

Aphrodite Gold Limited

ACN 138 879 928

Scheme Booklet

for a scheme of arrangement in relation to the proposed acquisition of all your fully paid ordinary shares in Aphrodite Gold Limited by Spitfire Materials Limited

Your Aphrodite Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Merger with

Spitfire Materials Limited

ACN 125 578 743

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Aphrodite Shareholders (other than Spitfire)

This is an important document and requires your prompt attention. You should read it in its entirety before you decide whether or not to vote in favour of the Scheme. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser.

Legal Adviser to Aphrodite



Legal Adviser to Spitfire



Important Information

This Scheme Booklet contains important information

The purpose of this Scheme Booklet is to explain the terms of the Scheme, the manner in which the Scheme will be considered and implemented (if the Scheme Conditions are satisfied), and to provide such information as is prescribed or otherwise material for Aphrodite Shareholders when deciding whether or not to vote in favour of the Scheme. This document includes the explanatory statement required by section 412(1) of the Corporations Act in relation to the Scheme. You should read this document in its entirety before making a decision on whether or not to vote in favour of the Scheme.

Investment decisions

This Scheme Booklet is for Aphrodite Shareholders (other than Spitfire) collectively and does not take into account an individual's investment objectives, financial situation, taxation position or other particular needs.

This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to the Scheme, Aphrodite Shares or New Spitfire Shares. If you are in any doubt about what you should do, you should seek independent legal, financial or other professional advice before making any investment decision in relation to the Scheme.

Responsibility for information

The information concerning the Aphrodite Group contained in this Scheme Booklet, including financial information and information as to the views and recommendations of the Aphrodite Directors, has been provided by Aphrodite and is the responsibility of Aphrodite. Neither Spitfire, nor its advisers, nor the advisers of Aphrodite assume any responsibility for the accuracy or completeness of that information.

The Spitfire Information has been provided by Spitfire and is the responsibility of Spitfire. Neither Aphrodite, nor its advisers, nor the advisers of Spitfire assume any responsibility for the accuracy or completeness of that information.

BDO Corporate Finance (WA) Pty Ltd has prepared the Independent Expert's Report set out in Annexure A of this Scheme Booklet and takes responsibility for that report. Spitfire, Aphrodite and their respective advisers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report.

Role of ASIC, ASX, and the Court

A copy of this Scheme Booklet has been examined by ASIC pursuant to section 411(2)(b) of the Corporations Act and lodged with, and registered by, ASIC under section 412(6) of the Corporations Act. Aphrodite has requested ASIC provides statements, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the

Scheme. If ASIC provides those statements, they will be produced to the Court on the Second Court Date.

A copy of this Scheme Booklet has been lodged with ASX.

Neither ASIC, ASX nor any of their officers takes any responsibility for the contents of this Scheme Booklet.

The Court is not responsible for the contents of this Scheme Booklet and, the fact that under section 411(1) of the Corporations Act the Court ordered on 10 November 2017 that a meeting of Aphrodite Shareholders be convened by Aphrodite to consider and vote on the Scheme and has approved the Scheme Booklet does not mean that the Court:

(a) has formed any view as to the merits of the proposed Scheme or as to how Aphrodite Shareholders should vote (on this matter, Aphrodite Shareholders must reach their own decision); and

(b) has prepared, or is responsible for, the content of this Scheme Booklet.

Forward-looking statements

This Scheme Booklet contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. The statements contained in this Scheme Booklet about the advantages and disadvantages expected to result from the Scheme are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Aphrodite, Spitfire and/or the Merged Group to be materially different from future results, performance or achievements expressed or implied by such statements. The operations and financial performance of Aphrodite, Spitfire and/or the Merged Group and the change of a Scheme Participant's ownership of Aphrodite Shares and New Spitfire Shares are subject to various risks that are summarised in Section 10 of this Scheme Booklet and that may be beyond the control of Aphrodite, Spitfire and/or the Merged Group.

As a result, Aphrodite's actual results of operations and earnings and those of Spitfire and the Merged Group following implementation of the Scheme, as well as the actual advantages and disadvantages of the Scheme, may differ significantly from those that are anticipated in respect of timing, amount or nature and may never be achieved.

The forward-looking statements included in this Scheme Booklet reflect views only as of the date of this Scheme Booklet. None of Aphrodite, Spitfire, the Aphrodite Directors or the Spitfire Directors or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Scheme Booklet will actually occur

and you are cautioned not to place undue reliance on such forward-looking statements.

All written and oral forward-looking statements attributable to Aphrodite or Spitfire or any person acting on their behalf are qualified by this cautionary statement. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, neither Aphrodite nor Spitfire give any undertaking to update or revise any such statements after the date of this Scheme Booklet to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

New Zealand Shareholders

This Scheme Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 (or any other relevant New Zealand law). In offering New Spitfire Shares under the Scheme in New Zealand, Spitfire is relying on an exemption contained in the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 and accordingly, this Scheme Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law. New Zealand investors should seek their own advice and satisfy themselves as to the Australian and New Zealand tax implications of participating in the Scheme.

Ineligible Foreign Shareholders

This Scheme Booklet has been prepared having regard to Australian disclosure requirements. Other countries may have different legislative and regulatory requirements.

Neither this Scheme Booklet nor the Scheme constitute, or are intended to constitute, an offer of securities in any place in which or to any person to whom, the making of such an offer would not be lawful under the laws of any jurisdiction outside Australia and its external territories and New Zealand. Aphrodite Shareholders who are not residents of Australia and its external territories or New Zealand should refer to Sections 5.7 and 5.9 of this Scheme Booklet for further information.

Small Shareholders

Aphrodite Shareholders who are entitled to receive 5,000 or less New Spitfire Shares under the Scheme may elect to have those Spitfire Shares sold via a sale facility and receive the net sale cash proceeds instead. Small Shareholders should refer to Sections 4.8 and 5.9 of this Scheme Booklet for further information.

Privacy and Entitlement to inspect Aphrodite Registers

Personal information may be collected by Aphrodite and Spitfire in the process of implementing the Scheme. This information may include the name, contact details, security holding details of Aphrodite Shareholders, and the names of individuals appointed to act as proxy, attorney or corporate representative by an Aphrodite Shareholder at the Scheme Meeting. The primary purpose for collecting this personal information is to assist Aphrodite and Spitfire to conduct the Scheme Meeting and implement the Scheme.

Any personal information collected may be disclosed to Aphrodite's and Spitfire's respective share registries, advisers, print and mail service providers and related bodies to the extent necessary to effect the Scheme. Aphrodite Shareholders are entitled under section 173 of the Corporations Act to inspect and obtain copies of personal information collected. Aphrodite Shareholders should contact Security Transfer in the first instance if they wish to access their personal information.

Defined terms

Capitalised terms and certain other terms used in this Scheme Booklet are defined in the Glossary of defined terms in Section 15.

The Independent Expert's Report set out in Annexure A has its own defined terms and those terms are sometimes different to the defined terms in the Glossary.

Currency

All references in this Scheme Booklet to "\$", "AUD" or "dollar" are references to Australian currency unless otherwise indicated.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, their actual calculation may differ from the calculations set out in this Scheme Booklet.

Reference to time

All references in this document to time relate to the time in Melbourne, Victoria, unless otherwise specified.

Date of this document

This document is dated 13 November 2017.

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Reasons to vote in favour of or against the Scheme

Reasons to vote in favour of the Scheme

- The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable and therefore in the best interests of Aphrodite Shareholders (other than Spitfire).
- The Aphrodite Directors have unanimously recommended that Aphrodite Shareholders (other than Spitfire) vote in favour of the Scheme in the absence of a Superior Proposal.
- The implied value of the Scheme Consideration constitutes a significant premium to the recent trading prices of Aphrodite Shares of approximately:
 - 87.0% to the closing price of Aphrodite Shares prior to the Announcement Date¹;
 - 100.0% to the VWAP of Aphrodite Shares over the 5 trading days up to and including the last trading day prior to the Announcement Date, compared to the VWAP of Spitfire Shares over the same period; and
 - 169.8% to the VWAP of Aphrodite Shares over the 30 days up to and including the last trading day prior to the Announcement Date, compared to the VWAP of Spitfire Shares over the same period.²
- The Merger creates a company with an advanced exploration and development portfolio with considerable exploration upside delivering an immediate growth story and diversifying investment risk.
- The Merged Group will have increased market presence, greater liquidity and enhanced financial strength enabling it to better develop its existing projects, pursue a new gold consolidation strategy and attract significant greater opportunities in the North-eastern Goldfields.
- Significantly strengthened Board and management team of the Merged Group.
- The Aphrodite share price is likely to fall if the Merger is not implemented and no Superior Proposal emerges.
- No Superior Proposal has emerged as at the date of this Scheme Booklet.
- Scheme Participants may be eligible for CGT rollover relief.

These reasons are discussed in more detail in Section 1.

Reasons why you may choose to vote against the Scheme

- You may disagree with the recommendation by the Independent Expert and the Aphrodite Directors.
- Your percentage interest in the Merged Group will be less than your current interest in Aphrodite.

¹ Based on the closing price of Spitfire Shares and Aphrodite Shares of \$0.13 and \$0.024 respectively on ASX on the last trading day prior to the Announcement Date.

² Refer to Section 1.3 for further information.

- The risk profile of the Merged Group will be different to that of Aphrodite's, which you may consider to be disadvantageous to you relative to the risk profile of the current Aphrodite business.
- You may consider that there is the potential for a Superior Proposal to be made to Aphrodite in the foreseeable future.
- The exact value of the Scheme Consideration upon implementation of the Scheme is not certain.
- The tax consequences of the Scheme may not suit your current financial position.

These reasons are discussed in more detail in section 2.

Overview of this document

What is the proposal?

Spitfire Materials Limited (**Spitfire**) has made a proposal to acquire all of the Shares in Aphrodite Gold Limited (**Aphrodite**) that it does not already own to effect a merger between Spitfire and Aphrodite.

Spitfire and Aphrodite have agreed to implement the Scheme proposal under a procedure set out in the Corporations Act called a scheme of arrangement. This is a Court-supervised process under which Aphrodite Shareholders have the opportunity to vote for or against the proposed Scheme and if the Scheme is approved by the Court then the Scheme will be binding on Aphrodite and the Aphrodite Shareholders.

If the Scheme is approved by Aphrodite Shareholders and by the Court, subject to satisfaction or waiver of the Scheme Conditions:

- Spitfire will acquire all of the Aphrodite Shares that it does not own in exchange for the Scheme Consideration (being 1 New Spitfire Share for every 2.8959 Aphrodite Shares) to be provided to the Scheme Participants, and Aphrodite will become a wholly-owned subsidiary of Spitfire; and
- all existing Aphrodite Options will be cancelled or transferred pursuant to the Option Cancellation Deed in exchange for the grant of Spitfire Options at a ratio of 1 Spitfire Option for every 2.8959 Aphrodite Options.

If the Scheme is not approved, the Merger will not proceed and Aphrodite will continue to operate as a stand-alone entity, listed on ASX.

What is this document for?

The Scheme is subject to the approval of Aphrodite Shareholders (other than Spitfire). This Scheme Booklet contains information relevant to the decision of Aphrodite Shareholders as to whether to vote for or against the Scheme.

The Scheme Meeting to consider the Scheme will be held at **the office of RMS Australia Pty Ltd, 116 Harrick Road, Keilor Park, Victoria at 10am (Melbourne time) on Monday, 18 December 2017.**

Why should you vote?

As an Aphrodite Shareholder (other than Spitfire), you have a say in whether the Scheme is implemented or not – **this is your opportunity to play a role in deciding the future of the company in which you have a stake.**

Is the Scheme in the best interests of Aphrodite Shareholders?

The Independent Expert has concluded that the Scheme is in the best interests of Aphrodite Shareholders (other than Spitfire) because **the Scheme is fair and reasonable.**

The Aphrodite Directors unanimously recommend that, in the absence of a Superior Proposal and on the basis that the Independent Expert maintains its opinion that the Scheme is in the best interests of Aphrodite Shareholders, Aphrodite Shareholders (other than Spitfire) vote in favour of the Scheme.

Before making a decision about the Scheme, Aphrodite Shareholders should read this Scheme Booklet in its entirety and if you are in doubt about what action you should take, contact your professional adviser. For further details regarding the recommendation of the Aphrodite Directors, please refer to Section 5.4.

What you should do next:**Step 1: Read this document in full**

You should read and carefully consider the information included in this Scheme Booklet in full to help you make an informed decision as to how to vote in relation to the Scheme. If you have any doubt as to what action you should take, please contact your financial, legal, taxation or other professional adviser immediately.

Step 2: Vote on the Scheme

As an Aphrodite Shareholder (other than Spitfire), it is your right to vote on whether the Scheme should be approved, and therefore, whether the Scheme should proceed. You should note that the Scheme is subject to the Scheme Conditions. Even if Aphrodite Shareholders (other than Spitfire) approve the Scheme, it is possible that the Scheme will not be implemented if the other Scheme Conditions have not been satisfied.

You can vote in person at the Scheme Meeting scheduled for **10am (Melbourne time) on Monday, 18 December 2017**, or by returning a validly completed proxy voting form by not later than **10am (Melbourne time) on Saturday, 16 December 2017**. Full details of how to vote are set out in pages 10 to 11 of this document.

For further information

If you have any questions after reading this document, please call the Company Secretary of Aphrodite, Mr Michael Beer on +61 (03) 9600 3599.

Important dates and times

Key events and the expected timing in relation to the approval and implementation of the Scheme are set out in the table below.

Event	Date
Latest time and date for lodgement of completed proxy forms for the Scheme Meeting	10am (Melbourne time) on 16 December 2017
Time and date for determining eligibility to attend and vote at the Scheme Meeting	7pm (Melbourne time) on 16 December 2017
Scheme Meeting to be held at the office of RMS Australia Pty Ltd, 116 Harrick Road, Keilor Park, Victoria	10am (Melbourne time) on 18 December 2017
If the Scheme is approved by the Requisite Majority of Aphrodite Shareholders, the expected timetable for implementing the Scheme is:	
Second Court Date for approval of the Scheme	20 December 2017
Effective Date of the Scheme and last day of trading of Aphrodite Shares on ASX	20 December 2017
Suspension of trading of Aphrodite Shares on ASX	Close of trading on 20 December 2017
Record Date for determining entitlements to the Scheme Consideration	27 December 2017
Implementation Date for the issue of Scheme Consideration to Scheme Shareholders	4 January 2018
Termination of official quotation of Aphrodite Shares on ASX	7pm (Melbourne time) on 8 January 2018 (or as otherwise determined by ASX)

The above dates and times are indicative only and, amongst other things, are subject to the time at which each Scheme Condition is satisfied and the dates on which all necessary Court and regulatory approvals are obtained. Aphrodite has the right to vary any or all of these dates and times, subject to the approval of such variation by ASX, the Court and Spitfire, where required.

Any variation to the above dates and times will be announced to ASX (and accordingly, details of any variations will be available on ASX's website (www.asx.com.au)) and will be published on Aphrodite's website (www.aphroditegold.com.au).

Letter from Aphrodite

13 November 2017

Dear Aphrodite Shareholder

On behalf of the board of Aphrodite Gold Limited, I am pleased to present you with this Scheme Booklet.

On 14 August 2017, Aphrodite Gold Limited and Spitfire Materials Limited announced that they had entered into a Merger Implementation Agreement in relation to merging the two companies to create a significant new diversified Australian gold development company (**Merger**).

The Merger is to 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. Pursuant to the Merger Implementation Agreement, Aphrodite shareholders (other than Spitfire) will receive 1 new Spitfire share for every 2.8959 Aphrodite shares held.

The Merger will create a leading gold exploration and development company with a diversified asset base spread. In addition to Aphrodite Shareholders continued participation in the resource level, near-term development opportunity at the Aphrodite Gold Project near Kalgoorlie in WA, Aphrodite Shareholders will be able to participate in other projects, including a highly prospective greenfields exploration project at the Alice River Project in Queensland and an emerging gold discovery at the Mulwarrie Project in WA. In addition to a strengthened Board and management team, the Merged Group 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 due to reduced funding risks (see Section 1.5 of this Scheme Booklet for further details).

Aphrodite Directors' Recommendation

Your board of directors unanimously recommend that all Aphrodite Shareholders vote in favour of the Merger, in the absence of a superior proposal and subject to the Independent Expert (BDO Corporate Finance (WA) Pty Ltd) continuing to conclude that the Merger is in the best interests of Aphrodite Shareholders. Subject to those same qualifications, each of Aphrodite's Directors intends to vote the Aphrodite Shares in which they have a Relevant Interest in favour of the Merger.

This Scheme Booklet sets out details of and seeks your approval for the proposed Merger. The advantages and disadvantages of the proposed Merger are detailed in this Scheme Booklet. We encourage you to read the Scheme Booklet (including the report of the Independent Expert) carefully and in full, and if required, to seek your own legal, financial and other professional advice.

In considering the Merger, you should be aware that the Independent Expert has formed the opinion that, in the absence of a superior proposal, the Scheme is fair and reasonable and therefore in the best interests of Aphrodite Shareholders. The full report of the Independent Expert is set out in Annexure A.

Please refer to Section 1 of this Scheme Booklet for an overview of the key reasons why your directors consider that you should vote in favour of the Scheme, including that:

- as noted above, the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Aphrodite Shareholders (other than Spitfire);
- as noted above, the Aphrodite Directors unanimously recommend that Aphrodite Shareholders (other than Spitfire) vote in favour of the Scheme in the absence of a Superior Proposal;

- the implied value of the Scheme Consideration constitutes a significant premium to the recent trading prices of Aphrodite Shares;
- the Merger creates a company with an advanced exploration and development portfolio with considerable exploration upside delivering an immediate growth story and diversifying investment risk;
- the Merged Group will have increased market presence, greater liquidity and enhanced financial strength enabling it to better develop its existing projects, pursue a new gold consolidation strategy and attract significant greater opportunities in the North-eastern Goldfields;
- the Merged Group will have a significantly strengthened Board and management team;
- the Aphrodite Share price is likely to fall if the Merger is not implemented and no Superior Proposal emerges;
- no Superior Proposal has emerged as at the date of this Scheme Booklet; and
- Scheme Participants may be eligible for CGT rollover relief.

Please also refer to Section 2 of this Scheme Booklet for an overview of some of the reasons why you may choose to vote against the Scheme, including that your percentage interest in the Merged Group will be less than your current interest in Aphrodite, and that the risk profile of the Merged Group will be different to Aphrodite's, which you may consider to be disadvantageous to you (including that It is likely that the Merged Group will require future funding to explore and progress its projects or additional projects that the Merged Group may identify, and any additional equity financing will dilute shareholdings in the Merged Group).

Your vote is important for the Scheme

Your vote is important regardless of how many Aphrodite Shares you own. If you are unable to attend the Scheme Meeting in person, we encourage you to vote by completing and return your personalised proxy forms enclosed with this Scheme Booklet in accordance with the directions on those forms.

Please contact the Company Secretary on +61 (03) 9600 3599 for further information regarding the proposed Merger.

Yours sincerely

Peter Buttigieg

Executive Chairman, Acting Chief Executive Officer
Aphrodite Gold Limited

Letter from Spitfire

13 November 2017

Dear Aphrodite Shareholder,

On behalf of the board of Spitfire Materials Limited (**Spitfire**), I am delighted to provide you with the opportunity to participate in the proposed merger of Spitfire and Aphrodite Gold Limited (**Aphrodite**) by way of a scheme of arrangement as announced by both companies on 14 August 2017 and 4 September 2017 (**Merger**). The Merger will create a substantial ASX-listed gold development company with a large resource inventory at the Aphrodite Gold Project near Kalgoorlie, outstanding exploration potential at the Aphrodite, Mulwarrie and Alice River Projects, and the opportunity for the Merged Group to become a significant player in the mid-tier Australian gold sector.

The Spitfire Board believes that the Merger outlined in this Scheme Booklet is compelling as it will create a Merged Group with an exciting platform to fast-track the growth of a significantly enhanced ASX-listed gold company with a strong pipeline of growth assets. The Aphrodite Gold Project offers strong synergies with Spitfire's Mulwarrie Gold Project (located 65km away) where Spitfire has recently discovered significant high-grade primary gold mineralisation. The potential synergies primarily relate to the potential for the adjacent and consecutive development of these two projects via a new central production hub located at the Aphrodite Gold Project near the world-class mining centre of Kalgoorlie. This has the potential to significantly reduce both infrastructure capital costs and operating costs thereby increasing the chance of development of both projects. In addition, the potential increase in scale of the Merged Group's operations in the North-Eastern Goldfields, and the opportunity to pursue a near-term development strategy based on the potential establishment of a new central production hub, may increase the chance that the Merged Group will be able to attract additional opportunities in the area that would benefit from the same synergies created by the Merger.

In addition, the Merged Group also offers Aphrodite Shareholders exposure to discoveries at Spitfire's large-scale Alice River Gold Project located in North Queensland.

Importantly, the Merged Group will be managed by Mr Neil Biddle and myself, and will benefit from the addition of existing Aphrodite Directors Messrs Peter Buttigieg and Roger Mitchell who will join the Spitfire Board on the Implementation Date.

As an Aphrodite Shareholder, your vote is important in order to ensure that the Merger is implemented so that the benefits flowing from the Merger can be realised and can be delivered to both Aphrodite Shareholders and Spitfire Shareholders. We are excited about the opportunities that lie ahead for the Merged Group and believe that the Merger will unlock significant long-term value for the shareholders of both companies.

On behalf of the Spitfire Board, I encourage you to vote in favour of the Scheme and look forward to welcoming you as a shareholder of Spitfire following the successful implementation of the Merger.

Yours sincerely

John Young

Managing Director
Spitfire Materials Limited

Meeting details and how to vote

Voting on Scheme

For the Scheme to be implemented, it is necessary that the Requisite Majority of Aphrodite Shareholders vote in favour of passing the resolution to approve the Scheme at the Scheme Meeting.

To pass the resolution approving the Scheme, votes in favour of the Scheme must be cast by:

- more than 50% in number of Aphrodite Shareholders (other than Spitfire) present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution by Aphrodite Shareholders (other than Spitfire).

Voting at the Scheme Meeting will be by poll rather than by show of hands.

The Notice of Scheme Meeting is set out in Annexure E.

Entitlement to vote

If you are registered as an Aphrodite Shareholder (other than Spitfire) on the Aphrodite Share Register as at **7pm (Melbourne time) on 16 December 2017** you will be entitled to attend the Scheme Meeting and vote on the resolution to approve the Scheme. Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

Spitfire excluded from voting

Spitfire is excluded from voting on the Scheme by reason of its existing shareholding interest in Aphrodite and the fact that it is the proponent of the Scheme. As at the date of this Scheme Booklet, Spitfire and its Associates have a Relevant Interest in 74,129,742 Aphrodite Shares, representing 10.38% of the total Aphrodite Shares on issue.

How to vote

Aphrodite Shareholders (other than Spitfire) may vote at the Scheme Meeting either in person, or by proxy, attorney or, in the case of a corporation, by corporate representative.

Means	Voting instructions
In Person	If you wish to vote in person, you may attend the Scheme Meeting commencing on Monday, 18 December 2017 at the office of RMS Australia Pty Ltd, 116 Harrick Road, Keilor Park, Victoria. All persons entitled to vote must register their attendance by disclosing their name at the point of entry to the Scheme Meeting.
By Proxy	You may vote by proxy by completing and returning the personalised proxy form that is provided with this Scheme Booklet. The completed and duly executed proxy form for the Scheme Meeting (and if the proxy form is executed by an attorney, a certified copy of the power of attorney) must be received by Security Transfer (Aphrodite's share registry) by no later than 10am (Melbourne time) on Saturday, 16 December 2017. A completed proxy form must be returned to Security Transfer by posting it in the reply paid envelope provided (for use in Australia) or by delivering or faxing your proxy form to the address or fax number set out on page 11 of this Scheme Booklet.

Means	Voting instructions
	Aphrodite Shareholders who have returned a proxy form may still attend the Scheme Meeting in person and revoke the proxy and vote at the Scheme Meeting. A proxy need not be an Aphrodite Shareholder. A proxy may be an individual or a representative of a body corporate. If you are entitled to cast two or more votes, you may appoint two proxies. You may specify the proportion or the number of votes that each proxy is appointed to exercise. If numbers or proportions of votes are not specified, each proxy may exercise half of the votes you are entitled to cast. Fractions of votes will be disregarded.
By Power of Attorney	Your vote may be cast by a duly authorised attorney. An attorney need not be an Aphrodite Shareholder. Aphrodite Shareholders intending to vote at the Scheme Meeting by providing a power of attorney must provide a certified copy of the power of attorney to Security Transfer by no later than 10am (Melbourne time) on Saturday, 16 December 2017. The power of attorney must be delivered by posting it in the reply paid envelope provided (for use in Australia) or by faxing it to the address or fax number provided on page 11. Alternatively, the attorney may bring a certified copy of the power of attorney to the Scheme Meeting.
By Corporate Representative	An Aphrodite Shareholder that is a body corporate may appoint an individual to act as its representative at the Scheme Meeting. To vote by corporate representative at the Scheme Meeting, a corporate Aphrodite Shareholder should obtain an "Appointment of Corporate Representative" form from Security Transfer and complete that form in accordance with its instructions. Corporate representative appointment forms should be provided to Security Transfer by no later than 10am (Melbourne time) on Saturday, 16 December 2017, or alternatively brought to the Scheme Meeting.

Address for return of voting forms

Aphrodite Shareholders should mail or fax their proxy forms, power of attorney forms to Security Transfer (Aphrodite's share registry) at the following address or fax number:

Security Transfer Australia Pty Ltd
 PO Box 52
 Collins Street
 West Victoria 8007
 Fax: (08) 9315 2233 (within Australia)
 +61 8 9315 2233 (outside Australia)

Proxy forms, power of attorney forms and corporate representative forms must be received by **10am (Melbourne time) on Saturday, 16 December 2017**.

Questions on this Scheme Booklet

Aphrodite Shareholders with any questions in relation to the Scheme, should call the Company Secretary of Aphrodite on +61 (03) 9600 3599 between 9.00am and 5.00pm, Monday to Friday, or consult their legal, financial or other professional adviser.

1. Key reasons to vote in favour of the Scheme

This Section summarises the key reasons why the Aphrodite Directors recommend that Aphrodite Shareholders (other than Spitfire) vote in favour of the Scheme.

This Section should be read in conjunction with Sections 2, 3 and 10, which describe the disadvantages and risks associated with the Scheme; implications if the Scheme does not proceed; and risk factors associated with an investment in New Spitfire Shares.

1.1 The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Aphrodite Shareholders (other than Spitfire)

BDO Corporate Finance (WA) Pty Ltd, as Independent Expert, has considered the terms of the Scheme and has concluded that the Scheme is fair and reasonable and in the best interests of Aphrodite Shareholders (other than Spitfire).

The Scheme is considered fair because the Independent Expert has determined that the preferred value of 1 share in the Merged Group to be received by Aphrodite Shareholders (other than Spitfire) as Scheme Consideration (being \$0.033)³ falls within the range of the value of 2.8959 Aphrodite Shares prior to the implementation of the Scheme (being a low of \$0.018 and a high of \$0.048).

The Scheme is considered reasonable by the Independent Expert because the position of Aphrodite Shareholders (other than Spitfire) if the Scheme is approved is more advantageous than the position if the Scheme is not approved.

The Independent Expert's Report is set out in Annexure A to this Scheme Booklet. The Aphrodite Directors recommend that Aphrodite Shareholders read the Independent Expert's Report in full.

1.2 The Aphrodite Directors unanimously recommend that Aphrodite Shareholders (other than Spitfire) vote in favour of the Scheme in the absence of a Superior Proposal

Before agreeing to implement the Scheme in accordance with the Merger Implementation Agreement between Spitfire and Aphrodite, the Aphrodite Directors considered:

- the challenges facing the continued operation of Aphrodite as a standalone entity;
- the ongoing review of possible corporate options to assist in the development of the Aphrodite Gold Project; and
- the potential for alternative Superior Proposals to arise after the announcement of the Merger between Aphrodite and Spitfire.

The Aphrodite Directors consider that the reasons to vote in favour of the Scheme outweigh the potential disadvantages and reasons to vote against the Scheme. Therefore, the Aphrodite Directors unanimously recommend that, in the absence of a Superior Proposal, Aphrodite Shareholders (other than Spitfire) vote in favour of the Scheme.

The decision of the Aphrodite Directors to recommend the Merger follows an assessment of strategic options for the Company over the past 6 months in regards to various corporate, asset and financial options available to Aphrodite to enhance value for Aphrodite Shareholders. The Aphrodite Directors consider that the Scheme will deliver greater benefits

³ Value of a share in the Merged Entity on a minority interest basis (refer to section 10 of the Independent Expert's Report for further details on the valuation approach adopted).

to Aphrodite Shareholders than any other alternative currently available, including Aphrodite continuing as a standalone entity.

Now that the Independent Expert has concluded that the Scheme is in the best interests of Aphrodite Shareholders, each Aphrodite Director intends, in the absence of a Superior Proposal, to vote to approve the Scheme in respect of any Aphrodite Shares they own or control.

1.3 The implied value of the Scheme Consideration constitutes a significant premium to the recent trading prices of Aphrodite Shares

If the Scheme is implemented, eligible Aphrodite Shareholders will receive 1 Spitfire Share for every 2.8959 Aphrodite Shares that they hold.⁴

The Scheme Consideration to be issued to Aphrodite Shareholders (except for Spitfire) if the Scheme is implemented represents a significant premium over recent historical trading of Aphrodite Shares of approximately:

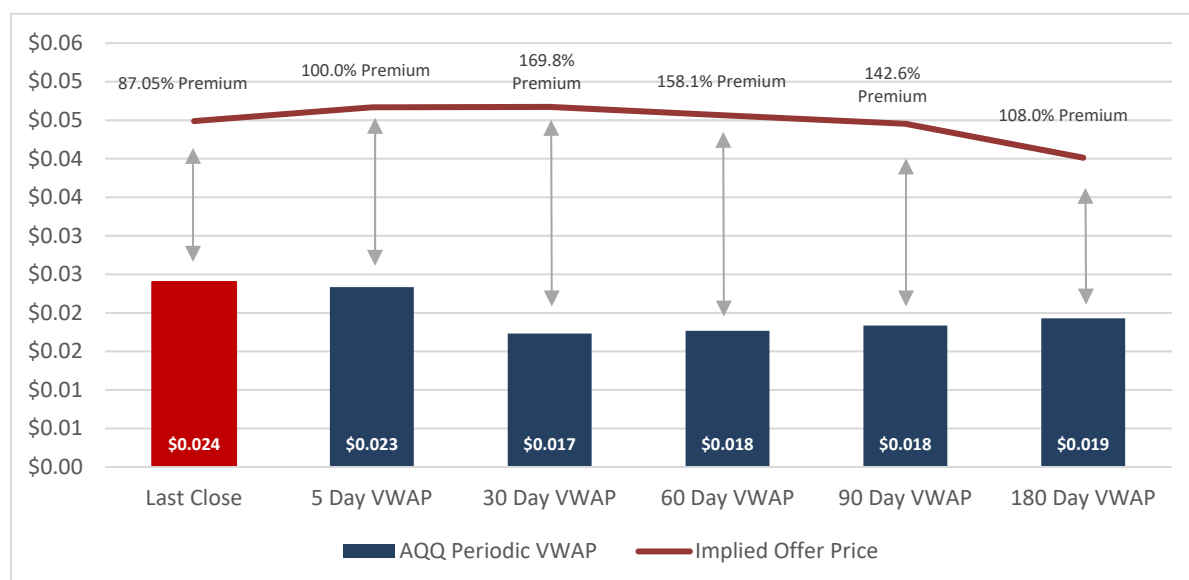
- 87.0% to the closing price of Aphrodite Shares prior to the Announcement Date⁵;
- 100.0% to the VWAP of Aphrodite Shares over the 5 trading days up to and including the last trading day prior to the Announcement Date, compared to the VWAP of Spitfire Shares over the same period; and
- 169.8% to the VWAP of Aphrodite Shares over the 30 days up to and including the last trading day prior to the Announcement Date, compared to the VWAP of Spitfire Shares over the same period.

The closing price of Aphrodite Shares on ASX on the last trading day prior to the date of this Scheme Booklet was \$0.035 and the closing price of Spitfire Shares on ASX was \$0.125 such that the Scheme Consideration represents a premium of 23.3% to the closing price of Aphrodite Shares at that time.

Figure 1: Implied Scheme Consideration vs AQQ Periodical VWAP

⁴ Foreign Aphrodite Shareholders should refer to the Important Notices and Section 5.7 of the Scheme Booklet to determine whether they are eligible to receive Spitfire Shares pursuant to the Scheme.

⁵ Based on the closing price of Spitfire Shares and Aphrodite Shares of \$0.13 and \$0.024 respectively on ASX on the last trading day prior to the Announcement Date.



The implied price of the Scheme Consideration will continue to fluctuate depending upon the price which Aphrodite Shares and Spitfire Shares trade on ASX.

1.4 The Merger creates a company with an advanced exploration and development portfolio with considerable exploration upside delivering an immediate growth story and diversifying investment risk

The Merger of Aphrodite and Spitfire will create a significant emerging ASX-listed Australian gold company with exposure to a large and diversified gold exploration and development portfolio in Western Australia, the Northern Territory and Queensland, with a significant JORC 2012 compliant Mineral Resource inventory and considerable exploration upside.

The Merged Group will have the following key projects:

- The Aphrodite Gold Project located 65km north of Kalgoorlie in the Eastern Goldfields of Western Australia, which has a long history of exploration and resource estimation by several parties dating from its discovery in the mid-1990s. Aphrodite's current 2012 JORC Compliant Mineral Resource estimate completed in May 2017 as part of a Pre-Feasibility Study comprises 13.1Mt averaging 2.99g/t Gold (Au) for a total of 1.26 million ounces with Indicated (741,364 ounces) and Inferred (519,502 ounces) Resource categories (refer: Aphrodite ASX announcement dated 27 June 2017 – Prefeasibility Study Results) (**Aphrodite JORC Resource**).⁶
- The Alice River Gold Project located 270km west of Cooktown, or 470km north-west of Cairns, in NE Queensland, at the southern end of the Savannah Province. 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.
- The Mulwarrie Gold Project is located 150km north-west of Kalgoorlie in the Ularring District of the North Coolgardie Mineral Field (and only approximately 65km from the Aphrodite Gold Project). The project encompasses two contiguous tenements, M30/119 (67.98 ha) and M30/145 (111.69 ha), which lie 10km north-west of the Dayhurst Mining centre.

⁶ The current Aphrodite JORC Resource is an update to the Tetra Tech estimate of 2013 (refer to Aphrodite ASX Announcement dated 12 June 2013).

The combination of the advanced gold opportunity at the Aphrodite Gold Project, along with Spitfire's emerging gold discovery at the Mulwarrie Gold Project as well as the larger-scale Alice River gold exploration project in North Queensland gives the Merged Group the opportunity to leverage its increased scale to drive operational efficiencies and pursue further value-accretive growth opportunities.

The Aphrodite Directors believe that the Merged Group will benefit from an improved risk profile resulting from the increased breadth of the asset portfolio with greater operational and geographic diversification. Aphrodite Shareholders will collectively hold approximately 47.26% of the Merged Group immediately following the successful implementation of the Scheme.⁷

1.5 The Merged Group will have increased market presence, greater liquidity and enhanced financial strength enabling it to better develop its existing projects, pursue a new gold consolidation strategy and attract significant greater opportunities in the North-eastern Goldfields

Increased market presence and greater liquidity

If the Merger proceeds, you will benefit by receiving shares in the Merged Group that are expected to be substantially more liquid than Aphrodite Shares on a stand-alone basis.

Based on the closing price of Aphrodite Shares and Spitfire Shares on the last trading day prior to the Announcement Date, the Merged Group will have a pro forma market capitalisation of approximately \$49.08 million. The exact market capitalisation of the Merged Group following implementation of the Scheme may be higher or lower than this number, dependent on the price at which Spitfire Shares trade on ASX after the Implementation Date.

The Merged Group's strengthened balance sheet, increased asset suite, larger resource base and increased market capitalisation is expected to raise the profile of the Merged Group in capital markets and widen the range of potential investors for the Merged Group. This in turn is expected to result in increased coverage of the Merged Group's operations by analysts and enhance the liquidity of shares in the Merged Group, and may be expected to assist in a positive re-rating of the Merged Group.

Aphrodite's Share price has strengthened since the announcement of the Merger. The last closing price of Aphrodite Shares on the date prior to the date of this Scheme Booklet was \$0.035, representing an increase of approximately 46% to the last closing price of Aphrodite Shares on the last trading day prior to the Announcement Date of \$0.024. The Aphrodite Board considers that the improved Share price post-announcement of the Merger is in part due to the improved confidence in Aphrodite's assets as part of the Merged Group.

Increased financial strength

The Aphrodite Gold Project offers strong synergies with Spitfire's Mulwarrie Gold Project (located 65km away) where Spitfire has recently discovered significant high-grade primary gold mineralisation. The potential synergies primarily relate to the potential for the adjacent and consecutive development of these two projects via a new central production hub located at the Aphrodite Gold Project near the world-class mining centre of Kalgoorlie. This has the potential to significantly reduce both infrastructure capital costs and operating costs thereby increasing the chance of development of both projects. In addition, the potential increase in scale of the Merged Group's operations in the North-Eastern Goldfields, and the opportunity to pursue a near-term development strategy based on the potential establishment of a new central production hub, may increase the chance that the Merged Group will be able to attract

⁷ Assuming there are no Ineligible Foreign Shareholders and Electing Small Shareholders and that Spitfire does not acquire any additional Aphrodite Shares outside of the Scheme.

additional opportunities in the area that would benefit from the same synergies created by the Merger.

Aphrodite has recently completed a Pre-Feasibility Study for its Aphrodite Gold Project, which included an update to the Aphrodite JORC Resource definition and a CAPEX and OPEX assessment. Aphrodite is carrying out further project evaluation ahead of moving to a Definitive Feasibility Study. It is estimated that a Definitive Feasibility Study will cost approximately \$10 million (in addition to the costs of the further project evaluation). As Aphrodite's market capitalisation was only approximately \$17.01 million immediately prior to the Announcement Date,⁸ the funding requirements and risks associated with the further project evaluation and the Definitive Feasibility Study and any future development of the Aphrodite Gold Project are considered to be significant were Aphrodite to proceed with this work.

As at 30 June 2017, Spitfire has approximately \$5.6 million in cash and cash equivalents and no debt. Further, Spitfire's market capitalisation was approximately \$32.1 million immediately prior to the Announcement Date.⁹

The combination of Aphrodite with Spitfire will create a Merged Group that has a strong balance sheet with pro forma cash as at 30 June 2017 of approximately \$6.5 million and no debt, other than under the Franco Nevada royalty agreement that applies to the Aphrodite Gold Project (see Section 6.2 for further details). Together with the greater scale and diversity of the Merged Group's operations, this is expected to result in:

- an increased ability to complete the further evaluation work required to move to a Definitive Feasibility Study (likely to include further underground modelling, metallurgical test work and resource definition) on the Aphrodite Gold Project and further development of the project, as well as to pursue the growth of the balance of the asset portfolio; and
- an enhanced ability to source equity and debt funding on more favourable terms, including through Spitfire's global and expanding retail and institutional investor base, than would currently be available to Aphrodite.

