



## SEPTEMBER 2017 QUARTERLY ACTIVITIES REPORT

- **Spitfire announces merger with Aphrodite Gold (ASX: AQQ) to create a leading diversified Australian gold development company.**
- **Merger implementation agreement (MIA) executed on 4 September, with Scheme Booklet on track to be dispatched to Aphrodite shareholders by mid-November.**
- **Scheme Meeting scheduled for mid-December 2017.**
- **Outstanding new high-grade results received from first phase of a 6,000m follow-up Reverse Circulation drilling program at the Mulwarrie Gold Project, WA.**
- **Maiden Reverse Circulation drilling program commences at Alice River Gold Project in North Queensland.**

### Overview

The September Quarter was an active and highly successful period for Spitfire Materials Limited (“Spitfire” or “the Company”) (ASX: SPI), with the key development being the announcement of a merger with fellow ASX-listed gold company Aphrodite Gold Limited (“Aphrodite”) (ASX: AQQ) to create a significant new Australian gold development company.

This merger, which is currently being implemented via a Scheme of Arrangement, marks a significant escalation of Spitfire’s previously announced growth ambitions in the Australian gold sector.

While the transaction with Aphrodite is being progressed, Spitfire continued to progress and add value to its existing gold projects in Western Australia and Queensland.

During the Quarter, the first stage of a highly successful follow-up drilling program was completed at the Mulwarrie Gold Project Joint Venture, which is strategically located near the Aphrodite Gold’s flagship Aphrodite Gold Project. This program delivered further impressive high-grade primary gold intercepts which will be followed up in the second phase of drilling, due to commence in November.

Immediately subsequent to Quarter-end, Spitfire commenced its maiden drilling program at the Alice River Gold Project in North Queensland. This program is expected to be completed by late October, with assay results expected to begin to flow by early November.

## Merger with Aphrodite Gold

During the Quarter, Spitfire and Aphrodite signed a merger implementation agreement to merge the two ASX-listed companies to create a significant new diversified Australian gold company with a highly prospective exploration portfolio in Western Australia, Queensland and the Northern Territory and strong growth potential.

The transaction will create a leading gold exploration and development company with a diversified asset base spread across a number of projects including a highly prospective greenfields exploration opportunity at Alice River in Queensland, an emerging discovery opportunity at Mulwarrie in WA, and a resource-level near-term development opportunity at the Aphrodite Gold Project near Kalgoorlie in WA.

The Aphrodite Gold Project is located 65km north of Kalgoorlie in the Eastern Goldfields of Western Australia and has a long history of exploration and resource estimation by several parties dating from its discovery in the mid-1990s.

The Aphrodite Gold Project offers outstanding synergies with Spitfire's emerging high-grade primary gold discovery at the Mulwarrie Project, also located near Kalgoorlie, with the two projects expected to form the centrepiece of a new gold consolidation strategy to be pursued by the merged company in WA's Eastern Goldfields.

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.

On completion, the merged entity will be led by the highly skilled management team which founded the highly successful Australian lithium developer, Pilbara Minerals (ASX: PLS), including John Young as Managing Director and Neil Biddle as Executive Director. Two Aphrodite directors, Peter Buttigieg and Roger Mitchell, will join the board of the merged entity. Peter Buttigieg will be the Non-Executive Chairman.

