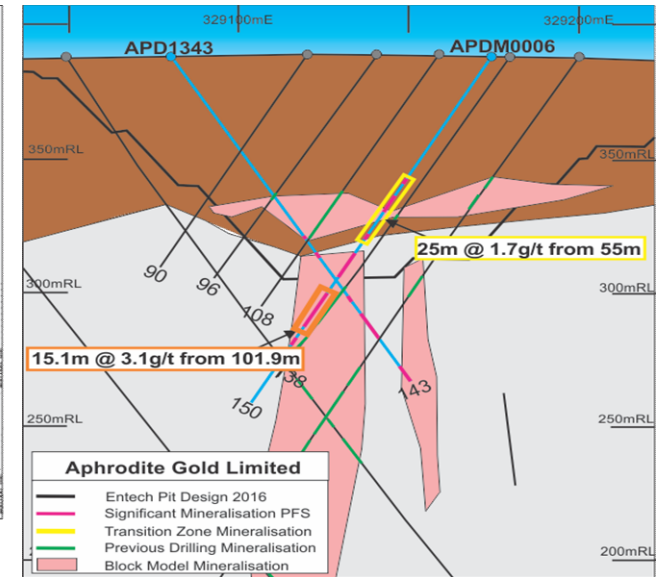
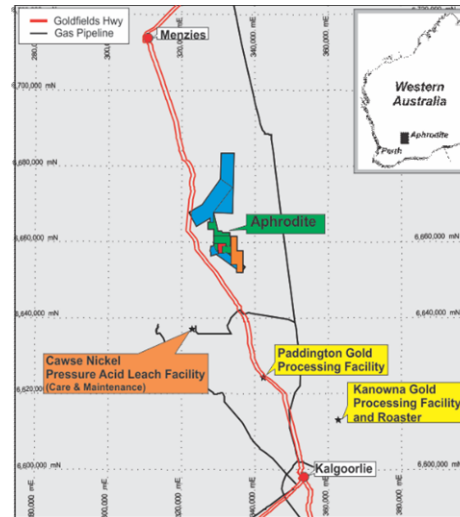


## *Aphrodite Portfolio*

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# Aphrodite Gold Deposit

- Located just 65km NW of Kalgoorlie
- Extensive exploration history since 1996
- Deposits extend north-south for over 1km
- Database containing over 200,000m of drilling
  - *Updated Resource Model 2017*  
- **13.01Mt @ 3.0 g/t for 1.26M ounces**
  - *Substantial underground resource in excess of 650,000oz at 7.0g/t Au*
  - *Recent PFS completed requires optimisation but provides a clear way forward*
  - *Excellent location, infrastructure, studies completed include: Environmental Surveys including Flora, Fauna, Heritage, Groundwater (process and potable water), Surface water study, Road access and power options, Tailings storage facilities options and costs*
- High grade gold system under-explored below 350m, with significant exploration upside beyond 700m
- **Structurally-fault controlled style of gold mineralisation – typical goldfields greenstone association: pyrite - arsenopyrite – gold in a brittle-ductile/ quartz vein system with strong sericite alteration.**
- Strong potential to developing the resource base by drilling deeper and along-strike, targeting extensions of the mineralisation

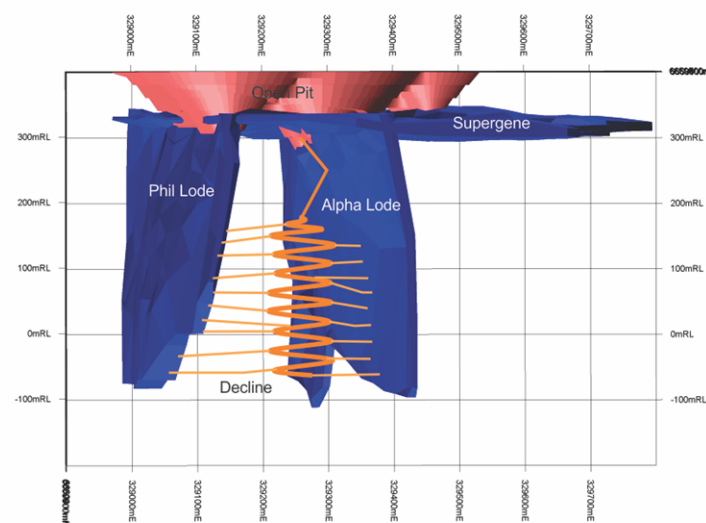
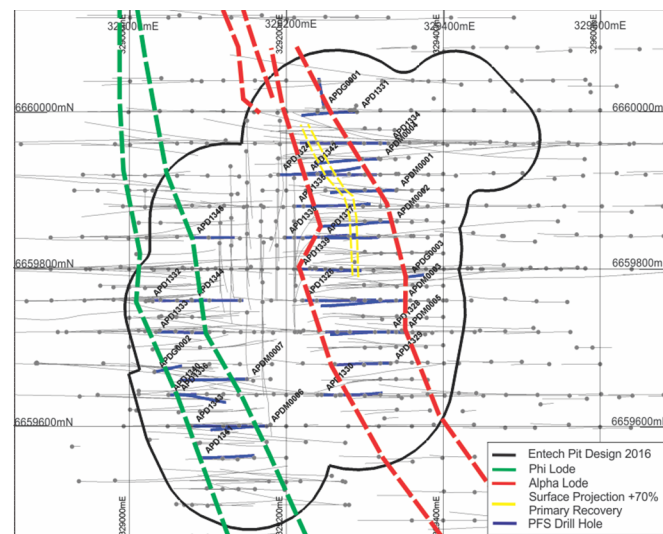