Aphrodite Shareholders may also benefit from the potential re-rating of Aphrodite's assets in the Merged Group, as the funding risks associated with the development of the Aphrodite Gold Project are likely to be reduced for the Merged Group as opposed to if Aphrodite sought to progress the development of that project on a stand-alone basis (for the reasons outlined in this Section 1.5, as well as the fact that the Aphrodite Board considers that the Spitfire management team has a proven track record in the discovery, financing and development of significant resource projects (see Section 1.6 below).

1.6 Significantly strengthened Board and management team of the Merged Group

The Merger will capitalise on the combined talents of the boards and management teams of both Aphrodite and Spitfire.

The board of the Merged Group 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. The Aphrodite Board considers that this management team has a proven track record in the discovery, financing and development of significant resource projects.

Two Aphrodite directors, Peter Buttigieg and Roger Mitchell, will join the board of the Merged Group, with Mr Buttigieg to be the Non-Executive Chairman. The Merged Group's

⁸ Based on the closing price of Aphrodite Shares on the last trading day prior to the Announcement Date.

⁹ Based on the closing price of Spitfire's shares on the last trading day prior to the Announcement Date.

management team will also be strengthened by the addition of the geological team from Aphrodite. Further information regarding the Merged Group's board and management team is set out in Section 9.3 of this Scheme Booklet.

The integration of the boards and management teams of Aphrodite and Spitfire is expected to allow for a more effective allocation of resources to the Merged Group's portfolio of assets. It is also expected to result in the Merged Group having the capacity to develop the Aphrodite Gold Project at the same time as undertaking exploration and consolidation activities. In addition, efficiencies should be realised as a result of consolidating the corporate and administrative overheads of both companies.

1.7 The Aphrodite Share price is likely to fall if the Merger is not implemented and no Superior Proposal emerges.

Since the announcement of the Scheme, Aphrodite Shares have traded at a level that reflects the Scheme Consideration. There are many factors which affect the price of shares, and the Aphrodite Board is unable to predict the price at which Aphrodite Shares will trade in the future. However, if the Scheme is not implemented and no Superior Proposal emerges, the Aphrodite Board believes that it is likely that the Aphrodite Share price would fall, and trade at levels below the implied value of the Scheme Consideration (without further exploration success or a substantial improvement in market conditions).

1.8 No Superior Proposal has emerged as at the Date of this Scheme Booklet

In deciding to recommend the Merger, the Aphrodite Directors were cognisant of other potential alternatives to the Merger which remain open for Aphrodite to consider if the Merger does not proceed. However, in exploring alternatives, no Superior Proposals have emerged. It therefore remains the view of the Aphrodite Directors that it is unlikely that a Superior Proposal will transpire. However, any offer capable of acceptance will be considered and put to Aphrodite Shareholders should it emerge.

1.9 Scheme Participants may be eligible for CGT rollover relief

If the Scheme is implemented, Scheme Participants may benefit from Australian CGT rollover relief, provided they qualify. Notwithstanding, you are urged to seek professional taxation advice in relation to your own personal circumstances.

For further detail regarding the general Australian tax consequences of the Scheme, please refer to Section 11 of this Scheme Booklet. Taxation laws in Australia are complex and you are encouraged to read Section 11 carefully and seek independent professional advice about your individual circumstances.

2. Reasons why you may choose to vote against the Scheme

This Section summarises the potential disadvantages and risks to Aphrodite Shareholders if the Scheme becomes Effective and the Merger occurs.

The Aphrodite Directors consider that these disadvantages and risks are out-weighed by the advantages of the Scheme (as set out in Section 1), and that the Scheme is in the best interests of Aphrodite Shareholders (other than Spitfire).

Further details of the following potential disadvantages and risks, and other potential risks, are set out in Section 10.

2.1 You may disagree with the recommendation by the Independent Expert and the Aphrodite Directors

Notwithstanding the unanimous recommendation by the Aphrodite Directors, and the conclusion reached by the Independent Expert that in the absence of a Superior Proposal, the Scheme is fair and reasonable to Aphrodite Shareholders and therefore in the best interests of Aphrodite Shareholders, you may believe that the Scheme is not in your best interests or believe that the Scheme Consideration is inadequate.

2.2 Your percentage interest in the Merged Group will be less than your current interest in Aphrodite

Although the Merger is expected to provide additional value through the combination of the two businesses, given the proportional shareholding of Aphrodite Shareholders (other than Spitfire) in the Merged Group (approximately 47.26%),¹⁰ a large portion of this value will flow to current Spitfire Shareholders. However, while a larger share of the benefits will flow to Spitfire's existing shareholders, in the absence of the Merger, no value from synergies will arise for Aphrodite Shareholders (other than Spitfire).

2.3 The risk profile of the Merged Group will be different to Aphrodite's which you may consider to be disadvantageous to you relative to the risk profile of the current Aphrodite business

The risk profile and risk of investment for Aphrodite Shareholders will change and you may consider the risk profile and risk of investment of the Merged Group, which includes risks relating to both the Spitfire business and the Aphrodite business, to be a disadvantage relative to that of Aphrodite as a standalone entity.

The operations and financial performance of Aphrodite, Spitfire and/or the Merged Group and the change of a Scheme Participant's ownership of Aphrodite Shares and New Spitfire Shares are subject to various risks that are summarised in Section 10 of this Scheme Booklet and that may be beyond the control of Aphrodite, Spitfire and/or the Merged Group.

2.4 You may consider that there is the potential for a Superior Proposal to be made to Aphrodite in the foreseeable future

You may believe that there is a possibility that a Superior Proposal could emerge in the foreseeable future. The implementation of the Merger would mean that Aphrodite Shareholders would not be able to obtain the benefit of any such Superior Proposal. However, since the Announcement Date and up to the date of this Scheme Booklet, no

¹⁰ Aphrodite Shareholders other than Spitfire currently hold a 89.62% interest in the total number of Aphrodite Shares on issue. The 47.26% figure assumes the Merged Group has a total of 467,760,805 Spitfire Shares on issue following implementation of the Scheme, that there are no Ineligible Foreign Shareholders and Electing Small Shareholders and that Spitfire does not acquire any additional Aphrodite Shares outside of the Scheme.

proposal Superior Proposal has been received, nor are the Aphrodite Directors aware of any such intention of a party to make such a proposal.

It is important to note that shareholders in the Merged Group will still have an opportunity to realise a control premium in the event of any future change of control transaction for the Merged Group.

2.5 The exact value of the Scheme Consideration upon implementation of the Scheme is not certain

The exact value of the Scheme Consideration that would be realised by individual Aphrodite Shareholders upon implementation of the Scheme is not certain, as it will depend on the price at which the New Spitfire Shares trade on ASX.

The Scheme Consideration is fixed at a ratio of 1 New Spitfire Share for every 2.8959 Aphrodite Shares. This exposes Aphrodite Shareholders (other than Spitfire) to the risk that the effective value they receive for their Aphrodite Shares may move adversely from the market value of the Scheme Consideration on the date of the Scheme Meeting. Alternatively, if there is an increase in the relative price of Spitfire Shares then the effective value they receive for their Aphrodite Shares may move favourably from the market value of the Scheme Consideration on the date of the Scheme Meeting.

In addition, the Sale Agent will be issued the New Spitfire Shares that would otherwise be issued to Ineligible Foreign Shareholders and Electing Small Shareholders and will sell them on market as soon as reasonably practicable after the Implementation Date (see Sections 5.7 to 5.9). Although the quantum of these sales is expected to be limited, it is possible that such sales may exert downward pressure on the Merged Group's share price during the applicable period.

2.6 The tax consequences of the Scheme may not suit your current financial position

If the Scheme is implemented, you may incur a tax liability on the transfer of your Aphrodite Shares. Please refer to Section 11 for further information on the tax implications.

All Aphrodite Shareholders are strongly advised to seek independent professional tax advice about their particular circumstances including, for foreign tax resident Aphrodite Shareholders, the foreign tax consequences.

3. Implications if the Scheme is not implemented

This Section outlines potential implications for Aphrodite and Aphrodite Shareholders if the Scheme is not implemented.

3.1 Possible sell down by Spitfire

If the Scheme is not implemented then Spitfire may elect to sell down some or all of its shareholding in Aphrodite. As at the date of this Scheme Booklet, Spitfire held 74,129,742 Aphrodite Shares (10.38% of the Aphrodite Shares on issue). Should Spitfire elect to sell down some or all of this significant interest in Aphrodite then the Aphrodite Share price may fall. Spitfire has no current intention to sell down some or all of its shareholding in Aphrodite.

3.2 You will not receive the Scheme Consideration

Each Aphrodite Shareholder will retain their Aphrodite Shares and will not receive any New Spitfire Shares.

3.3 Future capital requirements to fund development of Aphrodite's projects

If the Scheme is not implemented then in order for Aphrodite to develop its project portfolio it will need to raise additional funds, which would necessarily include an equity issue. Without the benefit of the cash reserves of Spitfire, Aphrodite may have difficulty raising the required funds in the current difficult market conditions. Even if the requisite equity capital could be raised, in the current market there is a likelihood that such a raising would need to be done at a significant discount to the Aphrodite market share price which would be dilutive to current Aphrodite Shareholders.

3.4 Aphrodite will remain listed on ASX and continue to operate as a standalone entity

If the Scheme is not implemented, Aphrodite will remain listed on ASX and will continue to run its business in the same manner in which it is currently operating. Aphrodite Shareholders will therefore continue to be exposed to the risks and benefits of owning Aphrodite Shares, including many of the risks set out in Section 10.

3.5 Aphrodite Share price may fall

The Aphrodite Directors expect that if the Scheme is not implemented the Aphrodite Share price would be likely to trade below its recent trading price, although it is not possible to predict the Aphrodite Share price movement with any degree of certainty.

3.6 Transaction costs will be incurred

If the Scheme is not implemented, Aphrodite's transaction costs of approximately \$310,000 will be borne by Aphrodite.

3.7 Uncertainty regarding the proposed Merger may lead to the loss of key personnel

The proposed Merger may introduce additional uncertainties that may lead to the loss of key staff. This will affect Aphrodite operations, even if the Scheme does not proceed.

The Aphrodite Directors and the Spitfire Directors are not aware of any key employee who may wish to terminate their contractual relations with Aphrodite at this time.

4. Frequently asked questions

This Section provides summary answers to some basic questions that Aphrodite Shareholders may have in relation to the Scheme. This Section should be read in conjunction with the whole Scheme Booklet.

What is the Scheme?	A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire or merge with another. The Scheme is a scheme of arrangement under the Corporations Act, pursuant to which Aphrodite is asking Aphrodite Shareholders (other than Spitfire) to consider and vote on a proposal that Spitfire will acquire all the Aphrodite Shares held by Aphrodite Shareholders (other than Spitfire) as at the Record Date (5.00pm on Wednesday, 27 December 2017). <i>Refer to Sections 5 and 12 for further information.</i>
What is the effect of the Scheme?	If the Scheme becomes Effective: • all Aphrodite Shares (other than those already owned by Spitfire) will be transferred to Spitfire; • Aphrodite will become a wholly-owned subsidiary of Spitfire and will be delisted from ASX; • all Scheme Participants (other than Ineligible Foreign Shareholders and Electing Small Shareholders) will receive the Scheme Consideration irrespective of whether they voted for or against the Scheme; and • Ineligible Foreign Shareholders and Electing Small Shareholders will receive Cash Proceeds instead of New Spitfire Shares as their Scheme Consideration irrespective of whether they voted for or against the Scheme. <i>Refer to Sections 5.1, 5.7 and 5.8 for further information.</i>
What does the Independent Expert say about the Scheme?	The Independent Expert has concluded that the Scheme is in the best interests of Aphrodite Shareholders (other than Spitfire) because the Scheme is fair and reasonable. <i>The Independent Expert's Report set out in Annexure A to this Scheme Booklet and you are encouraged to read it in full.</i>
What do the Aphrodite Directors recommend?	The Aphrodite Directors unanimously recommend that, in the absence of a Superior Proposal, Aphrodite Shareholders (other than Spitfire) vote in favour of the Scheme. Each Aphrodite Director who holds or controls Aphrodite Shares intends to vote in favour of the Scheme, in the absence of a Superior Proposal. <i>Refer to Sections 1 to 3 for further information on the reasons for the Aphrodite Directors' recommendation.</i>
Who is entitled to participate in the Scheme?	Aphrodite Shareholders (other than Spitfire) on the Aphrodite Share Register as at 5.00pm on the Record Date are entitled to participate in the Scheme. If the Scheme is approved and implemented, Scheme Participants (other than Ineligible Foreign Shareholders and Electing Small Shareholders) will receive New Spitfire Shares as their Scheme Consideration. Ineligible Foreign Shareholders and Electing Small Shareholders will not receive New Spitfire Shares, but will instead receive Cash Proceeds as their Scheme Consideration after their proportional share of brokerage and other costs are deducted from the Cash Proceeds. Spitfire is excluded from voting on the Scheme by reason of its existing shareholding interest in Aphrodite and the fact that it is the proponent of the Scheme. As at the date of this Scheme Booklet, Spitfire and its Associates have a Relevant Interest in 10.38% of Aphrodite Shares. <i>Refer to Sections 5.2, 5.7 and 5.8 for further information.</i>

What happens to Aphrodite Options?	Pursuant to the Option Cancellation Deed, all existing Aphrodite Options will be cancelled in exchange for the grant of New Spitfire Options at a ratio of 1 New Spitfire Option for every 2.8959 Aphrodite Options held. <i>Refer to Section 5.10 for further information.</i>
Who is Spitfire?	Spitfire Materials Limited (ASX:SPI) is an ASX listed mineral exploration company focused on the identification, exploration and development of mineral assets, including gold and manganese. <i>Refer to Section 7 for further information.</i>
What is the Scheme	The Scheme is a scheme of arrangement between Aphrodite and Aphrodite Shareholders at the Record Date. A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire another company. The Scheme will effect the merger of Aphrodite and Spitfire. If the Scheme is approved and implemented, Aphrodite Shareholders (other than Ineligible Foreign Shareholders and Electing Small Shareholders) will receive one New Spitfire Share for every 2.8959 Aphrodite Shares they hold as at the Record Date. <i>Refer to Section 5 for further information.</i>
Why has the transaction been structured as a scheme of arrangement?	Effecting the transaction via the Scheme is believed to be the most efficient structure to implement the Merger and also reflects the co-operative nature of the Merger. <i>Refer to Sections 1 and 2 for the key reasons to vote in favour of the Scheme and the reasons why you may choose to vote against the Scheme respectively.</i>
What is the timetable of the transaction?	The Scheme Meeting is currently scheduled to be held on Monday, 18 December 2017. If Aphrodite Shareholders approve the Scheme and Court approval is obtained, the Merger is expected to be implemented on 4 January 2018. This is based on the current scheduled timetable of key dates as set out on page 6 of this Scheme Booklet, which is subject to possible change. <i>Refer to the important dates and times on page 6 of this Scheme Booklet for further information.</i>
Under what scenarios can Aphrodite or Spitfire terminate the transaction?	The Merger Implementation Agreement provides for situations where either Aphrodite or Spitfire have the right to terminate it and the Merger. These include the Scheme not being approved by the Requisite Majority of Aphrodite Shareholders, the Court refusing to approve the Scheme and if the remainder of the Scheme Conditions are not satisfied by the relevant time. <i>Refer to Section 13.5 for further information.</i>
What happens if the Scheme is not approved?	If the Scheme is not approved, the Merger will not proceed and Aphrodite will continue to operate as a stand-alone entity, listed on ASX. <i>Refer to Section 3 for further information.</i>
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at 10am (Melbourne time) on Monday, 18 December 2017, at the office of RMS Australia Pty Ltd, 116 Harrick Road, Keilor Park, Victoria. <i>Refer to the Notice of Scheme Meeting set out in Annexure E of this Scheme Booklet for further information.</i>
Who is entitled to vote on the Scheme?	Aphrodite Shareholders (other than Spitfire) who are recorded as members on the Aphrodite Share Register as at 7pm (Melbourne time) on Saturday, 16 December 2017, are entitled to vote at the Scheme Meeting. <i>Refer to the meeting details and how to vote section on page 10 of this Scheme Booklet for further information.</i>

Is voting compulsory?	Voting is not compulsory. However, your vote is important in deciding whether the Scheme is approved. Aphrodite Shareholders (other than Spitfire) are strongly encouraged to vote. Aphrodite Shareholders (other than Spitfire) who cannot attend the Scheme Meeting may complete and return the personalised proxy form (enclosed with this Scheme Booklet) or alternatively appoint a representative with a power of attorney. <i>Refer to the meeting details and how to vote section on page 10 of this Scheme Booklet for further information.</i>
How do I vote?	Details of how to vote are set out on pages 9 and 10 of this Scheme Booklet and are also included in the Notice of Meeting set out in Annexure E of this Scheme Booklet. <i>Refer to the meeting details and how to vote section on page 10 of this Scheme Booklet for further information.</i>
What voting majority is required to approve the Scheme?	For the Scheme to be approved by Aphrodite Shareholders (other than Spitfire), votes in favour of the Scheme must be received from: • a majority in number (more than 50%) of Aphrodite Shareholders (other than Spitfire) present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Aphrodite Shareholders, by corporate representative); and • Aphrodite Shareholders (other than Spitfire) who together hold at least 75% of the total number of votes cast on the Scheme Resolution. <i>Refer to the meeting details and how to vote section on page 10 of this Scheme Booklet for further information.</i>
What are the Scheme Conditions?	The Scheme Conditions that have not already been satisfied are described in Sections 12.2 and 13.1. The Scheme will only be implemented if, amongst other things: • the Requisite Majority of Aphrodite Shareholders approve the Scheme; • the Court approves the Scheme; and • the remainder of the Scheme Conditions are satisfied. At the date of this Scheme Booklet the Aphrodite Directors are not aware of any Scheme Condition that is likely to prevent the Scheme becoming Effective and the Merger progressing. <i>Refer to Section 12.2 for further information.</i>
What happens if one or more of the Scheme Conditions are not satisfied or waived?	The Scheme will not be implemented, and Aphrodite and Spitfire will continue as separate entities, with each company bearing its own costs incurred as a result of the proposed Merger. <i>Refer to Section 3 for further information.</i>
What if I am an Ineligible Foreign Shareholder?	New Spitfire Shares will not be issued to Ineligible Foreign Shareholders under the Scheme. New Spitfire Shares that would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to the Sale Agent who will then sell these shares on ASX, and Spitfire will pay the Ineligible Foreign Shareholders their proportion of the Cash Proceeds received from that sale (net of costs including brokerage). <i>Refer to Section 5.7 for further information.</i>
What if I am a Small Shareholder?	Aphrodite Shareholders who are entitled to receive 5,000 or less New Spitfire Shares under the Scheme may elect to have those Spitfire Shares sold via a sale facility and receive the net sale cash proceeds instead. <i>Refer to Section 5.8 for further information.</i>

Will I have to pay brokerage fees or stamp duty?	Scheme Participants will not be required to pay brokerage or stamp duty on the transfer of their Aphrodite Shares. Brokerage fees will however be incurred by Ineligible Foreign Shareholders and Electing Small Shareholders whose attributable New Spitfire Shares will be issued to and sold by the Sale Agent, and the Cash Proceeds of the sale remitted to them. <i>Refer to Section 5.9 for further information.</i>
When will I receive my Scheme Consideration?	If the Scheme becomes Effective, New Spitfire Shares will be issued on the Implementation Date, which is expected to be 4 January 2018. Ineligible Foreign Shareholders and Electing Small Shareholders will receive Cash Proceeds as soon as practicable after the Implementation Date. <i>Refer to Section 5.2 for further information.</i>
Can I sell my Aphrodite Shares now?	Aphrodite Shareholders may sell their Aphrodite Shares at the prevailing market price, on market at any time before the close of trading on ASX on the Effective Date, which is expected to be Wednesday, 20 December 2017. If Aphrodite Shareholders sell their Aphrodite Shares before the Effective Date of the Scheme (the last day of trading in Aphrodite Shares before suspension) they will not receive New Spitfire Shares. <i>Refer to the Scheme of Arrangement set out in Annexure C of this Scheme Booklet for further information.</i>
When can I start trading my New Spitfire Shares on ASX?	Deferred settlement trading of the New Spitfire Shares is expected to be available from Thursday, 21 December 2017. Trading on ASX of New Spitfire Shares is expected to commence on a normal settlement basis on Friday, 5 January 2018. <i>Refer to Section 12.8 for further information.</i>
Will the Scheme be a taxable transaction for Australian tax purposes?	Section 11 provides a description of the general Australian tax consequences of the Scheme for certain Scheme Participants. You should consult with your own tax adviser regarding the consequences of disposing of Aphrodite Shares under the Scheme, in light of current tax laws and your particular personal circumstances. <i>Refer to Section 11 for further information.</i>
What are the benefits of merging Aphrodite and Spitfire to form the Merged Group?	There are a number of reasons why Aphrodite Directors recommend that you vote in favour of the Scheme, including that the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Aphrodite Shareholders (other than Spitfire) and other benefits of merging Aphrodite and Spitfire to form the Merged Group and the potential synergies the Merged Group may be able to achieve (at a corporate level by eliminating duplicated corporate and administrative overhead costs, and at a project level in relation to the Aphrodite Gold Project and Spitfire's Mulwarrie Gold Project). <i>Refer to Section 1 for the reasons why Aphrodite Directors recommend that you vote in favour of the Scheme and Section 8 for a profile of the Merged Group.</i>

What will be the strategy of the Merged Group?	If the Scheme is implemented it is intended that the business of Aphrodite will be integrated into Spitfire's existing business and will be continued substantially in the same manner as it is presently being conducted. The Merged Group will continue to review all aspects of the assets and operations to identify ways to maximise value for all shareholders. The key asset of the Merged Group will be the Aphrodite Gold Project. In the near term, the Merged Group plans to embark on an aggressive drilling program with the aim to expand the Aphrodite JORC Resource and define a JORC Resource at the Mulwarrie Project. In addition, the Merged Group intends to continue with the maiden drilling program on the Alice River Gold Project. The Aphrodite Gold Project offers strong synergies with Spitfire's Mulwarrie Gold Project (located 65km away) where Spitfire has recently discovered significant high-grade primary gold mineralisation. The potential synergies primarily relate to the potential for the adjacent and consecutive development of these two projects via a new central production hub located at the Aphrodite Gold Project near the world-class mining centre of Kalgoorlie. This has the potential to significantly reduce both infrastructure capital costs and operating costs thereby increasing the chance of development of both projects. In addition, the potential increase in scale of the Merged Group's operations in the North-Eastern Goldfields, and the opportunity to pursue a near-term development strategy based on the potential establishment of a new central production hub, may increase the chance that the Merged Group will be able to attract additional opportunities in the area that would benefit from the same synergies created by the Merger. The Aphrodite Gold Project and the Mulwarrie Gold Project are expected to form the centrepiece of a new gold consolidation strategy to be pursued by the Merged Group in WA's Eastern Goldfields. <i>Refer to Section 9 for further information.</i>
What will the Merged Group will be called?	The Merged Group will operate under the name of Spitfire Materials Limited and Aphrodite will be a wholly owned subsidiary of Spitfire. <i>Refer to Section 9.4 for further information.</i>
Who will be the Chairman of the Merged Group?	Aphrodite's Non-Executive Chairman, Peter Buttigieg, will be the Chairman of the Merged Group. <i>Refer to Section 9.3 for further information.</i>
Who will be on the Merged Group Board?	The Merged Group Board will comprise John Young, Neil Biddle, Peter Buttigieg and Roger Mitchell. <i>Refer to Section 9.3 for further information.</i>
Are there expected to be any changed to staffing as a result of the Merger?	The integration of the boards and management teams of Aphrodite and Spitfire is expected to allow for a more effective allocation of resources to the Merged Group's portfolio of assets. It is also expected to result in the Merged Group having the capacity to develop the Aphrodite Gold Project at the same time as undertaking exploration and consolidation activities. In addition, efficiencies should be realised as a result of consolidating the corporate and administrative overheads of both companies. <i>Refer to Sections 9.3 and 9.5 for further information.</i>
What will the dividend policy of the Merged Group be?	Neither Aphrodite nor Spitfire currently pay a dividend to shareholders. Spitfire has no present intention to pay dividends. <i>Refer to Section 9.6 for further information.</i>
What other information is available?	For further information, contact the Company Secretary of Aphrodite, Mr Michael Beer, on +61 (03) 9600 3599 between 9.00am and 5.00pm, Monday to Friday. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser.

5. Overview of the Scheme

5.1 Summary of the proposed Scheme

A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire or merge with another. The Scheme is the mechanism by which Aphrodite Shareholders (other than Spitfire) may approve the Merger of Aphrodite and Spitfire.

If implemented, the Scheme will have the following effect:

- (a) all Aphrodite Shares (other than those already held by Spitfire) will be transferred from existing Aphrodite Shareholders to Spitfire in return for the Scheme Consideration;
- (b) Aphrodite will become a wholly-owned subsidiary of Spitfire, and Aphrodite will be de-listed from ASX;
- (c) Scheme Participants will become shareholders in Spitfire;
- (d) Ineligible Foreign Shareholders and Electing Small Shareholders will receive the Cash Proceeds of the sale of the New Spitfire Shares that would otherwise be issued to them net of brokerage and other costs; and
- (e) the strategic direction for the development of Aphrodite's existing projects will be determined by the Spitfire Board.

Implementation of the Scheme is subject to the Scheme Conditions being satisfied, including the condition that the Scheme may only be implemented if Aphrodite Shareholders (other than Spitfire) vote in favour of the Scheme at the Scheme Meeting. A summary of the Scheme Conditions which have not already been satisfied and the steps necessary to implement the Scheme appears in Section 12.2.

5.2 Scheme Consideration

If the Scheme becomes Effective, each Scheme Participant (other than Ineligible Foreign Shareholders and Electing Small Shareholders), will receive 1 New Spitfire Share for every 2.8959 Aphrodite Shares they hold as at 5.00pm on the Record Date. The Scheme Consideration of New Spitfire Shares will be issued by Spitfire on the Implementation Date, which is expected to be 4 January 2018.

Ineligible Foreign Shareholders and Electing Small Shareholders will not be issued with New Spitfire Shares. Instead, the New Spitfire Shares that would otherwise have been issued to them will be issued to the Sale Agent on their behalf and they will be sold on ASX. The Cash Proceeds of the sale of these New Spitfire Shares less brokerage and other costs, taxes and charges will then be paid to the Ineligible Foreign Shareholders and Electing Small Shareholders.

Further details of the Scheme Consideration for Ineligible Foreign Shareholders and Electing Small Shareholders are set out at Sections 5.7 and 5.8.

5.3 Scheme Meeting

On 10 November 2017, the Court ordered that the Scheme Meeting be convened in accordance with the Notice of Scheme Meeting.

The Scheme Meeting will be held at 10am (Melbourne time) on Monday, 18 December 2017 at the office of RMS Australia Pty Ltd, 116 Harrick Road, Keilor Park, Victoria.

The fact that the Court has ordered that the Scheme Meeting be convened is not an endorsement of, or expression of opinion on, the Scheme by the Court and is no indication that the Court has a view as to the merits of the Scheme or as to how Aphrodite Shareholders should vote at the Scheme Meeting. On these matters, Aphrodite Shareholders must make their own decision.

5.4 Unanimous recommendation of the Aphrodite Directors

The Aphrodite Directors unanimously recommend that, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Aphrodite Shareholders, Aphrodite Shareholders (other than Spitfire) vote in favour of the Scheme at the Scheme Meeting.

The Aphrodite Directors believe that the reasons for Aphrodite Shareholders (other than Spitfire) to vote in favour of the Scheme outweigh the potential disadvantages and reasons to vote against the Scheme. Each Aphrodite Director who holds Aphrodite Shares or on whose behalf Aphrodite Shares are held at the time of the Scheme Meeting intends, in the absence of a Superior Proposal, to vote in favour of the Scheme.

In making their recommendation and determining how to vote on the Scheme, the Aphrodite Directors have considered:

- (a) the advantages and disadvantages of the Scheme, as summarised in Section 1 and Section 2 respectively;
- (b) the implications of the Scheme not being approved, as summarised in Section 3;
- (c) the opinion of the Independent Expert (refer to Section 5.5), that the Scheme is in the best interests of Aphrodite Shareholders; and
- (d) the alternative arrangements to the Scheme that might have otherwise been available to Aphrodite.

5.5 Independent Expert's conclusion

Aphrodite commissioned the Independent Expert, BDO Corporate Finance (WA) Pty Ltd, to prepare a report on whether the Scheme is in the best interests of Aphrodite Shareholders.

The Independent Expert has concluded that the Scheme is **fair and reasonable** and in the **best interests of Aphrodite Shareholders (other than Spitfire)**.

The Independent Expert's Report is set out in Annexure A of this Scheme Booklet.

5.6 Tax consequences of the Scheme and trading and holding New Spitfire Shares for Australian resident Aphrodite Shareholders

A general guide to the Australian tax consequences for the Scheme for certain Scheme Participants who are Australian tax residents is set out in Section 11. This guide is not intended to provide specific tax advice in respect of the individual circumstances of any Scheme Participant. Accordingly, Scheme Participants should seek their own independent professional tax advice.

5.7 Ineligible Foreign Shareholders

Spitfire is not obliged to issue New Spitfire Shares as consideration to any foreign holder (being an Aphrodite Shareholder whose address in the Aphrodite Share Register is in a jurisdiction other than Australia or its external territories or New Zealand), unless Spitfire is satisfied that the laws of a particular foreign holder's country of residence (as shown in the Aphrodite Share Register) would permit the issue and allotment of New Spitfire Shares to

that foreign holder, either unconditionally or after compliance with conditions which Spitfire in its sole discretion regards as acceptable and not unduly onerous.

The New Spitfire Shares that would have been issued to these Ineligible Foreign Shareholders will be issued to the Sale Agent on the Implementation Date and dealt with in the manner described in Section 5.9.

This Scheme Booklet does not constitute an offer of Spitfire Shares in any jurisdiction in which it would be unlawful. In particular, this Scheme Booklet may not be distributed to any person, and the Spitfire Shares may not be offered or sold, in any country outside Australia and its external territories and New Zealand.

Aphrodite Shareholders whose address shown on the Aphrodite Register is outside of the aforementioned jurisdictions should refer to the Important Notices section of this Scheme Booklet.

5.8 Small Shareholders

A Scheme Shareholder who is entitled to receive 5,000 or less Spitfire Shares under the Scheme may elect to have those Spitfire Shares allotted to the Sale Agent and receive cash proceeds instead. Small Shareholders that wish to make such an election must complete an Election Form. Election Forms will accompany copies of this Scheme Booklet sent to those Aphrodite Shareholders who hold 14,480 Aphrodite Shares or less at the time for determining Aphrodite Shareholders entitled to be sent a copy of the Scheme Booklet. Small Shareholders may also obtain a copy from Aphrodite's share registry.

An Election Form will only be valid if it is completed in accordance with the instructions on the Election Form and is received by Aphrodite's share registry by 5.00pm on the Record Date. New Spitfire Shares that would otherwise have been issued to Electing Small Shareholders will be issued to the Sale Agent (or to a nominee of the Sale Agent) on the Implementation Date and dealt with in the manner described in Section 5.9.

5.9 Sale Agent

As indicated in Sections 5.7 and 5.8, Ineligible Foreign Shareholders and Electing Small Shareholders will not receive New Spitfire Shares under the Scheme. Instead, the New Spitfire Shares that would otherwise have been issued to them will be issued to the Sale Agent (or to a nominee of the Sale Agent) on the Implementation Date.

Spitfire will:

- (a) procure that, as soon as reasonably practicable (and in any event not more than 15 business days after the Implementation Date), the Sale Agent sells or procures the sale on ASX of all of the New Spitfire Shares issued to the Sale Agent (in relation to Ineligible Foreign Shareholders and Electing Small Shareholders) in such manner, at such price and on such other terms as the Sale Agent determines in good faith; and
- (b) promptly pay to the Ineligible Foreign Shareholders and Electing Small Shareholders their proportion of the Cash Proceeds, being the net cash proceeds of the sale of the relevant New Spitfire Shares after deduction of a 1.5% brokerage fee and other selling costs, taxes and charges.

Under the Scheme, Ineligible Foreign Shareholders and Electing Small Shareholders appoint Aphrodite as their agent to receive any financial services guide or other notice given by the Sale Agent. Copies of any document Aphrodite receives from the Sale Agent as agent for the Ineligible Foreign Shareholders and Electing Small Shareholders can be obtained by contacting Aphrodite's company secretary.

Aphrodite, Spitfire and the Sale Agent give no assurance as to the price that will be achieved for the sale of New Spitfire Shares described above. The Cash Proceeds that Ineligible Foreign Shareholders and Electing Small Shareholders will receive may be more or less than the current market value of Spitfire Shares after deducting any applicable brokerage and other costs. Further details about the Sale Facility are set out below.

Ineligible Foreign Shareholders are not required to make an election to participate in the Sale Facility. Small Shareholders that wish to elect to have the New Spitfire Shares that would otherwise be issued to them issued to the Sale Agent for sale and to receive Cash Proceeds instead must validly complete an Election Form.

Further details regarding the Sale Facility are as follows:

- (a) Spitfire has appointed the Sale Agent (who holds an Australian Financial Services Licence);
- (b) the market price of Spitfire Shares is subject to change from time to time. Up-to-date information on the market price of Spitfire Shares is available from www.asx.com.au (using the code "SPI");
- (c) all New Spitfire Shares attributable to Ineligible Foreign Shareholders and Electing Small Shareholders will be issued to the Sale Agent, who will pool those New Spitfire Shares and sell them on market (in one transaction or a number of transactions). All of the proceeds of those sales will be pooled and then (after deduction of brokerage and other costs) the Cash Proceeds will be divided by the total number of New Spitfire Shares issued to the Sale Agent. The resultant amount will be paid to each Ineligible Foreign Shareholder and Electing Small Shareholder in respect of each New Spitfire Share to which they would otherwise have been entitled (subject to rounding); and
- (d) the amount of Cash Proceeds received by Ineligible Foreign Shareholders and Electing Small Shareholders may be less than the actual proceeds received by the Sale Agent (or the nominee of the Sale Agent) for that person's New Spitfire Shares.

5.10 Treatment of Aphrodite Options

Under the Merger Implementation Agreement, Spitfire and Aphrodite entered into the Option Cancellation Deed with the Aphrodite Optionholder, pursuant to which the Aphrodite Optionholder has agreed to the cancellation of their Aphrodite Options in exchange for Spitfire granting New Spitfire Options to the Aphrodite Optionholder at the ratio of 1 New Spitfire Option for every 2.8959 Aphrodite Options held. This will result in 13,812,635 New Spitfire Options, each exercisable at \$0.1158 and expiring on 19 August 2019, being granted to the Aphrodite Optionholder (or its nominees) (assuming that no Aphrodite Options are exercised before the Record Date).

5.11 Fractional entitlements

If, pursuant to the Scheme, a Scheme Participant becomes entitled to a fraction of a New Spitfire Share, the number of New Spitfire Shares issued (or, in the case of Ineligible Foreign Shareholders and Electing Small Shareholders, the number of New Spitfire Shares the Sale Agent will receive for sale on their behalf) will be rounded up to the nearest whole number.

5.12 Warning against Aphrodite Share splitting

If Spitfire reasonably believes that a Scheme Participant has been a party to the splitting or division of a shareholding in an attempt to obtain an advantage in relation to the rounding referred to in Section 5.9, then Spitfire reserves the right to round the entitlement of such holdings so as to provide only the number of New Spitfire Shares that would have been received but for the splitting or division.

5.13 Warranties given by Aphrodite Shareholders

If the Scheme is implemented, each Aphrodite Shareholder (other than Spitfire) is deemed to have warranted to Spitfire, and appointed and authorised Aphrodite as its attorney and agent to warrant to Spitfire, that all their Aphrodite Shares (including any rights and entitlements attaching to those shares) transferred to Spitfire under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind and that they have full power and capacity to sell and transfer their Aphrodite Shares under the Scheme.

5.14 If the Scheme does not proceed

If the Scheme does not proceed, Aphrodite Shareholders will continue to hold Aphrodite Shares. In the absence of any Superior Proposal to the Scheme, Aphrodite will continue as a standalone entity. Aphrodite Shareholders will be exposed to the risks relating to Aphrodite's business set out in Section 6.10. Aphrodite Shareholders (other than Spitfire) may, in addition to the normal risks it faces, be exposed to the additional risks as described in Section 3.

Depending on the reasons why the Scheme does not proceed, either Aphrodite or Spitfire may be liable to pay a break fee of \$320,000 to the other party. The Break Fee is not payable if the Scheme does not proceed merely because Aphrodite Shareholders do not vote in favour of the Scheme in sufficient numbers to meet the legal tests. Further information in relation to the Break Fee is set out in Section 13.4.

Aphrodite will also be liable to pay certain transaction costs in relation to the Scheme, regardless of whether or not the Scheme is implemented (although if the Scheme proceeds, these costs will effectively be met by Spitfire as the ultimate controller of Aphrodite following implementation of the Scheme). If the Scheme does proceed, additional costs will be incurred.

6. Profile of Aphrodite

This Section of the Scheme Booklet contains information in relation to Aphrodite as at the date of the Scheme Booklet. Additional information is included in the Independent Expert's Report set out in Annexure A to this Scheme Booklet.

6.1 Introduction

Aphrodite Gold Limited (ASX:AQQ) is an ASX listed gold exploration company formed in 2009 for the sole purpose of acquiring the highly prospective Aphrodite Gold Project, located in the heart of Western Australia's famous Eastern Goldfield's region. Aphrodite was listed on the ASX on 7 July 2010.

Further information can be found at www.aphroditegold.com.au and in the Independent Expert's Report.

6.2 Overview of Project

The Aphrodite Gold Project is located 65km north of Kalgoorlie in the Eastern Goldfields of Western Australia (see figure 2 below) and has a long history of exploration and resource estimation by several parties dating from its discovery in the mid-1990s. The Aphrodite JOC Resource completed in May 2017 as part of a Pre-Feasibility Study comprises 13.1Mt averaging 2.99g/t Gold (Au) for a total of 1.26 million ounces with Indicated (741,364 ounces) and Inferred (519,502 ounces) Resource categories (refer: Aphrodite ASX announcement dated 27 June 2017 – Prefeasibility Study Results).