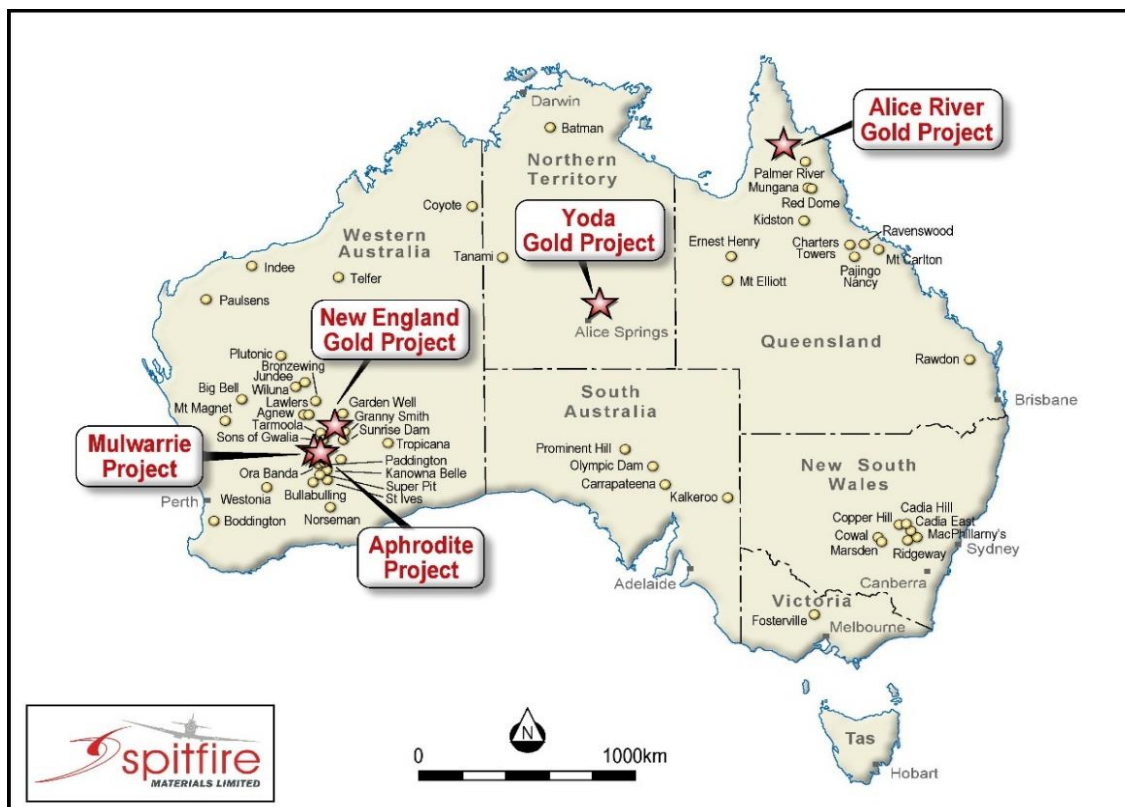


Figure 1: Expanded Australian gold portfolio following the merger of Spitfire and Aphrodite Gold

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.

All elements of the merger process proceeded on schedule during the September Quarter. An Independent Expert's Report is currently in preparation and is on track to be sent to Aphrodite shareholders as part of the Scheme Booklet by mid-November 2017. The court hearings required to finalise and implement the merger are scheduled for December 2017.

## Mulwarrie Gold Project, WA

### EXPLORATION ACTIVITIES

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.

The August drill program at Mulwarrie was undertaken in two phases. The Phase 1 program, comprising 24 holes for 2,780m, was completed by 5 September and was successful in identifying and validating the previous RC drilling south of the Central Pit.

Drilling also targeted the area down-plunge of significant intersections from the newly defined East lode (for full results see ASX Release dated 27<sup>th</sup> September 2017):

- 17MWRC041    **5m @ 20.75 g/t Au** from 114m, including:  
                  **2m @ 48.25 g/t Au** from 114m
- 17MWRC044    **3m @ 3.03 g/t Au** from 89m
- 17MWRC045    **4m @ 13.46 g/t Au** from 57m  
                  **10m @ 4.58 g/t Au** from 71m, including:  
                  **2m @ 14.77 g/t Au** from 75m
- 17MWRC046    **2m @ 2.71 g/t Au** from 81m
- 17MWRC047    **3m @ 43.52 g/t Au** from 72m, including:  
                  **2m @ 64.73 g/t Au** from 72m
- 17MWRC048    **2m @ 3.14 g/t Au** from 52m; and  
                  **2m @ 2.63 g/t Au** from 56m; and  
                  **3m @ 1.48 g/t Au** from 63m; and  
                  **4m @ 4.83 g/t Au** from 71m; and  
                  **4m @ 4.20 g/t Au** from 79m