# Aphrodite Gold Deposit

- PFS resource in-fill drilling completed late 2016:

Resource	Domain	Indicated			Inferred			Indicated + Inferred		
		Tonnes		Gold	Tonnes		Gold	Tonnes		Gold
		(t)	(g/t)		(t)	(g/t)	(oz)	(t)	(g/t)	(oz)
May 2017 McDonald Speijers	Total OP	6,213,875	2.06	411,002	3,956,171	1.47	187,199	10,170,045	1.83	598,201
	UG (Primary)	1,556,158	6.60	330,362	1,380,599	7.49	332,303	2,936,758	7.00	662,665
	<b>TOTAL</b>	<b>7,770,033</b>	<b>2.97</b>	<b>741,364</b>	<b>5,336,770</b>	<b>3.03</b>	<b>519,502</b>	<b>13,106,803</b>	<b>2.99</b>	<b>1,260,866</b>

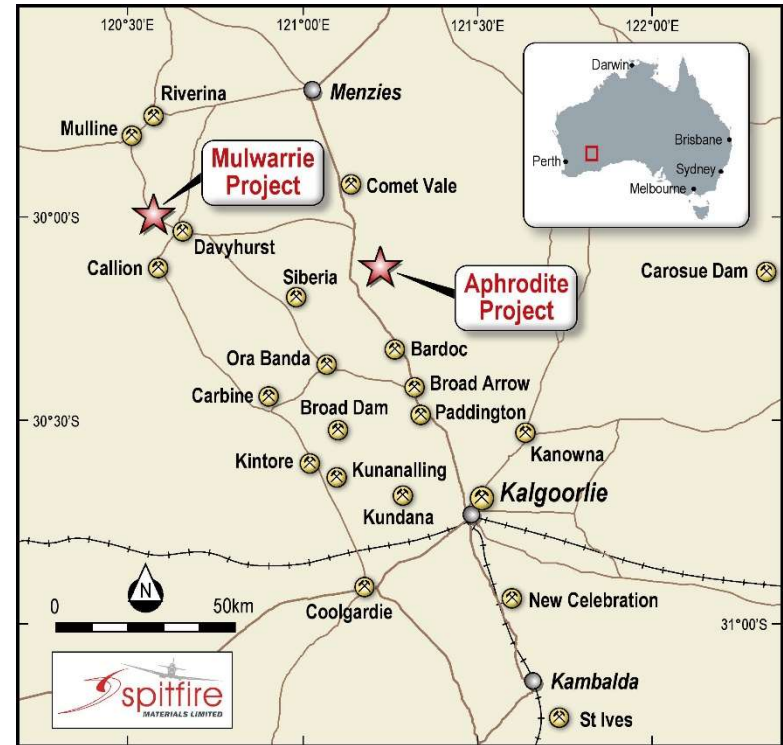
- Based on 1Mtpa Processing Facility
- Processing flowsheet defined
- Single-stage crushing, SAG and Ball Mill, followed by Flotation, POX & Neutralisation and Carbon In Leach (CIL)
- Overall recovery of 86% (all ore types)**
- Underground Indicated and Inferred Resource of **2.9Mt @ 7.0g/t for 663,000 ounces** – not included in study
- Review of Tetra Tech 2013 Underground is required**



# Summary – Key Investment Takeaways

## *Creates a company with an advanced exploration and development portfolio with considerable exploration upside*

- ✓ Merger creates a leading gold exploration and development company with a diversified asset base spread across projects including:
  - a highly prospective greenfields exploration opportunity at Alice River in Queensland;
  - an emerging discovery opportunity at Mulwarrie in WA; and
  - a resource-level near-term development opportunity at the Aphrodite Gold Project near Kalgoorlie
- ✓ The merged entity will have a JORC 2012 compliant Indicated and Inferred Mineral Resource inventory comprising 13.1 million tonnes grading 2.99g/t Au for 1.26 million ounces (Refer Aphrodite: ASX Release 27 June 2017)
- ✓ The Aphrodite Project offers outstanding synergies with Spitfire's emerging high-grade gold discovery at the Mulwarrie Project
- ✓ The merged entity will have increased scale and liquidity, a strengthened investor base and the ability to accelerate exploration and development opportunities within its growth pipeline
- ✓ The proposed merger creates a company that is technically strong with enhanced scale to pursue growth opportunities





## CONTACT DETAILS

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