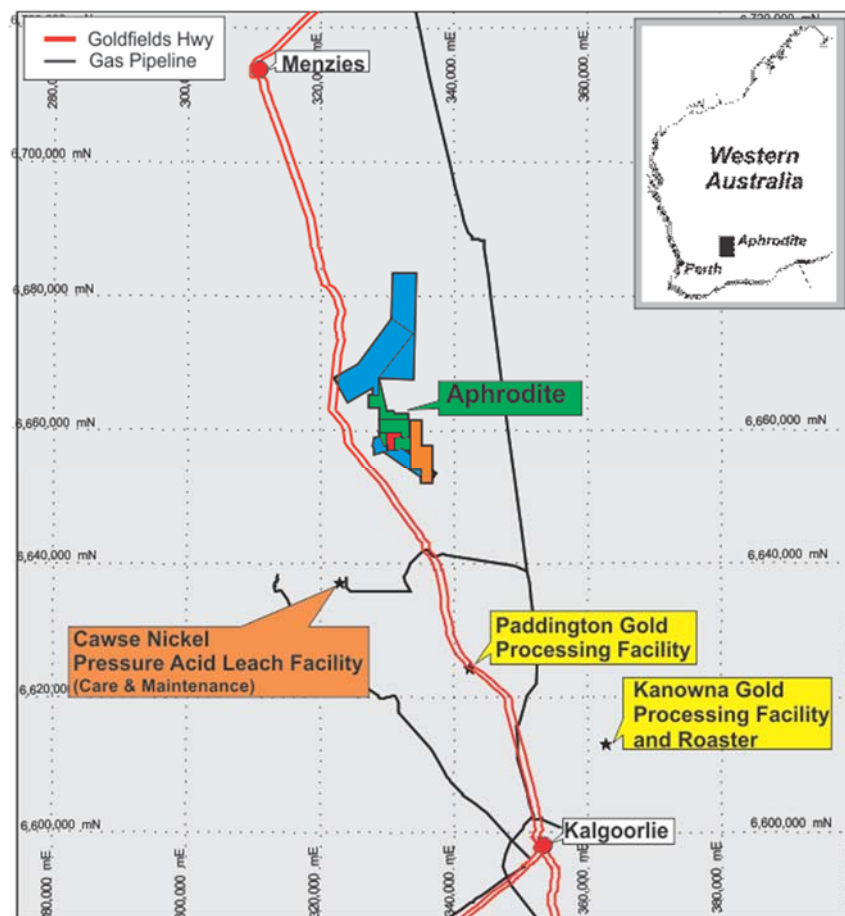


Figure 2 - Aphrodite Regional Location Map

The Aphrodite deposit is covered by five contiguous Mining Leases which are 100%-owned by Aphrodite. All five tenements have been granted a 21-year life, with the earliest expiry

date in 2028. Aphrodite has also been granted one Exploration Licence, two Prospecting Licences and three Miscellaneous Licences within proximity to the Mining Leases. See figure 3 below. See also section 3.1.2 of the Independent Technical Report for further information on the mining tenements which comprise the Aphrodite Gold Project.

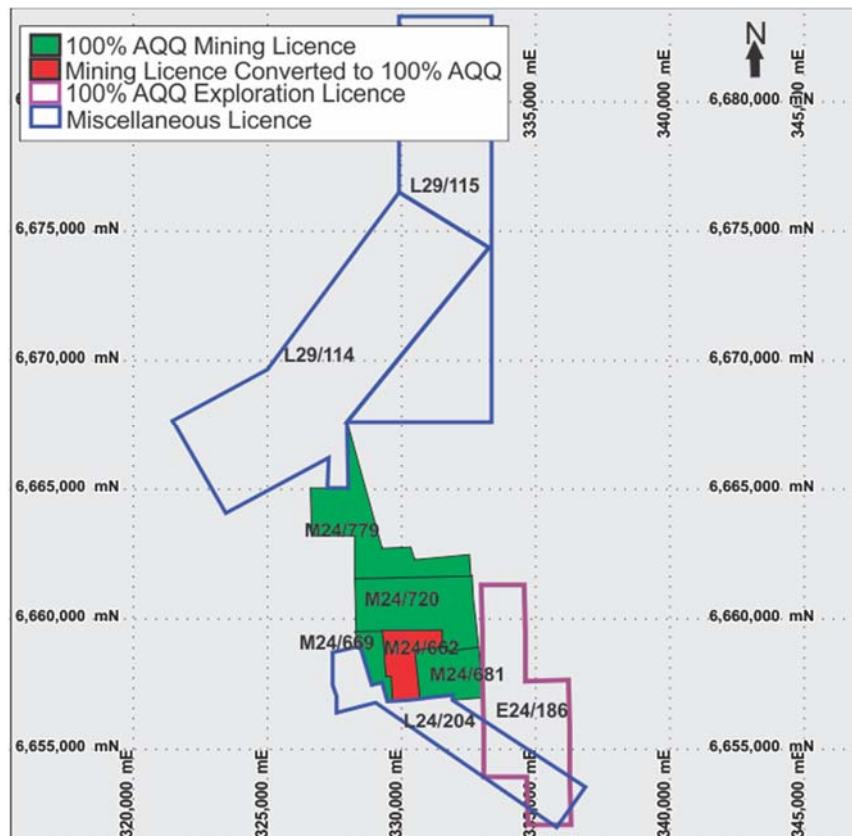


Figure 3 - Aphrodite Tenement Map

The Aphrodite mineralisation and current Aphrodite JORC Resource is situated in the Kalgoorlie Terrance of the Yilgarn Craton, and within the Bardon tectonic Zone – a high-strain zone in supracrustal rocks extending about 120km north of Kalgoorlie.

Kalgoorlie is the largest town in the region and a major mining centre with extensive infrastructure and other facilities servicing the mining industry. The sealed road from Kalgoorlie to Meekatharra passes within 5km of the Aphrodite Gold Project area. The distance by road from Kalgoorlie is about 80km. Kalgoorlie is the premier gold producing region of Australia with a long history of mining and discovery of substantial gold deposits.

Domain	Indicated			Inferred			Indicated + Inferred		
	Tonnes	Gold		Tonnes	Gold		Tonnes	Gold	
	(t)	(g/t)	(oz)	(t)	(g/t)	(oz)	(t)	(g/t)	(oz)
OP (05.g/t cut-off)	6,213,875	2.06	411,002	3,956,171	1.47	187,199	10,170,045	1.83	598,201
UG (3.0g/t cut-off)	1,556,158	6.60	330,362	1,380,599	7.49	332,303	2,936,758	7.00	662,665
TOTAL	7,770,033	2.97	741,364	5,336,770	3.03	519,502	13,106,803	2.99	1,260,866

Refer: Aphrodite ASX announcement dated 27 June 2017 – Prefeasibility Study Results.

In November 2012, the Australian arm of the world's largest buyer of gold royalties and stream, Canadian based Franco Nevada Corporation, advanced Aphrodite \$2,500,000

against a future royalty of 2.5% over production from the Aphrodite Gold Project. The advance bears no interest and requires no repayments for 5 years and which, provided production at the Aphrodite Project commences within that time, automatically converts to a 2.5% royalty. As production has not yet commenced on the Aphrodite Gold Project, from the current financial year until production commences, Aphrodite must make annual payments of \$250,000 to Franco Nevada (with such payments to be fully offset against royalties when the Aphrodite Gold Project commences production).

Further information can be found at www.aphroditegold.com.au and in the Independent Expert's Report.

6.3 Directors of Aphrodite

The directors of Aphrodite as at the date of this Scheme Booklet are as follows:

Peter Buttigieg
(Executive Chairman,
Acting Chief Executive
Officer)

Peter Buttigieg brings a wealth of business management skills and business connections to the Board as head of the RMS (Aust) information technology group. His Company operates world-wide in property management and reservations management systems supporting the hospitality industry. Mr Buttigieg has continued as Executive Chairman and Acting CEO of the Company, and has demonstrated his belief in Aphrodite and the Aphrodite Gold Project from the early days by progressively increasing his shareholding, and through RMS (Aust) Pty Ltd a company in which he has an interest has previously provided a convertible note facility at a critical time for the Company. Mr Buttigieg is now the largest shareholder. Mr Buttigieg continues to spend time working closely with staff and consultants to further progress the Pre-Feasibility study for the Aphrodite Gold Project.

Paul Buttigieg
(Non-Executive Director)

Paul Buttigieg assisted Aphrodite raise its pre-IPO funding in 2009, and assisted in its subsequent capital raisings. He has extensive business and marketing experience being a past director of the Master Grocers Association of Victoria setting up national product sales and distribution through Australia's major employer associations. He is experienced in developing and maintaining shareholder / stakeholder / business relationships.

Angus Middleton
(Non-Executive Director)

Mr Middleton brings extensive experience in the equity markets and also with other exploration companies. He is a previous Managing Director of Crest Minerals Ltd and is the founder and Managing Director of SA Capital Funds Management Limited. Mr Middleton has been a Director of other ASX listed companies during the last three years including Excalibur Mining Corporation Limited (Appointed 6 May 2014) and Hillcrest Litigation Services Limited (Appointed 27 October 2010).

Roger Mitchell
(Non-Executive Director))

Mr Mitchell has extensive corporate experience in Australasia and South East Asia, and holds a Bachelor of Commerce from New Zealand and is a Chartered Accountant.

6.4 Financial information

The following information has been extracted from the audited consolidated financial statements of Aphrodite and its controlled entities for the financial years ended 30 June 2017, 30 June 2016 and 30 June 2015. Aphrodite's auditor provided a qualified opinion in relation to Aphrodite's consolidated financial statements for the financial year ended 30 June 2017 based on the carrying value of exploration and evaluation assets in Aphrodite's accounts.

The financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (including Australian

Accounting Interpretations) adopted by the AASB and the Corporations Act. The financial information also complies with the recognition and measurement requirements of IFRSs and interpretations issued by the International Accounting Standards Board.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. Where appropriate, adjustments have been made to headings and classifications of historical data to provide a consistent basis of presentation.

In the interval between 30 June 2017 and the date of this Scheme Booklet, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Aphrodite, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years, other than:

- (i) On 10 October 2017, following receipt of the Technical Expert's valuation of the Aphrodite Gold Project, Aphrodite announced an impairment review in relation to the carrying value of its exploration and evaluation assets in its accounts as at 30 June 2017 (being \$27.78 million). As announced on 16 October 2017, the Aphrodite board deemed it was prudent to take the necessary step of writing down the carrying value of Aphrodite's exploration and evaluation assets in its accounts to \$12.5 million (being the preferred value in the Technical Expert's valuation). This will result in:
 - A. a reduction to non-current assets (exploration and evaluation costs) and an increase to accumulated losses in Aphrodite's statement of financial position (compared to those balances in Aphrodite's statement of financial position as at 30 June 2017 set out below); and
 - B. the addition of a non-cash charge for impairment of exploration and evaluation assets and an increase to Aphrodite's accounting losses (compared to those numbers in Aphrodite's statement of comprehensive income for the financial year ended 30 June 2017 set out below).

The impairment will be booked in Aphrodite's 31 December 2017 financial report, which will be sent to Aphrodite Shareholders if the Scheme does not proceed;

- (ii) a decrease in cash and cash equivalents of approximately \$500,000 to 13 October 2017, resulting from administration, exploration and other expenditure. There was also an increase in equity of \$100,000 representing the share component of a consultant's compensation that was already accrued at 30 June 2017. No cash proceeds arose from the issuance of shares to discharge the accrued expense; and
- (iii) as otherwise disclosed in the 30 June 2017 financial statements and subsequent filings on ASX.

Copies of Aphrodite's audited consolidated financial statements for the years ended 30 June 2017, 30 June 2016 and 30 June 2015 are available on the Aphrodite website (www.aphroditegold.com.au). Copies will also be provided by Aphrodite, free of charge, to any Aphrodite Shareholder who requests it before the Scheme Meeting.

(a) **Consolidated statement of financial position**

Set out below is Aphrodite's consolidated statement of financial position for the financial years ended 30 June 2017, 30 June 2016 and 30 June 2015.

	Year ended 30 June 2017 Audited \$000	Year ended 30 June 2016 Audited \$000	Year ended 30 June 2015 Audited \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	901	1,994	104
Trade and other receivables	769	46	127
Other assets	4	4	4
TOTAL CURRENT ASSETS	1,674	2,044	235
NON-CURRENT ASSETS			
Property, plant and equipment	40	54	78
Exploration and evaluation costs	27,777	25,033	24,381
TOTAL NON-CURRENT ASSETS	27,817	25,087	24,459
TOTAL ASSETS	29,491	27,131	24,694
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	674	277	90
Funds received in advance	-	32	-
Borrowings*	250	-	-
TOTAL CURRENT LIABILITIES	924	310	90
NON-CURRENT LIABILITIES			
Borrowings*	2,250	2,500	2,500
TOTAL NON-CURRENT LIABILITIES	2,250	2,500	2,500
TOTAL LIABILITIES**	3,174	2,810	2,590
NET ASSETS	26,317	24,322	22,104
EQUITY			
Issued capital	29,774	27,616	25,573
Reserves	388	-	-
Accumulated losses	(3,845)	(3,294)	(3,469)
TOTAL EQUITY	26,317	24,322	22,104

* In 2012, Aphrodite received \$2,500,000 by way of an interest-free royalty advance from Franco-Nevada. The advance has been treated as a financial liability measured initially at its fair value. The advance requires no repayments for 5 years, and which, provided production at the Aphrodite Gold Project commences within that time, automatically converts to a 2.5% royalty. As production has not yet commenced, from the current financial year until production commences Aphrodite must an annual payment of \$250,000 (with such annual payments to be fully offset against royalties when the project commences production).

** The Aphrodite Board ceased the employment of directors Wayne Ryder and Leon Reisgys on 19 July 2013. On 20 September 2013, Wayne Ryder and Leon Reisgys filed proceedings in the Supreme Court of Western Australia for additional payments following the cessation of their employment. The Supreme Court

proceedings took place in November 2016 and Aphrodite is awaiting the judgement. Aphrodite's solicitors have advised that no further payments are owing beyond those already provided for in the financial books of Aphrodite. Aphrodite has received a letter dated 12 March 2014 from the above parties requesting an apology for certain public statements. No liability is anticipated from this event by the Aphrodite Board.

(b) **Consolidated statement of comprehensive income**

Set out below is Aphrodite's consolidated statement of comprehensive income for the financial years ended 30 June 2017, 30 June 2016 and 30 June 2015.

	Year ended 30 June 2017 Audited \$000	Year ended 30 June 2016 Audited \$000	Year ended 30 June 2015 Audited \$000
Continuing Operations			
Other Income			
Interest income	2	3	
Sales of shares in joint venture	-	-	50
Total Other Income	2		50
Expenses			
Depreciation	14	24	29
Financing expenses	-		271
Impairment of exploration and evaluation	-	-	20
Other expenses	989	544	499
Total Expenses	1,003	568	818
Loss before Income Tax	(1,001)	(565)	(768)
Income Tax benefit	450	740	-
Profit/(Loss) for the year	(551)	175	(768)
Other comprehensive income	-	-	-
Total Comprehensive Profit/(Loss) attributable to the members of Aphrodite	(551)	175	(768)

(c) **Consolidated statement cash flows**

Set out below is Aphrodite's consolidated statement of cash flows for the financial years ended 30 June 2017, 30 June 2016 and 30 June 2015.

	Year ended 30 June 2017 Audited \$000	Year ended 30 June 2016 Audited \$000	Year ended 30 June 2015 Audited \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash paid to suppliers and employees	(905)	(376)	(586)
Income tax benefit– Research and development refund	-	740	-
Interest income	2	3	
Interest expenses	-		(265)
Net cash provided/(used in) operating activities	(903)	367	(851)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation costs capitalised	(2,623)	(438)	(1,137)
Purchase of property, plant and equipment	-	-	(3)
Sale of shares in joint venture	-	-	50
Net cash (used in) investing activities	(2,623)	(438)	(1,090)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	2,451	1,993	738
Share issue costs	(17)	(65)	-
Borrowings – convertible note	-	-	975
Share subscription payments received in advance	-	32	-
Net cash flows from financing activities	2,434	1,960	1,713
Net increase/(decrease) in cash and cash equivalents	(1,093)	1,889	(229)
Cash and cash equivalents at the beginning of the period	1,994	104	333
Cash and cash equivalents at the end of the period	901	1,994	104

6.5 Aphrodite's issued securities

As at the date of this Scheme Booklet, Aphrodite has the following securities on issue:

- (i) 714,369,970 Aphrodite Shares; and
- (ii) 40,000,000 unquoted Aphrodite Options each exercisable at \$0.04 and expiring on 19 August 2019.

If any existing Aphrodite Options are exercised after the date of this Scheme Booklet and prior to the Implementation Date, the number of Aphrodite Shares on issue will increase.

6.6 Aphrodite's substantial shareholders

Based on information lodged with ASX or known to Aphrodite, Aphrodite had the following substantial shareholders as at the date of this Scheme Booklet:

Aphrodite Shareholder	Number of Aphrodite Shares Held	Percentage of Issued Aphrodite Shares
Peter Buttigieg	203,868,132	28.54%
Spitfire Materials Limited	74,129,742	10.38%

6.7 Interests of Aphrodite Directors and Spitfire Directors in Aphrodite securities

The interest of Aphrodite Directors in Aphrodite Securities is as follows.

Director/Company	Aphrodite Shares	Aphrodite Options
Peter Buttigieg	203,868,132	-
Paul Buttigieg	4,069,474	-
Angus Middleton	444,915	-
Roger Mitchell	789,474	-
Total	209,180,995	-

No Spitfire Director has any interest in Aphrodite Securities.

6.8 Aphrodite Share trading history

The last recorded sale price of Aphrodite Shares traded on ASX before the announcement of the proposed Merger on 14 August 2017 was \$0.024.

The latest recorded sale price of Aphrodite Shares on ASX before the date on which the Scheme Booklet was lodged for registration with ASIC was \$0.035.

During the three month period immediately preceding the date on which the Scheme Booklet was lodged for registration with ASIC, the highest and lowest recorded sale prices of Aphrodite Shares on ASX were, respectively, \$0.042 on 17 October 2017 and \$0.023 on 11 August 2017.

Set out below is the volume weighted average price (**VWAP**) of Aphrodite Shares for various periods to the date of this Scheme Booklet:

	10 Days	20 days	30 days	90 days
VWAP	\$0.0357	\$0.0370	\$0.0353	\$0.0245

6.9 Aphrodite announcements and reports

As a disclosing entity, Aphrodite is subject to the periodic and continuous disclosure and reporting requirements of the Corporations Act and ASX Listing Rules. Specifically, as a listed company, Aphrodite is subject to the ASX Listing Rules which require continuous disclosure of any information Aphrodite has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Aphrodite announcements are available on its website (www.aphroditegold.com.au) as well as the ASX website (www.asx.com.au). Further announcements concerning developments at Aphrodite may be made and placed on these websites after the date of this Scheme Booklet.

In addition, Aphrodite is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC in relation to Aphrodite may be obtained from, or inspected at, an ASIC office.

Aphrodite will provide a copy of each of the following documents, free of charge, to anyone who asks for them before the Scheme is approved by the Court. The following documents can also be obtained from the ASX website (www.asx.com.au) or from the Aphrodite website (www.aphroditegold.com.au):

- (a) the annual financial report of Aphrodite for the year ended 30 June 2017 (being the annual financial report most recently lodged with ASIC by Aphrodite before lodgement of a copy of this Scheme Booklet with ASIC for registration); and
- (b) any continuous disclosure announcements made by Aphrodite after the date of the lodgement of the annual financial report referred to above and before the lodgement of a copy of this Scheme Booklet with ASIC for registration.

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules, and which is required to be set out in this Scheme Booklet.

The following table summarises material announcements made by Aphrodite to ASX since 02 October 2017 (being the date of lodgement of the annual financial report referred to in paragraph (a)).

Date Lodged	Description of Document
10/11/17	Results of First Court Hearing
30/10/17	Notice of Annual General Meeting/Proxy Form
30/10/17	Quarterly Cashflow Report
30/10/17	Quarterly Activities Report
16/10/17	Update on Asset Impairment
10/10/17	Merger Update and Asset Impairment
02/10/17	App 4G Corporate Governance Principles

6.10 Risk factors

Risk factors relating to Aphrodite and its business are discussed in Section 10.

6.11 Material events since 30 June 2017

Within the knowledge of the Aphrodite Directors and other than as disclosed in this Scheme Booklet, including the audited consolidated financial statements contained in Section 6.4,

there has not been any other material change in the financial position of Aphrodite since 30 June 2017.

7. Profile of Spitfire

This Section of the Scheme Booklet contains information in relation to Spitfire as at the date of the Scheme Booklet. Additional information is included in the Independent Expert's Report set out in Annexure A to this Scheme Booklet.

7.1 Introduction Spitfire

Spitfire Materials Limited (ASX:SPI) is an ASX listed mineral exploration company focused on the identification, exploration and development of mineral assets, including gold and manganese. Spitfire was incorporated on 29 May 2007 and listed on the ASX in December 2007.

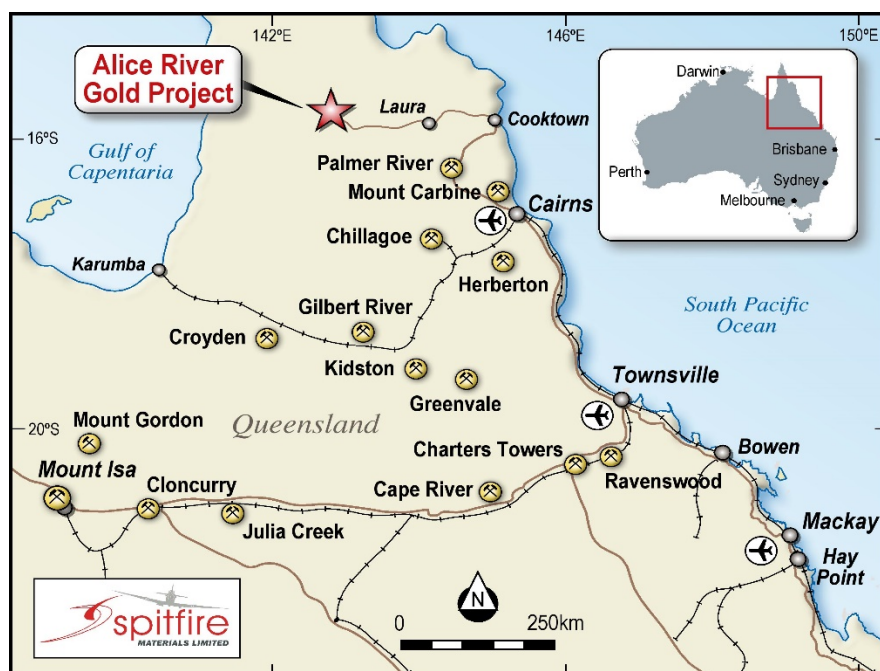
Spitfire has recently acquired unlisted Australian gold explorer Admiral Gold Limited (**Admiral**). Admiral is party to joint venture agreements over two highly prospective projects being the Alice River Gold Project in Northern Queensland and the Mulwarrie Gold Project in Western Australia. The acquisition of Admiral complements and expands Spitfire's existing gold exploration portfolio, which includes the England Gold Project in the Laverton district of Western Australia and the Yoda Gold Project in the Northern Territory.

Further information can be found at www.spitfirematerials.com and in the Independent Expert's Report.

7.2 Overview of Projects

Alice River Gold Project, NE Queensland

The Alice River Gold Project is located 270km west of Cooktown, or 470km north-west of Cairns in North-Eastern Queensland, at the southern end of the Savannah Province (see figure 4). The Alice River Gold Project encompasses eight exploration permits for minerals and eight granted mining leases for a total of 808km².¹¹ 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.



¹¹ Of these tenements, 7 exploration permits and 3 mining leases are currently pending renewal. Refer to Section 10.4 under the heading "Tenure risks" for information on how tenure risks may impact the Merged Group.

Figure 4 - Location, Alice River Gold Project

See also section 4.1 of the Independent Technical Report for further information on the mining tenements which comprise the Alice River Gold Project.

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 Spitfire completed a detailed aeromagnetic survey, which covered the priority exploration and historical mining areas at the Project.

On 5 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.

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 has been postponed as the Company continues to work with the Olkola Corporation on a suitable access agreement, including appropriate cultural and heritage surveys. Refer to Section 10.4 under the heading “Native title and Aboriginal Heritage risks” for information on how these risks may impact the Merged Group.



Figure 5 - Alice Queen open pit, Alice River Gold Project

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 (see figure 6). The Mulwarrie Gold 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.

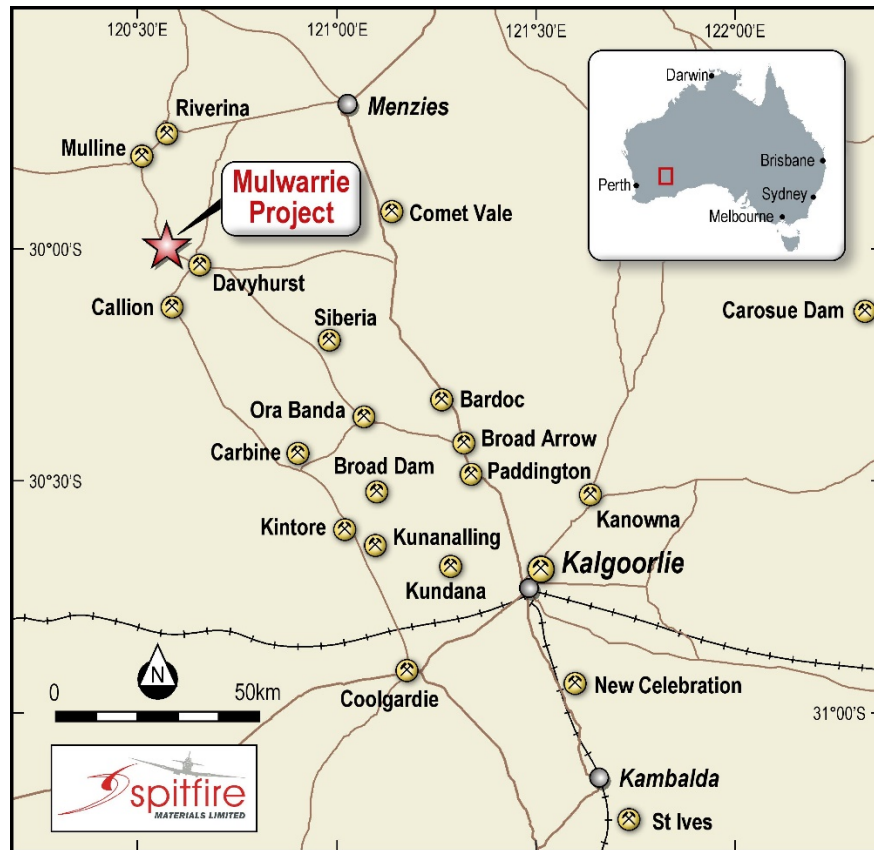


Figure 6 – Location, Mulwarrie Gold Project

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

Spitfire recently completed its maiden and follow-up drilling program at the Mulwarrie Gold Project, which returned highly encouraging results, intersecting significant primary gold mineralisation below and along strike from a historical gold mining area (refer to Spitfire's ASX announcement dated 3 July 2017 and 27 September 2017 for full results).

England Gold Project, WA

In late 2016, Spitfire acquired 100% of the granted Western Australian gold exploration licence E38/2869 which is known as the England Gold Project.

The England Gold Project 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 reverse circulation drilling.

Yoda Gold Project, NT

The Yoda Gold Project comprises one granted exploration licence (EL 30834) and 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 sheets. The Yoda Gold Project area is most easily accessed from the north via the Stuart and Plenty Highways and then south via station tracks. No active exploration activities were undertaken during the quarter.

Investigation into the land access and heritage status of the Yoda Gold Project 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 Gold Project. Spitfire is considering the process and commercial benefit to negotiate on-ground access to the project.

South Woodie Woodie Manganese Project – Western Australia

The South Woodie Woodie Manganese Project contains three granted exploration licences and two applications for exploration licences, along with one retention licence.

The South Woodie Woodie Project lies along strike and to the south of the Woodie Woodie Manganese Mining Centre.

Spitfire has completed a gravity survey over a potential area of interest and continues to monitor the manganese market.

Further information can be found at www.spitfirematerials.com and in the Independent Expert's Report. In particular, please refer to section 4.1 of the Independent Technical Report for further information on Spitfire's mining tenements.

7.3 Directors of Spitfire

The directors of Spitfire as at the date of this Scheme Booklet are as follows:

Alan Boys (Chairman)

Mr Boys has 32 years' experience as a Chartered Accountant and has been engaged with mining exploration companies in roles of Director, Company Secretary and Chief Financial Officer. Mr Boys 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 from 2007 - 2014. From October 2014 to mid-2016, he was Company Secretary and CFO for the leading Australian lithium developer Pilbara Minerals Limited, working alongside current Spitfire Directors Neil Biddle and John Young.

John Young (Managing Director)

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 Limited Exploration Manager from June 2014 until August 2015 and appointed Technical Director in September 2015. Mr Young is also a Non-executive director of AIM listed Mosman Oil and Gas Limited.

Neil Biddle
(Executive Director)

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.

7.4 Material contracts

Alice River Farm in Agreement

Spitfire, through its wholly owned subsidiary Admiral Gold Limited (**Admiral**), has entered into an exploration farm-in joint venture agreement with Tinpitch Pty Ltd (ACN 096 734 306) (**Tinpitch**), dated 14 March 2017, in relation to the Alice River Gold Project under which Admiral has the right to acquire up to a 75% interest in the project (**Alice River Farm-in Agreement**).

Under the Alice River Farm-in Agreement:

- (a) Admiral can earn up to a 51% interest in the project tenements by (**Stage 1 Interest**):
 - (i) expending at least \$1,000,000 on exploration on or in relation to the project by 14 March 2018 (including satisfying minimum expenditure commitment of \$750,000) (**Year 1 Expenditure Requirement**);
 - (ii) expending at least \$5,000,000 on exploration of the project tenements (including the \$1,000,000 referred to above) by 14 March 2019 (for the avoidance of any doubt, expenditure incurred towards the Year 1 Expenditure Requirements will be included in this amount); and
 - (iii) completing a scoping study by 14 March 2019,
 (together, the **Stage 1 Requirements**).

If Admiral does not satisfy the Stage 1 Requirements by the relevant time it will be deemed to have withdrawn from the farm-in without having earned any interest in the project.

- (b) Subject to Admiral earning the Stage 1 interest, Admiral can elect to earn up to an additional 24% interest in the project tenements (**Stage 2 Interest**) by undertaking additional expenditure on exploration of the project tenements of not less than \$5,000,000 and completing a Pre-Feasibility Study by 14 March 2021 (**Stage 2 Requirements**).
- (c) If Admiral does not satisfy the Stage 2 Requirements by the relevant time, then Admiral will only hold a 51% interest in the project and Tinpitch must elect within 60 days to either participate in the joint venture on a pro rata contributing basis with Admiral or sell its interest to a third party (subject to a pre-emptive right for Admiral).
- (d) If Admiral earns the Stage 2 Interest in the project (being a total interest of 75%), Tinpitch must elect within 60 days to either:
 - (i) participate in the joint venture on a pro rata contributing basis with Admiral;

- (ii) sell its interest to a third party on arm's length terms (subject to a pre-emptive right for Admiral);
 - (iii) require Admiral to purchase Tinpitch's entire remaining interest at a price to be determined by the parties or by a third party agreed by the parties (or, failing agreement, a third party appointed by the JORC Chairman); or
 - (iv) grant Admiral a 90 day right to acquire Tinpitch's remaining interest for a in consideration for 2.5% net smelter royalty.
- (e) If Tinpitch does not make the above elections within the required time, it will be deemed to have elected to participate in the joint venture on a pro rata contributing basis with Admiral.
 - (f) During the applicable earn-in periods, Admiral is the operator and project manager of the project.
 - (g) Admiral will be the manager of any joint venture established under the Alice River Farm-in Agreement and will be entitled to a monthly management fee of 15% of all exploration expenditure in that month.
 - (h) Within 21 days of completing a bankable feasibility study, Admiral has a call option to acquire Tinpitch's remaining 25% interest in the project at a price to be determined by the parties or by a third party agreed by the parties (or, failing agreement, a third party appointed by the JORC Chairman).

The Alice River Farm-in Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties, dilution and dispute resolution).

Mulwarrie Farm-in Agreement

Spitfire, through its wholly owned subsidiary Admiral, has entered into a farm-in agreement with Goldfield Argonaut Pty Ltd (ACN 162 358 063) (**Goldfield**), dated 31 January 2017, in relation to the Mulwarrie Gold Project under which Admiral has the right to acquire up to a 70% interest in the project (**Mulwarrie Farm-in Agreement**).

Under the Mulwarrie Farm-in Agreement:

- (a) Admiral can earn up to an initial 51% interest in the project tenements by:
 - (i) expending at least \$200,000 on exploration of the project tenements and completing a total of 2,000 metres of reverse cycle and/or diamond drilling on the project tenements by 31 July 2017 (**Minimum Commitment**); and
 - (ii) expending at least \$1,000,000 on exploration of the project tenements (including any amounts spent satisfying the Minimum Commitment) by 31 January 2018,

(together, the **Stage 1 Conditions**).

If Admiral fails to satisfy the Stage 1 Conditions by the relevant time it will be deemed to have withdrawn from the farm-in without having earned any interest in the project.

- (b) Subject to Admiral earning the Stage 1 interest, Admiral can earn up to an additional 19% interest in the project tenements by undertaking additional expenditure on exploration of the project tenements of not less than \$1,000,000 by 31 January 2019 (**Stage 2 Conditions**).

- (c) If Admiral does not satisfy the Stage 2 Conditions by the relevant time then:
 - (i) Admiral will hold a 51% interest in the project; and
 - (ii) Goldfield will have the right at any time prior to 31 January 2020 to sell its interest in the project to a third party for cash consideration and require Admiral to sell its interest to that party (subject to a pre-emptive right for Admiral).
- (d) If Admiral earns the stage 2 interest (being a total interest of 70%) in the project, Goldfield must elect within 60 days to either:
 - (i) participate in a joint venture with Admiral on a pro rata contributing basis; or
 - (ii) sell its interest to a third party on arm's length terms (subject to a pre-emptive right for Admiral).
- (e) Goldfield may at any time elect to convert its current interest in the project into equity in Spitfire on terms mutually agreed between the parties. The parties have agreed to act in good faith when negotiating the value of any interest in the projects the subject of a conversion.
- (f) Until formation of a joint venture under the Mulwarrie Farm-in Agreement, Admiral is responsible for the administration and maintenance of the project tenements.

The Mulwarrie Farm-in Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and provisions for the negotiation of a formal agreement).

7.5 Historical financial information

The following information has been extracted from the audited consolidated financial statements of Spitfire and its controlled entities for the financial years ended 30 June 2017, 30 June 2016 and 30 June 2015. The financial information has been prepared in accordance with the recognition and measurement requirements of AASB Standards (including Australian Accounting Interpretations) adopted by the AASB and the Corporations Act. The financial information also complies with the recognition and measurement requirements of International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. Where appropriate, adjustments have been made to headings and classifications of historical data to provide a consistent basis of presentation.

In the interval between 30 June 2017 and the date of this Scheme Booklet, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Spitfire, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Copies of Spitfire's audited consolidated financial statements for the years ended 30 June 2017, 30 June 2016 and 30 June 2015 are available on Spitfire's website (www.spitfirematerials.com). Copies will also be provided by Spitfire, free of charge, to any Aphrodite Shareholder who requests it before the Scheme Meeting.

(a) **Consolidated statement of financial position**

Set out below is Spitfire's consolidated statement of financial position for the financial years ended 30 June 2017, 30 June 2016 and 30 June 2015.

	Year ended 30 June 2017 Audited \$000	Year ended 30 June 2016 Audited \$000	Year ended 30 June 2015 Audited \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5,557	2,053	2,735
Trade and other receivables	115	63	94
TOTAL CURRENT ASSETS	5,672	2,116	2,829
NON-CURRENT ASSETS			
Property, plant and equipment	170	7	19
TOTAL NON-CURRENT ASSETS	170	7	19
TOTAL ASSETS	5,842	2,123	2,848
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	375	180	97
Provisions	4	-	-
TOTAL CURRENT LIABILITIES	379	180	97
TOTAL LIABILITIES	379	180	97
NET ASSETS	5,463	1,943	2,751
EQUITY			
Issued capital	40,772	28,483	25,116
Reserves	755	445	567
Accumulated losses	(36,064)	(26,985)	(22,932)
TOTAL EQUITY	5,463	1,943	2,751

(b) **Consolidated statement of comprehensive income**

Set out below is Spitfire's consolidated statement of comprehensive income for the financial years ended 30 June 2017, 30 June 2016 and 30 June 2015.

	Year ended 30 June 2017 Audited \$000	Year ended 30 June 2016 Audited \$000	Year ended 30 June 2015 Audited \$000
Continuing Operations			
Interest received	31	45	105
Other income	9	-	7
Gross profit/(loss)	40	45	112
Depreciation expense	(5)	(20)	(25)
Consulting expenses	(315)	(805)	(443)
Occupancy costs	(92)	(52)	(42)
Travel expenses	(16)	(119)	(75)
Exploration and evaluation costs expensed	(255)	(174)	(426)
Exploration and evaluation assets expensed	(7,675)	(2,427)	-
Share Based Payment	(335)	(103)	(25)
Administrative expenses	(387)	(638)	(215)
Loss before income tax	(9,040)	(4,293)	(1,139)
Income tax (expense)/revenue	-	-	44
Profit/(Loss) from continuing operations	(9,040)	(4,293)	(1,095)
Discontinued Operations			
Loss from discontinued operations after tax	(39)	-	-
Loss for the year	(9,079)	(4,293)	(1,095)
Other comprehensive income	(25)	15	-
Total comprehensive income/(loss) for the period	(25)	15	-
Total comprehensive income/(loss) attributable to the members of Spitfire	(9,104)	(4,278)	(1,095)

(c) **Consolidated statement cash flows**

Set out below is Spitfire's consolidated statement of cash flows for the financial years ended 30 June 2017, 30 June 2016 and 30 June 2015.

	Year ended 30 June 2017 Audited \$000	Year ended 30 June 2016 Audited \$000	Year ended 30 June 2015 Audited \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash paid to suppliers and employees	(838)	(1,535)	(808)
Payments for exploration and evaluation	(254)	(439)	(457)
Income tax benefit– Research and Development	-	43	946
Other revenue	8	-	7
Interest received	30	56	108
Net cash used in operating activities	(1,054)	(1,875)	(204)
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 received 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)	(204)
Cash and cash equivalents at the beginning of the period	2,053	2,735	2,939
Cash and cash equivalents at the end of the period	5,557	2,053	2,735

* The Spitfire Shares the subject of this placement were allotted on 3 July 2017.

7.6 Spitfire's corporate structure

Spitfire has the following wholly owned subsidiaries, which upon the Scheme being implemented will remain wholly owned subsidiaries of Spitfire.

	Place of Incorporation	% of Equity Interest
Admiral Gold Limited	Australia	100%
Spitfire Australia (SWW) Pty Ltd	Australia	100%
Spitfire Global Pty Ltd	Australia	100%
Bellpiper Pty Ltd	Australia	100%
Starpart Holdings Pty Ltd	Australia	100%

7.7 Spitfire's issued securities

As at the date of this Scheme Booklet, Spitfire has the following securities on issue:

- (a) 246,683,293 Spitfire Shares;
- (b) 22,125,000 Spitfire Options (refer to the table below for further details); and
- (c) 20,000,000 Spitfire Performance Rights (comprising 10,000,000 Class A Performance Rights and 10,000,000 Class B Performance Rights).

The Spitfire Options are comprised of the following:

Number	Exercise Price	Expiry Date
475,000	\$1.10	22 November 2017
650,000	\$0.45	28 November 2019
3,000,000	\$0.16	31 May 2020
18,000,000	\$0.16	30 March 2021

If any existing Spitfire Options are exercised after the date of this Scheme Booklet and prior to the Implementation Date, the number of Spitfire Shares on issue will increase.

The Spitfire Performance Rights will vest upon satisfaction of the following milestones, (subject to the terms and conditions of the Plan (as defined in Section 7.9 below)).

Class A Performance Rights (10,000,000)

Class A Performance Rights held by the holder shall vest upon:

- (a) Spitfire's 5-day volume weighted average price (**VWAP**) being greater than \$0.20 per Spitfire Share at any time subsequent to the date of the grant (market-based condition); and
- (b) 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 Spitfire for a continuous period of 12 months from the date of grant of the Performance Rights.