At Mulwarrie South, four holes were drilled down-plunge of 17MWDD001 (see ASX Release 3<sup>rd</sup> July 2017), which returned a significant intersection of **9.5m @ 16.26 g/t Au from 63m, within a wider intercept of 23m @ 7.27 g/t Au.**

Below are the significant RC drilling intercepts >1g/t. Note: the intersection widths are down-hole and, as such, are not true widths (full results see ASX Release dated 27<sup>th</sup> September 2017):

- 17MWDD097 **9m @ 3.12 g/t Au** from 101m, including:  
**2m @ 9.29 g/t Au** from 102m; and  
**12m @ 14.66 g/t Au** from 123m, including:  
**4m @ 36.97 g/t Au** from 127m
- 17MWRC099 **3m @ 30.57 g/t Au** from 30m; and  
**1m @ 10.3 g/t Au** from 94m
- 17MWRC0100 **3m @ 23.27 g/t Au** from 102m; and  
**3m @ 6.46 g/t Au** from 116m

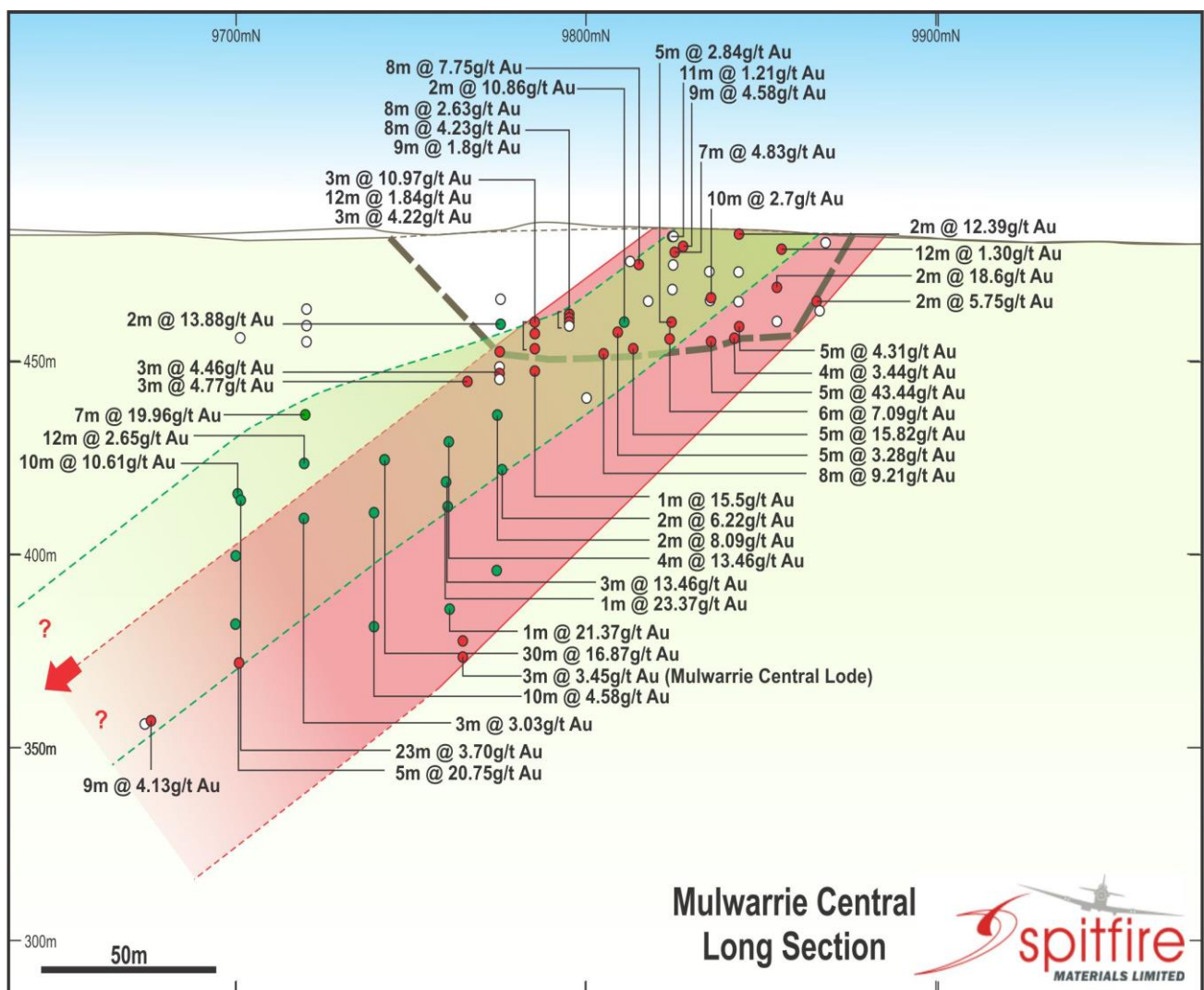


Figure 2: Mulwarrie Central Long Section

The long section in Figure 2 illustrates both the continuity of the East Lode extending from the southern end of the existing pit. The mineralization is open to the south-east.

