

2017

ANNUAL REPORT



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Directory

DIRECTORS & OFFICERS

Alan Boys	Chairman
John Young	Managing Director
Neil Biddle	Director
Russell Hardwick	Director

AUSTRALIAN SECURITIES EXCHANGE

The Company has shares listed on the Australian Securities Exchange
ASX Code: SPI

COMPANY SECRETARY

Russell Hardwick

EXPLORATION CONSULTANTS

Stuart Till
Matthew White
Stuart Peterson

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Our Vision

To create value for our shareholders through aggressive exploration and value-accretive strategic acquisitions in high quality mineral provinces, transforming the Company into a leading gold exploration and development company with a diversified portfolio of exploration and development assets, and a major participant in the Australian gold sector.

Highlights

- ◆ October 2016: Acquired the England Gold Project in Western Australia
- ◆ December 2016: Acquired the Yoda Gold Prospect in Northern Territory
- ◆ May 2017: Drilling in Mulwarrie commences, targeting extensions of known mineralisation
- ◆ May 2017: Key Exploration Licence, EPM26266, granted over the central 15km of the Alice River shear zone, providing contiguous coverage over the eight granted Mining Leases
- ◆ June 2017: Spitfire Lists on the Frankfurt Stock Exchange and engages Switzerland-based Euroswiss Capital Partners Inc. to provide investor relations and consultancy services in Europe
- ◆ June 2017: 100% acquisition of unlisted gold company Admiral Gold Limited completed and highly experienced mining executives and Pilbara Minerals (ASX: PLS) founders Neil Biddle and John Young join Spitfire board. John Young appointed as Managing Director
- ◆ July 2017: Outstanding results received from maiden 3,015m Reverse Circulation and diamond drilling program at the Mulwarrie Gold Project Joint Venture. The drilling intersected thick zones of primary gold mineralisation both down plunge and along strike from the historical Mulwarrie Central open pit
- ◆ August 2017: Spitfire announces merger with Aphrodite Gold Limited

CHAIRMAN'S STATEMENT

Dear Shareholders,

As recently appointed Chairman of Spitfire Materials Limited, I am very pleased to have joined a company that has embarked on a clearly focussed vision to become a leading diversified Australian gold exploration and development company.

Over the past year the building blocks of this vision have been assembled and the transformation of Spitfire is well under way. The Company initiated its new direction with the acquisition early in the financial year of the England gold prospect in WA and the Yoda prospect in the Northern Territory.

These acquisitions were followed by the takeover of Admiral Gold Limited, which settled at the end of the financial year. The acquisition of this company not only provided Spitfire with two significant and highly prospective gold exploration projects (Alice River and Mulwarrie), but also resulted in Admiral directors Neil Biddle and John Young joining the board.

Neil and John are highly experienced geologists and public company directors. Over the past three years they were founders and the key drivers of the transformation of Pilbara Minerals Limited from junior explorer to an ASX 300 Company, that is an emerging lithium producer of global significance.

The recent signing of a Merger Implementation Agreement with Aphrodite Gold Limited provides Spitfire with the opportunity to become a near-term producer, with the potential for a significant increase in Aphrodite's existing resource base and to be complementary to the Mulwarrie project and other possible opportunities within the Northern Goldfields region.

The assemblage of this portfolio and related corporate transactions has demonstrated the ability of the Spitfire team to identify and secure high-quality projects that will fulfil the vision of transforming Spitfire into a major participant in the Australian gold sector.

Whilst the merger with Aphrodite is not expected to be finalised until the end of 2017, significant technical and commercial analysis of the Aphrodite resource is being undertaken such that mobilisation for exploration can commence as soon as possible in the new year.

In the meantime, we are continuing the drilling program at Mulwarrie and expect to commence our maiden drilling programs at the Alice River and England projects in the next month.

I would like to take this opportunity to thank my fellow directors, staff and consultants for their work during the year and retiring Directors Mr Ian Huitson and Mr Dominic Traynor for their support of the company.

Your board is looking forward to realising its ambitious vision for the Company.



Alan H Boys
Chairman

REVIEW OF OPERATIONS

During the year, the Company's focus was on identifying potential investments and acquisition opportunities in the Australian gold sector.

On 29th June 2017, the Company completed the acquisition of the unlisted Australian gold exploration company, Admiral Gold Limited ("Admiral"). Admiral has secured farm-in and joint venture agreements for two prospective gold projects, the Alice River Gold Project in North Queensland and the Mulwarrie Gold Project in Western Australia. After completing the acquisition of Admiral, Spitfire completed a strongly supported A\$4.5 million placement to sophisticated and professional investors. The proceeds of the placement are being used to progress exploration programs across the Company's portfolio of Australian gold projects, including the projects acquired with the Admiral Gold acquisition. As part of this transaction, highly experienced Australian mining executives and founding directors of the successful Australian lithium developer Pilbara Minerals, John Young and Neil Biddle, joined the Spitfire board.

The acquisition complements and expands Spitfire's other Australian-based gold acquisitions during the year, which included the England Gold Project in the Laverton district of Western Australia and the Yoda Prospect in the Northern Territory.

Subsequent to the end of the financial year, the Company announced a merger with Aphrodite Gold Limited (ASX: AQQ) to create a leading diversified Australian gold development company. The key asset of the merged entity will be the Aphrodite Gold Project, located approximately 65km from Kalgoorlie in Western Australia, a PFS-level project with outstanding near-term production potential and exceptional exploration upside. The merged entity will have increased scale and liquidity as an emerging Australian gold company, a strengthened investor base and the ability to accelerate exploration and development opportunities within its growth pipeline.

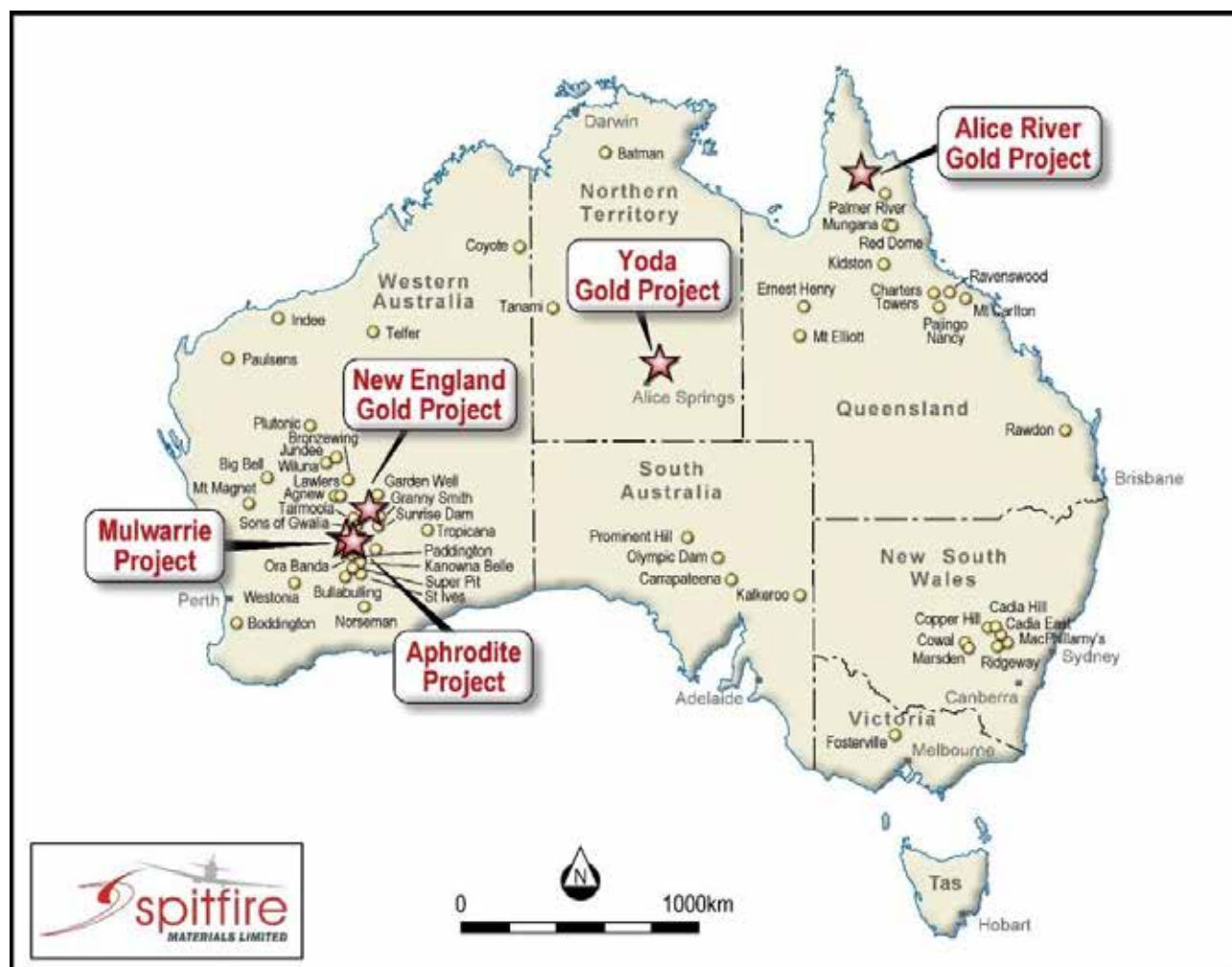


Figure 1: Expanded Australian gold portfolio following the merger of Spitfire and Aphrodite Gold

REVIEW OF OPERATIONS (CONTINUED)

On completion, the merged entity will be led by John Young as Managing Director and Neil Biddle as Executive Director. Two Aphrodite directors, Peter Buttigieg and Roger Mitchell, will also join the board of the merged entity. Mr Buttigieg will be the non-executive Chairman.

The Merger will be implemented by way of a scheme of arrangement whereby Spitfire has agreed to acquire all of the issued capital of Aphrodite that it does not already hold. Spitfire currently holds a 10.38% stake in Aphrodite.

Under the terms of the Merger Implementation Agreement (MIA), AQQ shareholders (other than Spitfire) will receive 1 new SPI share for every 2.8959 AQQ shares held. The merger is subject to a number of conditions precedent including the receipt of all necessary regulatory, court and shareholder approvals, and is expected to be completed by late December 2017.

ALICE RIVER GOLD PROJECT, NE QUEENSLAND



Figure 2: Alice Queen Open pit, Alice River Gold Project

The Alice River Gold Project is located 270km west of Cooktown, or 470km north-west of Cairns, in NE Queensland, at the southern end of the Savannah Province. The project encompasses eight Exploration Permits for Minerals (EPMs) and eight granted Mining Leases (MLs), for a total of 808 square km. Recently, the key exploration licence, EPM 26266, was granted over the central 15km of the Alice River shear zone, providing contiguous coverage over the eight granted Mining Leases.

Gold mineralisation occurs at several prospects along the Alice River Shear Zone, a 50-60km long north-west trending set of shear zones which offers outstanding potential for a world-class discovery. Following significant due diligence at the Alice River Gold Project – including field reconnaissance, orientation sampling, confirmation of historical sampling results and validation of the extensive historical database – the Company published an initial Exploration Target (see ASX release, 26 May 2017) and is also planning a maiden Reverse Circulation drilling program for the project.



REVIEW OF OPERATIONS (CONTINUED)

The detailed aeromagnetic survey shown in Figure 3, which covered the priority exploration and historical mining areas at the Alice River Gold Project, was also completed during the year.

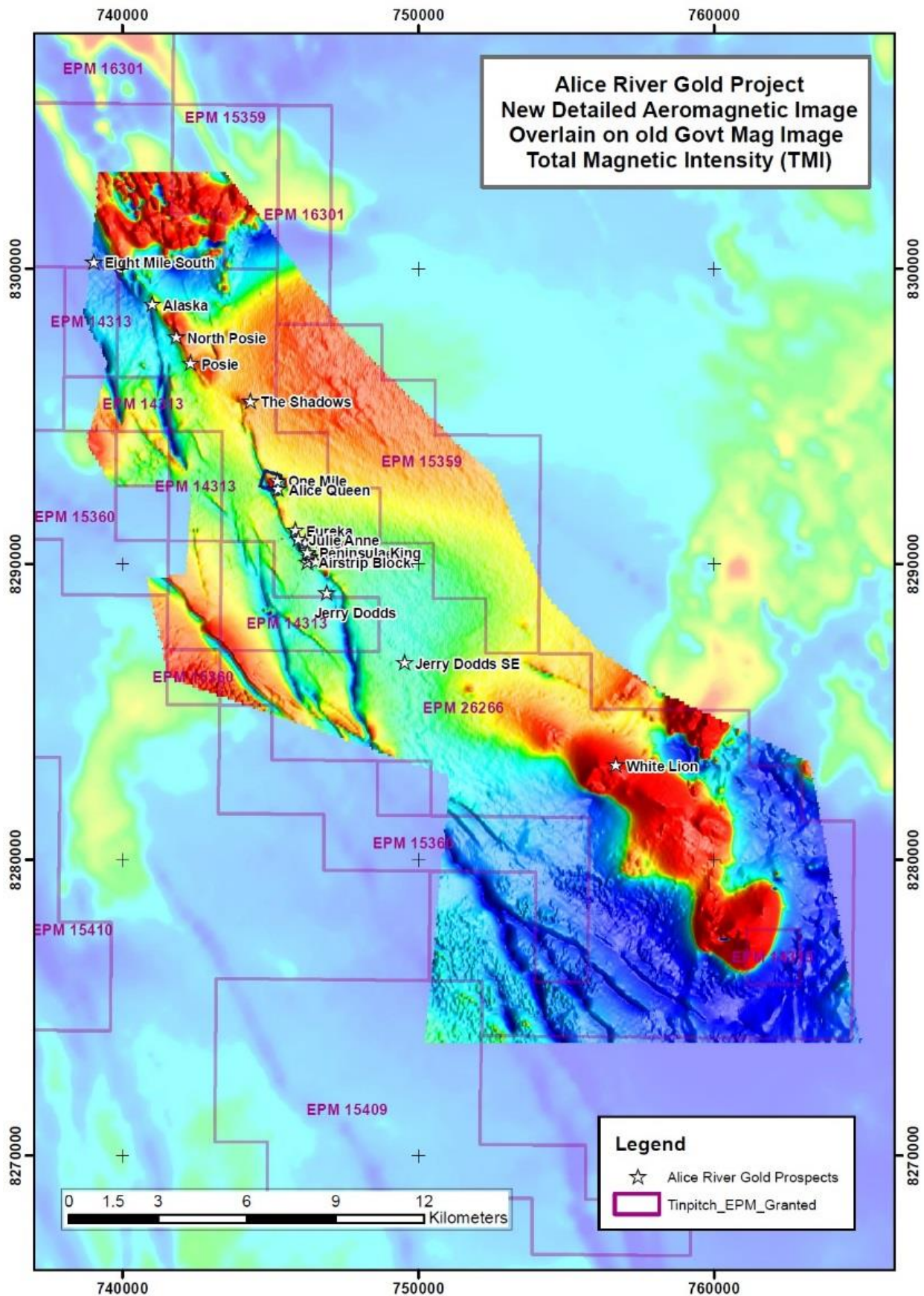


Figure 3: Detailed Aeromagnetic Survey

MULWARRIE GOLD PROJECT, WA

The Mulwarrie Gold Project is located 150km north-west of Kalgoorlie in the Ularring 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.