Class B Performance Rights (10,000,000)

Class B Performance Rights held by the holder shall vest upon:

- (a) Spitfire delineating a minimum JORC Resource of greater than 250,000 ounces at any time subsequent to the date of the grant (resource condition); and
- (b) 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 Spitfire for a continuous period of 12 months from the date of grant.

The Plan provides that the vesting conditions are automatically waived upon a change of control occurring (which is defined in the Plan to include an amalgamation of Spitfire with any other company). Pursuant to the terms of the Plan, it is expected that upon the Scheme becoming Effective, 20,000,000 Performance Rights will vest.

Further information about Spitfire Shares is provided in Section 14.5.

If the Scheme becomes Effective:

- (a) a further 221,085,061 Spitfire Shares will be issued as Scheme Consideration in respect of the Aphrodite Shares to be acquired under the Scheme (ignoring the effects of rounding and assuming that no Aphrodite Options are exercised before the Record Date); and
- (b) 13,812,635 Spitfire Options will be issued pursuant to the Option Cancellation Deed to cancel the existing Aphrodite Options on issue (assuming that no Aphrodite Options are exercised before the Record Date).

7.8 Spitfire's substantial shareholders

Based on information lodged with ASX or known to Spitfire, Spitfire had the following substantial shareholders as at the date of this Scheme Booklet:

Spitfire Shareholder	Number of Spitfire Shares Held	Percentage of Issued Spitfire 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%

7.9 Spitfire Performance Rights and Options Plan

As set out above, Spitfire has adopted an employee incentive scheme (the **Plan**) which provides for the granting of Spitfire Options and Spitfire Performance Rights as incentive based remuneration to eligible participants. The Plan was approved by Spitfire Shareholders at Spitfire's annual general meeting held on 29 June 2017. There are currently ten past and present employees and Spitfire Directors participating in the Plan.

As at the date of this Scheme Booklet, Spitfire has issued the following securities under the Plan:

Spitfire Options

Number	Exercise Price	Expiry Date
475,000	\$1.10	22 November 2017
650,000	\$0.45	28 November 2019
18,000,000	\$0.16	30 March 2021

Spitfire Performance Rights

Class *	Number	Expiry Date
A	10,000,000	29 June 2021
B	10,000,000	29 June 2021

*Vesting conditions are detailed in Section 7.7 above.

7.10 Interests of Spitfire Directors and Aphrodite Directors in Spitfire's securities

The interests of Spitfire Directors in Spitfire's securities is as follows.

Director/Company	Spitfire Shares	Spitfire Options	Spitfire Performance Rights
Alan Boys	16,751,480	-	5,000,000
John Young	20,000,000	-	5,000,000
Neil Biddle	9,948,442	-	5,000,000
Russell Hardwick*	2,458,663	3,350,000	5,000,000
Total	49,158,585	3,350,000	20,000,000

* Russel Hardwick ceased to be a Spitfire Director on 29 September 2017.

No Aphrodite Director has any interest in Spitfire Securities.

7.11 Spitfire Share trading history

The last recorded sale price of Spitfire Shares traded on ASX before the public announcement of the proposed Merger on 14 August 2017 was \$0.13.

The latest recorded sale price of Spitfire Shares on ASX before the date on which the Scheme Booklet was lodged for registration with ASIC was \$0.125.

During the three-month period immediately preceding the date on which the Scheme Booklet was lodged for registration with ASIC, the highest and lowest recorded sale prices of Spitfire Shares on ASX were, respectively, \$0.14 on 17 October 2017 and \$0.093 on 25 August 2017.

The Spitfire Share prices given above should not be taken as necessarily being an indication of the likely Spitfire Share price following implementation of the Merger.

7.12 Rights attaching to Spitfire Shares

The rights and liabilities attaching to Spitfire Shares (and New Spitfire Shares that form part of the Scheme Consideration) are described in Section 14.5.

7.13 Spitfire's announcements and reports

As a disclosing entity, Spitfire is subject to the periodic and continuous disclosure and reporting requirements of the Corporations Act and ASX Listing Rules. Specifically, as a listed company, Spitfire is subject to the ASX Listing Rules which require continuous disclosure of any information Spitfire has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Spitfire announcements are available on its website (www.spitfirematerials.com) as well as ASX's website (www.asx.com.au). Further announcements concerning developments at Spitfire may be made and placed on these websites after the date of this Scheme Booklet.

In addition, Spitfire is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC in relation to Spitfire may be obtained from, or inspected at, an ASIC office.

Spitfire will provide a copy of each of the following documents, free of charge, to any person on request prior to the Scheme Meeting. Alternatively, these documents can be obtained from ASX's website (www.asx.com.au) or from the Spitfire website (www.spitfirematerials.com):

- (a) the annual financial report of Spitfire for the year ended 30 June 2017 (being the annual financial report most recently lodged with ASIC by Spitfire before lodgement of a copy of this Scheme Booklet with ASIC for registration); and
- (b) any continuous disclosure announcements made by Spitfire after the date of the lodgement of the annual financial report referred to above and before the lodgement of a copy of this Scheme Booklet with ASIC for registration.

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules, and which is required to be set out in this Scheme Booklet.

The following table summarises material announcements made by Spitfire to ASX since 20 September 2017 (being the date of lodgement of the annual financial report referred to in paragraph (a)).

Date Lodged	Description of Document
25/10/17	Quarterly Cashflow Report
25/10/17	Quarterly Activities Report
11/10/17	Notice of Annual General Meeting/Proxy Form
10/10/17	Merger Update and Asset Impairment
05/10/17	Drilling commences at Alice River Gold Project
29/09/17	Final Director's Interest Notice
29/09/17	Director Appointment/Resignation
29/09/17	Corporate Governance Statement
29/09/17	Appendix 4G

7.14 Risk factors

Risk factors relating to Spitfire and its business are discussed in Section 10.

7.15 Material events since 30 June 2017

To the best of the knowledge of the Spitfire Directors and other than as disclosed in the Scheme Booklet, including the audited consolidated financial statements contained in Section 7.4, there has not been a material change in the financial position of Spitfire since 30 June 2017.

8. Profile of the Merged Group

This Section of the Scheme Booklet contains information in relation to Spitfire if the Scheme is implemented.

The Merger of Aphrodite and Spitfire will create a significant emerging ASX-listed Australian gold company with exposure to a large and diversified gold exploration and development portfolio in Western Australia, the Northern Territory and Queensland, with a significant JORC 2012 compliant Mineral Resource (comprising the Aphrodite JORC Resource) and considerable exploration upside.

Following implementation of the Scheme, the Merged Group will have the following key projects:

- The Aphrodite Gold Project located 65km north of Kalgoorlie in the Eastern Goldfields of Western Australia, which has a long history of exploration and resource estimation by several parties dating from its discovery in the mid-1990s. The current Aphrodite JORC Resource completed in May 2017 as part of a Pre-Feasibility Study comprises 13.1Mt averaging 2.99g/t Gold (Au) for a total of 1.26 million ounces with Indicated (741,364 ounces) and Inferred (519,502 ounces) Resource categories (refer: Aphrodite ASX announcement dated 27 June 2017 – Prefeasibility Study Results)¹².
- The Alice River Gold Project located 270km west of Cooktown, or 470km north-west of Cairns, in NE Queensland, at the southern end of the Savannah Province. 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.
- The Mulwarrie Gold Project is located 150km north-west of Kalgoorlie in the Ularring District of the North Coolgardie Mineral Field (and only approximately 65km from the Aphrodite Gold Project). 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 combination of the advanced gold opportunity at the Aphrodite Gold Project, along with Spitfire's emerging gold discovery at the Mulwarrie Gold Project as well as the larger-scale Alice River gold exploration project in North Queensland gives the Merged Group the opportunity to leverage its increased scale to drive operational efficiencies and pursue further value-accretive growth opportunities.

The Aphrodite Directors believe that the Merged Group will benefit from an improved risk profile resulting from the increased breadth of the asset portfolio with greater operational and geographic diversification.

The key asset of the Merged Group will be the Aphrodite Gold Project, which offers strong potential synergies with Spitfire's Mulwarrie Gold Project, located 65km away, where Spitfire has recently discovered significant high-grade primary gold mineralisation. The potential synergies primarily relate to the potential for the adjacent and consecutive development of these two projects via a new central production hub located at the Aphrodite Gold Project near the world-class mining centre of Kalgoorlie. This has the potential to significantly reduce both infrastructure capital costs and operating costs thereby increasing the chance of development of both projects. In addition, the potential increase in scale of the Merged Group's operations in the North-Eastern Goldfields, and the opportunity to pursue a near-term development strategy based on the potential establishment of a new central production

¹² The current Aphrodite JORC Resource is an update to the Tetra Tech estimate of 2013 (refer to Aphrodite ASX Announcement dated 12 June 2013).

hub, may increase the chance that the Merged Group will be able to attract additional opportunities in the area that would benefit from the same synergies created by the Merger.

The Merged Group plans to embark on an aggressive drilling program with the aim to expand the Aphrodite JORC Resource and define a JORC Resource at Mulwarrie.

8.1 Capital structure

Spitfire's capital structure is described in Section 7.7. If the Scheme becomes Effective:

- (a) approximately 221,085,061 Spitfire Shares will be issued as Scheme Consideration in respect of the Aphrodite Shares to be acquired under the Scheme (ignoring the effects of rounding and assuming that no further Aphrodite Shares are issued before the Record Date); and
- (b) 13,812,635 New Spitfire Options will be granted in exchange for the cancellation of all existing Aphrodite Options at a ratio of 1 Spitfire Option for every 2.8959 Aphrodite Options pursuant to the Option Cancellation Deed (assuming that no Aphrodite Options are exercised before the Record Date).

Spitfire will have approximately 467,768,354 Spitfire Shares on issue following implementation of the Scheme (assuming no further Spitfire Shares are issued).

The New Spitfire Shares to be issued as Scheme Consideration will, accordingly, represent approximately 47.26% of the total number of Spitfire Shares on issue following implementation of the Scheme.

8.2 Substantial shareholdings

Based on information lodged with ASX or known to Spitfire (in respect of Spitfire substantial shareholders) or set out in Section 6.6 (in respect of Aphrodite substantial shareholders), and assuming that:

- (a) the substantial shareholders of Spitfire and Aphrodite as at the date of this Scheme Booklet continue to hold their existing holdings in Spitfire and Aphrodite (respectively);
- (b) none of those substantial shareholders hold shares in both Spitfire and Aphrodite; and
- (c) no further Spitfire Shares or Aphrodite Shares are issued except pursuant to the Scheme,

the holdings of those substantial shareholders in Spitfire following implementation of the Scheme will be as follows:

Merged Group Substantial Shareholders

Shareholder	Number of Spitfire Shares Held	Percentage of Issued Spitfire Shares
Peter Buttigieg	70,398,885	15.05%

8.3 Acquisitions and divestments

Spitfire regularly examines new acquisition opportunities which may relate to existing or new areas of operation for Spitfire. This may lead to changes in the source of Spitfire's operating results over time. From time to time, Spitfire may receive unsolicited approaches from interested buyers for assets or businesses operated by Spitfire. These approaches are evaluated on their merits. Other than in respect of the Merger or as otherwise disclosed in this Scheme Booklet, there are no discussions presently being undertaken in relation to

acquisitions or divestments that are sufficiently advanced or sufficiently material to Spitfire's earnings that Spitfire considers warrant disclosure in this Scheme Booklet.

8.4 New Spitfire Shares

Spitfire will apply to ASX for official quotation of the New Spitfire Shares to be issued under the Scheme within 7 days after the date of this Scheme Booklet.

Spitfire will use its best endeavours to procure that the New Spitfire Shares to be issued as Scheme Consideration are quoted on the ASX with effect from the Business Day following the Implementation Date. Spitfire will issue holding statements to holders of the New Spitfire Shares as soon as possible following the Implementation Date.

8.5 Rights attaching to New Spitfire Shares

The rights and liabilities attaching to the New Spitfire Shares that form part of the Scheme Consideration are the same as the existing Spitfire Shares issued to Spitfire Shareholders. Further information is set out in Section 14.5.

8.6 Financial overview of the Merged Group

The Merged Group pro forma historical financial information provided in this Scheme Booklet comprises a pro forma consolidated unaudited Statement of Financial Position as at 30 June 2017 which is based on:

- (a) the Spitfire consolidated audited Statement of Financial Position as at 30 June 2017; and
- (b) the Aphrodite consolidated audited Statement of Financial Position as at 30 June 2017.

The pro forma historical financial information is provided for illustrative purposes and is prepared on the assumption that the Scheme had been implemented on 30 June 2017 including Spitfire's initial investment in Aphrodite and assuming Aphrodite becomes a wholly owned subsidiary of Spitfire.

The Merged Group pro forma historical financial information has been prepared by the management of Spitfire in accordance with the recognition and measurement principles of the Australian Accounting Standards and in accordance with Spitfire's accounting policies, as set out in the annual report of Spitfire for the year ended 30 June 2017.

The Merged Group pro forma historical financial information is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. In particular, it does not include the notes to and forming part of the financial statements of Spitfire and Aphrodite.

The information provided in this Section is presented on a pro forma basis only and, as a result, it is likely that this information will differ from the actual financial information of the Merged Group.

Acquisition Accounting

Australian Accounting Standards require the Merger to be accounted for as an in substance acquisition, with Spitfire deemed to be the acquirer.

The pro forma Merger has been accounted for as an asset acquisition in accordance with AASB 2 Share Based Payments, rather than a business combination in accordance with AASB 3: Business Combinations.

The value of the consideration for the acquisition of the Aphrodite Shares under the Scheme will be measured based upon the value of the Spitfire Shares at close of trading on the Implementation Date. For the purposes of the Merged Group pro forma historical financial information, a value of \$0.13 per New Spitfire Share has been assumed, being the ASX closing price of Spitfire Shares on 11 August 2017 (the last trading day before the Announcement Date). Consequently, the value of the purchase consideration for accounting purposes may differ from the amount assumed in the Merged Group pro forma historical financial information due to future changes in the market price of Spitfire Shares.

Merged Group pro forma statement of financial position – 30 June 2017

	Spitfire	Aphrodite	Pro forma adjustments	Note	Pro forma Merged Group
	\$000	\$000	\$000		\$000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5,557	901	(2,340)	1	4,118
Trade and other receivables	115	769	-		884
Other assets	-	4	-		4
TOTAL CURRENT ASSETS	5,672	1,674	(2,340)		5,006
NON-CURRENT ASSETS					
Property, plant and equipment	170	40	-		210
Exploration and evaluation costs	-	27,777	(27,777)	2	-
TOTAL NON-CURRENT ASSETS	170	27,817	(27,777)		210
TOTAL ASSETS	5,842	29,491	(30,117)		5,216
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	375	674	-		1,049
Provisions	4	-	-		4
Borrowings	-	250	-		250
TOTAL CURRENT LIABILITIES	379	924	-		1,303
NON-CURRENT LIABILITIES					
Borrowings	-	2,250	-		2,250
TOTAL NON-CURRENT LIABILITIES	-	2,250	-		2,250
TOTAL LIABILITIES	379	3,174	-		3,553
NET ASSETS	5,463	26,317	(30,117)		1,663
EQUITY					
Issued capital	40,772	29,774	(1,033)	3	69,513
Reserves	755	388	597	4	1,740
Accumulated losses	(36,064)	(3,845)	(29,681)	5	(69,590)
TOTAL EQUITY	5,463	26,317	(30,117)		1,663

The following pro forma adjustments to the historical financial information have been made in order to present the Merged Group pro forma historical financial information:

Notes to pro-forma Consolidated Statement of Financial Position

Note 1: Cash and Cash Equivalents

	\$000
The inclusion of transaction costs associated with the Merger (including landholder duty), thus reducing the overall cash balance of the Merged Group.	(1,145)
The acquisition by Spitfire of its initial interest in Aphrodite (10.38%).	(1,195)
Total	(2,340)

Transaction and other costs incurred (or which are expected to be incurred) in relation to the successful implementation of the Merger are currently estimated at approximately \$1,145,000 (exclusive of GST), comprising landholder duty, adviser, legal, accounting, expert fees and various other costs. Landholder duty is estimated at \$625,000 (calculated at 5% using the preferred value of Aphrodite's assets in the Technical Expert's valuation, being \$12.5 million).

Note 2: Exploration and Evaluation assets

	\$000
Adjustments to Exploration and Evaluation expenditure to reflect Spitfire's policy that Exploration and Evaluation costs (including acquisition costs) are written off in the year they are incurred.	(27,777)
Total	(27,777)

Spitfire's accounting policy is that exploration and evaluation costs (including acquisition costs) are written off in the year they are incurred. The accounting policy of Aphrodite is to capitalise tenement costs and exploration expenditure.

On 10 October 2017, following receipt of the Technical Expert's valuation of the Aphrodite Gold Project, Aphrodite announced an impairment review in relation to the carrying value of its exploration and evaluation assets in its accounts as at 30 June 2017 (being \$27.78 million). The Aphrodite Board deemed it was prudent to take the necessary step of writing down the carrying value of Aphrodite's exploration and evaluation assets in its accounts to \$12.5 million (being the preferred value in the Technical Expert's valuation). Should the Merger not proceed, the impairment would be booked in Aphrodite's 31 December 2017 financial report (refer to Section 6.4 for further information). As Spitfire's policy is to expense exploration and evaluation costs (including acquisition costs) the full amount of the Scheme Consideration is expensed in the year incurred and is reflected in the pro-forma adjustments.

The value of the Scheme Consideration paid to Aphrodite Shareholders through the issuance of 1 New Spitfire Share for every 2.8959 Aphrodite Shares (being a total of approximately 221,085,016 New Spitfire Shares) at a deemed issue price of \$0.13 per New Spitfire Share at the last trading day prior to the Announcement Date with a calculated value of \$28.74 million. In addition, the valuation (using a Black and Scholes model) for the issue of 13,812,635 New Spitfire Options in consideration for the cancellation of the existing Aphrodite Options as described in Section 5.10 and 12.6(f) has a deemed total value of \$0.98 million.

Note 3: Issued Capital

	\$000
Issue of 221,085,016 New Spitfire Shares under the merger at a deemed issue price of \$0.13	28,741
Elimination of Aphrodite's contributed equity	(29,774)
Total	(1,033)

Note 4: Reserves

	\$000
Elimination of Aphrodite's reserves	(388)
Recognition of the issue of new Spitfire options in the share options reserve	985
Total	597

Note 5: Accumulated losses

	\$000
Elimination of Aphrodite's accumulated losses	3,845
Recognition of transaction costs associated with the Merger (including landholder duty)	(1,145)
Exploration and Evaluation assets expensed (including Scheme Consideration, premium and intangibles)	(32,381)
Total	(29,681)

8.7 Financial outlook of the Merged Group

Spitfire and Aphrodite have given careful consideration to whether forecast financial statements (including any internally created valuation models) can and should be included in the Scheme Booklet in respect of the Merged Group. In particular, Spitfire and Aphrodite have considered whether there is a reasonable basis for the preparation and disclosure in the Scheme Booklet of reliable and useful forecast financial statements in this regard. Spitfire and Aphrodite have concluded that forecast financial statements for the Merged Group cannot be provided in the Scheme Booklet as they do not have a reasonable basis for such forecasts as required by applicable law and practice, and therefore the forecasts would not be meaningful or material to Aphrodite Shareholders.

Aphrodite Shareholders should refer to the Independent Expert's Report set out in Annexure A for the expert's conclusions regarding valuations of Spitfire and Aphrodite.

Post completion of the Merger, the Merged Group Board will determine the optimal financing for, and amounts to be made available for, the exploration of each of the projects and activities of the Merged Group. The Merged Group Board will consider the best way forward for ensuring that adequate capital is available to maintain appropriate levels of exploration. This may involve a future capital raising.

8.8 Risks associated with the Merged Group

There are a number of risks associated with the Merged Group. These are summarised in Section 10.

8.9 Merged Group's register of securityholders

In accordance with Australian law, Spitfire's register of shareholders and optionholders will be maintained in Australia by its Australian registry, being:

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
PERTH WA 6000

9. Intentions of Spitfire and the Merged Group

9.1 Overview

This Section sets out the intentions in relation to Spitfire and Merged Group, assuming the Scheme is implemented. The statements set out in this Section are formed on the basis of publically available information as at the date of this Scheme Booklet as well as information made available in the course of due diligence carried out by Aphrodite on the business of Spitfire.

The statements set out in this Section are statements of current intention only, which may change as new information becomes available, as circumstances change or as the Merged Group further develops its strategic focus and outlook.

9.2 Conduct of business

If the Scheme is implemented and subject to the matters set out below, it is intended that the business of Aphrodite will be integrated into Spitfire's existing business and will be continued substantially in the same manner as it is presently being conducted.

The Merged Group will continue to review all aspects of the assets and operations to identify ways to maximise value for all shareholders.

The key asset of the Merged Group will be the Aphrodite Gold Project. In the near term, the Merged Group plans to embark on an aggressive drilling program with the aim to expand the existing Aphrodite JORC Resource and define a JORC Resource at Mulwarrie. In addition, the Merged Group intends to continue with the maiden drilling program on the Alice River Gold Project.

The Aphrodite Gold Project offers strong 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 Group in WA's Eastern Goldfields. The potential synergies primarily relate to the potential for the adjacent and consecutive development of these two projects via a new central production hub located at the Aphrodite Gold Project near the world-class mining centre of Kalgoorlie. This has the potential to significantly reduce both infrastructure capital costs and operating costs thereby increasing the chance of development of both projects. In addition, the potential increase in scale of the Merged Group's operations in the North-Eastern Goldfields, and the opportunity to pursue a near-term development strategy based on the potential establishment of a new central production hub, may increase the chance that the Merged Group will be able to attract additional opportunities in the area that would benefit from the same synergies created by the Merger.

9.3 Directors, management and employees of the Merged Group

If the Scheme is implemented, the board of the Merged Group will comprise four directors which will include current Spitfire Directors Neil Biddle and John Young and Aphrodite Directors Peter Buttigieg and Roger Mitchell.

John Young and Neil Biddle are currently Managing Director and Executive Director of respectively. Profiles of John Young and Neil Biddle are set out in Section 7.3. Alan Boys will resign from the Spitfire Board on implementation of the Scheme.

Current Aphrodite Directors Roger Mitchell and Peter Buttigieg will join the board of the Merged Group. Profiles of Roger Mitchell and Peter Buttigieg are set out in Section 6.3.

On implementation of the Scheme, shareholders of the Merged Group will also benefit from a strengthened management team, which will include the continued involvement of current

Aphrodite geological consultants with the existing Spitfire geological team. Mr Russell Hardwick will continue as Chief Financial Officer and Company Secretary of the Merged Group, and Michael Beer, current Company Secretary of Aphrodite, will be appointed as joint Company Secretary of the Merged Group.

9.4 Corporate matters in relation to Aphrodite

Following implementation of the Scheme, it is intended that:

- (a) Aphrodite be removed from the official list of ASX; and
- (b) as Aphrodite will be a wholly owned subsidiary of Spitfire, the Aphrodite Board be reconstituted so that it comprises persons nominated by the Spitfire Board.

9.5 Business, assets and employees

Other than as set out in this Section 9 and elsewhere in this Scheme Booklet, it is the present intention of Spitfire:

- (a) to continue the business of Aphrodite;
- (b) not to make any major changes to the business of Aphrodite;
- (c) not to redeploy any of the major fixed assets of Aphrodite; and
- (d) to maintain the employment of Aphrodite's existing employees.

9.6 Dividend policy

The Merged Group Board will review the amount of any future dividends to be paid to shareholders having regard to the Merged Group's profits, its financial position and the Board's assessment of the capital required to grow the Merged Group's business.

10. Potential risk factors

10.1 Overview

Under the Scheme, Scheme Participants (other than Ineligible Foreign Shareholders and Electing Small Shareholders) will acquire New Spitfire Shares and consequently there will be a change to their overall investment risk profile. This Section outlines a number of the risks that may affect the performance of the Merged Group and the value of its shares. These risks include:

- (a) risks relating to the Merged Group;
- (b) risks to Aphrodite Shareholders if the Scheme does not proceed;
- (c) general risks that are common to the existing Aphrodite and Spitfire businesses; and
- (d) risks affecting the general economy and stock market.

The outline of risks in this Section 10 is a summary only and should not be considered exhaustive. No assurances or guarantees are given in relation to the future performance of, profitability of, or payment of dividends by, Aphrodite, Spitfire or the Merged Group.

10.2 Specific risks of the Merged Group

The following risks have been identified as being key risks specific to an investment in the Merged Group. These risks have the potential to have a significant adverse impact on the Merged Group and may affect the Merged Group's financial position, prospects and price of its listed securities.

Contractual risk

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

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

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

Joint Venture risk

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

Resource estimates

Spitfire presently has JORC Code 2012 compliant resources on the tenements it holds and potentially those in which it is earning an interest. A Mineral Resource is an estimate only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Merged Group's operations

10.3 Risks to Aphrodite Shareholders if the Scheme does not proceed

Aphrodite Shareholders should be aware that if the Scheme does not proceed, Aphrodite Shareholders will retain their Aphrodite Securities and will not receive any form of Scheme Consideration. Aphrodite Shareholders (other than Spitfire) may, in addition to the normal risks it faces, be exposed to the additional risks as described in Section 3.

If the Merger does not proceed, and no Superior Proposal for Aphrodite is received, the Aphrodite Directors will consider a number of alternative strategies for the operation and ownership of Aphrodite's assets, as well as other growth initiatives. These alternatives would take time to implement.

If the Scheme is not implemented then in order for Aphrodite to develop its project portfolio it will need to raise additional funds, which would necessarily include an equity issue. Without the benefit of the cash reserves of Spitfire, Aphrodite may have difficulty raising the required funds in the current difficult market conditions. Even if the requisite equity capital could be raised, in the current market there is a likelihood that such a raising would need to be done at a significant discount to the Aphrodite market share price which would be dilutive to current Aphrodite Shareholders.

If the Merger does not proceed, Aphrodite will continue to operate its current businesses as a stand-alone entity. Each Aphrodite Shareholder will retain their Aphrodite Shares and will not receive any New Spitfire Shares. Aphrodite will still incur a relative proportion of the transaction and other costs of the Merger. In those circumstances, it is likely that Aphrodite management would seek to continue to progress activities on the Aphrodite Gold Project and continue to maximize value for Aphrodite Shareholders. Aphrodite Shares may trade below their current market price (or the value attributed by the Independent Expert) if the Merger is not implemented. This may occur if, for example, investors consider that Aphrodite's growth prospects are lower in the absence of the Merge

10.4 General risks common to an investment in Aphrodite, Spitfire and the Merged Group

The operating and financial performance of Aphrodite, Spitfire and the Merged Group is (or will be) influenced by the general business and economic variables that impact upon all entities listed on a stock exchange including changes in business and economic factors, such as interest rates, exchange rates, inflation, changes in national demographics, changes in governmental policy and changes to accounting or reporting standards.

The price at which Aphrodite Shares and Spitfire Shares will trade on ASX can be affected by a range of external factors over which neither Aphrodite, nor Spitfire, have any control. Key risks are discussed below.

Exploration and development

There can be no assurance that any exploration or development activity in regard to the Merged Group's properties, or any properties that may be acquired in the future, will result in the discovery or exploitation of an economic resource.

The success of the Merged Group depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of mineral commodities, securing and maintain title to the Merged Group's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Even if an apparently viable resources is identified, there is no certainty that it can be economically exploited.

Mineral exploration, development and mining/extraction may be hampered by circumstances beyond the control of the Merged Group.

Exploration risks

Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. The Merged Group's exploration activities would be subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during exploration and development are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

Operational and technical risks

The operations of the Merged Group may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades and/or resources in exploration and mining, operational and technical difficulties encountered in mining and extraction, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical or recovery problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Mine development

Possible future development of a mining operation at any of the Merged Group's projects would be dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Merged Group commenced production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Merged Group would achieve commercial viability through the development or mining of its projects and treatment of ore.

Commodity price fluctuations

In the event of exploration and development success, any future revenue derived through any future sales of valuable minerals exposes the potential income of the Merged Group to commodity price risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Merged Group. These factors include world demand for commodities, forward selling by producers and the level of production costs in major commodity-producing regions. Moreover, commodity prices are also affected by

macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities.

Environmental risks

The operations and activities of the Merged Group are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Merged Group's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact can give rise to substantial costs for environmental rehabilitation, damage, control and losses. Further, if there are environmental rehabilitation conditions attaching to the mining tenements of the Merged Group, failure to meet such conditions could lead to forfeiture of these tenements.

Tenure risks

Interests in exploration and mining tenements in Australia are governed by legislation and are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. These conditions include the requirement, for exploration licences, for reduction in the area held under licence from time to time unless it is considered that special circumstances apply. Consequently, the Merged Group could lose title to, or its interest in, its tenements if licence conditions are not met or if expenditure commitments are not met. In particular, as noted in Section 7.2, seven of the eight exploration permits and three of the eight mining leases comprising Spitfire's Alice River Project are currently pending renewal.

The Aphrodite Board considers that as part of Aphrodite's due diligence process Aphrodite has taken all reasonable steps to satisfy itself that the Spitfire tenements are in good standing and that there is no other material information in relation to the tenure of these tenements that Shareholders need to be aware of.

The Merged Group cannot guarantee additional applications for tenements made by the Merged Group will ultimately be granted, in whole or in part. Further the Merged Group cannot guarantee that renewals of valid tenements will be granted on a timely basis, or at all.

Native title and Aboriginal Heritage risks

It is possible that there may be areas over which legitimate common law native title rights of Aboriginal Australians exist in relation to the tenements that the Merged Group has, or may acquire, an interest. If native title rights do exist, the ability of the Merged Group to obtain the consent of any relevant land owner, or to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected.

It is possible that there will exist on the Merged Group's Australian mining tenements, areas containing sacred sites or sites of significance to Aboriginal people subject to the provisions of the relevant legislation, or areas subject to the *Native Title Act 1993* (Cth) in Australia. The existence of Aboriginal heritage and cultural sites within the tenements may lead to restrictions on the areas that the Merged Group will be able to explore and mine.

Joint venture partners and contractors

The Merged Group would rely significantly on strategic relationships with other entities and also on a good relationship with regulatory and government departments and other interest holders. The Merged Group would also rely on third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed and the Merged Group could be adversely affected by changes to such relationships or difficulties in forming new ones.

Key personnel

Aphrodite and Spitfire are reliant on a number of key senior management staff. Loss of such personnel may have an adverse impact on performance. However, this risk is mitigated by the fact that the resources industry is international in nature and has a significant depth of suitably qualified alternative personnel. Notwithstanding this, there may be periods of time where a particular position remains vacant while a suitable replacement is identified and appointed.

Litigation risks

The Merged Group is exposed to possible litigation risks including contractual disputes and employee claims. Further, the Merged Group may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven may impact adversely on the Merged Group's operations, financial performance and financial position.

Aphrodite is currently awaiting judgement in proceedings in the Supreme Court of Western Australia in relation to the cessation of the employment of directors Wayne Ryder and Leon Reisgys. While Aphrodite does not expect any payments are owing to those parties beyond that already provided for in the financial books of Aphrodite, there is a risk that Court will find that additional amounts are payable by Aphrodite. Any finding against Aphrodite in these proceedings may adversely affect the financial position, operations and performance of the Merged Group.

Equity market conditions

Securities listed on the stock market, and in particular securities of mining and exploration companies, can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of securities include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

Changes in government policy and legislation

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the Merged Group, and consequent returns to investors. The activities of the Merged Group will be subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

Future capital requirements

It is likely that the Merged Group would require future funding to explore and progress their projects or additional projects that the Merged Group may identify. There can be no assurance that such funding will be available on satisfactory terms or at all. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

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

Regulatory risks

The Merged Group's exploration and development activities would be subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Merged Group would require permits from regulatory authorities to authorise the Merged Group's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that Merged Group would not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Merged Group from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Merged Group's activities or forfeiture of one or more of its tenements.

Other

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Merged Group.

10.5 Scheme and Merger implementation specific risks

The following risks have been identified as being key risks specific to an investment in the Merged Group. These risks have the potential to have a significant adverse impact on the Merged Group and may affect the Merged Group's financial position, prospects and price of its listed securities.

Integration risk

The long term success of the Merged Group will depend, amongst other things, on the success of management in integrating the respective businesses and the strength of management of the Merged Group. There is no guarantee that the businesses of the Merged Group will be able to be integrated successfully within a reasonable period of time. There are risks that any integration of the businesses of Aphrodite and Spitfire may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel.

Any failure by the Merged Group to ensure implementation costs remain below those anticipated may have a material adverse effect on the financial performance and position, and prospects, of the Merged Group.

Change in risk profile and risks of investment in the Merged Group

If the Merger is implemented, there will be a change in the risk profile to which Aphrodite Shareholders are exposed. Aphrodite Shareholders are currently exposed to various risks as a result of their investment in Aphrodite. If the Scheme is approved, Aphrodite will merge its business with that of Spitfire and Aphrodite Shareholders will receive New Spitfire Shares.

As a consequence, Aphrodite Shareholders will be exposed to risk factors relating to Spitfire, and to certain additional risks relating to the Merged Group and the integration of the two companies. In many cases, those risks are different from or additional to those currently faced by Aphrodite Shareholders. The change in risk profile may be seen to be a disadvantage by some Aphrodite Shareholders.

Satisfaction or waiver of conditions precedent

Completion of the Scheme is subject to a number of conditions precedent. There can be no certainty, nor can Aphrodite provide any assurance, that these conditions will be satisfied or waived (where applicable), or if satisfied or waived (where applicable), when that will occur. In addition, there are a number of conditions precedent to the Scheme which are outside the control of Aphrodite, including, but not limited to, approval of the Scheme by the requisite majority of Aphrodite Shareholders and required regulatory and third party approvals and consents (see Section 12.2).

If for any reason the conditions to the Scheme are not satisfied or waived (where applicable) and the Scheme is not completed, the market price of Aphrodite Shares may be adversely affected.

Termination rights

Aphrodite and Spitfire each have the right to terminate the Merger Implementation Agreement in the circumstances described in Section 13.5 of this Scheme Booklet. As such, there is no certainty that the Merger Implementation Agreement will not be terminated before the Scheme is implemented.

If the Merger Implementation Agreement is terminated, Aphrodite can provide no assurances that another party would be willing to offer the same or greater price for Aphrodite Shares than that which is offered under the Merger Implementation Agreement and the Scheme.

Issue of New Spitfire Shares

If the Scheme is implemented, a significant number of New Spitfire Shares will be available for trading in the public market. The increase in the number of Spitfire Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market price of Spitfire Shares.

The exact value of the Scheme Consideration is not certain

Under the terms of the Merger, Aphrodite Shareholders will receive one New Spitfire Share for every 2.8959 Aphrodite Shares they hold at the Record Date. The exact value of this Scheme Consideration that would be realised by individual Aphrodite Shareholders will be dependent on the price at which the New Spitfire Shares trade on ASX after the Implementation Date.

In addition, the Sale Agent (and/or a nominee of the Sale Agent) will be issued New Spitfire Shares attributable to certain Ineligible Foreign Shareholders and Electing Small Shareholders and will sell them on market as soon as reasonably practicable after the Implementation Date. It is possible that such sales may exert downward pressure on the Merged Group's share price during the applicable period. In any event, there is no guarantee regarding the prices that will be realised by the Sale Agent or the future market price of the New Spitfire Shares. Future market prices may be either above or below current or historical market prices.

Risks of trading during deferred settlement trading period

Scheme Shareholders will not necessarily know the exact number of New Spitfire Shares (due to rounding) that they will receive (if any) as Scheme Consideration until a number of

days after those shares can be traded on the ASX on a deferred settlement basis. Aphrodite Shareholders who trade New Spitfire Shares on a deferred settlement basis, without knowing the number of New Spitfire Shares they will receive as Scheme Consideration may risk adverse financial consequences if they purport to sell more New Spitfire Shares than they receive.

Transaction and other costs

Transaction and other costs incurred (or which are expected to be incurred) in relation to the successful implementation of the Merger are currently estimated at approximately \$1,145,000 (exclusive of GST), comprising landholder duty, adviser, legal, accounting, expert fees and various other costs.

Contract risk

The Scheme may be deemed under contracts to which Aphrodite or Spitfire or their subsidiaries are a party, to result in a change of share ownership event in respect of Aphrodite or Spitfire that allows the counterparty to review or terminate the contract as a result of the change or the issue of shares by Spitfire, upon implementation of the Scheme. If the counterparty to any such contract were to validly seek to renegotiate or terminate the contract on that basis, this may have a material adverse effect on the financial performance of the Merged Group, depending on the relevant contracts.

Joint venture risks

If the Merged Group, through its subsidiaries, acquires an interest in the Alice River Gold Project or the Mulwarrie Gold Project pursuant to the relevant farm-in agreements, those projects will be conducted under joint venture agreements with Tinpitch Pty Ltd and Goldfield Argonaut Pty Ltd respectively. Such joint venture arrangements may result in the approval of all parties to the joint venture being required for certain operational and governance decisions. This may mean that a party may have veto rights, or similar rights, which could negatively affect the Merged Group's operations or financial position in the future.

Accounting risk

In accounting for the Merger, the Merged Group will need to perform a fair value assessment of all Aphrodite's assets, liabilities and contingent liabilities, which will include the identification and valuation of mineral rights and intangible assets. To the extent intangible assets are recognised in respect of accounting for the acquisition of Aphrodite by Spitfire, they will be subject to annual impairment testing. If the recoverable amount of intangible assets is impaired, this will result in a charge against future earnings. The Merged Group will also be subject to the usual business risk that there may be changes in accounting policies which have an adverse impact on the Merged Group.

A Superior Proposal for Aphrodite may yet emerge

It is possible that a Superior Proposal for Aphrodite, which is more attractive for Aphrodite Shareholders than the Merger, may materialise in the future. The implementation of the Merger would mean that Aphrodite Shareholders would not obtain the benefit of any such proposal.

The Aphrodite Board is not currently aware of any such proposal and notes that since Aphrodite and Spitfire announced the Merger, there has been a significant period of time and ample opportunity for an alternative proposal for Aphrodite which provides a different outcome for Aphrodite Shareholders to emerge.

Since the Announcement Date, no alternative proposal has emerged and the Aphrodite Directors have decided that the Merger is the best option available at the date of this Scheme

Booklet. In addition, shareholders in the Merged Group will still have an opportunity to realise a full premium in the event of any future change of control transaction for the Merged Group.

Tax consequences for Scheme Shareholders

If the Merger proceeds, there may be tax consequences for Scheme Participants which may include tax payable on any gain on the disposal of Scheme Shares. However, Scheme Participants should seek their own professional advice regarding the individual tax consequences applicable to them. See Section 11 for a summary of potential taxation implications.

Rights, obligations and break fee under Merger Implementation Agreement

Under the Merger Implementation Agreement entered into between Aphrodite and Spitfire, a liquidated amount (or break fee) of \$320,000 may become payable by one party to the other in certain circumstances (see Section 13.4 for further details). The Merger Implementation Agreement also sets out various other rights and obligations of Aphrodite and Spitfire in relation to the Merger

Other risks

Additional risks and uncertainties not currently known to Aphrodite or Spitfire may also have a material adverse effect on Aphrodite or Spitfire's business and that of the Merged Group and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks of Aphrodite, Spitfire or the Merged Group.

11. Australian tax implications

This Section has been prepared by Deloitte Tax Services Pty Ltd.

11.1 Disclaimer and general use restriction

This Section provides a general summary of certain Australian tax consequences for certain Scheme Participants from exchanging their Aphrodite Shares for Spitfire Shares as contemplated by the Scheme.