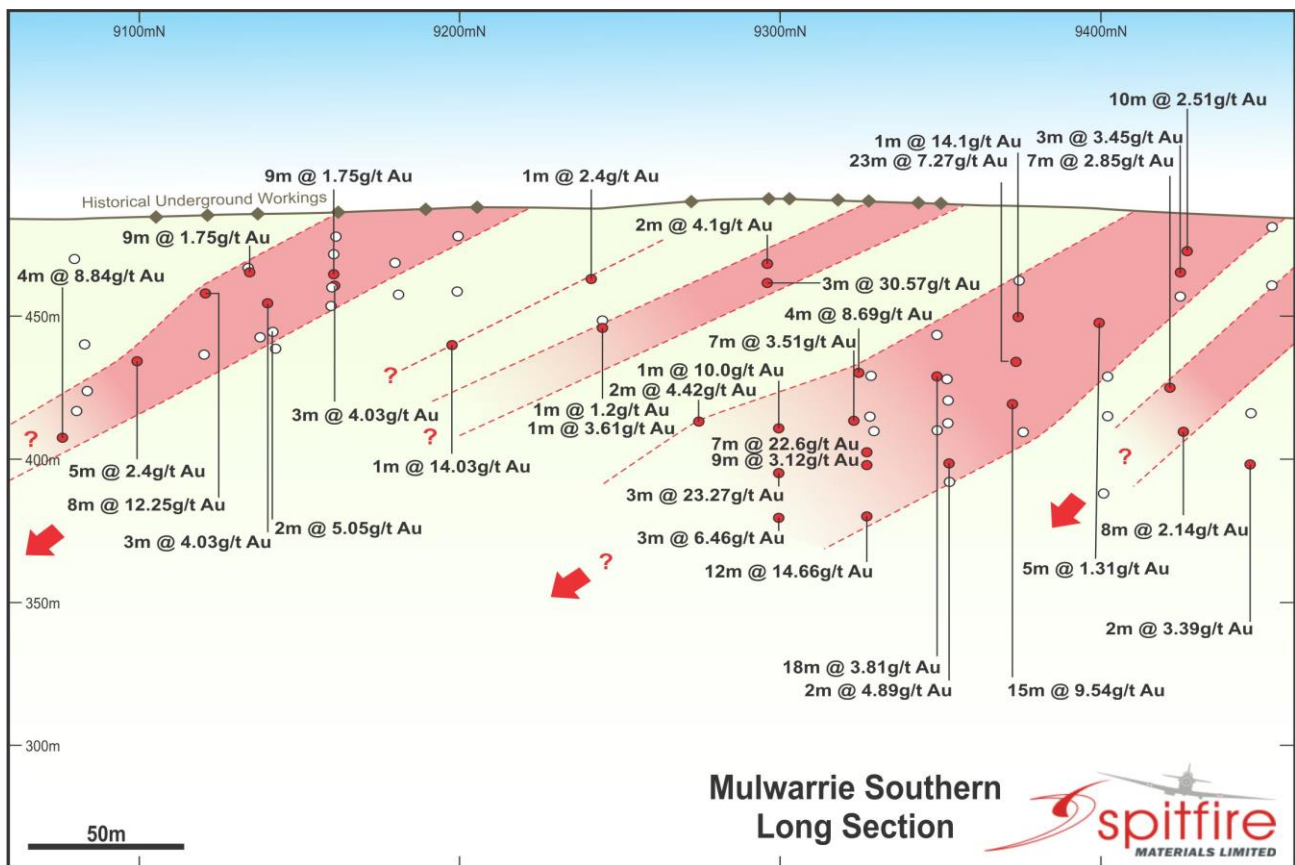


Figure 3: Mulwarrie South Long section

## Alice River Gold Project, NE Queensland

### EXPLORATION ACTIVITIES

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 (see Figure 4). The project encompasses eight Exploration Permits (EPM's) and eight granted Mining Leases (ML's).

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

On 5<sup>th</sup> October 2017 Spitfire announced that it has commenced its maiden drilling program at the Alice River Gold Project in Queensland. The initial Reverse Circulation drilling program, comprising 17 holes for approximately 2,430m, will be conducted over the Alice Queen and One Mile Mining Leases and is expected to be completed late October 2017. The initial phase of RC drilling was designed to follow-up historical sampling results and modelling that resulted in the definition of an initial Exploration Target, which was reported earlier this year (see ASX release dated 26<sup>th</sup> May 2017 for full details).

The key Exploration Licence, EPM 26266, was recently granted over the central 15km of the Alice River shear zone, providing contiguous coverage over the eight granted Mining Leases. Exploration on granted EPM 26266 and other Exploration permits has been postponed as the Company continues to negotiate with the Olkola Corporation on a suitable access agreement, including appropriate cultural and heritage surveys.