During the year, Admiral Gold completed its maiden drilling program at Mulwarrie, which returned highly encouraging results, intersecting significant primary gold mineralisation below and along strike from a historical gold mining area.



The drilling intersected thick zones of primary gold mineralisation both down-plunge and along strike from the historical Mulwarrie Central open pit (see ASX Release 3 July 2017 for full results):

- 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

MULWARRIE CENTRAL



Figure 4: Mulwarrie Central Pit (looking south)

RC drilling at Mulwarrie Central was successful in identifying a narrow but high-grade zone of **2m @ 10.86g/t Au** sitting in the hanging wall immediately adjacent the pit in 17MWRC003.

This lode is clearly a target for follow-up drilling, and it is likely that this is the northern extension of the East Lode which was intersected in RC holes 17MWRC008, 17MWRC010 and 17MWRC012.

Hole 17MWRC012, which is located some 50m south of the pit, returned 23m @ 3.7 g/t Au from 70m including 4m @ 14.0 g/t Au from 70m. This hole was collared 12m east of historical hole MWRC604, which returned 10m @ 10.6 g/t Au from 70m.

Further 3D leapfrog modelling is required and in-fill drilling will determine 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, as shown in Figure3.

The long section in Figure 3 illustrates both the continuity of the Central Lode and newly identified East Lode extending from the southern end of the existing pit. The southern extension of the Central pit lode appears to be offset, with the drilling in this location focused on the East Lode (17MWRC008 - 17MWRC12). However, when modelled it appears that the down-plunge extension of the Central Lode has been intersected in 17MWRC014, which returned 9m @ 4.13 g/t Au from 137m. Further drilling is required.

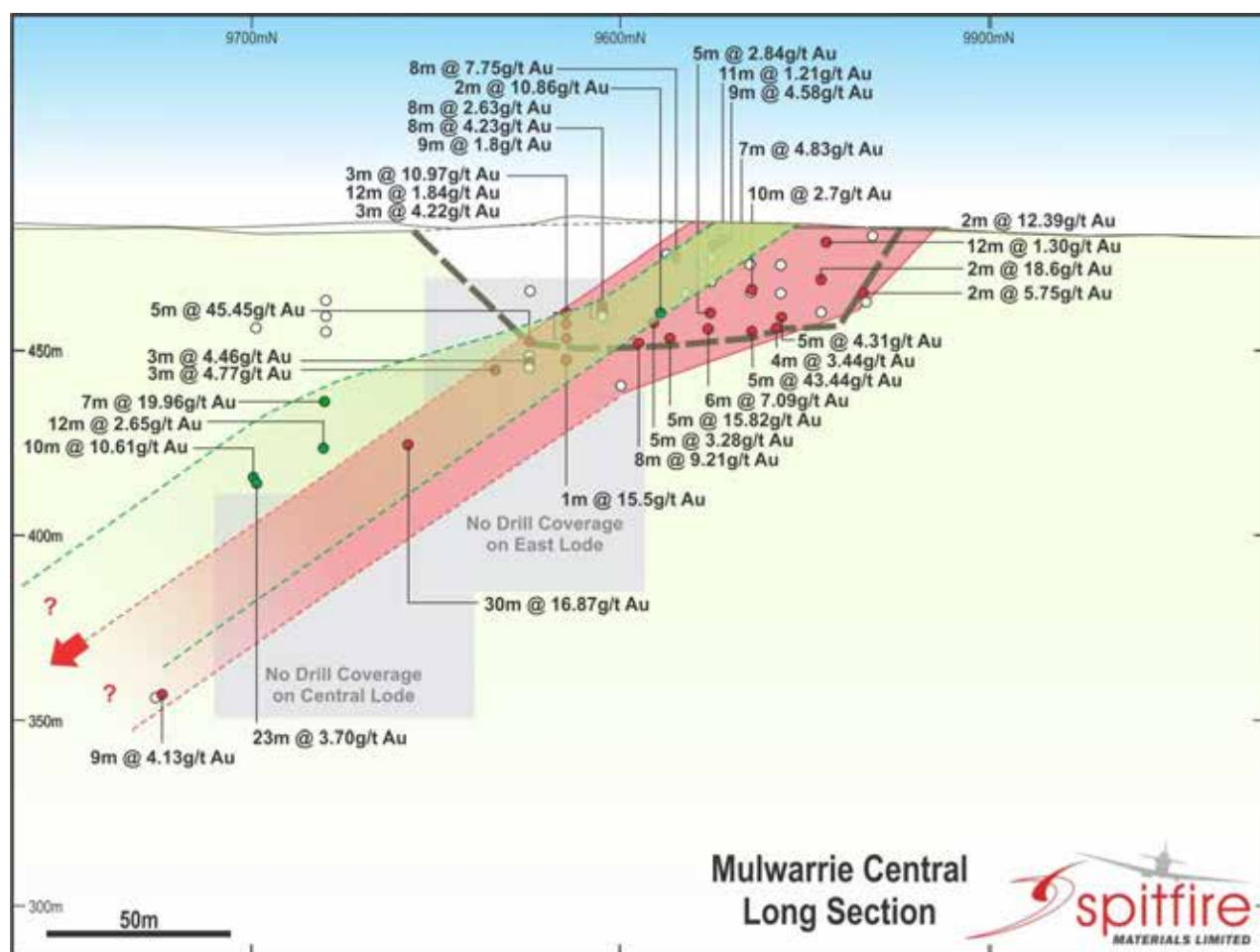


Figure 5: Mulwarrie Central Long Section

MULWARRIE SOUTH

At Mulwarrie South, 12 holes were drilled for 1,406.6m (including diamond hole 17MWDD001). The drilling was designed to test the area down-dip of several historical drill traverses over 350m of strike (local grid 9080mN to 9425mN). Prior to the RC drilling, a single diamond hole 17MWDD001 was completed as a twin to MWRC628, which had previously returned 15m at 9.54g/t from 72m.

The quartz sulphide lode material was intersected in twin 17MWDD001 at 53m down-hole, with the new intersection estimated to be some 10m to the south and east of MWRC628 returning a significant intersection of 9.5m @ 16.26g/t Au from 63m, within a wider intercept of 23m @ 7.27 g/t Au from 53m.

On section 9374mN, the mineralised zone intersected in 17MWDD001 occurs at a different position from MWRC628, and, as a check, the original hole was re-surveyed with a north-seeking gyro down-hole survey instrument. The discrepancy in the geometry is unexplained at this stage, however the tenor of the mineralisation is similar.

It is assumed that the geometry of the lode structure is complex. Preliminary structural work on 17MWDD001 suggests that the lode structures are steeper-plunging than Mulwarrie Central and the true width is up to 50% of the intersection width. Two RC holes were completed on this section up- and down-dip of 17MWDD001 and, although RC drilling does not repeat the high-grade intercept up-dip from MWRC628, the down-dip hole 17MWRC26 intersected 8m @ 1.35 g/t Au from 87m – again suggesting that these lode structures are plunging steeply to the south-east and are restricted in their lateral extent within the mineralised shear.

REVIEW OF OPERATIONS (CONTINUED)

The mineralisation in 17WMRC026 is associated with sheared and altered basalt with disseminated sulphide and with no significant quartz lode material. 3D leapfrog modelling of these zones at Mulwarrie South will be completed to determine the next steps for this area and to target down-plunge extensions of the high-grade zones (see Figure 6). The significant RC drilling intercepts >1g/t recorded over 350m of strike are reported in full in ASX Release dated 3 July 2017.

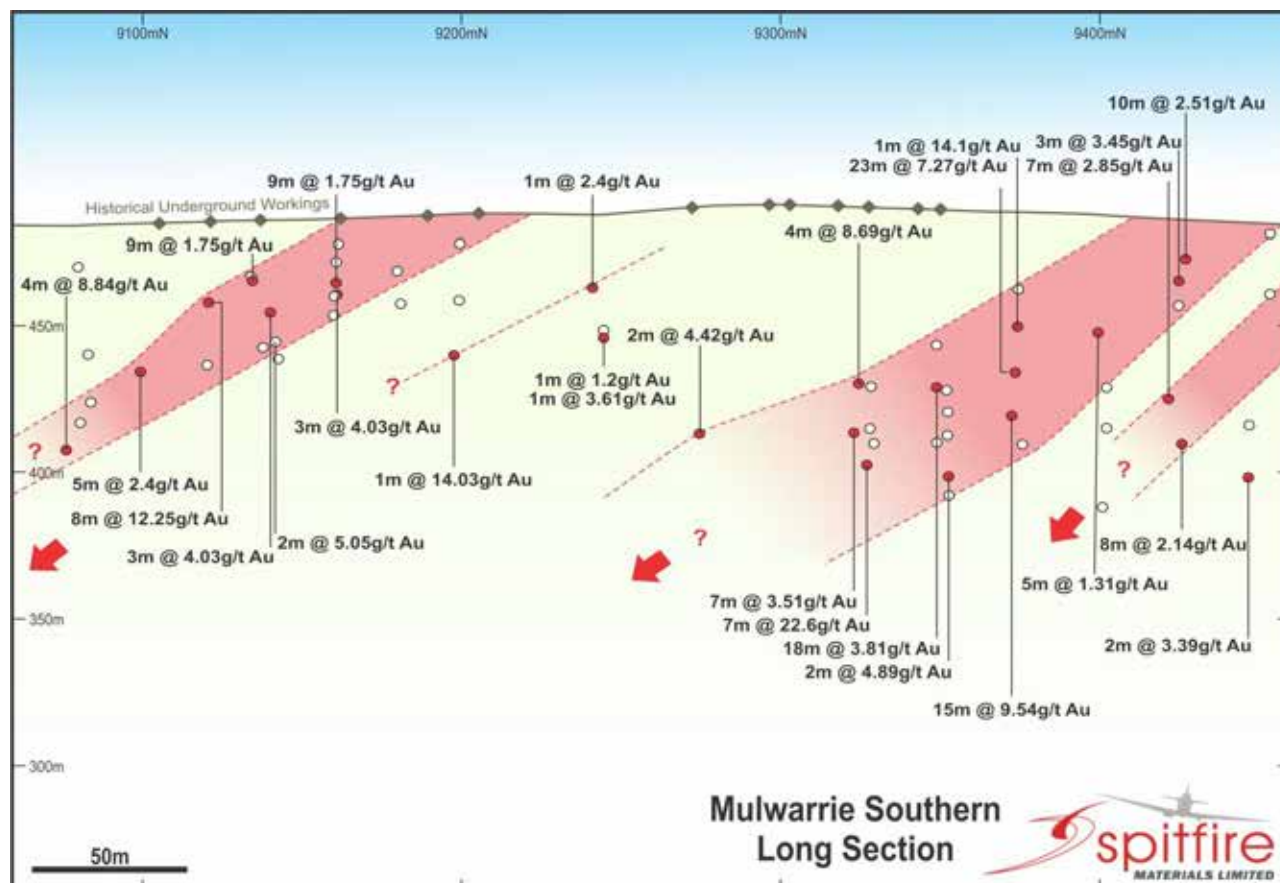


Figure 6: Mulwarrie South Long section

ENGLAND GOLD EXPLORATION PROJECT

The England Project (E38/2869) is located within the Laverton Shire on the Laverton (SH51-02) 1:250,000 geological sheet and the Laverton (3340) 1:100,000 sheet.

The tenement is located 15km south-south-west of Laverton along a major structural corridor that hosts the world-class Wallaby gold deposit (currently >7Moz Au).