The categories of Scheme Participants considered in this Section are limited to individuals (who are not employees of Aphrodite or any of its subsidiaries), companies, complying superannuation entities and certain trusts, each of whom hold their Shares on 'capital' account. For the avoidance of doubt, it is noted that this Section does not consider other types of Scheme Participants (such as partnerships and employees), Scheme Participants that do not hold their Aphrodite Shares on 'capital' account (e.g. held on 'revenue' account, as trading stock or as part of certain employment arrangements) or Aphrodite Shares acquired before 21 September 1999.

This Section is prepared solely for the Scheme Participants as described and limited above. This Section is not intended to and should not be used or relied upon by anyone else and there is no acceptance of a duty of care to any other person or entity. This Section has been prepared for the purpose of enabling certain Scheme Participants to broadly understand certain Australian taxation implications of the proposed Scheme as outlined in this Scheme Booklet. You should not refer to or use Deloitte Tax Services Pty Ltd's name or this Section for any other purpose.

This Section does not constitute tax advice and is intended only as a general guide to certain Australian tax implications of participating in the Scheme based on taxation law and administrative practice in effect as at the date of this Scheme Booklet (which are both subject to change at any time, possibly with retrospective effect). It does not consider any specific facts or circumstances that may apply to particular Scheme Participants. As the tax consequences of participating in the Scheme will depend on each Scheme Participant's own individual circumstances, all Scheme Participants are strongly advised to seek independent professional advice regarding the tax consequences of disposing of their Aphrodite Shares according to their own particular circumstances.

Deloitte Tax Services Pty Ltd, a registered tax agent, has provided the tax comments in this Section. Deloitte Tax Services Pty Ltd is not licensed under Chapter 7 of the *Corporations Act* to provide financial product advice. Taxation issues, such as those covered by this Section, are only one of the matters you need to consider when making a decision about a financial product. You should consider taking advice from someone who holds an Australian Financial Services Licence before making such a decision.

11.2 Australian income taxation implications for Scheme Participants

The comments in this Section assume that there are no 'significant stakeholders' or 'common stakeholders' in Aphrodite, and that Spitfire does not intend to make joint CGT rollover elections, for Australian CGT rollover relief purposes (these assumptions are based on representations made to Deloitte Tax Services Pty Ltd by Aphrodite).

(a) Australian tax residents

With reference to the disclaimer above, this part applies to Scheme Participants that are residents of Australia for Australian income tax purposes and not Ineligible Foreign Shareholders or Electing Small Shareholders.

Disposal of Aphrodite Shares

CGT event

The disposal of Aphrodite Shares by a Scheme Participant pursuant to the Scheme will constitute a 'CGT event'. The CGT event will happen at the time the Scheme Participant disposes of its Aphrodite Shares under the Scheme, which should be the Implementation Date. However, as discussed further below, CGT rollover relief may be available for an Scheme Participant to disregard a capital gain which arises from this CGT event.

In the absence of CGT rollover relief, a capital gain or capital loss will arise as a consequence of this CGT event. A Scheme Participant will make a capital gain if the capital proceeds exceed the Scheme Participant's cost base for the Aphrodite Shares and a capital loss if the capital proceeds are less than the Scheme Participant's reduced cost base for the Aphrodite Shares.

A Scheme Participant's capital proceeds should generally be equal to the Australian Dollar market value of the Spitfire Shares received by the Scheme Participant in exchange. For example, one way of determining the market value of the Spitfire Shares received in exchange for the Aphrodite Shares is by reference to the price of Spitfire Shares on the Implementation Date.

A Scheme Participant's cost base (and reduced cost base) in the Aphrodite Shares should generally include the historical amount paid by the Scheme Participant to acquire the Aphrodite Shares plus any incidental costs of acquisition and disposal (e.g. brokerage fees and stamp duty).

CGT rollover relief

A Scheme Participant who makes a capital gain from the disposal of their Aphrodite Shares may be able to obtain CGT rollover relief. Broadly, CGT rollover relief enables a Scheme Participant to choose to disregard the capital gain they make from disposing of their Aphrodite Shares in exchange for Spitfire Shares (as discussed further below).

A Scheme Participant should be entitled to choose CGT rollover relief if they would otherwise make a capital gain on the disposal of their Aphrodite Shares. If a capital loss arises, no CGT rollover relief is available. The consequences to a Scheme Participant of choosing to obtain CGT rollover relief and also the consequences if CGT rollover relief is not chosen or is not available are outlined generally below.

The CGT rollover choice must be made before you lodge your income tax return for the income year in which the CGT event happens. A Scheme Participant does not need to inform the ATO or document their choice to claim CGT rollover relief other than to complete their income tax return in a manner consistent with their choice.

Further, Spitfire will not make a choice pursuant to section 124-795(4) of the *Income Tax Assessment Act 1997* such that Scheme Participants are unable to obtain CGT rollover relief.

Consequences if CGT rollover relief is available and is chosen

If a Scheme Participant chooses CGT rollover relief, the following general treatment should apply:

- *Capital gain is disregarded*

If a Scheme Participant chooses CGT rollover relief, the capital gain arising on the disposal of their Aphrodite Shares in exchange for Spitfire Shares should be disregarded.

- *Cost base and reduced cost base of Spitfire Shares*

If a Scheme Participant chooses to obtain CGT rollover relief, the first element of the cost base for the Spitfire Shares is worked out by attributing, on a reasonable basis, the existing cost base of the Aphrodite Shares that were exchanged for the Spitfire Shares, to the Spitfire Shares. The first element of the reduced cost base is worked out similarly.

- *Acquisition date of Spitfire Shares*

If a Scheme Participant chooses to obtain CGT rollover relief, the acquisition date of the Spitfire Shares for CGT purposes is taken to be the date when the Scheme Participant originally acquired the corresponding Aphrodite Shares that were exchanged for the relevant Spitfire Shares.

This acquisition date will be relevant for the purposes of determining whether any entitlement to the CGT discount is available in respect of any future disposal of the Spitfire Shares (as discussed below).

Consequences if CGT rollover relief is not chosen or is not available

If a Scheme Participant does not qualify for CGT rollover relief or the Scheme Participant chooses not to apply the CGT rollover relief, the following general treatment should apply:

- *Discount CGT treatment*

If the Scheme Participant has held, or is taken to have held, its Aphrodite Shares for at least 12 months at the time of the disposal of its Aphrodite Shares, the discount CGT provisions may apply. The discount is 50 per cent for individuals and trusts, and 33 1/3 per cent for complying superannuation entities. Companies are not entitled to a CGT discount.

If the Scheme Participant makes a discount capital gain, any of their available capital losses will be applied to reduce the undiscounted capital gain before the discount is applied. The resulting amount is then included in the Scheme Participant's net capital gain for the income year.

Where the Scheme Participant is a trustee, the rules around capital gains and the CGT discount are complex. Subject to certain requirements being satisfied, the capital gain may flow through to the beneficiaries in that trust, who will assess eligibility for the CGT discount in their own right.

- *Capital loss*

If a Scheme Participant makes a capital loss from the disposal of their Aphrodite Shares, this may be used to offset capital gains they derive in the same or subsequent years of income (subject to satisfying certain conditions) but cannot be offset against

ordinary income nor carried back to offset net capital gains arising in earlier income years.

- *Cost base and reduced cost base of Spitfire Shares*

The first element of the cost base (and reduced cost base) of the Spitfire Shares received by a Scheme Participant should be equal to the Australian Dollar market value of the Aphrodite Shares it exchanges for the Spitfire Shares.

In the absence of any contrary indication of the value of the Aphrodite Shares, their market value could be taken to be equal to the market value of the Spitfire Shares on the date the Spitfire Shares are issued (being the Implementation Date). For example, one way of determining the market value of the Spitfire Shares received in exchange for Aphrodite Shares is by reference to the share price of Spitfire Shares on the Implementation Date.

- *Acquisition date of Spitfire Shares*

The acquisition date of the Spitfire Shares for Scheme Participants for CGT discount purposes should be the Implementation Date.

This means a Scheme Participant will need to hold their Spitfire Shares for at least 12 months after that date before the CGT discount (described above) may apply on a subsequent disposal of the Spitfire Shares.

Ongoing ownership of Spitfire Shares

The following comments are made on the basis Spitfire will be a resident of Australia for Australian income tax purposes, such that Scheme Participants will own shares in an Australian tax resident company.

Taxation of dividends received

Generally, a Scheme Participant will be required to include in its assessable income the gross amount of any dividends it may receive from Spitfire when those dividends are paid or credited to them. To the extent the underlying profits are taxed in the hands of Spitfire, dividends paid may be franked such that Scheme Participants may receive a franking credit.

Future disposals of Spitfire Shares

On a future disposal of Spitfire Shares, Scheme Participants may make a capital gain if the capital proceeds of that disposal are more than the cost base or a capital loss if the capital proceeds of that disposal are less than the reduced cost base. The cost base and acquisition date of the Spitfire Shares, and eligibility for the CGT discount, are as described earlier.

(b) Foreign tax residents

With reference to the disclaimer above, this part applies to Scheme Participants that are not residents of Australia for Australian income tax purposes (i.e. foreign tax residents) and not Ineligible Foreign Shareholders or Electing Small Shareholders.

Disposal of Aphrodite Shares

Foreign tax resident Scheme Participants that hold their Aphrodite Shares on capital account and do not hold their Aphrodite Shares at any time in carrying on a business at or through a permanent establishment in Australia should generally not be subject

to CGT on the disposal of their Aphrodite Shares unless the Aphrodite Shares are an "indirect Australian real property interest".

Broadly, shares would be an indirect Australian real property interest only if both of the following criteria are satisfied:

- the foreign tax resident Scheme Participant and its associates (as defined for tax purposes) together have held at least 10% of Aphrodite at the time the shareholder disposed of its shares or for at least 12 months during the 24 months before the shareholder disposed of its shares; and
- more than 50% of the market value of Aphrodite's assets are represented by direct and certain indirect interests in real property in Australia (referred to as "taxable Australian property").

The Australian Government has introduced draft legislation to implement a change to the scope of taxable Australian property in Division 855 of the *Income Tax Assessment Act 1997*. Specifically, certain tests will be applied on an associate-inclusive basis, which are designed to ensure that foreign residents cannot avoid a CGT liability by disaggregating indirect interests in Australian real property. The measure is stated to apply from 9 May 2017.

On the basis Aphrodite owns real property in Australia that represents more than 50% of its assets by market value, it is expected that the Aphrodite Shares should represent an indirect Australian real property interest. However, provided no foreign tax resident Scheme Participant held / holds at least 10% of Aphrodite on an associate inclusive basis, such that no CGT should apply.

Foreign tax resident CGT withholding

New Australian withholding rules have been recently introduced that can apply to the disposal of certain CGT assets that are an "indirect Australian real property interest" or are an option to acquire such an interest. The current non-final withholding rate is 12.5%. Broadly, foreign tax resident CGT withholding may apply to a disposal by a foreign tax resident vendor where the "indirect Australian real property interest" criteria noted above are satisfied. Under the new measures, the purchaser may be required to withhold and remit to the ATO 12.5% of the purchase price consideration. However, provided no foreign tax resident Scheme Participant held / holds at least 10% of Aphrodite on an associate inclusive basis, no foreign tax resident CGT withholding should apply.

Ongoing ownership of Spitfire Shares

The following comments are made on the basis Spitfire will be a resident of Australia for Australian income tax purposes, such that Scheme Participants will own shares in an Australian tax resident company.

Taxation of dividends received

Unfranked dividends paid by Spitfire to foreign tax resident Scheme Participants will be subject to withholding tax of up to 30% depending on the Scheme Participants' country of tax residence and any applicable tax treaty with Australia. No withholding tax applies to the extent the dividends are franked by Spitfire.

Future disposals of Spitfire Shares

The tax summary provided above for foreign tax resident Scheme Participants disposing of Aphrodite Shares applies equally in this scenario.

(c) **Ineligible Foreign Shareholders or Electing Small Shareholders**

As mentioned earlier, Ineligible Foreign Shareholders and Electing Small Shareholders will receive Cash Proceeds instead of New Spitfire Shares as their Scheme Consideration irrespective of whether they voted for or against the Scheme.

The income tax implications described at section 11.2(b) above should apply to Ineligible Foreign Shareholders and foreign tax resident Electing Small Shareholders.

The income tax implications described at section 11.2(a) above should apply to Australian tax resident Electing Small Shareholders, except for the comments relating to CGT rollover relief which does not apply where Cash Proceeds are received.

11.3 GST

The transfer of Aphrodite Shares to Spitfire under the Scheme should not give rise to any GST liability for Scheme Participants. In addition, Scheme Participants who are registered or required to be registered for GST should not have any GST obligations in relation to the Scheme. However, for those Scheme Participants who are registered for GST, there may be consequences in relation to claiming input tax credits on any GST included on costs (such as legal and adviser costs) associated with the Scheme.

11.4 Stamp duty

No Australian stamp duty should be payable by Scheme Participants on the transfer of their Aphrodite Shares to Spitfire or the issue of New Spitfire Shares. Any applicable stamp duty should be payable / paid by Spitfire.

12. Implementing the Scheme

This Section provides an overview of the Scheme Conditions, the Scheme Meeting, and other steps required to implement the Scheme.

12.1 Actions already undertaken by Aphrodite and Spitfire

Aphrodite and Spitfire entered into a Merger Implementation Agreement on 4 September 2017 in which they agreed (among other things) their respective obligations in implementing the Scheme. The key terms of the Merger Implementation Agreement not otherwise addressed in this Section, are summarised in Section 13. A full copy of the Merger Implementation Agreement is set out in Annexure B. Since signing the Merger Implementation Agreement, Aphrodite and Spitfire have undertaken the following activities to progress the implementation of the Scheme.

(a) Appointment of Independent Expert

Aphrodite commissioned the Independent Expert, BDO Corporate Finance (WA) Pty Ltd, to prepare a report on whether the Scheme is fair and reasonable and in the best interests of Aphrodite Shareholders (other than Spitfire).

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Aphrodite Shareholders (other than Spitfire).

The Independent Expert's Report is set out in Annexure A of this Scheme Booklet.

(b) Execution of Deed Poll by Spitfire

On 8 November 2017, Spitfire executed the Deed Poll in favour of each Aphrodite Shareholder (other than Spitfire), pursuant to which Spitfire covenants to perform its obligations under the Merger Implementation Agreement and the Scheme. The key obligation of Spitfire under the Scheme is to issue the Scheme Consideration to each Scheme Participant, subject to satisfaction of the Scheme Conditions.

The Deed Poll may be relied upon by an Aphrodite Shareholder, despite the fact that they are not a party to it, and each Aphrodite Shareholder (other than Spitfire) appoints Aphrodite as its agent to enforce their rights under the Deed Poll against Spitfire.

The Deed Poll is governed by the laws of Western Australia.

A copy of the Deed Poll is set out in full at Annexure D of this Scheme Booklet.

(c) Execution of Option Cancellation Deed

Under the Merger Implementation Agreement, Spitfire and Aphrodite entered into the Option Cancellation Deed with the Aphrodite Optionholder, pursuant to which the Aphrodite Optionholder has agreed to the cancellation of their Aphrodite Options in exchange for Spitfire granting New Spitfire Options to the Aphrodite Optionholder at ratio of 1 New Spitfire Option for every 2.8959 Aphrodite Options held. This will result in 13,812,635 New Spitfire Options being granted to the Aphrodite Optionholder (or its nominees) (assuming that no Aphrodite Options are exercised before the Record Date).

The grant of New Spitfire Options to the Aphrodite Optionholder is subject to the Scheme having become Effective and Aphrodite having obtained a waiver from the ASX of the requirements of Listing Rule 6.23.2 or, if such a waiver is not granted by the ASX, the Aphrodite Optionholder approving the cancellation of their Options.

Aphrodite has obtained a waiver from ASX to permit the Aphrodite Options to be cancelled for consideration without requiring Aphrodite Shareholder approval to be obtained. See Section 14.17(a) for further details.

(d) Lodgement of draft Scheme Booklet with ASIC

On 17 October 2017, Aphrodite lodged a draft of this Scheme Booklet with ASIC pursuant to section 411(2)(b) of the Corporations Act. On 13 November 2017, ASIC registered the Scheme Booklet for the purposes of section 412(6) of the Corporations Act.

Aphrodite has requested ASIC provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Hearing.

Aphrodite has also lodged a copy of this Scheme Booklet with ASX.

Neither ASIC, ASX nor any of their officers takes any responsibility for the contents of this Scheme Booklet.

(e) First Court Hearing

On 10 November 2017, the Federal Court of Australia ordered Aphrodite to convene a meeting of Aphrodite Shareholders (other than Spitfire) to consider and vote on the Scheme.

The Scheme Meeting to consider the Scheme will be held at the office of RMS Australia Pty Ltd, 116 Harrick Road, Keilor Park, Victoria on Monday, 18 December 2017. The Scheme Meeting will commence at 10am (Melbourne time).

For the Scheme to proceed, the Scheme Resolution must be passed at the Scheme Meeting.

Details of how to vote at the Scheme Meeting are set out at the beginning of this Scheme Booklet in the Section entitled "Meeting details and how to vote".

A copy of the Notice of Scheme Meeting is set out in Annexure E of this Scheme Booklet.

The fact that under section 411(1) of the Corporations Act the Court ordered on 10 November 2017 that a meeting of Aphrodite Shareholders (other than Spitfire) be convened by Aphrodite to consider and vote on the Scheme and has approved the Scheme Booklet does not mean that the Court:

- (i) has formed any view as to the merits of the proposed Scheme or as to how Aphrodite Shareholders should vote (on this matter, Aphrodite Shareholders must reach their own decision); and
- (ii) has prepared, or is responsible for, the content of this Scheme Booklet.

12.2 Scheme Conditions

Implementation of the Scheme is subject to satisfaction of the applicable Scheme Conditions. The Scheme Conditions are set out in clause 3.1 of the Scheme of Arrangement (set out in Annexure C) and clause 3.1 and schedule 3 of the Merger Implementation Agreement (set out in Annexure B).

Certain of the Scheme Conditions set out in the Scheme and the Merger Implementation Agreement have already been satisfied. The Scheme Conditions that remain outstanding as at the date of this Scheme Booklet are set out in the table below.

Scheme Condition
1. Regulatory Approvals Before 8:00am on the Second Court Date: (a) ASIC and ASX have issued or provided (and not withdrawn, revoked or varied) such consents, waivers, modifications, and/or approvals or have done such other acts which are necessary or the parties agree are reasonably desirable to implement the Scheme. If such consents, waivers, modifications and/or approvals are subject to conditions those conditions must be acceptable to Aphrodite and Spitfire (both acting reasonably); (b) all other consents, waivers and approvals of a Regulatory Authority which Spitfire and Aphrodite, consider are necessary or desirable to implement the Scheme are obtained. If such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to Aphrodite and Spitfire (both acting reasonably); and (c) no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the implementation of any material aspect of the Merger and no such order, decree, ruling, other action or refusal is in effect.
2. Scheme approval The Scheme is approved with or without modification, in accordance with section 411(4)(a) of the Corporations Act, at the Scheme Meeting.
3. Court approval The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act (with or without modifications which are acceptable to both Spitfire and Aphrodite).
4. Court conditions Such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Spitfire and Aphrodite being satisfied.
5. Orders lodged with ASIC A copy of the Court orders approving the Scheme is lodged with ASIC under section 411(10) of the Corporations Act
6. Third party consents All other consents, waivers and approvals of a third party which Spitfire and Aphrodite agree, are necessary to implement the Merger are obtained. If such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to Aphrodite and Spitfire (both acting reasonably).
7. Independent Expert The Independent Expert issues a report which concludes that the Scheme is in the best interests of Scheme Participants (except for Spitfire) before the date on which the Scheme Booklet is lodged with ASIC.
8. No Aphrodite Prescribed Event No Aphrodite Prescribed Event occurs between the date of the Merger Implementation Agreement and 8.00am on the Second Court Date.

Scheme Condition	
9. No Spitfire Prescribed Event	No Spitfire Prescribed Event occurs between the date of Merger Implementation Agreement and 8.00am on the Second Court Date.
10. No Aphrodite Material Adverse Change	No Material Adverse Change in relation to Aphrodite and its Subsidiaries occurs or becomes apparent between the date of Merger Implementation Agreement and 8:00am on the Second Court Date.
11. No Spitfire Material Adverse Change	No Material Adverse Change in relation to Spitfire and its Subsidiaries occurs or becomes apparent between the date of Merger Implementation Agreement and 8:00am on the Second Court Date.
12. Aphrodite representations and warranties	Aphrodite's representations and warranties set out in Schedule 7 to the Merger Implementation Agreement are true and correct in all material respects as at the date of Merger Implementation Agreement and as at 8:00am on the Second Court Date.
13. Spitfire representations and warranties	Spitfire's representations and warranties set out in Schedule 8 to the Merger Implementation Agreement are true and correct in all material respects as at the date of Merger Implementation Agreement and as at 8:00am on the Second Court Date.

For the Scheme to be implemented, each Scheme Condition must be satisfied by the due date (if any) fixed for its satisfaction as set out in the above table (or otherwise waived to the extent it is capable of waiver).

As at the date of this Scheme Booklet, Aphrodite is not aware of any circumstances that would cause the Scheme Conditions to not be satisfied. Aphrodite Shareholders will receive an update on the status of the Scheme Conditions at the Scheme Meeting.

Aphrodite will also announce to ASX any relevant matter that affects the Scheme or the likelihood of a Scheme Condition being satisfied or not being satisfied, in accordance with Aphrodite's continuous disclosure obligations. These details will be published on ASX's website (www.asx.com.au) and will also appear on Aphrodite's website (www.aphroditegold.com.au).

12.3 Court approval

In accordance with section 411(4)(b) of the Corporations Act, in order to become Effective, the Scheme (with or without modification) must be approved by an order of the Court. If the Scheme is approved at the Scheme Meeting, Aphrodite intends to apply to the Court on the Second Court Date (expected to be Wednesday, 20 December 2017 for the necessary orders to give effect to the Scheme).

The Court may refuse to grant the orders referred to above even if the Scheme is approved by the Requisite Majority of Aphrodite Shareholders.

Each Aphrodite Shareholder has the right to appear at Court at the hearing of the application by Aphrodite for orders approving the Scheme. Any Aphrodite Shareholder (other than Spitfire) who wishes to object to the Scheme at that Court hearing or make a complaint to ASIC about the Scheme should note that the Court hearing for approval of the Scheme is expected to be held on Wednesday, 20 December 2017. The Court has an overriding

discretion regarding whether or not to approve the Scheme, even if the Scheme is approved by the Requisite Majority of Aphrodite Shareholders at the Scheme Meeting.

12.4 Scheme Meeting

The Scheme Meeting to consider the Scheme is scheduled to be held at the office of RMS Australia Pty Ltd, 116 Harrick Road, Keilor Park, Victoria on Monday, 18 December 2017. The Scheme Meeting will commence at 10am (Melbourne time).

The Court has ordered that Aphrodite convene the Scheme Meeting for the purposes of the Aphrodite Shareholders (other than Spitfire) voting on the Scheme. The order of the Court to convene the Scheme Meeting is not, and should not be treated as, an endorsement by the Court of (or any other expression of opinion by the Court on) the Scheme.

For the Scheme to be implemented, it is necessary that the Requisite Majority of Aphrodite Shareholders (other than Spitfire) vote in favour of passing the resolution to approve the Scheme at the Scheme Meeting.

To pass the Scheme Resolution, votes in favour of the Scheme must be cast by:

- (a) more than 50% in number of Aphrodite Shareholders (other than Spitfire) present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- (b) at least 75% of the total number of votes cast on the Scheme Resolution by Aphrodite Shareholders (other than Spitfire).

12.5 Steps after approval of the Scheme by Aphrodite Shareholders (other than Spitfire) at the Scheme Meeting but before the Second Court Date

If the Requisite Majority of Aphrodite Shareholders approve the Scheme at the Scheme Meeting, Aphrodite will, as soon as possible after the Scheme Meeting is held, announce the results of the Aphrodite Shareholders' vote to ASX and will publish the results on Aphrodite's website (www.aphroditegold.com.au).

12.6 Steps after Court approval at the Second Court Hearing

Aphrodite and Spitfire have agreed that, if the Court makes orders approving the Scheme, Aphrodite and Spitfire will take or procure the taking of the steps required for the Scheme to proceed, including:

(a) Record Date

Aphrodite Shareholders (other than Spitfire) will be entitled to receive the Scheme Consideration under the Scheme if they are registered as holders of Aphrodite Shares at 5.00pm on the Record Date. The Record Date is expected to be 27 December 2017.

As from the Record Date (and other than for Spitfire following the Implementation Date), the Aphrodite Share Register will close for transfers and all share certificates and holding statements for Aphrodite Shares will cease to have effect as documents of title. Each entry on the Aphrodite Share Register at 5.00pm on the Record Date will cease to have any effect other than as evidence of entitlement to the Scheme Consideration.

(b) **Effective Date**

If the Court approves the Scheme, Aphrodite will (pursuant to section 411(10) of the Corporations Act) lodge with ASIC the office copy of the Court order approving the Scheme. Aphrodite intends to lodge the office copy of the Court order with ASIC on the Effective Date, which is expected to be 20 December 2017.

If the Scheme Conditions are satisfied or waived, the Scheme will legally come into effect on the Effective Date.

If a Scheme has not become Effective or the relevant Scheme Conditions have not been satisfied or waived by 20 December 2017, or such later date as Aphrodite and Spitfire agree in writing, the Scheme will lapse and be of no further force or effect.

(c) **Suspension of trading of Aphrodite Shares**

Aphrodite will apply to ASX for suspension of trading of Aphrodite Shares on ASX after the close of trading on ASX on the Effective Date. It is expected that the suspension will commence on the first Business Day after the day on which Aphrodite notifies ASX of the Scheme becoming Effective.

(d) **Transfer of Aphrodite Shares**

If the Scheme becomes Effective, on the Implementation Date:

- (i) all Aphrodite Shares held by Scheme Participants will be transferred to Spitfire without any further action required by Scheme Participants;
- (ii) Aphrodite will enter the name of Spitfire into the Aphrodite Share Register in respect of the Aphrodite Shares; and
- (iii) Aphrodite will then become a wholly-owned subsidiary of Spitfire and the current Aphrodite Board will resign (other than Peter Buttigieg and Roger Mitchell or as agreed with Spitfire).

(e) **Issue of New Spitfire Shares**

If the Scheme becomes Effective, on the Implementation Date the New Spitfire Shares to which Scheme Participants are entitled under the Scheme will be issued to Scheme Participants (other than Ineligible Foreign Shareholders and Electing Small Shareholders). It is expected that:

- (i) holding statements for Scheme Participants' entitlements to New Spitfire Shares will be despatched to Scheme Participants whose New Spitfire Shares are held on Spitfire's issuer sponsored sub-register by not later than 5 Business Days after the Implementation Date; and
- (ii) New Spitfire Shares will commence trading on ASX initially on a deferred settlement basis from Thursday, 21 December 2017 and thereafter on a normal settlement basis from Friday, 5 January 2018.

For further information regarding the New Spitfire Shares to be issued, see Sections 12.8 and 14.5. No securities will be issued on the basis of this Scheme Booklet after the date which is 13 months after the date of this Scheme Booklet, being the expiry date of this Scheme Booklet.

(f) Grant of New Spitfire Options

If the Scheme becomes Effective, on the Implementation Date the New Spitfire Options to be granted to the Aphrodite Optionholder pursuant to the Option Cancellation Deed and the existing Aphrodite Options will be cancelled. It is expected that a holding statement for the New Spitfire Options will be despatched on the Implementation Date. Spitfire will not apply to ASX for official quotation of the New Spitfire Options.

(g) De-listing of Aphrodite

After the Implementation Date, Aphrodite will apply for termination of the official quotation of Aphrodite Shares, and have itself removed from the official list of ASX.

(h) Payments to Ineligible Foreign Shareholders and Electing Small Shareholders

New Spitfire Shares to which the Ineligible Foreign Shareholders and Electing Small Shareholders would otherwise be entitled will be sold by the Sale Agent as soon as practicable (and in any event not more than 15 business days after the Implementation Date) and the proceeds of the sale shall be promptly remitted back to the relevant Ineligible Foreign Shareholders and Electing Small Shareholders.

For more information see Sections 5.7 and 5.8.

12.7 Warranties by Scheme Participants under the Scheme

The effect of the Scheme is that all Scheme Participants, including those who vote against the Scheme and those who do not vote, will be deemed to have warranted to Aphrodite, both in its own right and for the benefit of Spitfire, that their Aphrodite Shares are fully paid and not subject to any of the encumbrances specified in the Scheme. The terms of the warranty are set out in clause 8.5 of the Scheme. The Scheme of Arrangement is set out in Annexure C.

12.8 New Spitfire Shares

A summary of the rights attaching to New Spitfire Shares is set out in Section 14.5.

It is expected that:

- (a) all Scheme Participants who receive New Spitfire Shares will have their names entered on the Spitfire Register on the Implementation Date;
- (b) holding statements for Scheme Participants' entitlements to New Spitfire Shares will be despatched to Scheme Participants by not later than 5 Business Days after the Implementation Date; those holding statements will be sent by prepaid post to the Scheme Participants' addresses in the Aphrodite Share Register as at close of business on the Record Date; and
- (c) New Spitfire Shares are expected to commence trading on ASX initially on a deferred settlement basis from Thursday, 21 December 2017 and thereafter on a normal settlement basis from Friday, 5 January 2018.

Each holder of New Spitfire Shares is responsible for confirming their holding before selling their New Spitfire Shares on a deferred settlement basis. Any sale of New Spitfire Shares before receipt of a holding statement is at the risk of the holder of those securities. To the extent permitted by law, Aphrodite, Spitfire and Computershare disclaim all liability, whether in negligence or otherwise, to persons who sell their New Spitfire Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by Aphrodite, Spitfire, Computershare, a broker or otherwise.

13. Key terms of the Merger Implementation Agreement

Aphrodite and Spitfire entered into a Merger Implementation Agreement on 4 September 2017. A copy of the Merger Implementation Agreement is set out in Annexure B.

The Merger Implementation Agreement sets out the obligations of Aphrodite and Spitfire in relation to the Scheme.

The Aphrodite Directors consider that the Merger Implementation Agreement was entered into on arm's length commercial terms having regard to the fact that Aphrodite undertook an assessment of any alternative strategic options available to it.

In making the above statement, the Aphrodite Directors note that Aphrodite Shareholders are being given the opportunity to consider and vote on whether the Merger is implemented at the Scheme Meeting.

This Section sets out a summary of the key terms and conditions of the Merger Implementation Agreement that are not otherwise addressed in this Scheme Booklet.

13.1 Scheme Conditions under the Merger Implementation Agreement

The Scheme is subject to the fulfilment or, in certain cases, waiver of the Scheme Conditions. See Section 12.2 for further details.

13.2 No-talk and no-shop obligations

The Merger Implementation Agreement includes exclusivity arrangements which apply from the date of the Merger Implementation Agreement until the earlier of 6 months after the date of the Merger Implementation Agreement (or such other date agreed by Aphrodite or Spitfire) or termination of the Merger Implementation Agreement (**Exclusivity Period**).

During the Exclusivity Period, Aphrodite and Spitfire must ensure that neither it nor any of its related bodies corporate or representatives directly or indirectly:

- (a) solicits, invites, encourages or initiates any enquiries, negotiations or discussions; or
- (b) communicates any intention to do any of these things,

with a view to obtaining any offer, proposal or expression of interest from any person in relation to, or which may be reasonably expected to lead to a Competing Transaction. Both Aphrodite and Spitfire may continue to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Merger or its business generally.

During the Exclusivity Period, Aphrodite and Spitfire must ensure that neither it nor any of its Related Bodies Corporate or Representatives:

- (a) negotiates or enters into; or
- (b) participates in negotiations or discussions with any other person regarding,

a Competing Transaction, even if that person's Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by Aphrodite or Spitfire (as applicable) or any of their related bodies corporate or representatives or the person has publicly announced the Competing Transaction.

13.3 Matching rights

During the Exclusivity Period, both Aphrodite and Spitfire must not enter into any legally binding agreement to undertake a Competing Transaction and must use its reasonable endeavours to procure that none of its directors publicly recommend a Competing Transaction unless:

- (a) their board acting in good faith determines that the Competing Transaction would or is likely to be a Superior Proposal
- (b) they have provided the other party with the material terms and conditions of the Competing Transaction (including price and the identity of the person that has proposed the Competing Transaction); and
- (c) the other party has not, within 5 business days of the notification under paragraph (b) above, submitted a written proposal (including a proposed variation to the terms of the Scheme or any other transaction) (**Revised Proposal**) which is on terms no less favourable than the Competing Transaction (taking in account, without limitation, the price, form and certainty of consideration to be provided under the Revised Proposal).

The Spitfire Board and Aphrodite Boards (as applicable) must consider a Revised Proposal and if it is determined, acting in good faith, that the Revised Proposal is on terms no less favourable than the Competing Transaction (taking in account, without limitation, the price, form and certainty of consideration to be provided under the Revised Proposal), Aphrodite and Spitfire must, in the absence of receipt of a more favourable proposal for another Competing Transaction, use reasonable endeavours to agree any amendments to the Merger Implementation Agreement the contents of this Scheme Booklet (if applicable), which are reasonably necessary to reflect the Revised Proposal.

Any amendment or modification of a Competing Transaction proposed by a third party that results in the Spitfire Board and Aphrodite Boards (as applicable) determining that the amended or modified Competing Transaction is, or may reasonably be expected to lead to, a Superior Proposal will be deemed to be a new Competing Transaction with the effect that the provisions regarding a Competing Transaction in Merger Implementation Agreement will apply.

13.4 Break fees

(a) Payment of Break Fee by Aphrodite

Aphrodite has agreed to pay Spitfire a Break Fee of \$320,000 as compensation for costs and expenses incurred by Spitfire if:

- on or before the End Date, a Competing Transaction in relation to Aphrodite is announced or is open for acceptance and is reasonably capable of being completed and is more favourable to Scheme Participants;
- any Aphrodite Director fails to recommend the Scheme as contemplated by the Merger Implementation Agreement, withdraws or adversely modifies that recommendation, makes a public statement to that effect, or takes (or fails to take) any other action that suggests that they no longer make that recommendation;
- Spitfire validly terminates the Merger Implementation Agreement for a material breach of Aphrodite;
- Aphrodite is in breach of the exclusivity provisions outlined in Section 13.2 and does not cease the conduct which caused the breach in accordance with the Merger Implementation Agreement;

- the Merger does not proceed because Aphrodite enters into a legally binding agreement to undertake a Superior Proposal;
- a member of the Aphrodite Board disposes, or causes the disposal, of any Aphrodite Share which he holds or controls, other than in circumstances disclosed in writing to Spitfire on or prior to the date of the Merger Implementation Agreement; or
- an Aphrodite Prescribed Event or a Aphrodite Material Adverse Change occurs prior to 8:00am on the Second Court Date, the Merger Implementation Agreement is terminated and all of the following apply in relation to the Aphrodite Prescribed Event or the Aphrodite Material Adverse Change:
 - the prevention of the event or change was within the control of Aphrodite; and
 - had the event or change occurred prior to the date of Merger Implementation Agreement, the event or change might reasonably be expected to have resulted in Spitfire not entering into the Merger Implementation Agreement; and
 - Aphrodite has failed to rectify the event or change pursuant to the Merger Implementation Agreement.

However, no Break Fee is payable by Aphrodite by reason of an Aphrodite Director withdrawing or modifying their recommendation if:

- an Aphrodite Director changes their recommendation following the receipt of the Independent Expert's Report where that report states that in the opinion of the Independent Expert the Scheme is not in the best interests of Aphrodite Shareholders (other than where a Competing Transaction has been proposed or announced before the report is issued which the Independent Expert may reasonably regard to be on more favourable terms than the transaction contemplated by Merger Implementation Agreement);
- Aphrodite is entitled to terminate Merger Implementation Agreement for a material breach of Spitfire; or
- Aphrodite is entitled to terminate Merger Implementation Agreement as a result of an Spitfire Prescribed Event or a Material Adverse Change in relation to SPI.

(b) Payment of Break Fee by Spitfire

Spitfire has agreed to pay Aphrodite a Break Fee of \$320,000 as compensation for costs and expenses incurred by Aphrodite if:

- on or before the End Date, a Competing Transaction in relation to Spitfire is announced or is open for acceptance and is reasonably capable of being completed and is more favourable to Spitfire Shareholders;
- Aphrodite validly terminates the Merger Implementation Agreement for a material breach of Spitfire;
- Spitfire is in breach of the exclusivity provisions outlined in Section 13.2 and does not cease the conduct which caused the breach in accordance with the Merger Implementation Agreement;
- the Merger does not proceed because Spitfire enters into a legally binding agreement to undertake a Superior Proposal;

- a member of the Spitfire Board disposes, or causes the disposal, of any Spitfire Shares which he holds or controls, other than in circumstances disclosed in writing to Aphrodite on or prior to the date of the Merger Implementation Agreement; or
- a Spitfire Prescribed Event or a Spitfire Material Adverse Change occurs prior to 8:00am on the Second Court Date, the Merger Implementation Agreement is terminated and all of the following apply in relation to the Spitfire Prescribed Event or the Spitfire Material Adverse Change:
 - the prevention of the event or change was within the control of Spitfire; and
 - had the event or change occurred prior to the date of Merger Implementation Agreement, the event or change might reasonably be expected to have resulted in Aphrodite not entering into the Merger Implementation Agreement; and
 - Spitfire has failed to rectify the event or change pursuant to the Merger Implementation Agreement.

13.5 Termination

The Merger Implementation Agreement (and hence the Scheme) may be terminated with immediate effect on the giving of written notice in the circumstances described below:

- (a) by either Spitfire or Aphrodite, if the Scheme has not become Effective by the End Date unless the Scheme has not become Effective due to a breach by such party of its obligations under the Merger Implementation Agreement;
- (b) at any time prior to 8.00am on the Second Court Date by Spitfire if any Aphrodite Director who was an Aphrodite Director as at the date of the Merger Implementation Agreement changes their recommendation or ceases to recommend to Scheme Participants that they vote in favour of the resolution to approve the Scheme, including any adverse modification to their recommendation, or otherwise makes a public statement indicating that it no longer supports the Scheme;
- (c) by either Spitfire or Aphrodite if the resolution submitted to the Scheme Meeting is not approved by the Requisite Majority;
- (d) by either Spitfire or Aphrodite if a Court or other Regulatory Authority has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Scheme;
- (e) by Spitfire, if a person (other than Spitfire, a member of the Spitfire group or an existing Aphrodite Shareholder) has a Relevant Interest in more than 20% of Aphrodite Shares;
- (f) by Aphrodite, if Spitfire acquires an entity (other than Aphrodite or a member of the Aphrodite group) and Spitfire has a Relevant Interest in more than 20% of the fully paid ordinary shares in that entity;
- (g) in accordance with and pursuant to the provisions in the Merger Implementation Agreement dealing with the parties failing to reach an agreement following the breach or non-fulfilment of a Condition Precedent or if the Court refuses to make orders convening the Scheme Meeting or approving the Scheme and that decision is not appealed by the parties;
- (h) by either Spitfire or Aphrodite if the other party has materially breached a term of the Merger Implementation Agreement which has not been remedied in accordance with the Merger Implementation Agreement;

- (j) by either Spitfire or Aphrodite if the other party or any subsidiary of Aphrodite becomes insolvent; or
- (k) if agreed to in writing by Spitfire and Aphrodite.