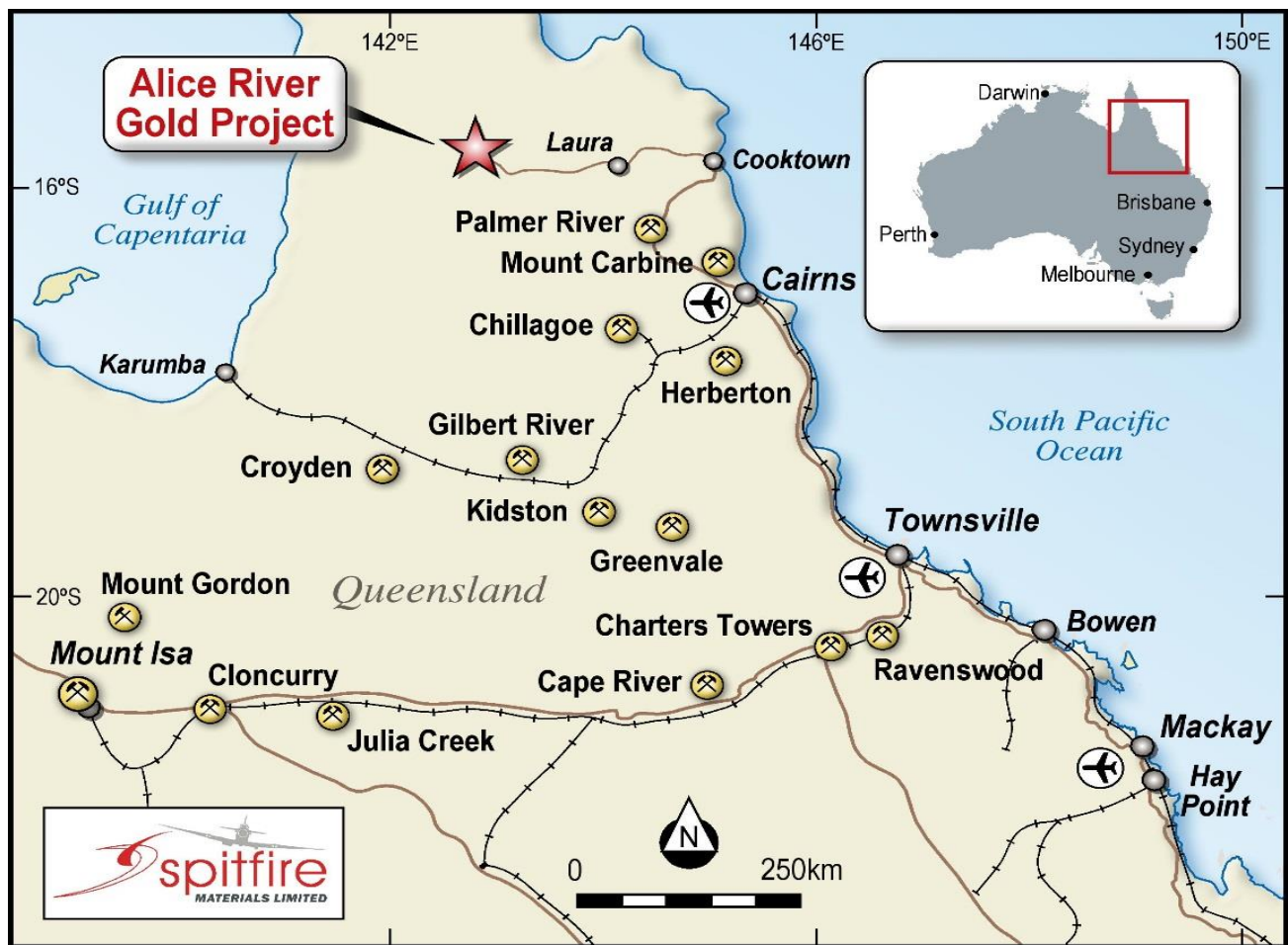


Figure 4: Alice River Gold Project, Location

## Corporate

During the Quarter, Mr Alan Boys was appointed as Non-Executive Director of the Company. Mr Russell Hardwick resigned as a Director of the Company on 29<sup>th</sup> September 2017, but is continuing as the Company's Chief Financial Officer and Company Secretary.

## Cash Position

The Company held cash reserves of A\$2.86 million.

## MORE INFORMATION

### INVESTORS:

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## **Competent Person's Statement**

### *Alice River and Mulwarrie Gold Project*

*The information in this presentation relating to Exploration Results and Mineral Resources is based on information compiled by the Company's proposed Managing Director, Mr John Young, a competent person, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Young has sufficient experience relevant to the style of mineralisation and to the type of activity described to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Young has disclosed to the Company that he is a substantial shareholder in the Company. Mr Young consents to the inclusion in this announcement of the matters based on his information in the form and content in which it appears. The information