Future exploration will include reconnaissance RC drilling adjacent to the Goat Creek gold intersection of 5m @ 5.6g/t in hole ENR022 to determine the full extent of the mineralisation.

YODA PROSPECT

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

Investigation into the land access and heritage status of the Yoda Prospect was previously undertaken. These investigations into a database of registered Aboriginal sacred sites held by the Aboriginal Areas Protection Authority revealed a site located over the broader area of the Yoda Prospect. The Company is considering the process and commercial benefit to negotiate on-ground access to the prospect.

SOUTH WOODIE WOODIE MANGANESE PROJECT – WESTERN AUSTRALIA

The South Woodie Woodie Manganese Project contains three granted exploration licences and two new licences in application, along with two retention licences that are set up to secure the two existing JORC resources.

Spitfire has commenced planning for a gravity survey over a new potential area of interest. The Company continues to monitor the manganese market which, after bottoming in early 2016, has risen steadily since then.

WHITE LION LIMESTONE PROJECT – ZAMBIA

During the year, the Company completed its review of the White Lion Project, including the engagement of Johannesburg-based Venmyn Deloitte to conduct a market and prospectivity review of the project. The general response received was that the local market and cement industry remains in a difficult mode and, unfortunately, no substantive interest was received in the project.

Accordingly, with its focus on Australian-based exploration projects, the Company relinquished its interest in the project during the year.

RESOURCE STATEMENT

A summary of the Mineral Resources at the South Woodie Woodie Manganese Project, located in the East Pilbara region of Western Australia, is provided below:

Manganese Contact and Contact North deposits situated on the E46/787

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
Contact & Contact North Combined	11.3	15.0	3.5	15.2	42.5	0.057	8.5

Contact & Contact North combined deposit summary @ 10.1% Mn Cut off

Tally-Ho deposit situated on the E46/616

JORC Inferred Resource	Mt	Mn%	Al ₂ O ₃ %	Fe %	SiO ₂ %	P %	LOI (1000)
Tally-Ho	2.9	7.1	6.7	9.1	62.9	0.043	7.95

The Project hosts combined JORC (2004) Inferred Mineral Resources of **14.2Mt @ 13.3% Mn from 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**

The Inferred Resources for the Tally-Ho and the Contact/Contact North deposits have not changed since their initial release in 2009 and 2011 respectively. They were reported under the 2004 JORC code and, with no additional work being performed since their release, have not been updated to the 2012 JORC requirements.

If further work is undertaken on these deposits which changes the current resource standing, they will be updated to the 2012 JORC reporting standards. Beneficiation test work undertaken to date indicates that manganese from the two main deposits, Contact and Contact North, can be upgraded to a saleable manganese product of ~40% Mn.

SUMMARY OF GOVERNANCE AND INTERNAL CONTROLS – JORC RESOURCES

The resources detailed in this report are subject to strict quality controls as part of Spitfire's internal governance. The Contact/Contact North deposit resource model was created by Widenbar and Associates and the Tally-Ho resource model was created by Optiro Ltd. Both of the deposits have been independently validated during the resource building stage to meet the required industry QAQC standards prior to release.

COMPETENT PERSON'S STATEMENT

ALICE RIVER GOLD PROJECT

The information in this announcement relating to Exploration Targets, 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.

MULWARRIE GOLD PROJECT

The information in this announcement relating to Exploration Results and Mineral Resources is based on information compiled by the Company's exploration consultant, Mr Stuart Till, a competent person, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Till has sufficient experience relevant to the style of mineralisation and to the type of activity described to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Till has disclosed to the Company that he is a minority shareholder (holding 1%) in the Company, an amount not considered to be material. Mr Till consents to the inclusion in this announcement of the matters based on his information in the form and content in which it appears.

SOUTH WOODIE WOODIE PROJECT

The information in this report relating to exploration results and mineral resources is based on information compiled by Mr Stuart Peterson, the Company's Consulting Exploration Manager, who is a Member of the Australian Institute of Mining and Metallurgy. This information in relation to mineral resources was prepared and first disclosed under the 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. Mr Peterson 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' The Company is not aware of any new information or data that materially affects the information included in previous reports and this report."

DIRECTORS' REPORT

The Directors of Spitfire Materials Limited submit herewith the Annual Report of the Company and its controlled entities ("Group"), for the period from 1 July 2016 to 30 June 2017. To comply with the provisions of the Corporations Act 2001, the Directors report as follows:

1. DIRECTORS

The Directors in office of the Company at any time during or since the end of the financial year, unless otherwise stated, are:

Name, qualifications and independence status	Experience, special responsibilities and other Directorships in listed entities
Alan Boys B.Com, CA Non-Executive Chairman (Appointed on 1 st August 2017)	Experience Mr Boys has been a Chartered Accountant for 32 years, initially in public practice, where his final role was as partner with an international "Big 4" accounting firm. Following his retirement from public practice in 1998, he has been engaged with mining exploration companies involved in commodities including mineral sands, uranium, gold, iron ore and lithium in roles as Director, Company Secretary and Chief Financial Officer. During his career, he has been involved with projects ranging from early exploration through to BFS, including projects in Australia, Mali and Chile. Mr Boys was a founder and Company Secretary of the prominent Malian gold explorer Oklo Resources Limited (ASX: OKU) from 2007 through 2014. From October 2014 through to mid-2016, he was Company Secretary and CFO for the leading Australian lithium developer Pilbara Minerals Limited (ASX: PLS), working closely alongside current Spitfire Directors Neil Biddle and John Young during Pilbara's rapid evolution from junior explorer to emerging lithium producer and now leading mid-tier miner. Special responsibilities Mr Boys is a member of the audit committee. Directorships held in other listed entities during the three years prior to the current year Pilbara Minerals Limited (Alternate Director from 20 August 2016 to 23 September 2016) Interest in shares, options and rights Ordinary Shares – 16,751,480 Performance Rights – 5,000,000 Share Options – Nil

<p>Neil Biddle</p> <p>Director</p> <p>B.AppSc (Geology), MAusIMM</p> <p>(Appointed on 29th June 2017)</p>	<p>Experience</p> <p>Mr Biddle is a geologist and Corporate Member of the Australasian Institute of Mining and Metallurgy and has over 30 years' professional and management experience in the exploration and mining industry. Mr Biddle was a founding Director of Pilbara Minerals Limited, serving as Executive Director from May 2013 to August 2016, serving as a Non-Executive Director from August 2016 to 26 July 2017. Throughout his career, Mr Biddle has served on the Board of several ASX listed companies, including Managing Director of TNG Ltd from 1998 - 2007, Border Gold NL from 1994 - 1998 and Consolidated Victorian Mines from 1991 – 1994.</p> <p>Special responsibilities</p> <p>None</p> <p>Directorships held in other listed entities during the three years prior to the current year</p> <p>Pilbara Minerals Limited</p> <p>Interest in shares, options and rights</p> <p>Ordinary Shares - 9,498,442 Performance Rights – 5,000,000 Share Options - Nil</p>
<p>John Young</p> <p>B.AppSc (Geology), MAusIMM</p> <p>Managing Director</p> <p>(Appointed on 29th June 2017)</p>	<p>Experience</p> <p>Mr Young is a highly experienced geologist who has worked on exploration and production projects encompassing gold, uranium and specialty metals, including tungsten, molybdenum, tantalum and lithium. Mr Young's corporate experience includes appointments as Chief Executive Officer of Marenica Energy Limited and CEO and Director of Thor Mining PLC. Mr Young was Pilbara Minerals Exploration Manager from June 2014 until August 2015, appointed Technical Director in September 2015 and transitioned to Non-Executive Director in July 2017. Mr Young is also a Non-executive director of AIM listed Mosman Oil and Gas.</p> <p>Special responsibilities</p> <p>None</p> <p>Directorships held in other listed entities during the three years prior to the current year</p> <p>Pilbara Minerals Limited Mosman Oil and Gas Limited</p> <p>Interest in shares, options and rights</p> <p>Ordinary Shares – 20,000,000 Performance Rights – 5,000,000 Share Options – Nil</p>

<p>Russell Hardwick</p> <p>BBus, ACIS, CPA, MAICD</p> <p>Director/Secretary</p>	<p>Experience</p> <p>Mr Hardwick has extensive experience in commercial management, corporate secretarial, capital raising and junior exploration companies. Mr Hardwick is a Certified Practising Accountant with over 20 years' experience in a variety of private and public companies. Recent experience includes mergers and acquisitions, initial public offerings and secondary fundraisings. Mr Hardwick is a member of the Australian Institute of Company Directors and is a Chartered Secretary. He has held the positions of Director or Company Secretary for both AIM-listed and ASX listed companies as well as Senior Executive positions within private companies.</p> <p>Special responsibilities</p> <p>Mr Hardwick is the chairman of the audit committee.</p> <p>Directorships held in other listed entities during the three years prior to the current year</p> <p>Director of UK – NEX listed Imperial Minerals Plc</p> <p>Interest in shares, options and rights</p> <p>Ordinary Shares - 2,458,663 Performance Rights – 5,000,000 Share Options - 3,350,000</p>
<p>Ian Huitson</p> <p>BEng, FAusIMM, CP(Min), MAICD</p> <p>Director (Resigned on 29th June 2017)</p>	<p>Experience</p> <p>Mr Huitson, a qualified Mining Engineer has over 30 years' experience in operational and technical roles in the manganese, chromite, gold, silver, lithium and nickel mining industries in Australia. Ian has extensive manganese experience in Australia through roles as the Chief Operating Officer at Auvex Resources Ltd (2009-2011), Group Mining Engineer at Consolidated Minerals Ltd (2005-2007) and Resident Manager at Consolidated Minerals Ltd's Woodie Woodie mine site (1999-2005).</p> <p>Special responsibilities</p> <p>Mr Huitson was a member of the audit committee up until the date of resignation.</p> <p>Directorships held in other listed entities during the three years prior to the current year</p> <p>Nil</p> <p>Interest in shares, options and rights (as at date of resignation)</p> <p>Ordinary Shares – 209,934 Performance Rights – Nil Share Options – 1,750,000</p>

Dominic Traynor Director (Resigned on 29 th June 2017)	<p>Experience</p> <p>Mr Traynor graduated from Durham University in 1997 with a degree in Law and, after completing the LPC at the College of Law in York, joined Ronaldson's as a trainee in 1998 qualifying in 2000. He is a corporate lawyer specializing in listings and takeovers, M&A and corporate finance. Dominic has acted on more than 20 AIM-admissions as well as numerous reverse takeovers, other acquisitions, joint ventures and secondary fundraisings with a particular focus on the mining and oil and gas sectors.</p> <p>Special responsibilities</p> <p>None</p> <p>Directorships held in other listed entities during the three years prior to the current year</p> <p>Director of UK AIM listed SigmaRoc Plc</p> <p>Interest in shares, options and rights (as at date of resignation)</p> <p>Ordinary Shares – Nil Performance Rights – Nil Share Options - Nil</p>
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2. COMPANY SECRETARY

Name and qualifications	Particulars
Russell Hardwick BBus, ACIS CPA, MAICD	<p>The Company Secretary is Mr Russell Hardwick.</p> <p>Mr Hardwick is a Certified Practicing Accountant and an Associate Member of the Institute of Chartered Secretaries. Mr Hardwick has also held the role of Company Secretary with other ASX listed and AIM listed for over 10 years. Mr Hardwick has acted as the company secretary since 29th May 2007.</p>

3. DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year and the number attended by each Director. During the financial year, six board meetings were held.

Director	Director Meetings		Audit Committee Meetings	
	Number entitled to attend	Attendance	Number entitled to attend	Attendance
Russell Hardwick	6	6	2	2
Ian Huitson	6	6	2	2
Dominic Traynor	6	6	-	-
Neil Biddle *	-	-	-	-
John Young *	-	-	-	-

* Mr Young and Mr Biddle were appointed as Directors on 29 June 2017.

4. REMUNERATION REPORT

This report details the background, policy and amount of remuneration for each key management person of Spitfire Materials Limited.

4.1. REMUNERATION POLICY

The Company recognises that it operates in a competitive environment and to operate effectively, it must attract, motivate and retain key personnel. Key management personnel and Executive Directors have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Compensation levels for key management personnel and Secretary of the Company and Group are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. The Board obtains independent advice as required on the appropriateness of compensation packages of both the Company and the Group given trends of comparative companies and the objectives of the Company's compensation strategy.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- The capability and experience of the key management personnel;
- Size of the Group;
- The key management personnel's ability to control the performance; and
- The Group's exploration success and identification of new investments

The Board may exercise its discretion in relation to approving incentives, bonuses and options in line with individual performance, exploration results and the performance of the Group. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in the company's performance rights and option plan. Rights and Options are valued using standard valuation techniques such as Black-Scholes methodology. The key management personnel receive superannuation guarantee contributions required by the government, which is currently 9.5% (2016: 9.5%) and do not receive any other retirement benefits.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. Executive Directors also provide consultancy services to the Company and are remunerated at market rates. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

4.2. COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTOR AND EXECUTIVE REMUNERATION

The remuneration policy has been tailored to increase goal congruence between Shareholders, Directors and Executives. As part of each of the key management personnel's remuneration package, there is a performance-based component consisting of the issue of share options and/or performance rights to encourage the alignment of management and Shareholders' interests. The Board determines appropriate option or performance rights vesting conditions that includes specific milestones and a premium over the prevailing share price to provide potential rewards over a period of time. During the year the Company's share price on a post-consolidation basis increased from \$0.042 at 30 June 2016 to \$0.13 at 30 June 2017.