In addition to the right of termination under the Merger Implementation Agreement, where there is no appropriate remedy for breach of the Merger Implantation Agreement (other than termination) the non-defaulting party is entitled to damages for losses suffered by it an expenses incurred by it as a result of the breach. However, if a Break Fee becomes payable and has been paid to the non-defaulting party, the non-defaulting party cannot commence any action against the defaulting party which relates to the event which gave rise to the payment of the Break Fee.

Further details on termination are set out in clause 13 of the Merger Implementation Agreement.

13.6 Amendments to the Scheme

Aphrodite must not consent to any modification of, or amendment to, or the making or imposition by the Court of any Scheme Condition in respect of the Scheme without the prior consent of Spitfire (such consent not to be unreasonably withheld).

13.7 Representations and warranties

Each of Aphrodite and Spitfire has given representations, warranties and covenants to the other than are considered to be standard warranties for an agreement of this kind. The representations, warranties and covenants given by each of Aphrodite and Spitfire are set out in full in clause 11 of the Merger Implementation Agreement.

14. Additional information

14.1 Introduction

This Section 14 sets out additional information required to be disclosed to Aphrodite Shareholders pursuant to the Corporations Act and the Corporations Regulations, together with other information that may be of interest to Aphrodite Shareholders.

14.2 Interests of Aphrodite Directors

As at the date of lodgement of this Scheme Booklet with ASIC:

- (a) Aphrodite Directors held interests in marketable securities of Aphrodite as set out in Section 6.7; and
- (b) no Aphrodite Director held an interest in marketable securities of Spitfire (as set out in Section 7.10).

No Aphrodite Director has acquired or disposed of a Relevant Interest in any Aphrodite Shares in the four month period ending on the date immediately before the date of this Scheme Booklet.

Aphrodite Directors who are Scheme Participants will be entitled to receive New Spitfire Shares in accordance with the terms of the Scheme.

14.3 Interests of Spitfire Directors

As at the date of lodgement of this Scheme Booklet with ASIC:

- (a) Spitfire Directors held interests in marketable securities of Spitfire as set out in Section 7.10; and
- (b) no Spitfire Director held an interest in marketable securities of Aphrodite (as set out in Section 6.7).

No Spitfire Director has acquired or disposed of a Relevant Interest in any Spitfire Shares in the four month period ending on the date immediately before the date of this Scheme Booklet.

14.4 Interests of Spitfire and Aphrodite

As at the date of lodgement of this Scheme Booklet with ASIC:

- (a) Neither Aphrodite nor its Associates did not have a Relevant Interest in any Spitfire Shares or any other marketable securities of Spitfire; and
- (b) Spitfire and its Associates have a Relevant Interest in 10.38% of Aphrodite Shares.

The voting power (as defined in the Corporations Act) of Spitfire in Aphrodite as at the date of lodgement of this Scheme Booklet with ASIC is 10.38%.

The 74,129,742 Aphrodite Shares held by Spitfire as at the date of this Scheme Booklet were acquired on-market on 26 July 2017 for a total consideration of \$1,186,076, being an average price of \$0.016 per Aphrodite Share.

Except as disclosed in this Scheme Booklet, during the four months before the date of this document neither Spitfire nor any Associate of Spitfire has:

- (a) provided, or agreed to provide, consideration for any Aphrodite Shares; or

- (b) given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate, to vote in favour of the Scheme or dispose of Aphrodite Shares which benefit is not offered to all Aphrodite Shareholders under the Scheme.

14.5 Rights attaching to New Spitfire Shares

If the Scheme becomes Effective, each Scheme Participant (other than Ineligible Foreign Shareholders and Electing Small Shareholders), will receive 1 New Spitfire Share for every 2.8959 Aphrodite Shares they hold as at 5.00pm on the Record Date.

The New Spitfire Shares issued as Scheme Consideration will be fully paid and, from the date of their issue, will rank equally with existing Spitfire Shares.

The following is a summary of the principal rights attaching to Spitfire Shares. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of Spitfire, which can involve complex questions of law arising from the interaction of the constitution of Spitfire, statutory and common law and the ASX Listing Rules. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Spitfire Shares are set out in the Constitution, a copy of which is available for inspection at the Spitfire's registered office during normal business hours.

(a) Quotation on ASX

An application will be made by Spitfire to ASX for the granting of official quotation of the New Spitfire Shares within 7 days after the date of this Scheme Booklet. Quotation is not guaranteed or automatic on such application, but quotation is expected in the ordinary course as Spitfire is already admitted to the official list of ASX and shares of the same class as those to be issued as the consideration under the Scheme have been granted official quotation by ASX.

It is expected that the New Spitfire Shares will commence trading on ASX, initially on a deferred settlement basis, on Thursday, 21 December 2017. It is the responsibility of each Aphrodite Shareholder to determine their entitlement to New Spitfire Shares under the Scheme before trading those shares to avoid the risk of selling shares that they do not own. Normal trading of the New Spitfire Shares issued pursuant to the Scheme is expected to commence on Friday, 5 January 2017.

(b) General meetings

Spitfire Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of Spitfire.

Spitfire Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the constitution of Spitfire.

(c) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(d) **Dividend rights**

Subject to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Spitfire Directors may from time to time declare a dividend to be paid to the shareholders entitled to the dividend which shall be payable on all Spitfire Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Spitfire Shares.

The Spitfire Directors may from time to time pay to the Spitfire Shareholders any interim dividends as they may determine. No dividend shall carry interest as against Spitfire. The Spitfire Directors may set aside out of the profits of Spitfire any amounts that they may determine as reserves, to be applied at the discretion of the Spitfire Directors, for any purpose for which the profits of Spitfire may be properly applied.

Subject to the Listing Rules and the Corporations Act, Spitfire may, by resolution of the Spitfire Directors, implement a dividend reinvestment plan on such terms and conditions as the Spitfire Directors think fit and which provides for any dividend which the Spitfire Directors may declare from time to time payable on Spitfire Shares which are participating Spitfire Shares in the dividend reinvestment plan, less any amount which Spitfire shall either pursuant to the constitution or any law be entitled or obliged to retain, be applied by Spitfire to the payment of the subscription price of Spitfire Shares.

(e) **Winding-up**

If Spitfire is wound up, the liquidator may, with the authority of a special resolution, divide among the Spitfire Shareholders in kind the whole or any part of the property of Spitfire, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Spitfire Shareholders or different classes of Spitfire Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Spitfire Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(f) **Spitfire Shareholder liability**

As the Spitfire Shares issued will be fully paid shares, they will not be subject to any calls for money by the Spitfire Directors and will therefore not become liable for forfeiture.

(g) **Transfer of shares**

Generally, shares in Spitfire are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(h) **Future increase in capital**

The issue of any new Spitfire Shares is under the control of the Spitfire Directors of Spitfire. Subject to restrictions on the issue or grant of Securities contained in the Listing Rules, the constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Spitfire Directors may issue Spitfire Shares as they shall, in their absolute discretion, determine.

(i) **Variation of rights**

Under section 246B of the Corporations Act, Spitfire may, with the sanction of a special resolution passed at a meeting of Spitfire Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not Spitfire is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(j) **Alteration of Spitfire constitution**

In accordance with the Corporations Act, the constitution can only be amended by a special resolution passed by at least three quarters of Spitfire Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) **Election of Spitfire Directors**

An election of Spitfire Directors shall take place each year. One third of the Spitfire Directors, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Spitfire Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election.

The Spitfire Directors may at any time appoint a person to be a Spitfire Director, either to fill a casual vacancy or as an addition to the existing Spitfire Directors, but so that the total number of Spitfire Directors does not at any time exceed the maximum number specified by this Constitution. Any Spitfire Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election but shall not be taken into account in determining the Spitfire Directors who are to retire by rotation (if any) at that meeting.

(l) **Listing Rules**

Notwithstanding anything contained in the constitution, if the Listing Rules prohibit an act being done, the act shall not be done. Nothing contained in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision and it does not contain such a provision, the constitution is deemed to contain that provision. If the Listing Rules require the constitution not to contain a provision and it contains such a provision, the constitution is deemed not to contain that provision. If any provision of the constitution is or

becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of inconsistency.

14.6 Benefits to Aphrodite officers in connection with retirement from office

There is no current proposal for a payment or other benefit to be made or given to a director, secretary or executive officer of Aphrodite or any Related Body Corporate of Aphrodite as compensation for the loss of, or as consideration for or in connection with his or her retirement from office in Aphrodite or any Related Body Corporate of Aphrodite as a result of the Scheme.

14.7 Agreements or arrangements connected with or conditional on the Scheme

Under the Merger Implementation Agreement, if the Scheme becomes Effective, Spitfire has agreed to appoint:

- (a) Peter Buttigieg as the Non-Executive Chairman of Spitfire;
- (b) Roger Mitchell as an Non-Executive Director of Spitfire; and
- (c) Michael Beer as joint Company Secretary of Spitfire.

It has been agreed that Mr Buttigieg and Mr Mitchell will be paid directors fees of \$48,000 and \$36,000 per annum for their roles as Non-Executive Chairman and Non-Executive Director of Spitfire (respectively), in line with current directors fees paid by Spitfire. Messrs Buttigieg and Mitchell will also be entitled to receive travel allowances and reimbursement of incidental expenses from Spitfire in connection with their appointments.

As at the date of this Scheme Booklet, no specific arrangements have been agreed between Mr Beer and Spitfire. Mr Beer may be entitled to receive fees, travel allowances and reimbursement of incidental expenses from Spitfire in connection with his appointment. Following implementation of the Merger, it is proposed that the Merged Group Board will meet to determine the amounts to be paid to Mr Beer in his role as a consultant of the Merged Group.

Other than as set out in this Section, there are no agreements or arrangements made between any Aphrodite Director and another person in connection with, or conditional on, the outcome of the Scheme other than in their capacity as an Aphrodite Shareholder.

14.8 Aphrodite Directors' interests in Spitfire contracts

No Aphrodite Director has any interest in any contract entered into with Spitfire, or any interest as a creditor of Spitfire.

14.9 Remuneration of Aphrodite Directors

The Aphrodite Directors are entitled to be paid fees for their services as directors of Aphrodite and have been paid the following fees in the past two financial years (inclusive of superannuation entitlements):

Aphrodite Director	FY 2016	FY2017
Peter Buttigieg	\$0	\$100,000
Roger Mitchell	\$0	\$50,000
Paul Buttigieg	\$0	\$36,000
Angus Middleton	\$36,000	\$36,000

14.10 Payments to non-executive Spitfire Directors

The Spitfire Constitution provides that non-executive directors of Spitfire may be paid, as remuneration for their services as directors of Spitfire, a sum determined from time to time by Spitfire Shareholders in a general meeting, with that sum to be divided amongst the non-executive directors in such manner and proportion as they agree.

As at the date of this Scheme Booklet, the aggregate maximum remuneration for non-executive Spitfire Directors is \$300,000 per annum.

14.11 Disclosure of payments and benefits to Aphrodite Directors, secretaries and executive officers

No Aphrodite Director, secretary or executive officer of Aphrodite (or any of its Related Bodies Corporate) has agreed to receive, or is entitled to receive, any payment or benefit from Spitfire which is conditional on, or is related to, the Scheme other than in their capacity as an Aphrodite Shareholder or as set out in Sections 14.6 or 14.7.

14.12 Disclosure of interests

Except as disclosed below or elsewhere in this Scheme Booklet, no:

- (a) Aphrodite Director or proposed director of Aphrodite;
- (b) Spitfire Director or proposed director of Spitfire;
- (c) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet; or
- (d) promoter or underwriter of Spitfire or the Merged Group,

(together “**Interested Persons**”) holds, or held at any time during the two years before the date of this Scheme Booklet any interests in:

- (e) the formation or promotion of Spitfire or the Merged Group;
- (f) property acquired or proposed to be acquired by Spitfire in connection with the formation or promotion of Spitfire or the Merged Group or the offer of New Spitfire Shares under the Scheme; or
- (g) the offer of New Spitfire Shares under the Scheme.

14.13 Disclosure of fees and other benefits

Except as disclosed elsewhere in this Scheme Booklet, neither Spitfire nor Aphrodite has paid or agreed to pay any fees, or provided or agreed to provide any benefit to:

- (a) a director or proposed director of Spitfire to induce them to become or qualify as a director of Spitfire; or
- (b) any Interested Person for services provided by that person in connection with:
 - (i) the formation or promotion of Spitfire or the Merged Group; or
 - (ii) the offer of New Spitfire Shares under the Scheme.

14.14 Creditors of Aphrodite

The Scheme, if implemented, will not affect the interests of creditors of Aphrodite.

Aphrodite has paid and is paying all its creditors within normal terms of trade. It is solvent and is trading in an ordinary commercial manner.

14.15 Cancellation of Aphrodite Options

Aphrodite has a total of 40,000,000 Aphrodite Options on issue.

As set out in Section 12.1(c), pursuant to the Option Cancellation Deed the Aphrodite Optionholder has agreed to cancel their Aphrodite Options in exchange for Spitfire granting New Spitfire Options to them at a ratio of one Spitfire Option for every 2.8959 Aphrodite Options held. This will result in 13,812,635 New Spitfire Options being granted to the Aphrodite Optionholder (or its nominees) (assuming that no Aphrodite Options are exercised before the Record Date).

Each New Spitfire Option will have an exercise price of \$0.1158 and an expiry date of 19 August 2019 and will otherwise be on terms materially the same as the terms of the existing Aphrodite Options being cancelled pursuant to the Option Cancellation Deed.

14.16 Right to inspect and obtain copies of the Aphrodite Share Register

An Aphrodite Shareholder has the right to inspect the Aphrodite Share Register, which contains the name and address of each Aphrodite Shareholder and certain other prescribed details relating to Aphrodite Shares, without charge. An Aphrodite Shareholder also has the right to request a copy of the register, upon payment of a fee (if any) up to a prescribed amount.

14.17 Regulatory conditions and relief

(a) ASX waiver

ASX Listing Rule 6.23.2 provides that the cancellation of options for consideration requires the approval of shareholders. Aphrodite has been granted a waiver of ASX Listing Rule 6.23.2 to permit the Aphrodite Options to be cancelled without requiring the approval of Aphrodite Shareholders, subject to the Scheme being approved by the Requisite Majority of Aphrodite Shareholders and the Court. The waiver application was made on the basis that Aphrodite Shareholders are provided with information of the proposed treatment of Aphrodite Options in this Scheme Booklet and therefore able to consider this information when determining whether to vote in favour of the Scheme. Refer to Section 12.1(c) for further information on the proposed treatment of Aphrodite Options.

(b) ASIC consent

Pursuant to clause 8305 of Schedule 8 of the Corporations Regulations, ASIC has granted its consent to allow the Independent Expert's Report to contain a statement that the market value of the assets of Aphrodite differ from an amount at which the value of those assets are shown in the books of Aphrodite.

14.18 No administrator

It is not proposed that any person be appointed to manage or administer the Scheme.

14.19 No relevant restrictions in the constitution of Aphrodite

There are no restrictions on the right to transfer Aphrodite Shares in Aphrodite's constitution.

14.20 No unacceptable circumstances

The Aphrodite Directors do not believe that the Scheme involves any circumstances in relation to the affairs of any member of Aphrodite that could reasonably be characterised as constituting “unacceptable circumstances” for the purposes of section 657A of the Corporations Act.

14.21 Aphrodite Shareholders in jurisdictions outside Australia and New Zealand

This Scheme Booklet and the Scheme are subject to Australian disclosure requirements that may be different to those applicable in other jurisdictions. This Scheme Booklet and the Scheme do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Any Aphrodite Shareholder whose address as shown in the Aphrodite Share Register at 5.00pm on the Record Date is outside of Australia or its external territories or New Zealand will be an Ineligible Foreign Shareholder for the purposes of the Scheme, other than an Aphrodite Shareholder in respect of whom Spitfire is satisfied that the laws of that holder’s country of residence (as shown in the Aphrodite Share Register) would permit the issue and allotment of New Spitfire Shares, either unconditionally or after compliance with conditions which Spitfire in its sole discretion regards as acceptable and not unduly onerous.

Spitfire will not issue New Spitfire Shares to an Ineligible Foreign Shareholder. If you are an Ineligible Foreign Shareholder, you should refer to Section 5.7 for further information.

14.22 Privacy and personal information

Aphrodite and Spitfire, their respective share registries and investor relations advisers may collect personal information about you in the process of implementing the Scheme. The personal information may include the names, contact details and details of the securityholdings of Aphrodite Shareholders, and the names of individuals appointed by Aphrodite Shareholders as proxies, corporate representatives or attorneys at the Scheme Meeting.

The personal information is collected for the primary purpose of implementing the Scheme. The personal information may be disclosed to Aphrodite’s and Spitfire’s share and option registries and investor relations advisers, to securities brokers and to print and mail service providers.

Aphrodite Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact Security Transfer on 1300 992 916 (within Australia) or +61 3 9628 2200 (outside Australia) in the first instance if they wish to request access to that personal information.

Aphrodite Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should inform that individual of the matters outlined above.

14.23 Supplementary information

Aphrodite will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the date of the Scheme Meeting:

- (a) a material statement in this Scheme Booklet that is false or misleading;
- (b) a material omission from this Scheme Booklet;

- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter arising that would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

The form of the supplementary document and whether a copy will be sent to each Aphrodite Shareholder will depend on the nature and timing of the new or changed circumstances. Any such supplementary document will be made available on Aphrodite's website (www.aphroditegold.com.au). Any such supplementary document will also be released to ASX and accordingly will be available from ASX's website (www.asx.com.au).

14.24 Advisers and experts

(a) Roles of advisers and experts

The persons named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the Scheme or the preparation or distribution of this Scheme Booklet are:

Name	Role	Estimate of Fees (ex. GST)
BDO Corporate Finance (WA) Pty Ltd	Independent Expert	\$40,000
Jewell Dunbar Pty Ltd t/a Dunbar Resource Management	Technical Expert	\$30,000
Hartleys Limited	Corporate advisor to Spitfire	\$150,000
GTP Legal	Legal adviser to Aphrodite	\$200,000
Steinepreis Paganin	Legal adviser to Spitfire	\$85,000
Security Transfer	Aphrodite's share registry	\$10,000
Computershare	Spitfire's share registry	\$5,000
Deloitte Tax Services Pty Ltd	Tax adviser to Aphrodite	\$30,000

(b) Consents of advisers and experts

BDO Corporate Finance (WA) Pty Ltd has given its consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in Annexure A of this Scheme Booklet, and has not withdrawn that consent before the date of this Scheme Booklet.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than the Independent Expert's Report. The interests of BDO Corporate Finance (WA) Pty Ltd in its capacity as Independent Expert are disclosed in the Independent Expert's Report.

Jewell Dunbar Pty Ltd t/a Dunbar Resource Management has given its consent to the inclusion in the Independent Expert's Report in this Scheme Booklet of technical information relating to Aphrodite and Spitfire in the form and context in which the information appears, and has not withdrawn that consent before the date of this Scheme Booklet.

Grant Thornton Audit Pty Ltd has consented to the inclusion in the Scheme Booklet of references to the audited financial statements of Aphrodite as at 30 June 2017, 30 June 2016 and 30 June 2015 in the form and context in which they appear, and has not withdrawn that consent before the date of this Scheme Booklet.

Bentleys Audit & Corporate (WA) Pty Ltd has consented to the inclusion in the Scheme Booklet of references to the audited financial statements of Spitfire as at 30 June 2017, 30 June 2016 and 30 June 2015 in the form and context in which they appear, and has not withdrawn that consent before the date of this Scheme Booklet.

Spitfire has given its consent to the inclusion of the Spitfire Information in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

Deloitte Tax Services Pty Ltd has consented to the inclusion of Section 11 of this Scheme Booklet and references to the information set out in that Section in the form and context in which they appear and has not withdrawn that consent before the date of this Scheme Booklet.

Each person named in Section 14.24(a) has given, and before the time of registration of this Scheme Booklet with ASIC, has not withdrawn, their consent to being named in this Scheme Booklet in the capacity indicated next to their name.

(c) **Disclaimers of responsibility**

Each person named in Section 14.24(a) as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet:

- (i) has not authorised or caused the issue of this Scheme Booklet or the making of the offer of New Spitfire Shares under the Scheme;
- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than a statement included in this Scheme Booklet with the written consent of that person as stated in Section 14.24(b); and
- (iii) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for, any statements in or omissions from any part of this Scheme Booklet, other than a reference to its name and any statement or report that has been included in this Scheme Booklet with the consent of that person.

(d) **Fees**

Each person named in Section 14.24(a) as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging. The estimated fees payable to these parties are set out in Section 14.24(a).

14.25 Effects of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet including but not limited to those in respect of the Scheme Consideration, are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from the figures set out in this Scheme Booklet.

14.26 Data in charts, graphs and tables

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the latest reasonably practicable date before the date of this Scheme Booklet. Any discrepancies in any chart, graph or table between totals and sums of amounts presented or listed therein or to previously published financial figures are due to rounding.

14.27 Competent persons information

(a) Aphrodite

Unless otherwise expressly noted in this Scheme Booklet, information in this Scheme Booklet relating to the Aphrodite JORC Resource is extracted from Aphrodite's announcement made to ASX entitled "Prefeasibility Study Results" dated 27 June 2017 and is available to view on Aphrodite's website.

Aphrodite confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that, in the case of Mineral Resources, all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Aphrodite confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

The information in this Scheme Booklet that relates to Resource estimates in relation to the Aphrodite Gold Project is based on and fairly represents information compiled by Mr Diederik Speijers, Director of McDonald Speijers, a "Competent Person" as defined in the JORC Code 2012, who is a Fellow of The Australian Institute of Mining and Metallurgy. Mr Speijers has sufficient experience that is relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a "Competent Person". Mr Speijers has reviewed the content of this Scheme Booklet and consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

The Information in this Scheme Booklet that relates to Exploration Targets, Exploration Results, open pit possible operations and Pre-feasibility Studies in relation to the Aphrodite Gold Project, is based on information compiled by Mr Eduard Eshuys, a "Competent Person" as defined in the JORC Code 2012 and who is a Fellow of The Australian Institute of Mining and Metallurgy. Mr Eduard Eshuys has sufficient experience that is relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a "Competent Person". Mr Eshuys has reviewed the content of this Scheme Booklet and consents to the inclusion of statements in this Scheme Booklet based on his information in the form and context in which it appears.

(b) Spitfire

Unless otherwise expressly noted in this Scheme Booklet, information in this Scheme Booklet relating to:

- the Alice River Gold Project is extracted from Spitfire's announcement made to ASX entitled "Alice River Gold Exploration update" dated 26 May 2017 and "Drilling commences at Alice River Gold project" dated 5 October 2017;
- the Mulwarrie Gold Project is extracted from Spitfire's announcements made to ASX entitled "Primary High-grade Gold Intersected at Mulwarrie" dated 3 July 2017 and "High Grade Primary Gold hits at Mulwarrie" dated 27 September 2017;

- the England Gold Project is extracted from Spitfire's announcement made to ASX entitled "Quarterly Activities Report" dated 28 July 2017;
- the Yoda Gold Project is extracted from Spitfire's announcement made to ASX entitled "Quarterly Activities Report" dated 28 July 2017; and
- the South Woodie Woodie Manganese Project is extracted from Spitfire's announcement made to ASX entitled "Quarterly Activities Report" dated 28 July 2017,

and are available to view, along with additional information in relation to the above projects, on Spitfire's website.

The information in this Scheme Booklet relating to Exploration Targets, Exploration Results and Mineral Resources on Spitfire's Projects is based on information compiled by Spitfire's Managing Director, Mr John Young, is a "Competent Person as defined in the JORC Code 2012, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Young has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the type of activity described to qualify as a "Competent Person" as defined in the JORC Code 2012. Mr Young has disclosed to Aphrodite and Spitfire that he is a substantial shareholder in Spitfire. Mr Young consents to the inclusion in this Scheme Booklet of the matters based on his information in the form and content in which it appears.

14.28 No other material information

Other than as set out in this Scheme Booklet, including the Annexures to this Scheme Booklet, there is no information material to the making of a decision in relation to the Scheme or a decision by an Aphrodite Shareholder whether or not to vote in favour of the Scheme, being information that is within the knowledge of any Aphrodite Directors or of a Related Body Corporate of Aphrodite and which has not previously been disclosed to Aphrodite Shareholders.

15. Glossary of defined terms

The following defined terms used throughout this Scheme Booklet have the meaning set out below unless the context otherwise requires.

A\$ or \$	The lawful currency of Australia.
AASB	The Australian Accounting Standards Board, being the Australian Regulatory Authority responsible for developing and issuing accounting standards applicable to Australian entities and the “care and maintenance” of the body of standards as set out in the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
AASB Standards	The Australian Accounting Standards issued by the AASB.
Annexure	An annexure of this Scheme Booklet.
Announcement Date	14 August 2017, being the date of announcement of the proposed Merger between Spitfire and Aphrodite.
Aphrodite or Company	Aphrodite Gold Limited (ACN 138 879 928).
Aphrodite Board	The board of Aphrodite Directors as at the date of this Scheme Booklet.
Aphrodite Directors	The directors of Aphrodite.
Aphrodite Group	Aphrodite and its subsidiaries.
Aphrodite JORC Resource	Has the meaning in Section 1.5.
Aphrodite Option	An option to subscribe for an Aphrodite Share.
Aphrodite Option Register	The register of Aphrodite Optionholders maintained by Security Transfer in accordance with the Corporations Act.
Aphrodite Optionholder	Each person who is registered in the Aphrodite Option Register from time to time as the holder of an Aphrodite Option.
Aphrodite Prescribed Event	Has the meaning given to the term “AQQ Prescribed Event” in clause 1.1 of the Merger Implementation Agreement (see Annexure B).
Aphrodite Security	Aphrodite Share or Aphrodite Option.
Aphrodite Share	A fully paid ordinary share in the capital of Aphrodite.
Aphrodite Share Register	The register of Aphrodite Shareholders maintained by Security Transfer in accordance with the Corporations Act.
Aphrodite Shareholder	Each person who is registered in the Aphrodite Share Register from time to time as the holder of an Aphrodite Share.
ASIC	The Australian Securities and Investments Commission.
Associate	Has the meaning given to it in the Corporations Act.

ASX	ASX Limited ABN 98 008 624 691.
ASX Listing Rules	The listing rules of ASX.
ASX Settlement Rules	The settlement rules of ASX Settlement Pty Ltd ACN 008 504 532.
ATO	Australian Taxation Office.
Business Day	A day as defined in the Listing Rules other than any day which banks are not open for general banking business in Melbourne, Victoria.
CGT	Capital Gains Tax, as defined in the <i>Income Tax Assessment Act 1997</i> .
Cash Proceeds	The sale proceeds of New Spitfire Shares sold under the Sale Facility by the Sale Agent in respect of Ineligible Foreign Shareholders, less any applicable brokerage, selling costs, taxes and charges.
Competing Transaction	Any proposed or potential transaction or arrangement (including any takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares, joint venture or dual listed company structure) in relation to Aphrodite or Spitfire under which a third party would, if completed: (a) directly or indirectly, acquire an interest or Relevant Interest in or become the holder of: (i) 20% or more of the relevant party's shares or more than 50% of the shares in any of the relevant party's Subsidiaries; or (ii) all or a substantial part or a material part of the business of the relevant party or any of its Subsidiaries, (b) directly or indirectly acquire control of the relevant party, within the meaning of section 50AA of the Corporations Act; or (c) otherwise acquire or merge (including, without limitation, by a reverse takeover bid or dual listed company structure) with the relevant party.
Computershare	Computershare Investor Services Pty Limited ACN 078 279 277, the share and option registry for Spitfire.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	The <i>Corporations Regulations 2001</i> (Cth).
Court	The Federal Court of Australia, or such other court of competent jurisdiction as agreed in writing by the parties.

Deed Poll	The deed poll dated 8 November 2017 executed by Spitfire whereby, among other things, Spitfire covenants to carry out its obligations under the Scheme, as set out in Annexure D.
Effective	When used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) and 411(6) in relation to the Scheme.
Effective Date	The date on which the Scheme becomes Effective.
Electing Small Shareholders	A Small Shareholder that has validly elected to receive cash proceeds instead of being issued New Spitfire Shares to which it is entitled.
Election Form	An election form for Small Shareholders which either accompanies this Scheme Booklet or is sent to a Small Shareholder by the Aphrodite share registry.
End Date	4 March 2018 or such other date as Spitfire and Aphrodite may agree.
Implementation Date	The date that is the fifth Business Day after the Record Date.
Independent Expert	BDO Corporate Finance (WA) Pty Ltd.
Independent Expert's Report	The report of the Independent Expert in relation to the Scheme as set out in Annexure A of this Scheme Booklet.
Independent Technical Report	The report of the Technical Expert set out in Annexure 4 of the Independent Expert's Report.
Ineligible Foreign Shareholder	An Aphrodite Shareholder whose address as shown in the Aphrodite Share Register at 5.00pm on the Record Date is a place outside Australia or its external territories or New Zealand, other than one in respect of whom Spitfire is satisfied that the laws of the Aphrodite Shareholder's country of residence (as shown in the Aphrodite Share Register) would permit the issue and allotment of New Spitfire Shares, either unconditionally or after compliance with conditions which Spitfire in its sole discretion regards as acceptable and not unduly onerous.
Interested Person	A person named in Section 14.12.
JORC Code 2012	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition.
Material Adverse Change	Has the meaning given to that term in clause 1.1 of the Merger Implementation Agreement (see Annexure B).
Merged Group	The corporate group comprising Spitfire and its subsidiaries, including Aphrodite and its subsidiaries, if the Scheme is implemented.
Merged Group Board	The board of directors of Spitfire, after the implementation of the Scheme.

Merger	The proposed merger between Spitfire and Aphrodite on the terms and conditions in this Scheme Booklet.
Merger Implementation Agreement or MIA	The merger implementation agreement dated 4 September 2017 between Aphrodite and Spitfire relating to the implementation of the Scheme, a copy of which is set out in Annexure B.
New Spitfire Option	Those Spitfire Options each exercisable at \$0.1158 on or before 19 August 2019 to be issued to the Aphrodite Optionholder in consideration for the cancellation of their Aphrodite Options pursuant to the Option Cancellation Deed.
New Spitfire Share	A Spitfire Share to be issued as consideration under the Scheme.
Option Cancellation Deed	The option deed between Aphrodite, Spitfire and the Aphrodite Optionholder dated on or about 4 September 2017 relating to the cancellation of Aphrodite Options in exchange for the grant of New Spitfire Options at a ratio of 1 New Spitfire Option for every 2.8959 Aphrodite Options held.
Plan	The Spitfire employee incentive scheme approved by Spitfire's shareholders on 29 June 2017.
Record Date	The fifth Business Day after the Effective Date.
Regulatory Authority	Includes: (a) ASX; (b) ASIC; (c) the Takeovers Panel; (d) a government or governmental, semi-governmental or judicial entity or authority; (e) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and (f) any regulatory organisation established under statute.
Related Body Corporate	The meaning given to it in the Corporations Act.
Relevant Interest	The meaning given to it in sections 608 and 609 of the Corporations Act.
Requisite Majority	In respect of the Scheme, approval by: (a) more than 50% in number of Aphrodite Shareholders (other than Spitfire) present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and (b) at least 75% of the total number of votes cast on the Scheme Resolution by Aphrodite Shareholders (other than Spitfire).

Sale Agent	Hartleys Limited (ACN 104 195 057) (AFSL 230 052), a nominee appointed by Spitfire to sell New Spitfire Shares on behalf of Ineligible Foreign Shareholders and Electing Small Shareholders.
Sale Facility	The mechanism by which Ineligible Foreign Shareholders and Electing Small Shareholders receive Cash Proceeds of any sale of New Spitfire Shares they would otherwise receive, as described in Section 5.9.
Security Transfer	Security Transfer Australia Pty Ltd ACN 008 894 488, the share and option registry for Aphrodite.
Scheme Booklet	This booklet that comprises the explanatory statement in respect of the Scheme to be approved by the Court and despatched to Aphrodite Shareholders, and includes the Annexures to this booklet.
Scheme Conditions	The conditions for implementation of the Scheme as set out in Schedule 3 to the Merger Implementation Agreement and clause 3.1 of the Scheme.
Scheme	The scheme of arrangement between Aphrodite and the Scheme Participants as described in clause 4 of the Merger Implementation Agreement and set out in Annexure C.
Scheme Consideration	New Spitfire Shares to be issued to Scheme Participants under the terms of the Scheme in consideration for the transfer to Spitfire of Aphrodite Shares or the Cash Proceeds equivalent to be paid under the Sale Facility.
Scheme Meeting	The meeting of Aphrodite Shareholders to be held on Monday, 18 December 2017 to consider and vote on the Scheme. The notice convening the Scheme Meeting is set out in Annexure E.
Scheme Participant	Each person (other than Spitfire) who is registered in the Aphrodite Share Register as the holder of an Aphrodite Share as at 5.00pm on the Record Date.
Scheme Resolution	The resolution set out in the Notice of Scheme Meeting set out in Annexure E.
Scheme Shareholder	Each person who is an Aphrodite Shareholder as at the Record Date.
Second Court Date	The first day of the Second Court Hearing.
Second Court Hearing	The hearing of the application made to the Court for an order pursuant to sections 411(4)(b) and 411(6) of the Corporations Act approving the Scheme.
Section	A section of this Scheme Booklet.
Small Shareholders	A Scheme Shareholder who is entitled to receive 5,000 or less New Spitfire Shares under the Share Scheme.
Spitfire Board	The board of Spitfire Directors as at the date of this Scheme Booklet.
Spitfire Directors	The directors of Spitfire.

Spitfire Group	Spitfire and its subsidiaries.
Spitfire Information	The information concerning Spitfire and the Merged Group provided by Spitfire to Aphrodite in writing for inclusion in this Scheme Booklet.
Spitfire or SPI	Spitfire Materials Limited (ACN 125 578 743).
Spitfire Option	An unlisted option to subscribe for a Spitfire Share.
Spitfire Performance Rights	A performance right issued under the Plan for eligible employees which vest upon the satisfaction of certain performance milestones.
Spitfire Prescribed Event	Has the meaning given to the term “SPI Prescribed Event” in clause 1.1 of the Merger Implementation Agreement (see Annexure B).
Spitfire Share	A fully paid ordinary share in the capital of Spitfire.
Spitfire Register	The register of Spitfire Shareholders maintained by Computershare.
Spitfire Shareholder	Each person who is registered in the Spitfire Share Register from time to time as the holder of a Spitfire Share.
Subsidiaries	Has the meaning it has in the Corporations Act.
Superior Proposal	A bona fide Competing Transaction which the Aphrodite Board or Spitfire Board (as applicable), acting in good faith, and after receiving written advice from its legal and financial advisers, determines: (a) is reasonably capable of being implemented taking into account all aspects of the Competing Transaction; and (b) is more favourable to Aphrodite Shareholders or Spitfire Shareholders (as applicable) than the Scheme, taking into account all terms and conditions of the Competing Transaction.
Technical Expert	Jewell Dunbar Pty Ltd t/a Dunbar Resource Management.

Annexure A – Independent Expert’s Report



APHRODITE GOLD LIMITED **Independent Expert's Report**

16 October 2017



Financial Services Guide

16 October 2017

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Aphrodite Gold Limited ('**Aphrodite**') to provide an independent expert's report on the proposed merger between Aphrodite and Spitfire Materials Limited ('**Spitfire**'), whereby Spitfire has agreed to acquire all of the issued capital of Aphrodite that it does not already own, by way of a scheme of arrangement ('**the Scheme**'). You will be provided with a copy of our report as a retail client because you are a shareholder of Aphrodite.

Financial Services Guide

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

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$40,000.

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

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Aphrodite for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

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

Complaints resolution*Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

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

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1800 367 287
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 - Glossary and copyright notice

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Appendix 4 - Independent Technical Report

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16 October 2017

The Directors
Aphrodite Gold Limited
116 Harrick Road
Keilor Park, VIC 3042

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 14 August 2017, Aphrodite Gold Limited ('**Aphrodite**' or '**the Company**') announced that it had entered into a binding terms sheet to merge with Spitfire Materials Limited ('**Spitfire**'), whereby Spitfire has agreed to acquire all of the issued capital of Aphrodite that it does not already own, by way of a scheme of arrangement ('**the Scheme**'). The shareholders of Aphrodite (with the exception of Spitfire) ('**Shareholders**') will receive one share in Spitfire representing the combined entity of Spitfire and Aphrodite following the Scheme ('**Proposed Merged Entity**') for every 2.8959 Aphrodite shares held.

On 4 September 2017, the Company announced that Aphrodite and Spitfire had signed a Merger Implementation Agreement to implement the merger on the terms outlined above ('**MIA**'). Additional information on the terms of, and conditions precedent to the Scheme can be found in Section 4.

All currencies in this report are expressed in Australian Dollars unless otherwise specified.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Aphrodite have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not the Scheme is in the best interests of Shareholders.

Our Report is prepared pursuant to Section 411 of the Corporations Act 2001 Cth ('**Corporations Act**' or '**the Act**') and is to be included in the scheme booklet to be produced in connection with the Scheme ('**Scheme Booklet**') in order to assist the Shareholders in their decision whether to approve the Scheme.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('**ASIC**') Regulatory Guide 60 'Schemes of Arrangements' ('**RG 60**'), Regulatory Guide 111 'Content of Expert's Reports' ('**RG 111**') and Regulatory Guide 112 'Independence of Experts' ('**RG 112**').

In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of our Report. We have considered the following:

- how the value of 2.8959 shares in Aphrodite prior to the implementation of the Scheme, on a minority interest basis, compares to the value of a share in the Proposed Merged Entity, on a minority interest basis;
- whether the Scheme constitutes a “merger of entities of equivalent value”;
- a post-merger analysis;
- the likelihood of an alternative offer being made to Aphrodite;
- other factors which we consider to be relevant to the Shareholders in their assessment of the Scheme; and
- the position of Shareholders should the Scheme not proceed.

2.3 Opinion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of an alternate offer, the Scheme is fair and reasonable to Shareholders.

Therefore, in the absence of a superior proposal, we conclude that the Scheme is in the best interests of Shareholders.

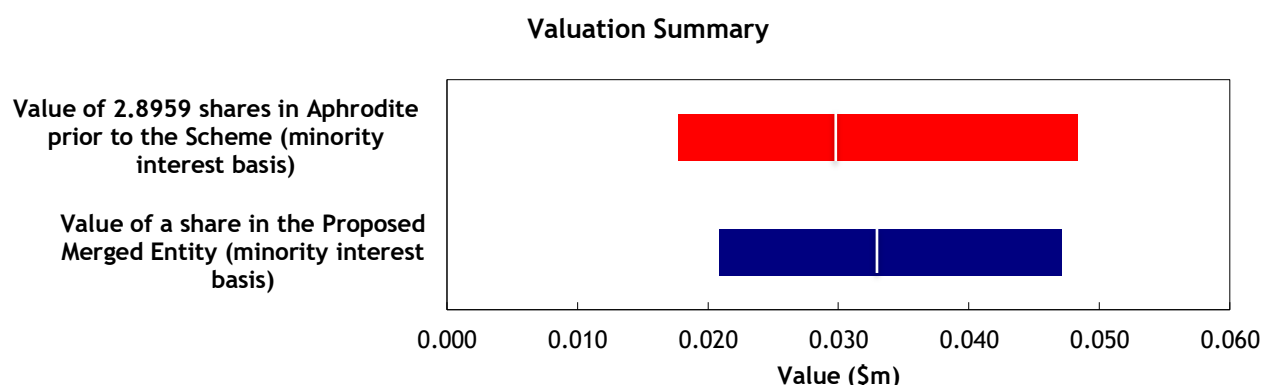
2.4 Fairness

In Section 13 we determined that the value of 2.8959 shares in Aphrodite prior to the implementation of the Scheme, on a minority interest basis, compares to the value of a share in the Proposed Merged Entity to be received by Shareholders as consideration under the Scheme, on a minority interest basis, as detailed below.