contained in this announcement was previously released on 5 October 2017 entitled "Drilling Commences at Alice River Gold Project" and 27 September 2017 entitled "Outstanding high-grade primary gold hits up to 43.5g/t confirm potential of Mulwarrie Project". The Company is not aware of any new information or data that materially affects the information included in the announcements of 5 October 2017 and 27 September 2017.*

## SCHEDULE OF TENEMENTS

Country/state	Tenement Code	Beneficial Interest (%)
<b>England Gold Project</b>		
Western Australia	E38/2869	100%
<b>Yoda Prospect Project</b>		
Northern Territory	EL 30834	100%
<b>South Woodie Woodie Manganese Project</b>		
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%
<b>Mulwarrie Gold Project</b>		
Western Australia	M30/0119	0%*
Western Australia	M30/0145	0%*
<b>Alice River Gold Project</b>		
Queensland	ML2901	0%*
Queensland	ML2902	0%*
Queensland	ML2907	0%*
Queensland	ML2908	0%*
Queensland	ML2957	0%*
Queensland	ML2958	0%*
Queensland	ML3010	0%*
Queensland	ML3011	0%*
Queensland	EPM14312	0%*
Queensland	EPM14313	0%*
Queensland	EPM15359	0%*
Queensland	EPM15360	0%*
Queensland	EPM15409	0%*
Queensland	EPM15410	0%*
Queensland	EPM16301	0%*
Queensland	EPM26266	0%*

\* Subject to Farm-in and joint venture agreements.