DIRECTOR'S REPORT (CONTINUED)

A summary of the operating losses and share prices at year end for the last five years are as follows:

	Pre consolidation			Post consolidation (10:1)	
	2013	2014	2015	2016	2017
Net Profit/(Loss)	(\$13,592,240)	\$369,022	(\$1,095,101)	(\$4,292,959)	(9,079,169)
Share price at year end	\$0.012	\$0.01	\$0.01	\$0.042	\$0.13
Earnings per share	(7.50c)	0.14c	(4.29c)	(9.58c)	(8.23c)

This policy has been deemed by the Board to be the most appropriate performance-based compensation method for a company in the minerals exploration industry.

4.3. KEY MANAGEMENT PERSONNEL

The remuneration structure for key management personnel and Executive Directors is based on a number of factors including length of service, particular experience of the individual concerned and the requirements and overall performance of the Company.

The Company has entered into an employment contract with Mr John Young as the Company's Managing Director. The contract commenced on 1 May 2017 on a continuing basis with no fixed term. The agreement specifies the duties and obligations of the Managing Director which includes to oversee the business, exploration activities and identifying and recommending new mineral investment opportunities for the Company. The agreement contains normal commercial termination clauses including the provision of six months' notice by the Company and three months' notice by Mr Young.

Mr Biddle also provides Executive Director services to the Company on a month to month basis via his consulting company Hatched Creek Pty Ltd.

The Company has entered into a consulting agreement with Ravenhill Corporate Pty Ltd to provide the services of Mr Russell Hardwick to the Company. The agreement commenced on 1 December 2015 on a continuing basis with no fixed term and was amended by letter agreement in March 2017. The agreement specifies the duties and obligations for the consultancy services including all aspects of provision of compliance with the ASX, ASIC and the provision of general management consulting services. The agreement contains normal commercial termination clauses including the provision of six months' notice by the Company and three months' notice by Ravenhill Corporate Pty Ltd

Any employment agreements and contracts of service between the Company and any other key management and staff are on a continuing basis. The Company may terminate an employment contract by providing one month's written notice or making payment in lieu of notice, based on the individual's annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct, the Company can terminate employment at any time.

FIXED COMPENSATION

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Board through a process that considers individual performance against agreed key performance indicators and the overall performance and exploration success of the Group. In addition, the Board refers to external consultants or publications as required to provide analysis and advice to ensure the Directors' and Senior Executives' compensation is competitive in the market place.

DIRECTOR'S REPORT (CONTINUED)

LONG-TERM INCENTIVE

Options and Performance Rights are issued under the Employee Performance Rights and Options Plan to eligible participants. It provides for key management personnel to receive performance rights and options over ordinary shares for no consideration. Any performance rights or options issued to Directors require the approval of shareholders.

The Board determines the proportion of fixed and variable compensation for each key Director and management personnel. The following table sets out the remuneration for the Directors and key management expensed during the 2017 financial year:

2017	Short Term Benefits		Post-Employment Benefits	Share Based Payments		
	Salaries and Director Fees	Consulting Fees	Super	Options & Rights	Total	Value of options & rights as proportion of remuneration
	\$	\$	\$	\$	\$	%
Directors						
Alan Boys*	-	-	-	261	261	100%
John Young**	36,538	-	3,471	261	40,270	0.65%
Neil Biddle**	-	60,000	-	261	60,261	0.43%
Russell Hardwick ***	35,000	146,830	3,325	45,245	230,400	19.64%
Ian Huitson ****	35,000	7,200	3,325	22,744	68,269	33.31%
Dominic Traynor****	30,000	-	-	-	30,000	-

* Mr Alan Boys was appointed as Chairman on 1 August 2017

** Mr John Young and Mr Neil Biddle were appointed to the Board as Directors on 29 June 2017

*** Mr Russell Hardwick also acts as the Company Secretary/Chief Financial Officer

**** Mr Ian Huitson and Mr Dominic Traynor resigned as Directors on 29 June 2017.

2016	Short Term Benefits			Post-Employment Benefits	Share Based Payments		
	Salaries and Director Fees	Consulting Fees	Performance Bonuses	Super	Options	Total	Value of options as proportion of remuneration
	\$	\$	\$	\$	\$	\$	%
Directors							
James Hamilton*	-	252,500	30,000	-	36,342	318,842	11.40%
Russell Hardwick **	25,000	100,576	-	2,375	19,288	147,239	13.10%
Ian Huitson	25,000	-	-	2,375	10,761	38,136	28.22%
Dominic Traynor	2,708	-	-	-	-	2,708	-
Executives							
Maximillian Vermorken***	-	261,031	-	-	24,701	285,732	8.64%
Stuart Peterson	-	111,645	-	-	-	111,645	0%

* Mr James Hamilton resigned as a Director of Spitfire Materials Limited on 13 May 2016, an amount of \$31,344 was paid in the 2016/2017 financial year following his resignation.

** Mr Russell Hardwick also acts as the Company Secretary/Chief Financial Officer.

*** Mr Maximillian Vermorken's consulting services was concluded on 18 May 2016 with the provision of a three month notice period in accordance with his contract, an amount of \$26,240 was paid in the 2016/2017 financial year following his resignation.

There are no specific performance hurdles attached to remuneration options, however the board determines a premium for the exercise price over the prevailing share price as appropriate. This ensures any future value for the remuneration options reflect an increase in value for all shareholders and provide rewards over a period of time. There were no options granted to key management personnel during the year ended 30 June 2017.

PERFORMANCE RIGHTS

On 29 June 2017, the company issued 20,000,000 Performance Rights (10,000,000 Class A and 10,000,000 Class B) to key management personnel (2016: nil). The Performance Rights granted are to incentivise the Key Management Personnel 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 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. Subject to the terms and conditions of the performance rights and options plan approved by shareholders, the Performance Rights will vest upon satisfaction of the following milestones:

Class A Rights

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

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.

An independent valuation of the performance rights was undertaken with the following factors and assumptions being used in determining the fair value of each right on the grant date.

Class A Performance Rights					
Grant Date	Period (years)	Valuation per right	Expected Volatility	Risk free interest rate	Dividend Yield
29 June 2017	4	\$0.0670	136.8%	3.0%	-

Class B Performance Rights				
Grant Date	Period (years)	Valuation prior to probability	Combined Probability	Valuation per right
29 June 2017	4	\$0.1224	69.7%	\$0.0853

As at 30 June 2017, an 80% probability has been assigned to the Class A Performance Rights and a 69.7% probability assigned to the Class B Performance Rights, as to the likelihood of the vesting conditions being achieved

4.4. SHARE-BASED COMPENSATION

The Company has adopted the Employee Performance Rights and Options Plan which was approved by shareholders at the June 2017 General Meeting. The Board considers length of service, seniority, responsibilities, potential contribution and any other relevant matters in determining eligibility of participants. The Board has sole responsibility in determining the number of performance rights, options and terms and conditions granted to any participant under the plan.

DIRECTOR'S REPORT (CONTINUED)

4.5. ANALYSIS OF SHARE OPTIONS AND PERFORMANCE RIGHTS GRANTED AS COMPENSATION

Details of vesting profiles of the options previously granted as remuneration to each key management person of the Group as well as performance rights granted as remuneration are detailed in the following table:

	Number of options & rights granted	Grant Date	% vested in 2017 year	% lapsed in year	Financial years in which grant vests
Performance Rights					
Neil Biddle	5,000,000	29 June 2017	0%	0%	Refer Remuneration Report 4.3 for vesting details
John Young	5,000,000	29 June 2017	0%	0%	
Alan Boys	5,000,000	29 June 2017	0%	0%	
Russell Hardwick	5,000,000	29 June 2017	0%	0%	
Share Options					
Russell Hardwick	200,000	28 November 2014	50%	0%	50% in 2015/2016
					50% in 2016/2017
	3,000,000	30 March 2016	100%	0%	Vested
Ian Huitson*	150,000	28 November 2014	50%	0%	50% in 2015/2016
					50% in 2016/2017
	1,500,000	30 March 2016	100%	0%	Vested

* Ian Huitson resigned 29 June 2017

4.6. ANALYSIS OF MOVEMENTS IN SHARE OPTIONS & PERFORMANCE RIGHTS

The analysis of movement during the reporting period, by value, is detailed below with comparative information for the prior financial year. These amounts are the total fair value of the options or rights calculated at the grant date and amounts are allocated to remuneration over the vesting period if applicable.

30 June 2017	Granted in year	Value of rights exercised	Lapsed/Expired in year
	\$	\$	\$
Directors			
Neil Biddle	380,953	-	-
John Young	380,953	-	-
Russell Hardwick	380,953	-	-
Alan Boys	380,953	-	-
Total	1,523,812	-	-

30 June 2016	Granted in year	Value of options exercised	Lapsed/Expired in year
	\$	\$	\$
Directors			
James Hamilton	117,600	-	-
Russell Hardwick	58,800	-	-
Ian Huitson	29,400	-	-
Executives			
Maximillian Vermorken	98,000	-	-
Stuart Peterson	-	-	57,000
Total	303,800	-	57,000

4.7. KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

Refer to Note 5: Key Management Personnel for further information

NUMBER OF PERFORMANCE RIGHTS HELD BY KEY MANAGEMENT PERSONNEL

During the financial year there were no performance rights exercisable, exercised or vested. The number of performance rights held by each Key Management Personnel of the Group during the financial year is as follows:

30 June 2017	Balance 1 July 2016	Granted as Compensation	Total Unexercisable 30 June 2017	Other changes during the year	Balance 30 June 2017
Directors					
Neil Biddle	-	5,000,000	5,000,000	-	5,000,000
John Young	-	5,000,000	5,000,000	-	5,000,000
Russell Hardwick	-	5,000,000	5,000,000	-	5,000,000
Alan Boys *	-	5,000,000	5,000,000	-	5,000,000

* Mr Alan Boys was appointed as a Director on 1 August 2017.

NUMBER OF OPTIONS HELD BY KEY MANAGEMENT PERSONNEL:

During the financial year there were no options over ordinary shares granted or exercised. The number of options over ordinary shares held by each Key Management Personnel of the Group during the financial year is as follows:

30 June 2017	Balance 1 July 2016	Other changes during the year	Total Vested 30 June 2017	Total Exercisable 30 June 2017	Balance 30 June 2017
Directors					
Russell Hardwick	3,350,000	-	3,350,000	3,350,000	3,350,000
Ian Huitson*	1,750,000	-	1,750,000	1,750,000	1,750,000

* Mr Ian Huitson resigned on 29 June 2017, and his option holding is shown as at the date of resignation.

30 June 2016	Balance 1 July 2015 (post consolidation)**	Granted as Compensation	Other changes during the year	Options Exercised	Balance 30 June 2016
Directors					
James Hamilton*	472,222	6,000,000	(22,222)	-	*6,450,000
Russell Hardwick	355,972	3,000,000	(5,972)	-	3,350,000
Ian Huitson	254,761	1,500,000	(4,761)	-	1,750,000
Executives					
Maximillian Vermorken	-	5,000,000	-	-	5,000,000
Stuart Peterson	200,000	-	(100,000)	-	100,000

30 June 2016	Balance 30 June 2016	Total Vested 30 June 2016	Total Exercisable 30 June 2016	Total Unexercisable 30 June 2016
Directors				
James Hamilton *	6,450,000	300,000	300,000	*6,150,000
Russell Hardwick	3,350,000	250,000	250,000	3,100,000
Ian Huitson	1,750,000	175,000	175,000	1,575,000
Executives				
Maximillian Vermorken ***	5,000,000	-	-	5,000,000
Stuart Peterson	100,000	100,000	100,000	-

* Mr James Hamilton resigned on 13 May 2016 and his option holding is shown as at the date of resignation.

** On 30 March 2016, shareholders approved a consolidation of every ten (10) options into one (1) option.

*** Mr Maximillian Vermorken's consulting services was concluded on 18 May 2016 with the provision of a three month notice period.

DIRECTOR'S REPORT (CONTINUED)

NUMBER OF SHARES HELD BY KEY MANAGEMENT PERSONNEL:

The number of ordinary shares in Spitfire Materials Limited held by each Key Management Personnel of the Group during the financial year is as follows:

30 June 2017	Balance 1 July 2016	Received as Compensation	Options/ Rights Exercised	Net Change Other	Balance 30 June 2017
Directors					
Neil Biddle*	n/a	-	-	*9,498,442	*9,498,442
John Young*	n/a	-	-	*20,000,000	*20,000,000
Russell Hardwick	858,663	-	-	1,000,000	1,858,663
Ian Huitson**	209,934	-	-	-	**209,934
Alan Boys	-	-	-	16,751,480	16,751,480

* Mr Neil Biddle and Mr John Young were appointed on 29 June 2017.

** Mr Ian Huitson resigned on 29 June 2017 and his shareholding is shown as at the date of resignation.

30 June 2016	Balance 1 July 2015 (post consolidation)**	Received as Compensation	Options Exercised	Net Change Other	Balance 30 June 2016
Directors					
James Hamilton *	2,811,135	-	-	140,000	* 2,951,135
Russell Hardwick	828,663	-	-	30,000	858,663
Ian Huitson	149,934	-	-	60,000	209,934

* Mr James Hamilton resigned on 13 May 2016 and his shareholding is shown as at the date of resignation.