Fairness assessment	Ref	Low \$	Preferred \$	High \$
Value of 2.8959 shares in Aphrodite prior to the implementation of the Scheme (minority interest basis)	11.3	0.018	0.030	0.048
Value of a share in the Proposed Merged Entity (minority interest basis)	12.1	0.021	0.033	0.047

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of a superior offer and any other relevant information, the Scheme is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in Section 14 of this report, in terms of both:

- advantages and disadvantages of the Scheme; and
- other considerations, including the position of Shareholders if the Scheme does not proceed.

In our opinion, the position of Shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the Scheme is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
14.1.1	The Scheme is fair	14.2.1	The Scheme will result in the dilution of existing Shareholders' interests
14.1.2	Provides Shareholders with immediate exposure to a portfolio of diversified assets	14.2.2	Some ineligible Shareholders may not be able to receive shares in the Proposed Merged Entity
14.1.3	The Aphrodite Project and Mulwarrie Project are complementary mineral assets, which may enable the Proposed Merged Entity to benefit from potential costs synergies		
14.1.4	Creation of a combined group with a stronger financial position		
14.1.5	The Proposed Merged Entity will have a larger market presence, which may result in improved liquidity and an increased ability to raise capital		
14.1.6	Broader expertise and increased experience of the board of directors of the Proposed Merged Entity		

Other key matters we have considered include:

Section	Description
14.3.1	Alternative proposals
14.3.2	Practical level of control
14.3.3	Post-announcement pricing
14.3.4	Shareholders' investment profile will change
14.3.5	Taxation implications

3. Scope of the Report

3.1 Purpose of the Report

The Scheme is to be implemented pursuant to Section 411 of the Corporations Act ('**Section 411**'). Part 3 of Schedule 8 to the Corporations Regulations 2001 (Cth) ('**Regulations**') prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to Section 411.

An independent expert's report must be obtained by a scheme company if:

- there are one or more common directors; or
- the other party to the scheme holds 30% or more of the voting shares in the scheme company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company the subject of the scheme and setting out his or her reasons for that opinion.

There are no common directors of Aphrodite and Spitfire nor is there any other party to the Scheme that holds 30% or more of the scheme company. Accordingly, there is no requirement for this report pursuant to Section 411. Notwithstanding the fact that there is no legal requirement to engage an independent expert to report on the Scheme, the directors of Aphrodite have requested that BDO prepare this report as if it were an independent expert's report pursuant to Section 411, and to provide an opinion as to whether the directors of Aphrodite are justified in recommending the Scheme in the absence of an alternate proposal.

3.2 Regulatory guidance

Neither the Act nor the Regulations define the term 'in the best interests of'. In determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of 'control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, 'in the best interests' must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available.

The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a ‘fair and reasonable’ assessment in the case of a takeover. If the expert would conclude that a proposal was ‘fair and reasonable’; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of ‘in the best interests’ does not imply the best possible outcome for shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being ‘not fair’ the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Furthermore, RG 111.31 requires the expert to assess whether a scrip takeover is in effect a “merger of entities of equivalent value (**‘Merger of Equals’**) when control of the merged entity will be shared equally between the bidder and the target. In our assessment of whether the Scheme should be analysed as a Merger of Equals, we have considered the following factors:

- the collective interest of Shareholders and Spitfire shareholders in the Proposed Merged Entity;
- the contribution by Aphrodite and Spitfire to the assets and liabilities of the Proposed Merged Entity;
- the comparative trading performance of Aphrodite’s and Spitfire’s securities, and their relative market capitalisations;
- the composition of the board of directors and senior management of the Proposed Merged Entity;
- the intentions of the board of directors of both companies upon implementing the Scheme;
- whether any shareholders from either company will be in a position to control or significantly influence the Proposed Merged Entity; and
- whether implementing the Scheme precludes Shareholders and Spitfire shareholders from receiving a control premium for their shares in the future.

Following the implementation of the Scheme, Shareholders will collectively hold approximately 47.26% of the Proposed Merged Entity’s issued capital on an undiluted basis with Spitfire shareholders retaining approximately 52.74% on an undiluted basis. On a diluted basis, Shareholders and Spitfire shareholders will have interest of approximately 44.85% and 55.15% in the Proposed Merged Entity, respectively.

The net asset value of Aphrodite and Spitfire prior to the implementation of the Scheme is approximately \$9.37 million and \$11.32 million (preferred value), respectively. Furthermore, the trading performance of Aphrodite’s and Spitfire’s securities on the Australian Securities Exchange (**‘ASX’**) are broadly similar with 13.33% and 9.34% of Aphrodite’s and Spitfire’s issued capital being traded in the 90-day period prior to the announcement of the Scheme, respectively. However, we note that on 11 August 2017, being the last full trading day prior to the announcement of the Scheme, Aphrodite had a market capitalisation of \$17.01 million and Spitfire had a market capitalisation of \$32.07 million.

The board of the Proposed Merged Entity will have four members, with two from each of Aphrodite and Spitfire. It is the intention of this board that the business of Aphrodite will be integrated in to Spitfire’s existing business and will be continued substantially in the same manner as it is presently being

conducted. Following the implementation of the Scheme, there will not be a single shareholder or group of associated shareholders holding in excess of 20% of the issued capital of the Proposed Merged Entity. This means that the Scheme does not preclude Aphrodite and Spitfire shareholders from receiving a control premium for their shares in the future.

Having regard to these factors, we consider that the Scheme should be evaluated as a Merger of Equals and not a control transaction. Consequently, the consideration offered and securities given up should be assessed on an equivalent basis. As the implementation of the Scheme will not preclude either Aphrodite's or Spitfire's shareholders from receiving a control premium for their shares in the future, we have assessed the consideration offered and securities given up, on a minority interest basis.

Accordingly, BDO has completed this comparison in three parts:

- a comparison between the value of 2.8959 shares in Aphrodite prior to the implementation of the Scheme, on a minority interest basis and the value of a share in the Proposed Merged Entity on a minority interest basis (fairness - see Section 13 'Is the Scheme Fair?');
- an investigation into other significant factors to which Shareholders might give consideration, prior to approving the Scheme, after reference to the value derived above (reasonableness - see Section 14 'Is the Scheme Reasonable?'); and
- a consideration of whether the Scheme is in the best interests of Shareholders.

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225'). A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Scheme

On 14 August 2017, Aphrodite announced that it had entered into a binding terms sheet to merge with Spitfire, whereby Spitfire has agreed to acquire all of the issued capital of Aphrodite that it does not already own, by way of a scheme of arrangement. Under the Scheme, Shareholders will receive one share in the Proposed Merged Entity for every 2.8959 Aphrodite shares held. The terms sheet was subject to a number of conditions including mutual due diligence and the parties entering into a Merger Implementation Agreement. On 4 September 2017, the Company announced that Aphrodite and Spitfire had signed the MIA to implement the merger on the terms outlined above.

As at the date of our report, Aphrodite has a total of 40,000,000 options on issue with an exercise price of \$0.04, which expire on 19 August 2019 ('**Aphrodite Options**'). Under the MIA, Spitfire and Aphrodite entered into an option cancellation deed with the holder of the Aphrodite Options ('**Aphrodite Optionholder**'), pursuant to which the Aphrodite Optionholder has agreed to the cancellation of their Aphrodite Options, in exchange for options in the Proposed Merged Entity ('**Proposed Merged Entity Options**') at a ratio of 1 for every 2.8959 Aphrodite Options held ('**Option Cancellation Deed**'). This will result in 13,812,635 Proposed Merged Entity Options being granted assuming that no Aphrodite Options are exercised before the record date for determining entitlements to the Scheme consideration ('**Record Date**'). The terms of the Proposed Merged Entity Options are detailed in Section 7.3 of our Report.

Upon completion of the Scheme, Shareholders and Spitfire shareholders will have interests of approximately 47.26% and 52.74% in the Proposed Merged Entity on an undiluted basis, respectively. On a diluted basis, Shareholders and Spitfire shareholders will have interests of approximately 44.85% and 55.15% in the Proposed Merged Entity, respectively. The shareholdings following the implementation of the Scheme are set out in the table below:

Scheme summary	Number
Scheme consideration	
Number of Aphrodite shares on issue prior to the Scheme (at the date of our Report)	714,369,970
Number of Aphrodite shares on issue held by Shareholders prior to the Scheme (at the date of our Report) (89.62%)	640,240,228
Exchange ratio (1 Proposed Merged Entity share/2.8959 Aphrodite shares)	2.8959
Total number of Proposed Merged Entity shares to be issued to Shareholders under the Scheme	221,085,061
Proposed Merged Entity following the Scheme (undiluted basis)	
Number of Spitfire shares on issue prior to the Scheme (at the date of our Report)	246,683,293
Total number of Proposed Merged Entity shares to be issued to Shareholders under the Scheme	221,085,061
Total number of shares on issue in the Proposed Merged Entity on completion of the Scheme (undiluted basis)	467,768,354
<i>Percentage of the Proposed Merged Entity retained by Spitfire shareholders</i>	52.74%
<i>Percentage of the Proposed Merged Entity held by Shareholders</i>	47.26%
	100.00%
Proposed Merged Entity following the Scheme (diluted basis)	
Number of Spitfire shares on issue prior to the Scheme (at the date of our Report)	246,683,293
Number of Spitfire options on issue (at the date of our Report)	22,125,000
Number of Spitfire performance rights on issue (at the date of our Report)	20,000,000
Total number of Spitfire shares on issue prior to the Scheme (diluted basis)	288,808,293
Total number of Proposed Merged Entity shares to be issued to Shareholders under the Scheme	221,085,061
Number of Proposed Merged Entity Options to be issued to the Aphrodite Optionholder under the Scheme (40,000,000 Aphrodite Options/2.8959)	13,812,635
Total number of Proposed Merged Entity shares to be issued under the Scheme (diluted basis)	234,897,696
Total number of shares on issue in the Proposed Merged Entity on completion of the Scheme (diluted basis)	523,705,989
<i>Percentage of the Proposed Merged Entity retained by Spitfire shareholders</i>	55.15%
<i>Percentage of the Proposed Merged Entity held by Shareholders</i>	44.85%
	100.00%

Source: BDO analysis

Conditions of the Scheme

The Scheme and various obligations of Aphrodite and Spitfire are conditional upon, but not limited to the following:

- regulatory approvals of ASIC and ASX, in addition to all other consents, waivers and approvals of a regulatory authority, are obtained;
- approval of the Scheme by the requisite majority of Shareholders, in accordance with Section 411 of the Act, at the Scheme Meeting;
- Court approval of the Scheme in accordance with Section 411 of the Act; and
- the independent expert concluding that the Scheme is in the best interest of Shareholders.

Further disclosure of the conditions precedent to the Scheme is included in Section 12 of the Scheme Booklet.

Ineligible Foreign Shareholders

Each Shareholder whose address is recorded in Aphrodite's share registry at the Record Date as being outside of Australia or its external territories or New Zealand, will be in an ineligible foreign shareholder ('**Ineligible Foreign Shareholder**') for the purpose of the Scheme. The shares in the Proposed Merged Entity, that would have been issued to the Ineligible Foreign Shareholders will be issued to a sale facility agent or nominee of the sale facility agent ('**Sale Agent**') that will sell or procure the sale of all the shares in the Proposed Merged Entity, that would have been issued to the Ineligible Foreign Shareholders. The Sale Agent will then pay to the Ineligible Foreign Shareholders their proportion of the cash proceeds, being the net cash proceeds of the sale of the relevant shares in the Proposed Merged Entity after deduction of any applicable brokerage and other selling costs, taxes and charges.

Further details of the Ineligible Foreign Shareholders and treatment of their shareholding in Aphrodite upon the Scheme being implemented, is detailed in Section 5.7 of the Scheme Booklet.

Small Shareholders

Shareholders who are entitled to receive 5,000 or less shares in the Proposed Merged Entity under the Scheme may elect to have those shares allotted to the Sale Agent and receive the cash proceeds instead.

5. Profile of Aphrodite

5.1 Overview

Aphrodite is a gold exploration company focused on developing its 100% owned Aphrodite Gold Project ('**Aphrodite Project**'), which is located in Western Australia's Eastern Goldfields region. The Company was founded in 2009 and subsequently listed on the ASX on 7 July 2010. Aphrodite's registered office is located in Melbourne, Victoria.

The Company's current board members and senior management are listed below:

- Mr Peter Buttigieg - Chairman and Non-Executive Director;
- Mr Angus Middleton - Non-Executive Director;
- Mr Roger Mitchell - Non-Executive Director;
- Mr Paul Buttigieg - Non-Executive Director; and

- Mr Michael Beer - Company Secretary.

5.2 Recent Corporate Events

On 28 June 2016, Aphrodite announced that it had completed a \$1.99 million placement in which it issued 104,918,879 shares at \$0.019 to institutional and professional investors. 45,889,417 of these shares were issued in accordance with the Company's existing placement capacity under ASX Listing Rule 7.1A. An additional 1,700,000 shares were approved by Shareholders on 19 August 2017 and subsequently issued at \$0.019 to raise a further \$32,300 before costs. Funds raised primarily contributed to the prefeasibility study at the Aphrodite Project ('PFS'), which incurred costs of drilling for resource definition, metallurgical samples and geotechnical sampling.

On 19 August 2016, the Company also announced that it had issued 128,973,726 shares at \$0.019 as part of a share purchase plan which raised \$2.45 million before costs. These funds further contributed to the PFS and ongoing operations of the Company.

5.3 Aphrodite Project

The Aphrodite Project is the Company's sole exploration project, located 65 kilometres ('km') north of Kalgoorlie in Western Australia. Kalgoorlie is a major logistic and services hub in close proximity to the Aphrodite Project, which provides the Company with access to major infrastructure and workforces that are necessary to develop the Aphrodite Project.

The Aphrodite Project comprises five tenements which are 100% owned by Aphrodite and grant the Company exploration rights for a further 12 to 13 years, with the earliest tenement expiry in 2028. An integrated, three-stage development program is proposed for the site, incorporating initial open pit mining of the oxide/supergene zone before transitioning to the underground mining and processing of the refractory component of the Aphrodite deposit.

On 29 February 2016, Aphrodite announced the results of the scoping study into the development of an initial open pit mining operation based on the oxide/supergene and transition zone resources of the Aphrodite deposit. Following the positive scoping study, Aphrodite commenced the PFS and exploration program in mid-August 2016.

On 27 June 2017, Aphrodite announced the results of the PFS, which included an update to the mineral resource estimation, a comprehensive metallurgical test work program, process design package as well as an optimisation, design and cost schedule of the open pit mine.

On 10 July 2017, the Company announced it had entered into a memorandum of understanding ('MOU') to process Aphrodite's gold ore at Poseidon Nickel Limited's ('Poseidon') Black Swan Processing Facility. Under the MOU, Aphrodite is to farm in its gold tenements and Poseidon the Black Swan Processing Facility and infrastructure, into a 50:50 Special Purpose Vehicle. Aphrodite and Poseidon have agreed that the purpose of the Special Purpose Vehicle is to share equally the definitive feasibility study costs, capital development costs, operating costs and after tax net profits earned in respect of mining and processing gold.

Further information on the Aphrodite Project may be found in Appendix 4.

5.4 Historical Statements of Financial Position

Statement of Financial Position	Audited as at 30-Jun-17 \$	Audited as at 30-Jun-16 \$	Audited as at 30-Jun-15 \$
CURRENT ASSETS			
Cash and cash equivalents	900,808	1,993,679	104,351
Trade and other receivables	769,156	46,462	127,073
Other assets	3,979	3,979	3,979
TOTAL CURRENT ASSETS	1,673,943	2,044,120	235,403
NON-CURRENT ASSETS			
Property, plant and equipment	39,630	53,835	77,511
Exploration and evaluation costs	27,777,082	25,033,489	24,381,169
TOTAL NON-CURRENT ASSETS	27,816,712	25,087,324	24,458,680
TOTAL ASSETS	29,490,655	27,131,444	24,694,083
CURRENT LIABILITIES			
Trade and other payables	673,892	277,443	89,980
Funds received in advance	-	32,300	-
Borrowings	250,000	-	-
TOTAL CURRENT LIABILITIES	923,892	309,743	89,980
NON-CURRENT LIABILITIES			
Borrowings	2,250,000	2,500,000	2,500,000
TOTAL NON-CURRENT LIABILITIES	2,250,000	2,500,000	2,500,000
TOTAL LIABILITIES	3,173,892	2,809,743	2,589,980
NET ASSETS	26,316,763	24,321,701	22,104,103
EQUITY			
Issued capital	29,773,855	27,615,976	25,573,473
Reserves	388,000	-	-
Accumulated losses	(3,845,092)	(3,294,275)	(3,469,370)
TOTAL EQUITY	26,316,763	24,321,701	22,104,103

Source: Aphrodite's audited financial statements for the years ended 30 June 2015, 30 June 2016 and 30 June 2017

The Company's auditor issued a qualified opinion for the year ended 30 June 2017 relating to the carrying value of exploration and evaluation costs. Specifically, the auditor was unable to obtain sufficient audit evidence to support the Directors' assessment that the carrying value of its mineral assets at 30 June 2017 (\$27.78 million) was at least equal to its recoverable amount. The auditor also included an Emphasis of Matter relating to the material uncertainty of the Company's ability to continue as a going concern.

Commentary on Aphrodite's Historical Statements of Financial Position

- Cash and cash equivalents increased from \$0.10 million at 30 June 2015 to \$1.99 million at 30 June 2016. The increase of \$1.89 million was primarily the result of \$1.99 million in proceeds from the issue of shares and \$0.74 million in research and development refunds, which was partially offset by \$0.44 million in exploration and evaluation costs, and \$0.38 million in payments to suppliers and employees.

Cash and cash equivalents decreased from \$1.99 million at 30 June 2016 to \$0.90 million at 30 June 2017. The decrease of \$1.09 million was mainly due to exploration and evaluation costs of

\$2.62 million, and payment to suppliers and employees of \$0.91 million, which were partially offset by \$2.45 million in proceeds from the issue of shares.

- Exploration and evaluation costs increased from \$25.03 million at 30 June 2016 to \$27.78 million at 30 June 2017, as a result of \$2.75 million of exploration expenditure being capitalised during the year.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area. Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

We note that on 16 October 2017, Aphrodite announced that it had completed an impairment review in relation to the carrying value of the Company's exploration and evaluation assets in the Company's accounts as at 30 June 2017 of \$27.77 million. Following a review of the Independent Technical Report, the Company's board determined to take the necessary step of writing down the carrying value of the Company's exploration and evaluation assets in its accounts to \$12.5 million (being the preferred value in the Independent Technical Report).

- Current borrowings of \$0.25 million at 30 June 2017, related to the current portion of a \$2.50 million interest free royalty advance from Franco-Nevada received in 2012 (**'Franco-Nevada Advance'**). The Franco-Nevada Advance has been treated as a financial liability measured initially at its fair value. The advance requires no repayments for five years from receipt, and which, provided that production at the Aphrodite Project commences within that time, automatically converts to a 2.5% royalty (**'Franco-Nevada Royalty'**). Should production not commence within five years from receipt, then the Company will make annual payments of \$0.25 million per annum, which will be fully offset against the Franco-Nevada Royalty when the Aphrodite Project does commence production.
- Non-current borrowings of \$2.25 million at 30 June 2017, related to the non-current portion of the Franco-Nevada Advance, which is recorded as a financial liability measured at its fair value.
- Issued capital increased from \$25.57 million at 30 June 2015 to \$27.62 million at 30 June 2016. The Company issued the following shares during the year ended 30 June 2016:
 - 7,500,000 shares issued at \$0.0099 per share to raise \$0.07 million;
 - 9,804,663 shares issued at \$0.008 per share to raise \$0.08 million; and
 - 104,918,879 shares issued at \$0.019 per share to raise \$1.99 million.

Issued capital increased from \$27.62 million at 30 June 2016 to \$29.77 million at 30 June 2017. The Company issued the following shares during the year ended 30 June 2017:

- 4,483,874 shares issued at \$0.0178 per share to raise \$0.08 million; and
- 130,673,726 shares issued at \$0.019 per share to raise \$2.48 million.
- Reserves of \$0.39 million at 30 June 2017, relate solely to the equity component of 40,000,000 options issued as part of a brokerage fee package for a share placement. The options are exercisable at \$0.04 on or before 19 August 2019.

5.5 Historical Statements of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-17 \$	Audited for the year ended 30-Jun-16 \$	Audited for the year ended 30-Jun-15 \$
Other income			
Interest income	2,155	3,051	59
Sales of shares in joint venture	-	-	50,000
Total other income	2,155	3,051	50,059
Expenses			
Depreciation	(14,205)	(23,676)	(28,946)
Financing expenses	-	(273)	(270,789)
Impairment of exploration and evaluation	-	-	(19,754)
Other expenses	(989,069)	(543,957)	(498,771)
Total Expenses	(1,003,274)	(567,906)	(818,260)
(Loss) before income tax	(1,001,119)	(564,855)	(768,201)
Income tax benefit	450,302	739,950	-
Total comprehensive profit/(loss) for the year	(550,817)	175,095	(768,201)

Source: Aphrodite's audited financial statements for the years ended 30 June 2015, 30 June 2016 and 30 June 2017

Commentary on Aphrodite's Historical Statements of Profit or Loss and Other Comprehensive Income

- Sales of shares in joint venture of \$0.05 million for the year ended 30 June 2015, related to the Company's interest in the Scotia Joint Venture, which it sold to Minotaur Exploration Limited.
- Financing expenses of \$0.27 million for the year ended 30 June 2015, comprised \$0.14 million in interest expense and \$0.13 million in convertible note accretion expense.
- Other expenses of \$0.99 million for the year ended 30 June 2017, primarily comprised \$0.37 million in legal fees, \$0.22 million in director fees and \$0.16 million in consultant fees.
- Income tax benefit of \$0.74 million for the year ended 30 June 2016, primarily related to a research and development tax offset of \$0.74 million, prima facie tax payable on profit from original activities of \$0.17 million and a temporary difference attributable to deferred tax assets not brought to account of \$0.16 million. These were offset by a loss of \$0.29 million attributable to a deferred tax asset not brought to account and expenditure not allowed for income tax purposes of \$0.03 million.

Income tax benefit of \$0.45 million for the year ended 30 June 2017, primarily related to a temporary difference attributable to deferred tax assets not brought to account of \$0.73 million, a research and development tax offset of \$0.45 million and prima facie tax payable on profit from original activities of \$0.28 million. These were partially offset by a loss of \$1.00 million attributable to a deferred tax asset not brought to account.

5.6 Capital Structure

The share structure of Aphrodite as at 27 September 2017 is outlined below:

	Number
Total ordinary shares on issue	714,369,970
Top 20 shareholders	447,428,037
Top 20 shareholders - % of shares on issue	62.63%

Source: Aphrodite's share register

The range of shares held in Aphrodite as at 27 September 2017 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	42	5,092	0.00%
1,001 - 5,000	17	68,266	0.01%
5,001 - 10,000	51	467,190	0.07%
10,001 - 100,000	450	20,862,772	2.92%
100,001 - and over	427	692,966,650	97.00%
Total	987	714,369,970	100.00%

Source: Aphrodite's share register

The ordinary shares held by the most significant shareholders as at 27 September 2017 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
RMS (Aust) Pty Ltd	144,587,634	20.24%
Spitfire Materials Ltd	74,129,742	10.38%
P&J Buttigieg Nominees Pty	53,250,000	7.45%
Eshuys Super Pty Ltd	34,172,669	4.78%
Subtotal	306,140,045	42.85%
Others	408,229,925	57.15%
Total ordinary shares on issue	714,369,970	100.00%

Source: Aphrodite's share register

The outstanding options on issue in Aphrodite as at 27 September 2017 are outlined below:

Details	Cash raised if exercised (\$)
40,000,000 options at \$0.04 expiring on 19 August 2019	1,600,000
Total	1,600,000

Source: Aphrodite's share register

6. Profile of Spitfire

6.1 Overview

Spitfire is an Australian resource company focused on the identification, exploration and development of mineral assets, including gold and manganese. Spitfire listed on the ASX in December 2007 and has its registered office in North Fremantle, Western Australia. It also listed on the Frankfurt Stock Exchange ('FWB') on 2 June 2017.

On 30 June 2017, Spitfire completed its acquisition of unlisted gold explorer, Admiral Gold Limited ('Admiral') and with it, secured joint venture agreements over the Alice River Gold Project ('Alice River Project') in Queensland and the Mulwarrie Gold Project ('Mulwarrie Project') in Western Australia. Prior to the acquisition of Admiral, Spitfire's exploration portfolio comprised the England Gold Project ('England Project') in Western Australia, Yoda Gold Project ('Yoda Project') in the Northern Territory and South Woodie Woodie Manganese Project ('South Woodie Woodie Project') in WA.

The Company's current board members and senior management are listed below:

- Mr Alan Boys - Non-Executive Chairman;
- Mr John Young - Managing Director;
- Mr Neil Biddle - Executive Director; and
- Mr Russell Hardwick - Company Secretary.

6.2 Corporate Structure

Spitfire has the following wholly owned subsidiaries, which upon completion of the Scheme will remain wholly owned subsidiaries of the Proposed Merged Entity.

Corporate structure	Country of incorporation	Percentage of equity interest
Admiral Gold Limited	Australia	100%
Spitfire Australia (SWW) Pty Ltd	Australia	100%
Spitfire Global Pty Ltd	Australia	100%
Bellpiper Pty Ltd	Australia	100%
Startpart Holdings Pty Ltd	Australia	100%

Source: Spitfire's Annual Report for the year ended 30 June 2017

6.3 Recent Corporate Events

On 16 June 2016, Spitfire announced a \$1.2 million placement through the issue of 60,000,000 fully paid ordinary shares at \$0.02 per share. Proceeds from the issue were used to fund potential investments and acquisitions as well as for the maintenance of existing projects.

On 2 June 2017, Spitfire announced that it had listed its ordinary shares on the FWB as a result of growing interest from international investors following the acquisition of Admiral.

On 30 June 2017, following approval by shareholders, Spitfire announced that it had completed the acquisition of Admiral. The acquisition included farm-in and joint venture agreements for both the Alice River Project and the Mulwarrie Project.

On 3 July 2017, Spitfire completed a \$4.5 million placement through the issue of 75,000,000 shares at \$0.06. The capital raised will be used to fund advanced exploration and drilling at Spitfire's recently

acquired Alice River Project and Mulwarrie Project, and to support ongoing exploration at existing projects in addition to supplementing general working capital.

6.4 Current Projects

Alice River Project (Gold)

Located 470km north west of Cairns in north east Queensland, the Alice River Project encompasses eight exploration permits and eight granted mining leases covering a total of 808 square km. The project has a long history of exploration dating back to 1903 and has returned results of significant prospects for gold mineralisation hosted in shear zones across a 50km to 60km long north-west trending range.

In May 2017, an exploration licence was granted over the central shear zone providing continuous coverage over the eight tenements for a term of five years. Through the acquisition of Admiral, Spitfire owns the right to earn up to 100% interest of the Alice River Project by funding exploration.

A maiden drilling program commenced in October 2017 with further on-ground exploration pending negotiations regarding Native Title clearance work and agreements.

Prior to Admiral being acquired by Spitfire, Admiral entered into a joint venture with Tinpitch Pty Ltd ('**Tinpitch**') for the Alice River Project. Under the terms of the joint-venture, Admiral has the right, subject to earn-in stages, to acquire up to a 100% interest in the Alice River Project.

The earn-in stages are summarised below:

Stage 1: Admiral has the right to earn up to an initial 51% interest by:

- expending a minimum of \$1.00 million on exploration expenditure on or in relation to the Alice River Project by 14 March 2018, including satisfying a minimum expenditure commitment of \$0.75 million;
- expending a minimum of \$5.00 million on exploration of the Alice River Project, which shall include any amounts spent in satisfying the minimum expenditure commitment of \$0.75 million, by 14 March 2019 ('**Alice River Minimum Commitment**'); and
- completing a Scoping Study on the Alice River Project.

Stage 2: Subject to Admiral earning a 51% interest in the Alice River Project, Admiral has the right to earn up to an additional 24% interest, taking the Spitfire equity to 75%, by undertaking additional expenditure on exploration of the Alice River Project of not less than \$5.00 million by 14 March 2021.

Stage 3: Upon Admiral earning a 75% interest in the Alice River Project, there are a number of elections available to Tinpitch with respect to its remaining 25% interest and, upon completion of a Bankable Feasibility Study, Admiral has a call option to acquire Tinpitch's remaining 25% interest.

Mulwarrie Project (Gold)

The Mulwarrie Project is the second prospective gold project Spitfire acquired through the acquisition of Admiral, which grants Spitfire the right to earn up to a 70% interest by funding exploration. Located 150km north west of Kalgoorlie in Western Australia, the joint venture encompasses two adjoining tenements located 10km north west of the Davyhurt mining centre in the Ularring District of the north Coolgardie Mineral Field.

Drilling commenced at the Mulwarrie central and south prospects in May 2017. Gold mineralization was discovered below and along strike from the historical central open pit upgrading the potential of the project.

Prior to Admiral being acquired by Spitfire, Admiral entered into a binding terms sheet with Goldfield Argonaut Pty Ltd, pursuant to which, Admiral has the right, subject to earn-in stages, to acquire up to a 70% interest in the Mulwarrie Project.

The earn-in stages are summarised below:

Stage 1: Admiral has the right to earn up to an initial 51% interest in the Mulwarrie Project by:

- expending a minimum of \$0.20 million on exploration of the Mulwarrie Project and completing a total of 2,000 of Reverse Circulation and/or Diamond Drilling on the Mulwarrie Project by 31 July 2017; and
- expending a minimum of \$1.00 million on exploration of the Mulwarrie Project, which shall include any amounts spent in satisfying the minimum expenditure commitment of \$0.20 million, on or prior to 31 January 2018 (**'Mulwarrie Minimum Commitment'**).

Stage 2: Subject to Admiral earning a 51% interest in the Mulwarrie Project, Admiral has the right to earn up to an additional 19% interest, by undertaking additional expenditure on exploration of the Mulwarrie Project of not less than \$1.00 million, on or prior to 31 January 2019.

England Project (Gold)

The England Project is located 15km south south-west of Laverton in Western Australia and was acquired by Spitfire in October 2016. Historic exploration at the site identified holes with inconsistent gold mineralisation suggesting potential mesothermal gold mineralisation within the sheared and altered Archaean greenstones of the England Project area.

Yoda Project (Gold)

In December 2016, Spitfire acquired 100% of the granted exploration licence known as the Yoda Project which is located approximately 150km north east of Alice Springs in the Northern Territory.

Further exploration is necessary to test the extent of gold mineralisation however, negotiations are necessary to allow on-ground access to the project due to the location of Aboriginal sacred sites within the vicinity. Spitfire is currently investigating the commercial benefit of these negotiations.

South Woodie Woodie Project (Manganese)

The South Woodie Woodie Manganese Project is located in Western Australia and comprises two retention licences and three granted exploration licences. The licences cover the Contact and Contact North deposits and Tally-Ho deposit.

6.5 Historical Consolidated Statements of Financial Position

Consolidated Statement of Financial Position	Audited as at 30-Jun-17 \$	Audited as at 30-Jun-16 \$	Audited as at 30-Jun-15 \$
CURRENT ASSETS			
Cash and cash equivalents	5,557,000	2,053,000	2,735,000
Trade and other receivables	115,000	63,000	94,000
TOTAL CURRENT ASSETS	5,672,000	2,116,000	2,829,000
NON-CURRENT ASSETS			
Property, plant and equipment	170,000	7,000	19,000
TOTAL NON-CURRENT ASSETS	170,000	7,000	19,000
TOTAL ASSETS	5,842,000	2,123,000	2,848,000
CURRENT LIABILITIES			
Trade and other payables	375,000	180,000	97,000
Provisions	4,000	-	-
TOTAL CURRENT LIABILITIES	379,000	180,000	97,000
TOTAL LIABILITIES	379,000	180,000	97,000
NET ASSETS	5,463,000	1,943,000	2,751,000
EQUITY			
Issued capital	40,772,000	28,483,000	25,116,000
Reserves	755,000	445,000	567,000
Accumulated losses	(36,064,000)	(26,985,000)	(22,932,000)
TOTAL EQUITY	5,463,000	1,943,000	2,751,000

Source: Spitfire's audited financial statements for the years ended 30 June 2015, 30 June 2016 and 30 June 2017

We note that Spitfire's auditor issued an unmodified audit report with no qualifications for the years ended 30 June 2015, 30 June 2016 and 30 June 2017.

Commentary on Spitfire's Historical Consolidated Statements of Financial Position

- Cash and cash equivalents decreased from \$2.74 million at 30 June 2015 to \$2.05 million at 30 June 2016. The decline of \$0.69 million was primarily the result of \$1.54 million in payments to suppliers and employees and \$0.44 million in exploration and evaluation, which was partially offset by \$1.20 million in proceeds from the issue of shares.
- Issued capital increased from \$25.12 million at 30 June 2015 to \$28.48 million at 30 June 2016. Spitfire issued the following shares during the year ended 30 June 2016:
 - 21,671,945 shares issued at \$0.01 per share for the acquisition of the White Lion Project; and
 - 60,000,000 shares issued at \$0.02 per share to raise \$1.2 million.

Issued capital increased from to \$40.77 million at 30 June 2017 as a result of the following share issues:

- 2,000,000 shares issued at \$0.074 per share for the acquisition of the England Project;
- 3,000,000 shares issued at \$0.068 per share for the acquisition of the Yoda Project; and
- 59,500,001 shares issued at \$0.125 per share for the acquisition of Admiral.

- Reserves increased from \$0.45 million at 30 June 2016 to \$0.76 million at 30 June 2017. The increase was due to the issue of options during the period. This was partially offset by a \$0.03 million decline in the foreign exchange translation reserve.

6.6 Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-17 \$	Audited for the year ended 30-Jun-16 \$	Audited for the year ended 30-Jun-15 \$
Continuing operations			
Interest received	31,000	45,000	105,000
Other income	9,000	-	7,000
Gross profit/(loss)	40,000	45,000	112,000
Expenses			
Depreciation	(5,000)	(20,000)	(25,000)
Consulting expenses	(315,000)	(805,000)	(443,000)
Occupancy costs	(92,000)	(52,000)	(42,000)
Travel expenses	(16,000)	(119,000)	(75,000)
Exploration and evaluation costs expensed	(255,000)	(174,000)	(426,000)
Exploration and evaluation assets expensed	(7,675,000)	-	-
Share based payment	(335,000)	(103,000)	(25,000)
Administrative expenses	(387,000)	(540,000)	(215,000)
Loss before income tax	(9,040,000)	(1,768,000)	(1,139,000)
Income tax (expense)/revenue	-	-	44,000
Profit/(loss) from continuing operations	(9,040,000)	(1,768,000)	(1,095,000)
Loss from discontinued operations after tax	(39,000)	(2,525,000)	-
Profit/(loss) for the year	(9,079,000)	(4,293,000)	(1,095,000)
Other comprehensive income	(25,000)	15,000	-
Total comprehensive income/(loss) for the year	(9,104,000)	(4,278,000)	(1,095,000)

Source: Spitfire's audited financial statements for the years ended 30 June 2015, 30 June 2016 and 30 June 2017

Commentary on Spitfire's Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income

- Exploration and evaluation costs expensed of \$0.26 million for the year ended 30 June 2017 principally related to expenditure at the Alice River Project.
- Prior to the year ended 30 June 2017, Spitfire 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 on which the expenditure is incurred, a decision to mine has not been made. Spitfire's current policy is to write off exploration and evaluation costs (including acquisition costs) in the year they are incurred.
- Exploration and evaluation assets expensed of \$7.68 million for the year ended 30 June 2017 primarily related to the \$7.32 million acquisition cost of Admiral.

6.7 Capital Structure

The share structure of Spitfire as at 30 September 2017 is outlined below:

	Number
Total ordinary shares on issue	246,683,293
Top 20 shareholders	117,955,790
Top 20 shareholders - % of shares on issue	47.82%

Source: Spitfire's share register

The range of shares held in Spitfire as at 30 September 2017 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	185	106,302	0.04%
1,001 - 5,000	233	611,591	0.25%
5,001 - 10,000	112	914,425	0.37%
10,001 - 100,000	291	12,196,740	4.94%
100,001 - and over	197	232,854,235	94.39%
Total	1,018	246,683,293	100.00%

Source: Spitfire's share register

The ordinary shares held by the most significant shareholders as at 30 September 2017 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
John Alexander Young and Cheryl Kaye Young	16,000,000	6.49%
Starchaser Nominees Pty Ltd	12,350,000	5.01%
Momentum North Pty Ltd	8,583,331	3.48%
Petlin Nominees Pty Ltd	8,000,000	3.24%
Subtotal	44,933,331	18.21%
Others	201,749,962	81.79%
Total ordinary shares on issue	246,683,293	100.00%

Source: Spitfire's share register

The outstanding options on issue in Spitfire as at 30 September 2017 are outlined below:

Details	Cash raised if exercised (\$)
475,000 options at \$1.10 expiring on 22 November 2017	522,500
650,000 options at \$0.45 expiring on 28 November 2019	292,500
3,000,000 options at \$0.16 expiring on 31 May 2020	480,000
18,000,000 options at \$0.16 expiring on 30 March 2021	2,880,000
Total	4,175,000

Source: Spitfire's share register

As at the date of our Report, there were 10,000,000 Class A Performance Rights and 10,000,000 Class B Performance Rights on issue to key management personnel, collectively 'the Performance Rights'. The vesting conditions of the Performance Rights are summarised below:

The Class A Performance Rights shall vest upon:

- i. Spitfire's five-day volume weighted average price ('VWAP') being greater than \$0.20 per Spitfire share at any time subsequent to the date of grant of the Performance Rights; and
- ii. the holder remains employed or engaged with Spitfire for the continuous period of 12 months from the date of grant of the Performance Rights.

The Class B Performance Rights shall vest upon:

- i. Spitfire delineating a minimum JORC Resource of greater than 250,000 ounces at any time subsequent to the date of grant of the Performance Rights; and
- ii. the holder remains employed or engaged with Spitfire for the continuous period of 12 months from the date of grant of the Performance Rights.

7. Profile of Proposed Merged Entity

Upon implementation of the Scheme, the Proposed Merged Entity will represent the combined assets of Aphrodite and Spitfire.

7.1 Key assets

The key combined assets of the Proposed Merged Entity will include:

Asset	Location	Ownership	Stage	Commodity
Aphrodite Project	Western Australia	100%	Development and exploration	Gold
Mulwarrie Project	Western Australia	70%*	Exploration	Gold
Alice River Project	Queensland	100%*	Exploration	Gold
England Project	Western Australia	100%	Exploration	Gold
Yoda Project	Northern Territory	100%	Exploration	Gold
South Woodie Woodie Project	Western Australia	80%-100%**	Exploration	Manganese

*Spitfire's wholly owned subsidiary Admiral has entered into a farm-in joint venture agreement, under which Admiral has the right to earn and acquire up to a 70% interest in the Mulwarrie Project and up to 100% interest in the Alice River Project

**The South Woodie Woodie Project comprises six tenements of which Spitfire has a 100% interest in four and 80% interest in two

Source: Aphrodite's and Spitfire's respective Annual Reports for the year ended 30 June 2017

7.2 Board of Directors

The board of Directors of the Proposed Merged Entity will comprise:

- John Young - Managing Director (Spitfire);
- Neil Biddle - Executive Director (Spitfire);
- Peter Buttigieg - Non-Executive Chairman (Aphrodite); and
- Roger Mitchell - Non-Executive Director (Aphrodite).