** On 30 March 2016, shareholders approved a consolidation of every ten (10) shares into one (1) share.

4.8. KEY MANAGEMENT PERSONNEL LOANS

As at 30 June 2017 there were no loans payable from any Directors (2016: nil).

4.9. RELATED PARTY TRANSACTIONS

	Consolidated	
	2017 \$000	2016 \$000
Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.		
EXPENDITURE		
Consultancy fees paid to Hatched Creek Pty Ltd (a company associated with Mr Neil Biddle), a related party of Spitfire Materials Limited. The amount of \$22,000 was owing to Hatched Creek Pty Ltd as at 30 June 2017 (2016: Nil)	60	-
Consultancy fees paid to Ravenhill Corporate Pty Ltd (a company associated with Mr Russell Hardwick), a related party of Spitfire Materials Limited. The amount of \$20,206 was owing to Ravenhill Corporate Pty Ltd as at 30 June 2017 (2016: \$20,496)	145	100
Consultancy fees paid to Goldregis Corporation Pty Ltd (a company associated with Mr James Hamilton), a related party of Spitfire Materials Limited. There was no amount owing to Goldregis Corporation Pty Ltd as at 30 June 2017 (2016: \$24,291)	31	282
Consultancy fees paid to Peterson Geological Consulting (an entity associated with Mr Stuart Peterson), a related party of Spitfire Materials Limited. There was no amount owing to Peterson Geological as at 30 June 2017 (2016: Nil)	-	112
Consultancy fees paid to Skyeeye Consulting (an entity associated with Mr Maximillian Vermorken), a related party of Spitfire Materials Limited. There was no amount owing to Skyeeye Consulting as at 30 June 2017 (2016: \$51,608)	27	261
OTHER PAYABLES		
Russell Hardwick – Directors Fees	5	6
Ian Huitson – Directors Fees	5	6
Goldregis Corporation Pty Ltd	-	24
Neil Biddle	27	-
Hatched Creek Pty Ltd	22	-
Ravenhill Corporate Pty Ltd	20	20

End of Remuneration Report

5. SHARE OPTIONS

UNISSUED SHARES UNDER OPTION

At the date of this report, unissued ordinary shares of the Company under option are:

Expiry Date	Grant Date	Exercise Price	Number of options
Director/Executive Options			
22 November 2017	22 November 2012	\$1.10	475,000
28 November 2019	28 November 2014	\$0.45	650,000
30 March 2021	30 March 2016	\$0.16	18,000,000
Consultant Options			
31 May 2020	31 May 2017	\$0.16	3,000,000
			22,125,000

6. CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement is set out on the Company's website at

<http://www.spitfirematerials.com/corporate-governance>

7. PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the 2016/2017 financial year were to identify and execute mineral development opportunities and to maintain its interest in the South Woodie Woodie manganese project.

8. FINANCIAL REVIEW

The Group incurred a loss for the year of \$9,079,169 (2016 Loss: \$4,292,959). Significant expenditure items during the period include:

- Exploration and Evaluation expenditure of \$255,246 (2016: \$433,940);
- Exploration and Evaluation assets of \$7,674,550 (2016: \$2,167,183);
- Corporate consultancy costs of \$314,969 (2016: \$805,155), and
- Share based payment of \$334,785 (2016: \$103,443)

The group began the year with \$2,052,701 in cash and ended the year with \$5,556,722 in cash which included a \$4.5m fundraising completed on 3 July 2017.

FINANCIAL POSITION

The net assets of the Group have increased to \$5,462,475 as at 30 June 2017. This increase has largely resulted from the \$4.5m equity fundraising in cash at bank (with the subsequent share issue completed on 3 July 2017) and ongoing exploration expenditure and administrative overheads.

The Directors believe the Group is in a stable financial position to continue to explore its projects and to identify new opportunities within the resources sector.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than detailed elsewhere in this report, there were no other significant changes in the nature of the consolidated group's principal activities during the financial year.

Further information on the financial performance of the Company is included in the Review of Operations.

9. DIVIDENDS

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend as at the date of printing this Report.

10. EVENTS SUBSEQUENT TO REPORTING DATE

On 1 September 2017, the Company executed a merger implementation agreement with Aphrodite Gold Limited to merge the companies by way of a scheme of arrangement.

On 23 August 2017, the company issued 2,000,000 share options to an unrelated party for promotional and investor relations services. On 15 August 2017, 100,000 share options expired.

On 1 August 2017, Mr Alan Boys was appointed as a Director of the Company.

On 3 July 2017, the Company completed the \$4.5m Share Placement by the issue of 75,000,000 fully paid ordinary shares at an issue price of \$0.06c per share.

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

11. LIKELY DEVELOPMENTS

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this Report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

12. ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

The Directors of the Group are not aware of any breach of environmental legislation for the year under review.

13. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer, Auditor or Agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, Auditor or Agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The Company has paid a Directors and Officers Liability premium of \$4,761.

14. NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important. Should the Group engage the auditor for non-audit related services; the provision of the non-audit services is compatible with the general standard of independence for the auditors imposed by the Corporations Act 2001.

During the financial year ended 30 June 2017 the group's auditors Bentley's did not provide the Group with any non-audit related services.

15. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

16. AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration for the year ended 30 June 2017 has been received and can be found on page 26.

17. ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of Directors made pursuant to s298 (2) of the Corporations Act 2001. This Report is made with a resolution of the Directors.



RUSSELL HARDWICK

DIRECTOR

Dated at Perth this 20th day of September 2017

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Spitfire Materials Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 20th day of September 2017

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

		Consolidated	
	Note	2017 \$000	2016 \$000
Continuing Operations			
Interest received	2	31	45
Other income	2	9	-
Gross profit/(loss)		40	45
Depreciation expense		(5)	(20)
Consulting expenses		(315)	(805)
Occupancy costs		(92)	(52)
Travel expenses		(16)	(119)
Exploration and evaluation costs expensed		(255)	(174)
Exploration and evaluation assets expensed	11,22	(7,675)	-
Share based payments		(335)	(103)
Administrative expenses		(387)	(540)
Loss before income tax	3	(9,040)	(1,768)
Income tax (expense)/revenue	4	-	-
Loss from continuing operations		(9,040)	(1,768)
Discontinued Operations			
Loss from discontinued operations after tax	6	(39)	(2,525)
Loss for the year		(9,079)	(4,293)
Other comprehensive income		(25)	15
Total comprehensive income/(loss) for the period		(25)	15
Total comprehensive income/(loss) attributable to the members of the Company		(9,104)	(4,278)
Earnings per share			
From continuing and discontinued operations:			
Basic and diluted loss per share	8	(8.23c)	(9.58c)
From continuing operations:			
Basic and diluted loss per share	8	(8.19c)	(3.94c)

The accompanying notes form part of these financial statements

FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		Consolidated	
	Note	2017	2016
		\$000	\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	5,557	2,053
Trade and other receivables	10	115	63
TOTAL CURRENT ASSETS		5,672	2,116
NON-CURRENT ASSETS			
Property, plant and equipment	12	170	7
TOTAL NON-CURRENT ASSETS		170	7
TOTAL ASSETS		5,842	2,123
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	375	180
Provisions	14	4	-
TOTAL CURRENT LIABILITIES		379	180
TOTAL LIABILITIES		379	180
NET ASSETS		5,463	1,943
EQUITY			
Issued capital	15	40,772	28,483
Reserves	16	755	445
Accumulated losses		(36,064)	(26,985)
TOTAL EQUITY		5,463	1,943

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

Consolidated	Note	Issued Capital	Option Reserve	Foreign Exchange Reserve	Accumulated Losses	Total Equity
		\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2015		25,116	567	-	(22,932)	2,751
Loss for the year		-	-	-	(4,293)	(4,293)
Other comprehensive income		-	-	15	-	15
Total comprehensive income for the year		-	-	15	(4,293)	(4,278)
Transactions with owners, recorded directly in equity						
Issue of ordinary shares		3,367	-	-	-	3,367
Share based payments	16	-	103	-	-	103
Expiry of share options	16	-	(240)	-	240	-
Balance at 30 June 2016		28,483	430	15	(26,985)	1,943
Balance at 1 July 2016		28,483	430	15	(26,985)	1,943
Loss for the year		-	-	-	(9,079)	(9,079)
Other comprehensive income		-	-	(25)	-	(25)
Total comprehensive income for the year		-	-	(25)	(9,079)	(9,104)
Transactions with owners, recorded directly in equity						
Issue of ordinary shares		7,789	-	-	-	7,789
Share application funds pending allotment		4,500	-	-	-	4,500
Share based payments	16	-	335	-	-	335
Balance at 30 June 2017		40,772	765	(10)	(36,064)	5,463

The accompanying notes form part of these financial statements

FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

		Consolidated	
	Note	2017 \$000	2016 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash paid to suppliers and employees		(838)	(1,535)
Payments for exploration and evaluation		(254)	(439)
Income tax benefit– Research and Development		-	43
Other revenue		8	-
Interest received		30	56
Net cash used in operating activities	20a	(1,054)	(1,875)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(33)	(7)
Tenements		(5)	-
Other – Net cash inflow from acquisition of subsidiary		96	-
Net cash (used in)/from investing activities		58	(7)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	1,200
Share placement funds pending allotment		4,500	-
Net cash flows from financing activities		4,500	1,200
Net increase/(decrease) in cash and cash equivalents		3,504	(682)
Cash and cash equivalents at the beginning of the period		2,053	2,735
Cash and cash equivalents at the end of the period	9	5,557	2,053

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Spitfire Materials Limited is a Company domiciled in Australia. The address of the Company's registered office is 130 Stirling Highway, North Fremantle WA 6159. The consolidated financial statements of the Company as at and for the year ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities. The Group primarily is involved in the minerals exploration industry.

BASIS OF PREPARATION

a) Statement of compliance

The Financial Report is a General Purpose Financial Report, which has been prepared in accordance with Australian Accounting Standards Board (AASB) (including Australian Accounting interpretations and other authoritative pronouncements) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated Financial Report of the Group and the Financial Report of the Company comply with International Financial Reporting Standards (IFRS') and interpretations adopted by the International Accounting Standards Board (IASB).

b) Basis of measurement

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

c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

a) Principles of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the Company's financial statements, investments in subsidiaries are carried at cost.

(ii) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holders are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

(iv) Assets classified as held-for-sale and discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- a) represents a separate major line of business or geographical area of operations;
- b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- c) is a subsidiary acquired exclusively with a view to resale.

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Leasehold Improvements	20%
Plant and Equipment	33%
Vehicles	15%

c) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

d) Employee benefits**(i) Share-based payment transactions**

The grant date fair value of options or performance rights granted to directors and employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options or performance rights that vest, except for those that fail to vest due to market conditions not being met.

When the Company grants options or performance rights over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

e) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

f) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

g) Income tax

Income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and used tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right to set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of respective asset and liability will occur in future periods in which significant amount of deferred tax assets or liabilities are expected to be recovered or settled.

h) Tax consolidation

Spitfire Materials Limited and its 100% owned controlled entities have formed a tax consolidated group.

i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

k) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

The Board considers the business from both a functional and geographic perspective and has identified three reportable segments including the South Woodie Woodie Manganese Segment with these activities forming the Australian manganese exploration segment and the Australian Gold Exploration segment. The other segment includes the administration, fund raising and investment activities of the Group which forms the Treasury and unallocated segments.

All assets, liabilities, revenues and expenses are monitored by the Board of Directors.

l) Exploration and evaluation expenditure

The group previously accounted for exploration and evaluation expenditure by impairing the value of accumulated expenditure in respect of each identifiable area of interest if, after the completion of two financial years in which the expenditure is incurred, a decision to mine has not been made. Any remaining and ongoing costs were only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

The group now accounts for exploration and evaluation expenditure by applying the following policy.

Accounting for exploration and evaluation expenditures is assessed separately for each “area of interest”. Each area of interest is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit. Exploration and evaluation costs (including acquisition costs) are written off in the year they are incurred. This change in accounting policy has nil effect in the prior year as exploration at cost as at 30 June 2016 had been written down to nil.

m) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST).

n) Assets classified as held-for-sale and discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- (i) represents a separate major line of business or geographical area of operations;
- (ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (iii) is a subsidiary acquired exclusively with a view to resale.

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in the profit or loss.

o) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments.

p) Foreign currency translation

Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss.

As at the balance date the assets and liabilities of subsidiaries are translated into Australian dollars at the rate of exchange ruling at the balance date and income and expenses items are translated at the average exchange rate for the period.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

q) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below:

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

r) New or revised AASB's affecting amounts reported and/or disclosures in the financial statements

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018,).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

- The main changes introduced by the new Standard are as follows:
 - recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
 - depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
 - inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
 - application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
 - inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

s) **Critical Accounting Estimates and Judgements**

The Directors evaluate estimates and judgements incorporated into the Financial Report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Provision for Impairment of Receivables

The Company has written down the value of its intercompany loans to nil, as at the reporting date the recovery of intercompany loans is not virtually certain. Other than the intercompany loans, no provision for impairment of receivables has been made in this current year.

Exploration and Evaluation Costs

The group previously accounted for exploration and evaluation expenditure by impairing the value of accumulated expenditure in respect of each identifiable area of interest if, after the completion of two financial years in which the expenditure is incurred, a decision to mine has not been made. Any remaining and ongoing costs were only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

The group now accounts for exploration and evaluation expenditure by applying the following policy.

Accounting for exploration and evaluation expenditures is assessed separately for each "area of interest". Each area of interest is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit. Exploration and evaluation costs (including acquisition costs) are written off in the year they are incurred. This change in accounting policy has nil effect in the prior year as exploration at cost as at 30 June 2016 had been written down to nil.

Share-based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined either by an external independent valuation or an internal valuation using the Black-Scholes option pricing model.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the Directors understanding thereof. At the current stage of the Company's development and its current environmental impact, the Directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the Directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the Directors' best estimate, pending any assessment by the Australian Taxation Office.

Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such Instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated	
	2017	2016
	\$000	\$000
Other income		
- Interest revenue from financial institutions	31	44
- Interest revenue from other institutions	-	1
- Rental Income	9	-
	40	45

FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: PROFIT/LOSS FOR THE YEAR

	Consolidated	
	2017	2016
	\$000	\$000
a) Expenses		
Rental expense on operating leases		
- Minimum lease payments	57	38
b) Significant expenses		
Consulting fees	315	805
Directors fees	100	53
Salaries & Wages	29	-
Superannuation	10	5
Share options expense	335	103
Exploration & Evaluation costs expensed	255	434
Exploration & Evaluation assets expensed	7,675	2,167
Public & Investor Relations	41	-
Proposed AIM Listing costs (cancelled)	-	325
Travel & Accommodation	16	119

NOTE 4: INCOME TAX EXPENSE

	Consolidated	
	2017	2016
	\$000	\$000
A reconciliation of income tax expense (benefit) applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 30 June 2017 and 2016 is as follows:		
Accounting loss before income tax	(9,079)	(4,293)
At the statutory income tax rate of 27.5% (2016: 30%)	(2,497)	(1,288)
Add:		
Non-deductible expenses	2,205	760
Temporary differences and tax losses not brought to account	292	528
Income tax (expense)/benefit	-	-
Effective income tax rate of 0%	0%	0%
Recognised deferred tax assets and liabilities		
Deferred tax assets and liabilities are attributable to the following:		
Accrued interest	1	1
Sundry payables	(12)	(24)
Capital raising costs	(44)	(48)
Net deferred tax (assets) liabilities	(55)	(71)
Tax losses recognised to the extent of deferred tax liability	55	71
Net tax (assets) liabilities	-	-
Unrecognised Deferred Tax Assets		
Tax losses	6,623	7,127
Tax losses recognised to the extent of deferred tax liability	55	71
	6,678	7,198

FINANCIAL STATEMENTS (CONTINUED)

NOTE 5: KEY MANAGEMENT PERSONNEL

Names and positions held of consolidated and company key management personnel in office at any time during the 2016/2017 financial year are:

Key Management Personnel	Position
Neil Biddle	Director (appointed 29 June 2017)
John Young	Managing Director (appointed 29 June 2017)
Russell Hardwick	Director / Company Secretary
Ian Huitson	Non-Executive Director (resigned 29 June 2017)
Dominic Traynor	Non-Executive Director (resigned 29 June 2017)

Refer to the Remuneration Report contained in the Directors' Report for details of the shares, options held and remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2017.

The totals of remuneration paid to Key Management Personnel of the Company and the Group during the year are as follows:

	2017 \$000	2016 \$000
Short-term employee benefits or consulting fees	350	808
Post-employment benefits	10	5
Share based payments	69	91
	429	904

Refer to the remuneration report for other related party transactions for Key Management Personnel. There are no other related party transactions other than to Key Management Personnel identified above.

NOTE 6: DISCONTINUED OPERATIONS

On 27 June 2017, the Company completed a share transfer of White Lion Enterprises Limited with Mooya BC Lumamba for nil cost. The results of White Lion Enterprises Ltd was consolidated as part of the Group's financial results until 27 June 2017 and are presented separately in the income statement as "Discontinued Operations".

	Consolidated	
	2017 \$000	2016 \$000
Result of discontinued operations		
Revenue	-	-
Exploration & Evaluation assets expensed	-	2,167
Exploration & Evaluation expenditure expensed	39	260
Other expenses	-	98
Loss before income tax	39	2,525
Income tax expense	-	-
Total loss after tax attributable to the discontinued operation	39	2,525
Assets and liabilities of the discontinued operation		
Assets	-	39
Liabilities	(15)	(1)
Net Assets	(15)	38
Cash flows used in discontinued operations		
Net cash used in operating activities	(39)	(98)

FINANCIAL STATEMENTS (CONTINUED)

NOTE 7: AUDITORS' REMUNERATION

	Consolidated	
	2017	2016
	\$000	\$000
Remuneration of the Auditor of the parent entity for:		
– Auditing or reviewing the Financial Report	22	21
– Other services provided by the Auditors	-	1
	22	22

NOTE 8: PROFIT/(LOSS) PER SHARE

	Consolidated	
	2017	2016
	\$000	\$000
a) Earnings/(loss) used to calculate basic and diluted EPS from continuing and discontinued operations	(9,079)	(4,293)
Basic earnings/(loss) per share (cents per share)	(8.23c)	(9.58c)
b) Earnings/(loss) used to calculate basic and diluted EPS from continuing operations	(9,040)	(1,768)
Basic earnings/(loss) per share (cents per share)	(8.19c)	(3.94c)

	Number of shares (Post consolidation basis)	
c) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	110,362,744	44,826,331*

At 30 June 2017 19,304,452 (2016: 5,761,986) share options are non-dilutive based on the average market prices of the Company's shares.

* On 30th March 2016, shareholders approved a consolidation of every ten (10) shares into one (1) share and every ten (10) options into one (1) option.

NOTE 9: CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	2016
	\$000	\$000
Cash at bank and in hand	133	1,303
Cash management account	4,574	484
Short-term bank deposits	850	266
	5,557	2,053

Included in the cash management account is an amount of \$4,500,000 for share subscriptions received pending allotment which was held on trust until the shares were issued on the 3rd July 2017.

The effective interest rate on short term bank deposits was 2.50% (2016: 2.83%); these deposits have an average maturity of 91.25 days (2016: 151 days).

NOTE 10: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017	2016
	\$000	\$000
CURRENT		
GST receivable	96	19
Interest receivable	3	2
Other receivables	16	42
	115	63

Refer to Note 24 for risk management policies in place.

NOTE 11: CONTROLLED ENTITIES**a. Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)*	
		2017	2016
Subsidiaries of Spitfire Materials Ltd:			
Admiral Gold Limited	Australia	100%	-
Spitfire Australia (SWW) Pty Ltd	Australia	100%	100%
Spitfire Global Pty Ltd	Australia	100%	100%
Bellpiper Pty Ltd	Australia	100%	100%
Starpart Holdings Pty Ltd	Australia	100%	-
White Lion Group Investments Ltd	Mauritius	100%	100%
White Lion Group Holdings Ltd	Mauritius	100%	100%
White Lion Enterprises Ltd	Zambia	-	100%

* Percentage of voting power is in proportion to ownership.

b. Acquisition of Controlled Entities

	Consolidated	
	Acquiree's carrying amount \$000	Fair Value \$000
On 29 June 2017, the parent entity acquired 100% of Admiral Gold Limited, with Spitfire Materials Limited entitled to all profits or loss incurred from 29 June 2017. The purchase consideration for the acquisition was the issue of 59,500,001 fully paid ordinary shares.		
Assets and liabilities acquired at acquisition date:		
Cash at Bank	96	96
GST Receivable	64	64
Plant and Equipment	135	135
Trade and other payables	(180)	(180)
	115	115
Purchase consideration		
59,500,001 fully paid ordinary shares		7,437
Less:		
Identifiable assets acquired and liabilities assumed		(115)
Exploration & Evaluation assets		7,322

The assets and liabilities arising from the acquisition are recognized at fair values which are equal to their carrying value at acquisition date. The Directors have determined that the acquisition of Admiral Gold Limited does not meet the definition of a business combination. In line with the company's policy on exploration and evaluation interests the deemed acquisition cost of \$7,322,550 has been recognized directly in the income statement.

The acquisition of Admiral Gold Limited was approved by shareholders on the 29th June 2017. Included in the notice of meeting was an Independent expert report from Stanton International Securities that detailed the deemed technical consideration for the acquisition of Admiral Gold Limited lies in the range from \$862,750 to \$1,100,750 with a preferred fair value of \$981,750. No adjustment has been made in this financial report based on the Independent Expert's Report, with the value adopted being the share price at the settlement date of 29 June 2017.

c. Disposal of Controlled Entities

On 27 June 2017, Spitfire Materials Limited disposed of its 100% interest in White Lion Enterprises Limited. During the year the disposed entity contributed an operating loss of \$39,086 to the Group results.

FINANCIAL STATEMENTS (CONTINUED)

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2017	2016
	\$000	\$000
PLANT AND EQUIPMENT		
At cost	220	224
Additions	124	7
Disposals	(7)	(11)
Accumulated depreciation	(218)	(213)
Total Plant and Equipment	119	7
VEHICLES		
At cost	-	-
Additions	51	-
Disposals	-	-
Accumulated Depreciation	-	-
Total Vehicles	51	-
	170	7

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment \$000	Vehicles \$000	Total \$000
Balance at 30 June 2015	19	-	19
Additions	8	-	8
Depreciation expense	(20)	-	(20)
Balance at 30 June 2016	7	-	7
Additions	124	51	175
Disposals	(7)	-	(7)
Depreciation expense	(5)	-	(5)
Balance at 30 June 2017	119	51	170

NOTE 13: TRADE AND OTHER PAYABLES

	Consolidated	
	2017	2016
	\$000	\$000
CURRENT		
Trade creditors		
Related party creditors	71	55
Other	258	76
Sundry payables and accrued expenses	46	49
	375	180

NOTE 14: PROVISIONS

	Consolidated	
	2017	2016
	\$000	\$000
Opening balance at the beginning of the period	-	-
Provision for employee benefits	4	-
	4	-

NOTE 15: ISSUED CAPITAL

	Consolidated	
	2017	2016
	\$000	\$000
a. Ordinary Shares		
Balance at beginning of reporting period	28,483	25,116
– 18 August 2015 @ 0.01c (White Lion Acquisition)	-	2,167
– 27 June 2016 @ 0.02c (Placement)	-	1,200
– 27 October 2016 @ 0.074c (England Project Acquisition)	148	-
– 9 December 2016 @ 0.068c (Yoda Project Acquisition)	204	-
– 29 June 2017 @ 0.125c (Admiral Gold Acquisition)	7,437	-
	36,272	28,483
b. Share Application money pending allotment		
Funds received pending allotment	4,500	-
	40,772	28,483

c. Performance Shares

* 10 performance shares	N/A	-
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	Consolidated	
	2017 (Post-consolidation) Number	2016 (Post-consolidation) Number
a. Ordinary shares		
At the beginning of reporting period*	107,183,292	25,511,347
Shares issued during the year		
– 18 August 2015 @ 0.01c (White Lion Acquisition)	-	21,671,945
– 27 June 2016 @ 0.02c (Placement)	-	60,000,000
– 27 October 2016 @ 0.074c (England Project Acquisition)	2,000,000	-
– 9 December 2016 @ 0.068c (Yoda Project Acquisition)	3,000,000	-
– 29 June 2017 @ 0.125c (Admiral Gold Acquisition)	59,500,001	-
At reporting date	171,683,293	107,183,292
*On 30 March 2016, shareholders approved a consolidation of every ten (10) shares into one (1) share and every ten (10) options into one (1) option.		
At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.		
b. Performance Shares		
At the beginning of the reporting period	10	-
Issued/Cancelled during the year		
– 18 August 2015 (White Lion Acquisition) *	(10)	10
At reporting date	-	10

* On 19 August 2016, the Company reached an agreement with the vendors of the White Lion Project to cancel the performance shares. The formal cancellation of the performance shares was approved by shareholders in general meeting.

FINANCIAL STATEMENTS (CONTINUED)

	Consolidated	
	2017 (Post-consolidation) Number	2016 (Post-consolidation) Number
c. Share Options		
At the beginning of the reporting period	19,225,000	1,725,000
Issued/(Expired) during the year		
– 1 October 2015	-	(400,000)
– 26 October 2015	-	(100,000)
– 30 March 2016 (0.16c expiring 30 March 2021)	-	18,000,000
– 1 June 2017 (0.16c expiring 31 May 2020)	1,000,000	-
At reporting date	20,225,000	19,225,000
d. Performance Rights		
At the beginning of the reporting period	-	-
Issued during the year		
– 29 June 2017 (Class A performance rights)	10,000,000	-
– 29 June 2017 (Class B performance rights)	10,000,000	-
At reporting date	20,000,000	-

For information relating to the Spitfire Materials Limited Employee Performance Rights and Option Plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end refer to Note 22 Share-based Payments.

e. Capital Management

Due to the nature of the Group's activities, being exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2017 and 30 June 2016 are as follows:

	Consolidated	
	2017 \$000	2016 \$000
Cash and cash equivalents	5,557	2,053
Trade and other receivables	115	64
Trade and other payables	(379)	(180)
Working capital position	5,293	1,937

NOTE 16: RESERVES

	Consolidated	
	2017 \$000	2016 \$000
Equity settled employee benefits reserve:		
Balance at beginning of period	430	567
Share Options issued 28 November 2014	4	15
Share Options expired 1 October 2015	-	(183)
Share Options expired 26 October 2015	-	(57)
Share Options issued 30 March 2016	265	88
Share Options issued 31 May 2017	66	-
	765	430
Foreign Exchange Reserve		
Balance at beginning of period	15	-
Foreign exchange differences on translation	(25)	15
	755	445

Movements in reserves are set out in the Statement of Changes in Equity.

FINANCIAL STATEMENTS (CONTINUED)

Equity settled employee benefits reserve

The equity settled employee benefits reserve arises on the grant and vesting of share options to Employees, Consultants and Directors. Amounts are transferred out of the reserve into issued capital when the options are exercised.

NOTE 17: CONTINGENCIES

The Directors have identified a contingent liability based on potential state taxes that may arise from the acquisition of Admiral Gold Limited. After taking independent advice, the directors view is that no liability is required to be recognised in these financial statements and it is not practical to estimate any potential liability for state taxes that may exist. (2016: Nil).

NOTE 18: PARENT ENTITY DISCLOSURES

The following details information related to the parent entity, Spitfire Materials Limited, at 30 June 2017. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2017 \$000	2016 \$000
(a) Financial Position		
Assets		
Current assets	5,509	2,080
Non-current assets	34	-
Total assets	5,543	2,080
Liabilities		
Current liabilities	177	179
Total liabilities	177	179
Equity		
Issued capital	40,772	28,483
Reserves:		
Equity settled employee benefits reserve	766	430
Accumulated losses	(36,172)	(27,012)
Total equity	5,366	1,901
(b) Financial Performance		
Profit/(loss) for the year	(9,159)	(2,126)
Other comprehensive income	-	-
Total comprehensive income	(9,159)	(2,126)
(c) Commitments of the Parent Entity		
Operating lease		
Within one year	58	15
One year or later and no later than five years	15	-
	73	15

NOTE 19: SEGMENT REPORTING

Identification of reportable segments

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

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

Types of exploration by project segment

(i) Australia – Gold Exploration

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

(ii) Australia – Manganese Exploration

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

FINANCIAL STATEMENTS (CONTINUED)

(iii) Zambia – Limestone Exploration

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

(iv) Australia – Treasury

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

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Segment assets

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

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

Segment liabilities

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

Unallocated items

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

- Other corporate charges

FINANCIAL STATEMENTS (CONTINUED)

Consolidated 30 June 2017				
	Australia – Gold Exploration \$000	Australia – Manganese Exploration \$000	Australia – Treasury \$000	Consolidated Group \$000
SEGMENT PERFORMANCE				
Finance revenue	-	-	31	31
Total segment and group revenue				31
<i>Reconciliation of segment revenue to group revenue</i>				
Other revenue				9
Total group revenue				40
Segment net profit/(loss) from continuing operations before tax	(8,187)	(44)	31	(8,200)
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>				
- Other tax revenue	-	-	-	-
Unallocated Items				
- Consulting Fees				(315)
- Depreciation				(5)
- Other				(520)
Net Profit/(loss) before tax from continuing operations				(9,040)
SEGMENT ASSETS				
Segment assets	296	2	5,493	5,791
<i>Reconciliation of segment assets to group assets</i>				
Unallocated items				
- Other	-	-	-	51
Total group assets				5,842
<i>Segment asset increases/(decreases) for the period:</i>				
- Cash	96	(3)	3,425	3,518
- Other	200	(1)	40	239
- From discontinued operation	-	-	-	(38)
	296	(4)	3,465	3,719
SEGMENT LIABILITIES				
<i>Segment liabilities</i>				
Payables	237	6	-	243
Provisions	-	-	-	4
<i>Reconciliation of segment liabilities to group liabilities</i>				
Unallocated items				
- Other	-	-	117	117
Total group liabilities				364
Liabilities relating to Zambia Limestone Segment (now discontinued)				15
Consolidated Total Liabilities				379

FINANCIAL STATEMENTS (CONTINUED)

Consolidated 30 June 2016				
	Australia – Manganese Exploration \$000	Zambia – Limestone Exploration \$000	Australia – Treasury \$000	Consolidated Group \$000
SEGMENT PERFORMANCE				
Finance revenue	-	-	45	45
Total segment and group revenue				45
<i>Reconciliation of segment revenue to group revenue</i>				
Other revenue				-
Total group revenue				45
Segment net profit/(loss) from continuing operations before tax	(113)	(2,525)	45	(2,593)
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>				
- Other tax revenue	-	-	-	-
Unallocated Items				
- Consulting Fees				(805)
- Depreciation				(20)
- Other				(875)
Net Profit/(loss) before tax from continuing operations				(4,293)
SEGMENT ASSETS				
Segment assets	6	39	2,034	2,079
<i>Reconciliation of segment assets to group assets</i>				
Unallocated items				
- Other				44
Total group assets				2,123
<i>Segment asset increases/(decreases) for the period:</i>				
- Cash	(10)	14	(686)	(682)
- Other	(112)	25	-	(87)
- Unallocated	-	-	-	44
				(725)
SEGMENT LIABILITIES				
Segment liabilities				
Payables	1	1	-	2
<i>Reconciliation of segment liabilities to group liabilities</i>				
Unallocated items				
- Other	-	-	178	178
Total group liabilities				180

NOTE 20: CASH FLOW INFORMATION

	Consolidated	
	2017	2016
	\$000	\$000
(a) Reconciliation of Cash Flow from Operations with Profit/Loss after Income Tax		
Profit/(Loss) after income tax	(9,079)	(4,293)
Non-cash flows in profit/(loss)		
– Depreciation	5	20
– Share options expensed	335	103
– Net Foreign Exchange loss	2	-
– Expense of exploration & evaluation assets	7,674	2,167
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
– (Increase)/decrease in trade and term receivables	17	32
– Increase/(decrease) in trade payables and accruals	(12)	96
– Increase/(decrease) in provisions	4	-
Cashflow from operations	(1,054)	(1,875)

NOTE 21: COMMITMENTS**a) Operating Lease Commitments**

	Consolidated	
	2017	2016
	\$000	\$000
Non-cancellable operating lease contracted for but not capitalised in the financial statements:		
Payable		
– Within one year	58	15
– One year or later and no later than five years	15	-
	73	15

The above amounts relate to a property lease at 130 Stirling Highway, North Fremantle which is expiring on 15 September 2018 and a contract with HP Financial services for printer hire charges expiring on 31 December 2019.

b) Exploration Commitments

	Consolidated	
	2017	2016
	\$000	\$000
In order to maintain current rights of tenure to exploration tenements, the Company has the following discretionary exploration expenditure up until the expiry of leases. These obligations are not provided for in the financial statements and are payable:		
– Within one year	86	144
– One year or later and no later than five years	220	258
– Later than five years	-	-
	306	402

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

The Company's wholly owned subsidiary Admiral Gold Limited has entered into two farm-in joint venture agreements. The Company has the following discretionary exploration expenditure to earn an interest in the projects in accordance with the farm-in/joint venture agreements.

FINANCIAL STATEMENTS (CONTINUED)

Alice River Gold Project

Admiral has the right to earn and acquire up to a 100% interest in the Alice River Gold Project. The key terms of the agreement include:

- (a) 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 14th 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 14th March 2019; and
 - (iii) Completing a Scoping Study on the tenements.
- (b) Subject to Admiral earning the Stage 1 Interest, Admiral has the right to earn up to an additional 24% interest in the tenements ("Stage 2 Interest") by undertaking additional expenditure on exploration of the tenements of not less than \$5,000,000 by 14th March 2021.

Mulwarrie Gold Project

Admiral has the right to earn and acquire up to a 70% interest in the Mulwarrie Gold Project. The key terms of the agreement include:

Admiral has the right to earn up to an initial 51% interest in the tenements ("Stage 1 interest") by:

- (a) Expending a minimum of \$200,000 on exploration of the tenements and completing a total of 2,000m of Reverse Circulation (RC) and/or Diamond Drilling (DD) on the tenements by 31st July 2017 ("Minimum Commitment"); and
- (b) 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 the 31st January 2018.

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 31st January 2019.

NOTE 22: SHARE BASED PAYMENTS

Share Options

All options granted are exercisable into ordinary shares in Spitfire Materials Limited, which confer a right of one ordinary share for every option held.

The number and weighted average exercise prices of share options granted as compensation are as follows:

	Consolidated	
	Weighted average exercise price	Number of options
Options outstanding as at 30 June 2015 (post consolidation)	97.7c	1,725,000
Expired	\$1.50c	(500,000)
Issued	16c	18,000,000
Options outstanding as at 30 June 2016	19.84c	19,225,000
Issued	16c	1,000,000
Options outstanding as at 30 June 2017	19.65c	20,225,000
Options exercisable as at 30 June 2017:		20,225,000
Options exercisable as at 30 June 2016:		900,000

The weighted average remaining contractual life of options outstanding at year end was 1,303 days (3.6 years). The range of exercise prices of outstanding options granted as compensation at reporting date is from \$0.16c to \$1.20c.

FINANCIAL STATEMENTS (CONTINUED)

On 31 May 2017, the Company issued 1,000,000 unlisted share options to Euroswiss Capital Partners for investor relations and consultancy services. The fair value of share options granted have been valued using Black Scholes Methodology taking into account the terms and conditions upon which the unlisted share options were granted as detailed below:

Unlisted Share Options							
Exercise Price	Share Price at date of issue	Grant date	Expected volatility	Expiry date	Risk free interest rate	Value per option	Number of options
\$0.16	\$0.11	31 May 2017	110%	31 May 2020	1.91%	\$0.066	1,000,000

Performance Rights

On the 29 June 2017, the company issued 20,000,000 Performance Rights (10,000,000 Class A and 10,000,000 Class B) to key management personnel (2016: nil). The Performance Rights granted are to incentivise the Key Management Personnel 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.

Subject to the terms and conditions of the performance rights and options plan approved by shareholders, the Performance Rights will vest upon satisfaction of the following milestones:

Class A Rights

Class A Related Party Performance Rights held by the Holder shall vest upon (Milestone 1);

- (iii) 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
- (iv) 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

Class B Related Party Performance Rights held by the Holder shall vest upon (Milestone 2).

- (v) 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
- (vi) 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.

The fair value of performance rights granted were independently valued using standard valuation techniques (including Monte Carlo simulation and probability distribution) taking into account the terms and conditions upon which the rights were granted as detailed below:

Class A Performance Rights					
Grant Date	Period (years)	Valuation per right	Expected Volatility	Risk free interest rate	Dividend Yield
29 June 2017	4	\$0.0670	136.8%	3.0%	-

Class B Performance Rights				
Grant Date	Period (years)	Valuation prior to probability	Combined Probability	Valuation per right
29 June 2017	4	\$0.1224	69.7%	\$0.0853

As at 30 June 2017, an 80% probability has been assigned to the Class A Performance Rights and a 69.7% probability assigned to the Class B Performance Rights, as to the likelihood of the vesting conditions being achieved.

Performance Rights				
Grant Date	Expiry Date	Number of Performance Rights	Total Valuation	Expense recorded to 30 June 2017
29 June 2017	29 June 2021	10,000,000 (Class A)	\$670,348	\$459
29 June 2017	29 June 2021	10,000,000 (Class B)	\$853,464	\$584

FINANCIAL STATEMENTS (CONTINUED)

Expenses arising from share based payment transactions:

Total expenses arising from share based payment transactions recognised during the period as follows:

	2017 \$	2016 \$
Options issued to key management personnel	267,142	103,443
Options issued to consultants and advisers	66,600	-
Performance Rights issued to key management personnel	1,043	-
Total Share based payments expense	334,785	103,443

Other Share based payments

On 27 October 2016, the company issued 2,000,000 fully paid ordinary shares for the acquisition of the England project. The value per share was based on the spot price as at the date of acquiring control being \$0.074

On 9 December 2016, the company issued 3,000,000 fully paid ordinary shares for the acquisition of the Yoda prospect. The value per share was based on the spot price as at the date of acquiring control being \$0.068

On 29 June 2017, the company issued 59,500,001 fully paid ordinary shares for the acquisition of 100% of the issued capital of Admiral Gold Limited. The value per share was based on the spot price as at the date of acquiring control being \$0.125

NOTE 23: EVENTS AFTER BALANCE SHEET DATE

On 1 September 2017, the Company executed a merger implementation agreement with Aphrodite Gold Limited to merge the companies by way of a scheme of arrangement.

On 23 August 2017, the company issued 2,000,000 share options to an unrelated party for promotional and investor relations services. On 15 August 2017, 100,000 share options expired.

On 1 August 2017, Mr Alan Boys was appointed as a Director of the Company.

On 3 July 2017, the Company completed the \$4.5m Share Placement by the issue of 75,000,000 fully paid ordinary shares at an issue price of \$0.06c per share.

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

NOTE 24: FINANCIAL RISK MANAGEMENT

Significant accounting policies

Details of the significant accounting policies in respect of financial instruments are disclosed in Note 1 of the financial statements.

Financial risk management

The Board seeks to minimise its exposure to financial risk by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis. No formal policies have been put in place in order to hedge the Group and Company's activities to the exposure to currency risk or interest risk, however if the Group enters commercial production this may be considered. No derivatives or hedges were entered into during the period.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Group is exposed through its operations to the following financial risks:

- Liquidity risk;
- Credit risk;
- Foreign exchange risk; and
- Interest rate risk.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Liquidity risk

Prudent liquidity risk management requires the Group to maintain sufficient cash to meet exploration and other commitments and is managed centrally by the Board. The board monitors rolling cash forecasts to manage liquidity risks and to ensure adequate cash reserves are maintained. Any exploration programs and budgets are set and agreed by the Board in advance, enabling the Group's cash requirements to be anticipated and managed. The main financial liabilities of the Group at balance date are trade and other payables.

Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group has made investments and advances of \$433,382 (2016: \$487,953) into subsidiary companies, recovery of which is dependent on future income generation of those subsidiaries.

The Group's maximum exposure to credit risk by class of individual financial instrument is shown in the table below:

	2017		2016	
	Carrying value	Maximum exposure	Carrying value	Maximum exposure
	\$	\$	\$	\$
Cash and cash equivalents				
– AA Rated	5,557	5,557	2,053	2,053
Trade and other receivables	115	115	63	63
	5,672	5,672	2,116	2,116

Price risk

Price conscious risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities. The Group is currently involved in the exploration for manganese and should sufficient economic resources be delineated then the Group will be exposed to the particular commodity price risk. There are no hedges in place at balance date.

Foreign exchange risk

The Group has dormant overseas subsidiaries in Mauritius and as a result the parent company has incurred some minor expenditure in US dollars. There is minimal foreign exchange risk in the Group's activities and as such no formal arrangements have been put in place in order to hedge the Group and Company's activities.

In order to monitor the continuing effectiveness of this policy, the Board, through its approval of both corporate and capital expenditure budgets and review of the currency profile of cash balances and management accounts, considers the effectiveness of the policy on an ongoing basis.

Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

FINANCIAL STATEMENTS (CONTINUED)

Consolidated 2017					
	Floating interest rate	Fixed interest maturing in 1 year or less	Fixed interest maturing over 1 to 5 years	Non-interest bearing	Total
	\$000	\$000	\$000	\$000	\$000
Financial assets					
Cash and cash equivalents	4,707	850	-	-	5,557
Trade and other receivables	-	-	-	115	115
	4,707	850	-	115	5,672
Weighted average interest rate	0%	0.88%			
Financial liabilities					
Trade and other payables	-	-	-	375	375
Provisions	-	-	-	4	4
	-	-	-	379	379

Consolidated 2016					
	Floating interest rate	Fixed interest maturing in 1 year or less	Fixed interest maturing over 1 to 5 years	Non-interest bearing	Total
	\$000	\$000	\$000	\$000	\$000
Financial assets					
Cash and cash equivalents	1,787	266	-	-	2,053
Trade and other receivables	-	-	-	63	63
	1,787	266	-	63	2,116
Weighted average interest rate	0%	0.59%			
Financial liabilities					
Trade and other payables	-	-	-	180	180
	-	-	-	180	180

Sensitivity Analysis

Interest rate risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current financial year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

A sensitive analysis has been determined based on the exposure to changes in interest rates on available cash during the financial year. A 100 basis point increase or decrease has been used as management's assessment of the risk of possible changes in interest rates.

At 30 June 2017, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's net profit would increase by \$35,775 or decrease by \$31,352 (2016: increase by \$74,140 or decrease by \$43,815). This is due mainly to the Group's exposure to variable interest rates on cash and cash equivalents.

Net Fair Value

The carrying value and net fair value of financial assets and liabilities at balance date are:

2017		2016	
	Carrying Amount \$000	Net Fair Value \$000	Carrying Amount \$000
			Net Fair Value \$000
Financial assets			
Cash and cash equivalents	5,557	5,557	2,053
Trade and other receivables	115	115	63
	5,672	5,672	2,116
Financial liabilities			
Trade and other payables	375	375	180
Provisions	4	4	-
	379	379	180

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 27 to 59, are in accordance with the Corporations Act 2001 and:
 - a. Comply with Accounting Standards;
 - b. Are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in note 1 to the financial statements; and
 - c. Give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Company and consolidated Group.
2. The Director/Company Secretary has declared that:
 - a. The financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. The financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. The financial statements and notes for the financial year give a true and fair view.
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



RUSSELL HARDWICK

DIRECTOR

Dated this 20th day of September 2017

Independent Auditor's Report

To the Members of Spitfire Materials Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Spitfire Materials Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Bentleys Audit & Corporate
(WA) Pty Ltd**

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216 St Georges Terrace

Perth WA 6000

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Cloisters Square WA 6850

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Independent Auditor's Report

To the Members of Spitfire Materials Limited (Continued)



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Acquisition of Admiral Gold Limited	
<p>During the year, the Company completed its acquisition of Admiral Gold Limited via the issue of shares. This transaction was accounted for as an asset acquisition with a deemed consideration of \$7,437,500.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none">➤ The size of the transaction having a pervasive impact on the financial statements; and➤ The complexity in identifying the elements of consideration and the judgement applied by the Company in determining its fair value.	<p>Procedures performed as part of our assessment of the transaction to determine if the appropriate accounting treatment was applied, included:</p> <ul style="list-style-type: none">➤ Evaluation of management's assessment of the combining entities to determine who obtained control as a result of the transaction.➤ Review of signed contractual agreements relating to the acquisition and understanding the key terms and conditions of the transaction;➤ Assessment of the calculation of the deemed consideration with underlying information inputs including share price with the terms of the acquisition agreement;➤ Review of acquisition date balance sheet to acquisition agreement and underlying supporting documentation;➤ Assessment of the fair value of assets and liabilities acquired to the fair value assessment conducted by management.➤ Assessing the adequacy of the disclosures in Notes 11b of the financial statements.
Accounting for Discontinued Operations	
<p>As disclosed in note 6 to the financial statements, the Company has presented White Lion as a discontinued operations in the income statement. The result of the discontinued operations amounts to \$39,086 for 30 June 2017.</p> <p>Discontinued operation is considered to be a key audit matter due to</p> <ul style="list-style-type: none">➤ the requirement of specific conditions to be met; and➤ the judgement involved in determining the financial results of the operations.	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none">➤ Evaluation of management's assumptions applied as discontinued operation by reviewing of minutes and other relevant documentation of the discontinued operations;➤ Assessment of the reallocation of costs associated with discontinued operations; and➤ Assessing the adequacy of the disclosures included in Note 6 to the financial statements.

Key Audit Matter	How our audit addressed the key audit matter
<p>Accounting for Share Based Payments - Performance Rights</p> <p>As disclosed in note 22 to the financial statements, on 29 June 2017, the Company issued 20,000,000 performance rights to key management personnel. The total value of these performance rights amounted to \$1,523,812 of which \$1,043 was expensed in the current period.</p> <p>Share based payments are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> the value of the transactions; the complexities involved in the recognition and measurement of these instruments; and the judgement involved in determining the inputs used in the valuations. <p>Management used the Monte Carlo simulation valuation model and attributed probabilities to the likelihood of non-market performance milestones being met, to determine the fair value of the performance rights granted. This process involved significant estimation and judgement required to determine the fair value of the equity instruments granted.</p>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> Evaluating the key assumptions used to value the issue of 20,000,000 performance rights, including re-performing valuations conducted by management and assessing the probability of the non-market performance milestones being met; and Assessing the adequacy of the disclosures included in Note 22 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

ADDITIONAL INFORMATION FOR PUBLICLY LISTED COMPANIES

ADDITIONAL SHAREHOLDER INFORMATION AS AT 18 SEPTEMBER 2017

1. SHAREHOLDING INFORMATION

a. Distribution of equity security holders

Category (size of holding)	Listed shares - Number Ordinary Shares
1 – 1,000	185
1,001 – 5,000	231
5,001 – 10,000	113
10,001 – 100,000	283
100,001 and over	195
	1,007

b. The number of shareholdings held in less than a marketable parcel is 417.

There is no current on-market buy-back.

c. The names of the substantial shareholders listed in the holding company's register as at 11 September 2017 are:

Shareholder	Number Ordinary Shares	%
John Alexander Young & Cheryl Kaye Young <The Forever Young Superannuation Fund A/C> & <The Forever Young Family A/C> & John Alexander Young, Cheryl Kaye Young	20,000,000	8.11
Starchaser Nominees Pty Ltd <AH & AMB Super Fund A/C>, Alan Boys and Anne Marie Boys	16,751,481	6.79

d. Voting Rights

There are a total of 246,683,293 fully paid ordinary shares on issue. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Share options and performance rights do not have voting rights.

e. Restricted securities or securities subject to ASX or voluntary escrow

2,000,000 fully paid ordinary shares escrowed until 27 October 2017

3,000,000 fully paid ordinary shares escrowed until 9 December 2017

25,000,001 fully paid ordinary shares escrowed until 29 June 2018

24,500,000 fully paid ordinary shares escrowed until 29 June 2018

ADDITIONAL INFORMATION (CONTINUED)

f. 20 Largest Shareholders – Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. STARCHASER NOMINEES PTY LTD <AH & AMB SUPER FUND A/C>	12,350,000	5.01
2. MR JOHN ALEXANDER YOUNG + MRS CHERYL KAYE YOUNG <FOREVER YOUNG FAMILY A/C>	11,000,000	4.46
3. MOMENTUM NORTH PTY LTD <THE HALLILEY SUPER FUND A/C>	8,583,331	3.48
4. PETLIN NOMINEES PTY LTD <PETLIN SUPER FUND A/C>	8,000,000	3.24
5. MR JOHN CAMPBELL SMYTH <SMYTH SUPER FUND A/C>	7,400,000	3.00
6. J P MORGAN NOMINEES AUSTRALIA LIMITED	7,096,147	2.88
7. NOHUNI PTY LTD <SUPER FUND A/C>	6,612,000	2.68
8. 2M RESOURCES PTY LTD	6,000,000	2.44
9. TEAS NOMINEES PTY LTD <THE SMITH SUPER FUND A/C>	5,900,000	2.39
10. BIDDLE PARTNERS PTY LTD <THE BIDDLE SUPER FUND A/C>	5,000,000	2.03
11. MR JOHN ALEXANDER YOUNG + MRS CHERYL KAYE YOUNG <THE FOREVER YOUNG S/F A/C>	5,000,000	2.03
12. MR GARY BRIAN TUCKER + MRS LESLIE PATRICIA TUCKER <TUCKER SUPER FUND A/C>	4,340,000	1.76
13. MS ANNE MARIE BOYS	4,000,000	1.62
14. HATCHED CREEK PTY LTD <THE DIRECTION A/C>	4,000,000	1.62
15. STARBLEND NOMINEES PTY LTD <THE INNIS SUPER FUND A/C>	3,990,267	1.62
16. CLARIDEN CAPITAL LIMITED	3,500,000	1.42
17. MS KIM PATRICIA CULLEN	3,171,827	1.29
18. GEMPART (NT) PTY LTD	3,000,000	1.22
19. MR ROBERT ANDREW RODDA + MRS HELEN MARGARET RODDA <HR FUND A/C>	3,000,000	1.22
20. BNP PARIBAS NOMS PTY LTD <DRP>	2,922,219	1.18
TOTAL:	114,865,791	46.60

2. COMPANY SECRETARY

The name of the Company Secretary is Russell Hardwick.

3. PRINCIPAL REGISTERED OFFICE

The address of the principal registered office in Australia is:

130 Stirling Highway
North Fremantle WA 6159
Telephone +61 8 6215 0090

4. REGISTER OF SECURITIES

Computershare
Level 11, 172 St Georges Terrace
PERTH WA 6000
P: + 61 8 9323 2018

ADDITIONAL INFORMATION (CONTINUED)

f. 20 Largest Shareholders – Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. STARCHASER NOMINEES PTY LTD <AH & AMB SUPER FUND A/C>	12,350,000	5.01
2. MR JOHN ALEXANDER YOUNG + MRS CHERYL KAYE YOUNG <FOREVER YOUNG FAMILY A/C>	11,000,000	4.46
3. MOMENTUM NORTH PTY LTD <THE HALLILEY SUPER FUND A/C>	8,583,331	3.48
4. PETLIN NOMINEES PTY LTD <PETLIN SUPER FUND A/C>	8,000,000	3.24
5. MR JOHN CAMPBELL SMYTH <SMYTH SUPER FUND A/C>	7,400,000	3.00
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TOTAL:	114,865,791	46.60

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130 Stirling Highway
North Fremantle WA 6159
Telephone +61 8 6215 0090

4. REGISTER OF SECURITIES

Computershare
Level 11, 172 St Georges Terrace
PERTH WA 6000
P: + 61 8 9323 2018

5. SECURITIES EXCHANGE LISTING

Quotation has been granted for all the ordinary shares on all Member Exchanges of the Australian Securities Exchange Limited.

6. UNQUOTED SECURITIES

Share Options – Expiry Date	Exercise Price	Unquoted Securities	Number of Holders
22 November 2017	\$1.10	475,000	4
28 November 2019	\$0.45	650,000	3
31 May 2020	\$0.16	3,000,000	2
30 March 2021	\$0.16	18,000,000	5

The Company also has 10,000,000 Class A and 10,000,000 Class B Performance Rights held by 4 holders.

7. SCHEDULE OF TENEMENTS

Spitfire Materials Limited - Tenement Holding

State	Tenement Code	Beneficial Interest (%)
SOUTH WOODIE WOODIE MANGANESE PROJECT		
Western Australia	E46/616	80
Western Australia	E46/787	100
Western Australia	E46/835	100
Western Australia	R46/0002	80
Western Australia	E46/1159 Application	100
Western Australia	E46/1160 Application	100
ENGLAND GOLD PROJECT		
Western Australia	E38/2869	100
YODA GOLD PROSPECT		
Northern Territory	EL 30834	100



ABN 40 125 578 743