7.3 Capital structure

Under the Scheme, Shareholders will receive one share in the Proposed Merged Entity for every 2.8959 Aphrodite shares held. Upon implementation of the Scheme, Shareholders and Spitfire shareholders will hold approximately 47.26% and 52.74% of the total issued capital of the Proposed Merged Entity on an

undiluted basis, respectively. On a diluted basis, Shareholders and Spitfire shareholder will hold approximately 44.85% and 55.15% of the total issued capital of the Proposed Merged Entity, respectively.

7.4 Stock exchange listing

Following the implementation of the Scheme, the Proposed Merged Entity will continue to be listed on both the ASX and the FWB.

7.5 Proposed Merged Entity Options

As outlined in Section 4, if the Scheme is implemented, 13,812,635 Proposed Merged Entity Options are to be issued to the Aphrodite Optionholder in consideration for the cancellation of the 40,000,000 Aphrodite Options, pursuant to the Option Cancellation Deed. The Proposed Merged Entity Options will be exercisable at \$0.1158 on or before 19 August 2019.

8. Economic analysis

Domestic growth

Growth in the Australian economy is expected to be around three per cent over the first half of 2018. The Australian economy experienced a decline in mining investment over recent years, with mining investment expected to fall further over the next year. However, much of the remaining decline is expected to be contained to liquefied natural gas investments, indicating that the transition to lower levels of mining investment is almost complete.

Labour market conditions continue to improve, with the recent growth in employment supporting growth in household income and consumption. Underlying inflation is higher than it was late last year, and is expected to increase as spare capacity in the labour market declines. Growth in non-mining activity is also expected to pick up, supported by the stronger growth in household consumption.

Overall, the Australian economy is expected to strengthen, supported by the low level of interest rates and the ongoing recovery in the global economy.

Credit growth

Conditions for obtaining funding remain favourable for banks and non-financial businesses, with spreads of corporate bond yields to government bonds remaining at low levels. Demand for credit has varied across sectors, with reported weakness in approvals for industries including construction, telecommunications, transportation and utilities.

Conditions in the housing markets around the country are mixed, with prices rising in some markets and declining in others. Growth in housing debt is outpacing growth in household income and funding costs are starting to increase, as lenders increase mortgage rates and rates paid on interest only loans.

Overall, business credit growth has grown modestly, with the recent pick up reflective of some stability in lending to the resource sector.

Commodity prices

Profits in the mining sector remain high, with resource export volumes rising in line with the increase in bulk commodity prices. Iron ore prices have increased following positive activity data from China and improvements in global economic conditions have driven increases in base metal prices. While strong growth in China's residential property market continues to support commodity prices, there is uncertainty around its growth outlook and how it will address its rising debt levels.

Currency movements

The Australian dollar has appreciated since the start of 2017, reaching levels similar to that experienced in late 2014, following a broad-based depreciation of the United States dollar. The expectation is that further appreciation of the Australian dollar will lead to a slower pick-up in economic activity and inflation.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 2 August 2017 and 5 September 2017

9. Industry analysis

Gold is a soft malleable metal which is highly desirable due to its rarity and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however in more recent history there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and provides a safe haven investment during periods of economic uncertainty. Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the supply of gold for the seven years through 2016 is provided in the table below:

Gold supply (tonnes)	2010	2011	2012	2013	2014	2015	2016
Mine production	2,744	2,846	2,911	3,073	3,148	3,220	3,255
Net producer hedging	(109)	23	(45)	(28)	105	13	33
Recycled gold	1,683	1,667	1,691	1,262	1,189	1,120	1,296
Total supply	4,318	4,536	4,557	4,307	4,442	4,353	4,584

Source: World Gold Council and Independent Market Research

The gold ore mining industry ('the Industry') has performed steadily in recent years, with growth driven by price increases and gold's status as a counter cyclical commodity. However, Industry revenue is projected to stagnate as the world economy stabilises following uncertainty surrounding the United States ('US') Presidential Election and the United Kingdom's exit from the European Union. According to IBIS World, Industry revenue is projected to increase at an annualized 4.5% over the five years through 2017-18 to reach \$16.6 billion.

Key External Drivers

Global gold prices have a significant impact on the revenue generated by Industry operators. When gold prices are low, gold miners are less likely to commit to projects with lower gold grades and higher

production costs. Ultimately, a decline in gold prices reduces the viability of new and existing projects, which hinders Industry growth.

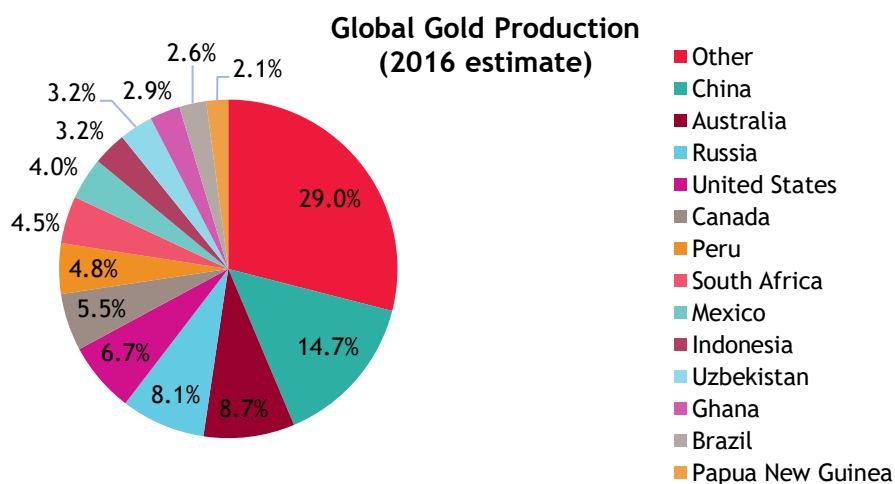
The global gold price is denominated in US dollars. Therefore, the exchange rate directly affects the returns received by local Industry operators. A weaker domestic currency benefits the local Industry by reducing prices in export markets and providing opportunities for expansion.

Global demand for gold is also influenced by global economic performance, which is inversely related due to the counter cyclical nature of gold. Stronger global gross domestic product growth can therefore negatively impact gold demand and the Industry. According to IBIS World, global economic performance is expected to improve, which may place downward pressure on demand for gold. As a result, Industry revenue is projected to decline at an annualised 1.8% over the five years through 2022-23, to total \$15.1 billion.

Gold Ore Mining Trends

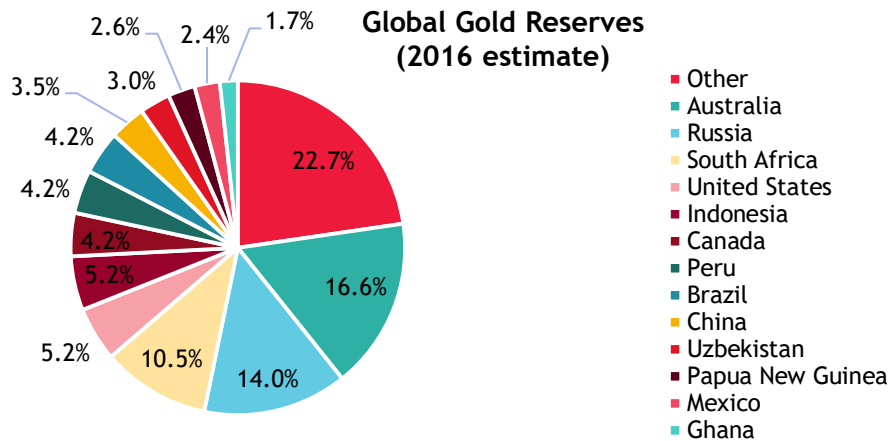
Gold ore mining is a capital intensive and high cost process, which is becoming increasingly difficult and more expensive as the quality of ore diminishes. The Industry also incurs many indirect costs related to exploration, royalties, overheads, marketing and native title law. Typically, many of these costs are fixed in the short term as a result of Industry operators' inability to significantly alter cost structures once a mine commences operation.

Until the late 1980s, South Africa produced approximately half of the total gold ore mined globally. More recently however, the Industry has diversified geographically, with China and Australia dominating global gold production. According to the United States Geological Survey for January 2017, total estimated global gold ore mined for 2016 was approximately 3,100 metric tonnes. The chart below illustrates the estimated global gold production by country for 2016.



Source: United States Geological Survey and BDO analysis

Despite China and Australia accounting for approximately 23% of global gold production, Australia and Russia are endowed with the largest known gold mine reserves globally. As depicted below, Australia and Russia collectively account for approximately 21% of global gold reserves.

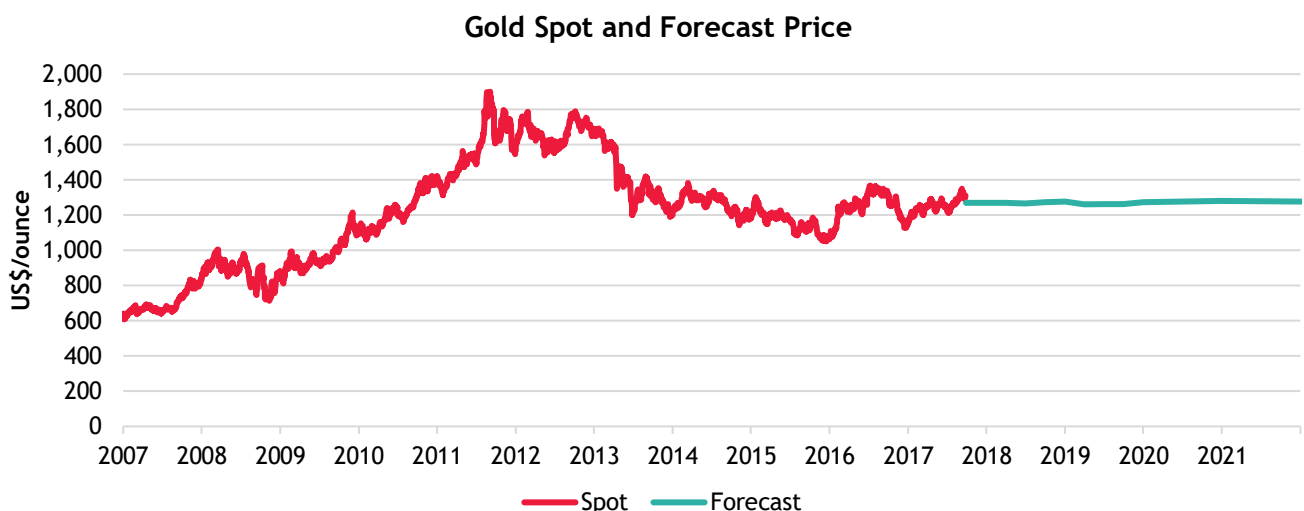


Source: United States Geological Survey and BDO analysis

Gold prices

The price of gold peaked at US\$1,900 on 5 September 2011, due largely to the debt market crisis in Europe and the Standard and Poor's downgrade of the US credit rating. Global stock markets subsequently went into turmoil, which saw a flood of investors towards safer havens such as gold.

The price of gold fluctuated around US\$1,700 during 2012 before entering a steep decline in 2013. The downturn represented the beginning of a correction in the price of gold, which had almost tripled in the two-year period prior to the European crisis in 2011. Improved market sentiment and increased risk appetite from investors saw gold prices continue to decline throughout 2014 and 2015 to US\$1,051 in December 2015. During 2016, gold prices strengthened, likely as a result of heightened uncertainty surrounding the US Presidential election and the United Kingdom's exit from the European Union. The price of gold reached US\$1,363 in late 2016 before stabilising around US\$1,200 for the first half of 2017. The gold spot price since 2007 and forecast prices through to 2022 are depicted in the graph below:



Source: Bloomberg, Consensus Economics and BDO analysis

According to Consensus Economics, gold prices are forecast to remain relatively stable with a long term nominal price forecast of approximately US\$1,300 per ounce.

10. Valuation approach adopted

In Section 3.3, we determined that the Scheme is in effect a Merger of Equals and that the consideration offered and the securities given up should be assessed on an equivalent basis. As the implementation of the Scheme will not preclude either Aphrodite's or Spitfire's shareholders from receiving a control premium for their shares in the future, we have assessed the consideration offered and securities given up on a minority interest basis.

There are a number of methodologies which can be used to value a business or the shares in a company. Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts'.

The Sum-of-Parts methodology involves separately valuing each asset and liability of a company using the different methodologies described above. The component parts are then valued using the NAV methodology, which involves aggregating the estimated fair market value of the company's individual assets and liabilities ('Sum-of-Parts').

10.1 Valuation of Aphrodite prior to the Scheme

In our assessment of the value of Aphrodite prior to the implementation of the Scheme, we have chosen to employ the following methodologies:

- NAV as our primary methodology, which estimates the market value of a company by aggregating the assessed realisable value of its identifiable assets and liabilities; and
- QMP as our secondary method, as this represents the value that a Shareholder may receive for a share if it were sold on market.

We have chosen these methodologies for the following reasons:

- We consider the NAV methodology to be the most appropriate given Aphrodite is an exploration company and its core value lies in the mineral assets it holds. We have instructed Dunbar Resource Management ('DRM') to act as independent specialist to value the Company's mineral assets and have considered this in the context of Aphrodite's other assets and liabilities on a NAV basis;
- We consider the QMP methodology to be relevant because Aphrodite's shares are listed on the ASX. This means that there is a regulated and observable market where Aphrodite's shares can be traded. However, in order for the QMP methodology to be considered appropriate for the purposes of a valuation, the Company's shares should be liquid and the market should be fully informed on the

Company's activities. Our analysis in Section 11.2 indicates that there is not a deep market for Aphrodite's shares, therefore we have only relied on QMP as a cross check to our NAV;

- Pursuant to RG111, we do not consider that we would have reasonable grounds to rely on forecast cash flows for Aphrodite and therefore we do not consider the application of the DCF methodology to be appropriate.
- The FME methodology is most commonly applicable to profitable businesses with steady growth histories and forecasts. We do not consider the FME methodology to be appropriate given that Aphrodite does not have a track record of profits. As such, we do not have a reasonable basis to assess future maintainable earnings of the Company. The FME methodology is also not considered appropriate for valuing finite life assets such as mining assets.

Independent specialist valuation

In valuing Aphrodite, we have relied on the Independent Valuation Report prepared by DRM in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition) ('**Valmin Code**') and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) ('**JORC Code**') ('**Independent Technical Report**').

We are satisfied with the valuation methodologies adopted by DRM which we consider to be in accordance with industry practices and compliant with the requirements of the Valmin Code and the JORC Code. The specific valuation methodologies used by DRM are referred to in the respective sections of our Report and in further detail in the Independent Technical Report contained in Appendix 4.

10.2 Valuation of the Proposed Merged Entity

Sum-of-Parts

In our assessment of the value of the Proposed Merged Entity, we have chosen to employ the Sum-of-Parts methodology, which estimates the value the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration for the following:

- the value of Aphrodite prior to the implementation of the Scheme using the methodologies detailed in Section 10.1;
- the value of Spitfire's mineral assets having reliance on the Independent Technical Report prepared by DRM;
- the additional expenditure required to meet both the Alice River and Mulwarrie Minimum Commitments, collectively the '**Minimum Admiral Commitment**', and earn a 51% interest in the Alice River and Mulwarrie Projects;
- the value accretion of the Minimum Admiral Commitment;
- the amount of cash raised from a notional capital raising to fund the Minimum Admiral Commitment;
- the value of Spitfire's other assets and liabilities (applying the costs approach); and
- the resulting number of shares on issue in the Proposed Merged Entity following the implementation of the Scheme.

Independent specialist valuation

In valuing Spitfire's mineral assets, we have relied on the Independent Technical Report prepared by DRM in accordance with the Valmin Code and the JORC Code.

We are satisfied with the valuation methodologies adopted by DRM which we consider to be in accordance with industry practices and compliant with the requirements of the Valmin Code and the JORC Code. The specific valuation methodologies used by DRM are referred to in the respective sections of our Report and in further detail in the Independent Technical Report contained in Appendix 4.

11. Valuation of Aphrodite prior to the Scheme

11.1 Net Asset Valuation of Aphrodite

The value of Aphrodite's assets prior to the implementation of the Scheme, on a minority interest basis and assuming that the Company continues as a going concern, is reflected in our valuation below:

Statement of Financial Position	Ref	Audited as at 30-Jun-17 \$	Low value \$	Preferred value \$	High value \$
CURRENT ASSETS					
Cash and cash equivalents	a	900,808	538,911	538,911	538,911
Trade and other receivables		769,156	769,156	769,156	769,156
Other assets		3,979	3,979	3,979	3,979
TOTAL CURRENT ASSETS		1,673,943	1,312,046	1,312,046	1,312,046
NON-CURRENT ASSETS					
Property, plant and equipment	b	39,630	39,630	39,630	39,630
Exploration and evaluation	c	27,777,082	8,800,000	12,500,000	17,500,000
TOTAL NON-CURRENT ASSETS		27,816,712	8,839,630	12,539,630	17,539,630
TOTAL ASSETS		27,820,691	8,843,609	12,543,609	17,543,609
CURRENT LIABILITIES					
Trade and other payables		673,892	673,892	673,892	673,892
Borrowings	d	250,000	250,000	250,000	250,000
TOTAL CURRENT LIABILITIES		923,892	923,892	923,892	923,892
NON-CURRENT LIABILITIES					
Borrowings	d	2,250,000	2,250,000	2,250,000	2,250,000
TOTAL NON-CURRENT LIABILITIES		2,250,000	2,250,000	2,250,000	2,250,000
TOTAL LIABILITIES		3,173,892	3,173,892	3,173,892	3,173,892
NET ASSETS (controlling interest basis)		24,646,799	5,669,717	9,369,717	14,369,717
Discount for minority interest (%)	e		23%	20%	17%
Value of Aphrodite (minority interest basis)			4,365,682	7,495,774	11,926,865
Number of share on issue			714,369,970	714,369,970	714,369,970
Value per share (minority interest basis)			0.006	0.010	0.017
Value per 2.8959 shares (minority interest basis)			0.018	0.030	0.048

Source: Aphrodite's audited financial statements for the year ended 30 June 2017 and BDO analysis

The table above indicates the net asset value of an Aphrodite share prior to the implementation of the Scheme is between \$0.006 and \$0.017, with a preferred value of \$0.010. For the purposes of assessing whether the Scheme is fair for Shareholders, the relevant valuation to consider is the value of 2.8959 shares in Aphrodite. We have assessed the value of 2.8959 shares in Aphrodite to be between \$0.018 and \$0.048 with a preferred value of \$0.030.

We have been advised that there has not been a significant change in the net assets of Aphrodite since 30 June 2017 and that the above assets and liabilities represent their fair market values, other than those with adjustments detailed below. Furthermore, nothing has come to our attention as a result of our procedures that would indicate the need for any additional adjustments.

Note a) Cash and cash equivalents

We have adjusted the cash and cash equivalents of Aphrodite at 30 June 2017, to account for movements during the quarter ended 30 September 2017. The adjusted cash and cash equivalents is summarised in the table below:

Adjusted cash and cash equivalents	\$
Cash and cash equivalents at 30-Jun-17	900,808
Add: GST refunds	320,684
Less: Exploration and evaluation expenditure	(443,824)
Less: Administration and overhead expenditure	(187,026)
Less: Merger costs and legal fees	(51,732)
Adjusted cash and cash equivalents	538,911

Source: Aphrodite management

We have been provided with bank statements supporting the above balance.

We note that the above cash movements related to expense items and therefore do not affect other items on the balance sheet. The exploration and evaluation expenditure of \$0.44 million during the quarter ended 30 September 2017 is reflected in the valuation of Aphrodite's mineral assets by DRM.

Note b) Property, plant and equipment

We have considered the property, plant and equipment balance of \$0.04 million at 30 June 2017, however we did not make any adjustments as this represents the book value of plant and equipment and is not captured in the DRM's independent market valuation of the mineral assets held by Aphrodite. We have sighted a breakdown of property, plant and equipment which supports the audited position at 30 June 2017. The value of property, plant and equipment has not changed materially since 30 June 2017. We have considered Aphrodite's depreciation policies and given the nature of property, plant and equipment, we do not consider the market value to differ materially from its book value.

Note c) Exploration and evaluation

We instructed DRM to provide an independent market valuation of the mineral assets held by Aphrodite. DRM considered a number of different valuation methods when valuing the mineral assets of Aphrodite. DRM elected to apply the following methodologies:

- Market based assessment - comparable transaction analysis;
- Yardstick methodology; and
- Geoscientific/Kilburn methodologies.

We consider these methodologies to be appropriate given the pre-feasibility stage of development for the Aphrodite Project. Further information regarding DRM's valuation of Aphrodite's mineral assets is included in DRM's report contained in Appendix 4.

The range of values for Aphrodite's mineral assets, as assessed by DRM, is set out below:

Valuation of the Aphrodite Project	Low value \$	Preferred value \$	High value \$
Mineral resources	6,300,000	8,800,000	12,600,000
Exploration potential	2,500,000	3,700,000	4,900,000
Adjusted exploration and evaluation	8,800,000	12,500,000	17,500,000

Source: Independent Technical Report

The table above indicates the value of Aphrodite's mineral assets is between \$8.80 million and \$17.50 million, with a preferred value of \$12.50 million.

Note d) Borrowings

We have considered the current and non-current borrowings at 30 June 2017 of \$0.25 million and \$2.25 million, respectively. We note that the Franco-Nevada Advance requires annual payments of \$0.25 million and is interest-free. Therefore, we have not made any adjustments to the 30 June 2017 balances.

Note e) Discount for minority interest

The net asset value of Aphrodite is reflective of a controlling interest. As determined in Section 3.3, we determined that the Scheme is in effect a Merger of Equals and that the consideration offered and the securities given up should be assessed on an equivalent basis. As the implementation of the Scheme will not preclude either Shareholders or Spitfire's shareholders from receiving a control premium for their shares in the future, we have assessed the consideration offered and securities given up on a minority interest basis.

In order to convert Aphrodite's NAV to a minority interest basis, we must apply a minority interest discount, which is the inverse of a premium for control and is calculated using the formula $1 - (1 / (1 + \text{control premium}))$. As discussed in Appendix 3, the median announced control premiums paid by acquirers of ASX listed gold mining companies and ASX listed general mining companies since 2010 is 43% and 39%, respectively, with the midpoint being 41%.

In determining the appropriate control premium for Aphrodite, we have taken the following into consideration:

- as a mineral exploration company, Aphrodite does not currently have any revenue generating operations; and
- in the Company's annual report for the year ended 30 June 2017, Aphrodite's auditor issued a qualified opinion citing the carrying value of exploration and evaluation as the basis. Specifically, the auditor was unable to obtain sufficient audit evidence to support the Company's assessment that the carrying value of its mineral assets of \$27.78 million as at 30 June 2017, was at least equal to its recoverable amount. The auditor also included an Emphasis of Matter relating to the material uncertainty of the Company's ability to continue as a going concern.

Based on our analysis, we consider an appropriate control premium for Aphrodite to be between 20% and 30%, giving rise to a minority interest discount in the range of 17% to 23%.

11.2 Quoted Market Prices for Aphrodite Securities

To provide a comparison to the valuation of Aphrodite in Section 11.1, we have also assessed the quoted market price for an Aphrodite share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Our analysis of the quoted market price of an Aphrodite share is based on the pricing prior to the announcement of the Scheme. This is because the value of an Aphrodite share after the announcement may include the effects of any change in value as a result of the Scheme. However, we have considered the value of an Aphrodite share following the announcement when we have considered reasonableness in Section 14.

Information on the Scheme was announced to the market on 14 August 2017. Therefore, the following chart provides a summary of the share price movement over the 12 months to 11 August 2017, which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Aphrodite's shares from 11 August 2016 to 11 August 2017 has ranged from a low of \$0.013 on 19 December 2016 to a high of \$0.041 on 15 August 2016. The Company's share price exhibited a declining trend from August 2016 through to mid December 2016, before entering an upswing to reach \$0.030 in April 2017. Aphrodite's share price subsequently declined to \$0.015 in July 2017, before recovering to trade around \$0.025 in early August 2017, leading up to the announcement of the Scheme. The highest single day of trading was on 23 August 2016, when 24,744,365 shares were traded.

During the 12 months to 11 August 2017, a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
31/07/2017	Quarterly Cash flow Report	0.026	▲	13%	0.024	▼	8%
31/07/2017	Quarterly Activities Report	0.026	▲	13%	0.024	▼	8%
28/07/2017	Becoming a substantial holder	0.023	▲	10%	0.026	▲	13%
28/07/2017	Ceasing to be a substantial holder from HHV	0.023	▲	10%	0.026	▲	13%
26/07/2017	Response to ASX Price and Volume Query	0.023	▲	35%	0.026	▲	13%
10/07/2017	Aphrodite and Poseidon to join forces to evaluate Gold Production	0.017	▲	6%	0.017	►	0%
10/07/2017	POS: Poseidon and Aphrodite Move Closer to Gold Production	0.017	▲	6%	0.017	►	0%
27/06/2017	Prefeasibility Study Results	0.017	▼	19%	0.015	▼	12%
15/03/2017	Progress Report	0.025	▼	11%	0.026	▲	4%
30/01/2017	Quarterly Cash flow Report	0.017	▲	6%	0.018	▲	6%
30/01/2017	Quarterly Activities Report	0.017	▲	6%	0.018	▲	6%
22/12/2016	Progress Report	0.016	▼	11%	0.014	▼	13%
22/09/2016	Exploration and resource drilling update	0.032	▲	7%	0.031	▼	3%
06/09/2016	Change of Director's Interest Notice	0.029	▲	7%	0.031	▲	7%
05/09/2016	Change in substantial holding	0.027	▲	4%	0.029	▲	7%
22/08/2016	Amended App 3B	0.033	▼	3%	0.023	▼	30%
22/08/2016	Appendix 3B	0.033	▼	3%	0.023	▼	30%
19/08/2016	Appendix 3B	0.034	▼	8%	0.025	▼	26%
19/08/2016	Security Purchase Plan	0.034	▼	8%	0.025	▼	26%
19/08/2016	Results of Meeting	0.034	▼	8%	0.025	▼	26%
11/08/2016	Shareholder Update August 2016	0.033	▼	3%	0.038	▲	15%

Source: Bloomberg

On 11 August 2016, Aphrodite released a Shareholder update, which outlined the recommencement of prefeasibility drilling and further exploration drilling at the Aphrodite Project. The share price decreased by 3% to close at \$0.033 on the day of the announcement before increasing by 15% over the subsequent three days to close at \$0.038.

On 19 August 2016, Aphrodite announced the results of its General Meeting of Shareholders and consequent completion of a Security Purchase Plan. The share price decreased by 8% to \$0.034 on the day of the announcements and continued to decline by a further 26% over the three days subsequent to close at \$0.025.

On 22 August 2016, Aphrodite released an amended Appendix 3B and announced the allotment of shares relating to the Security Purchase Plan announced on 19 August 2016. The share price decreased by 3% on the day of the announcement to close at \$0.033, before declining a further 30% to close at \$0.023 three days later.

On 22 September 2016, Aphrodite announced the first gold assay results since the recommencement of drilling at the Aphrodite Project. The share price increased by 7% to \$0.032 on the day of the announcement before declining by 3% over the three days subsequent.

On 22 December 2016, Aphrodite issued a progress report relating to drilling results and scheduled completion of the PFS. The share price initially decreased by 11% to \$0.016 on the day of the announcement, before falling a further 13% in the three days subsequent to close at \$0.014.

On 30 January 2017, Aphrodite released its December 2016 Quarterly Activities Report, which was highlighted by the announcement of a resource, metallurgical and geotechnical drill hole program being completed on schedule and budget, which would ensure the PFS would be finalised during the March 2017 quarter. The share price on the day of the announcement increased by 6% to \$0.017 and a by a further 6% over the three day subsequent to close at \$0.018.

On 15 March 2017, the Company released a progress report detailing that higher gold grade and improved metallurgical recoveries had been confirmed by additional test works. The share price declined by 11% on the day of the announcement to close at \$0.025 before increasing by 4% over the three days subsequent to close at \$0.026

On 27 June 2017, Aphrodite announced the results of the completed PFS which included updates to the open pit and underground resource estimates. The share price decreased by 19% to \$0.017 on the date of the announcement, and a further 12% in the three days following the announcement to close at \$0.015.

On 10 July 2017, Aphrodite announced it had entered into an MOU with Poseidon to use its Black Swan Processing Facility to process the gold ore at the Aphrodite Project. On the day of the announcement, the share price increased by 6% to close at \$0.017.

On 26 July 2017, Aphrodite responded to an ASX price query relating to a trading price and volume increase on that day. The share price increased by 35% to \$0.023 on the day of the announcement, and a further 13% over the three days subsequent to close at \$0.026.

On 28 July 2017, Aphrodite announced a change in substantial holding with Hunter Hall Global Value Limited ceasing to be a substantial holder and Spitfire filing a notice of substantial holding. The share price increased by 10% to \$0.023 on the day of the announcement and continued to increase in the three days subsequent, closing 13% higher at \$0.026.

On 31 July 2017, Aphrodite released its June 2016 Quarterly Activities Report, which highlighted results of the PFS and updates to the mineral resource estimation. The share price increased by 13% to \$0.026 on the day of the announcement, before declining by 8% over the three days subsequent to close at \$0.024.

To provide further analysis of the market prices for an Aphrodite share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 11 August 2017.

Share Price per unit	11-Aug-17	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.024				
Volume weighted average price		\$0.024	\$0.019	\$0.019	\$0.020

Source: Bloomberg

The above weighted average prices are prior to the date of the announcement of the Scheme, to avoid the influence of any increase in price of Aphrodite's shares that has occurred since the Scheme was announced.

An analysis of the volume of trading in Aphrodite's shares for the 12 months to 11 August 2017 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of issued capital
1 Day	\$0.023	\$0.024	279,545	0.04%
10 Days	\$0.023	\$0.026	5,658,189	0.79%
30 Days	\$0.015	\$0.026	52,522,282	7.35%
60 Days	\$0.013	\$0.027	83,058,312	11.63%
90 Days	\$0.013	\$0.031	95,234,707	13.33%
180 Days	\$0.013	\$0.031	153,310,398	21.46%
260 Days	\$0.013	\$0.045	283,390,295	39.67%

Source: Bloomberg

This table indicates that Aphrodite's shares display a moderate level of liquidity, with 13.33% of the Company's current issued capital being traded in the 90-day period prior to the announcement of the Scheme. However, during this period, Aphrodite's shares exhibited unusual trading on 26 July 2017, when 13,802,706 shares were traded. We consider this to be unexplained trade activity as no announcements were made by the Company in the 12 days prior. Furthermore, ASX issued a price and volume query on 26 July 2017 in relation to the unusual trade activity exhibited that day.

Excluding this day from our analysis results in Aphrodite shares exhibiting a lower level of liquidity, with only 11.40% of the Company's current issued capital being traded in the 90-day period prior to the announcement of the Scheme.

RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- regular trading in a company's securities;
- approximately 1% of a company's securities are traded on a weekly basis;
- the spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- there are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Aphrodite, we do not consider there to be a liquid and active market for its shares. Despite 13.33% of Aphrodite's current issued capital being traded over the 90-day period prior to the announcement of the Scheme, we consider the 11.40%, which removes the unusual trading exhibited on 26 July 2017, provides a more accurate reflection of the Company's liquidity. Additionally, we note that there are other significant unexplained price movements and fluctuations in trade volume, which further support our assessment that there is an absence of a liquid and active market for Aphrodite's shares.

Our assessment is that a range of values for Aphrodite's shares based on market pricing, after disregarding post-announcement pricing, is between \$0.019 and \$0.024. The quoted market value of a company's

shares is reflective of a minority interest, therefore there is no need to apply a discount for minority interest to our assessed range of values.

As set out in Section 10.1, for the purposes of assessing whether the Scheme is fair for Shareholders, the relevant valuation to consider is the value of 2.8959 shares in Aphrodite. Based on the quoted market price method, the value of 2.8959 shares in Aphrodite is between \$0.055 and \$0.070, with a midpoint value of \$0.062. The results of our QMP analysis of Aphrodite are summarised in the table below:

QMP of Aphrodite	Low value \$	Midpoint value \$	High value \$
Assessed QMP per share	0.019	0.022	0.024
Value of 2.8959 shares	0.055	0.062	0.070

Source: BDO analysis

11.3 Assessment of the value of Aphrodite prior to the Scheme

The results of our valuation of 2.8959 Aphrodite shares prior to the Scheme are summarised in the table below:

Valuation of 2.8959 Aphrodite shares prior to the Scheme (minority interest basis)	Ref	Low value \$	Preferred value \$	High value \$
Net assets value (minority interest basis)	11.1	0.018	0.030	0.048
Quoted market price (minority interest basis)	11.2	0.055	0.062	0.070

Source: BDO analysis

We note that the values obtained under the QMP methodology are higher than the values obtained from the NAV methodology. The difference in values under the QMP and NAV methodologies may be explained by the following:

- it is not uncommon for exploration companies to trade at a premium to their intrinsic value. This is because investors in mining exploration companies typically anticipate some potential upside of ‘blue sky’ prospects for the company, which are factored into the share price in advance of any such value being realised;
- our NAV valuation includes an independent valuation of Aphrodite’s mineral assets performed by DRM. DRM have relied on a combination of valuation methodologies, which reflect the market value of the Aphrodite Project. Depending on the assumptions used, investors may yield a higher value than that derived from the market based assessment (comparable transaction analysis), Yardstick and Geoscientific/Kilburn methodologies adopted by DRM;
- we note that the book value of the Aphrodite Project at 30 June 2017 was \$27.78 million, which is significantly greater than the value of between \$8.80 million and \$17.50 million determined by the independent technical expert. Furthermore, the Company’s auditor issued a qualified opinion for the year ended 30 June 2017 as it was unable to obtain sufficient audit evidence to support the Director’s assessment that the carrying value of its mineral assets at 30 June 2017 (\$27.78 million) was at least equal to its recoverable amount. Consequently, the QMP of Aphrodite may be overstated as the book value of the Aphrodite Project may be overstated in the Company’s financial statements.
- the QMP value reflects investors’ perception of the future prospects of the Aphrodite Project and may reflect a more positive sentiment towards future gold prices; and
- under RG111.69 (d), the QMP methodology is considered appropriate when a liquid and active market exists for the securities. From our analysis in Section 11.2, we note that only 13.33% of the

Company's issued capital was traded in the 90-day period prior to the announcement of the Scheme. This represents a moderate level of liquidity and therefore, in the absence of an informed market, the quoted market price of Aphrodite may not accurately reflect the market value of the Company's shares.

For the reasons stated above, we consider the NAV methodology to be most appropriate method to value Aphrodite prior to the implementation of the Scheme. In particular, our NAV methodology includes valuations of Aphrodite's mineral assets provided by DRM, an independent technical specialist.

We consider the methodologies used by DRM to more accurately reflect the fair market value of Aphrodite's assets. Furthermore, given that we do not consider there to be a liquid and active market for Aphrodite's shares, we do not consider it appropriate to rely on the QMP methodology.

Based on the results above, we consider the value of 2.8959 Aphrodite shares prior to the implementation of the Scheme, on a minority interest basis, to be between \$0.018 and \$0.048, with a preferred value of \$0.030.

12. Valuation of the Proposed Merged Entity

12.1 Sum-of-Parts

We have employed the Sum-of-Parts methodology in estimating the value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration for the following:

- the value of Aphrodite prior to the implementation of the Scheme (controlling interest basis);
- the value of Spitfire's mineral assets having reliance on the Independent Technical Report prepared by DRM;
- the additional expenditure required to meet the Minimum Admiral Commitment and earn a 51% interest in the Alice River and Mulwarrie Projects;
- the value accretion of the Minimum Admiral Commitment;
- the amount of cash raised from a notional capital raising to fund the Minimum Admiral Commitment;
- the value of Spitfire's other assets and liabilities (applying the costs approach); and
- the resulting number of shares on issue in the Proposed Merged Entity following the implementation of the Scheme.

The value of the Proposed Merged Entity's assets on a minority interest basis and assuming that it continues as a going concern, is reflected in our valuation below:

Valuation of the Proposed Merged Entity	Ref	Low value \$	Preferred value \$	High value \$
Value of Aphrodite prior to the Scheme (controlling interest basis)	11.1	5,669,717	9,369,717	14,369,717
Add: Value of Spitfire's mineral assets	12.2	5,000,000	8,500,000	11,800,000
Less: Additional expenditure required to meet the Minimum Admiral Commitment	12.3	(4,350,000)	(4,350,000)	(4,350,000)
Add: Value accretion of the Minimum Admiral Commitment	12.4	2,218,500	2,218,500	2,218,500
Add: Cash raised from notional capital raising	12.5.1	2,910,000	2,910,000	2,910,000
Add: Value of Spitfire's other assets and liabilities (controlling interest basis)	12.6	2,819,464	2,819,464	2,819,464
Value of the Proposed Merged Entity (controlling interest basis)		14,267,681	21,467,681	29,767,681
Discount for minority interest (%)	12.7	23%	20%	17%
Value of the Proposed Merged Entity (minority interest basis)		10,986,114	17,174,145	24,707,175
Number of shares on issue in the Proposed Merged Entity	12.5.2	526,018,354	525,085,427	524,196,925
Value per share (minority interest basis)		0.021	0.033	0.047

Source: BDO analysis

We have assessed the value of a share in the Proposed Merged Entity to be between \$0.021 to \$0.047 with a preferred value of \$0.033.

12.2 Valuation of Spitfire's mineral assets

We instructed DRM to provide an independent market valuation of the mineral assets held by Spitfire. DRM considered a number of different valuation methods when valuing the mineral assets of Spitfire. DRM elected to apply the following methodologies:

- Market based assessment - comparable transaction analysis; and
- Geoscientific/Kilburn methodologies.

We consider these methodologies to be appropriate given the exploration stage of Spitfire's mineral assets. Further information regarding DRM's valuation of Spitfire's mineral assets is included in DRM's report contained in Appendix 4.

The range of values for Spitfire's mineral assets, as assessed by DRM, is set out below:

Valuation of Spitfire's mineral assets	Low value \$	Preferred value \$	High value \$
Alice River Project (51% interest)	3,100,000	5,800,000	8,400,000
Mulwarrie Project (51% interest)	500,000	800,000	1,100,000
England Project (100% interest)	200,000	400,000	600,000
South Woodie Woodie Project (100% interest)	1,200,000	1,500,000	1,700,000
Value of Spitfire's mineral assets	5,000,000	8,500,000	11,800,000

Source: Independent Technical Report

The table above indicates the value of Spitfire's mineral assets is between \$5.00 million and \$11.80 million, with a preferred value of \$8.50 million.

12.3 Additional capital required to meet the Minimum Admiral Commitment

In order for the Proposed Merged Entity to earn a 51% interest in the Alice River and Mulwarrie Projects, the Proposed Merged Entity must meet the Minimum Admiral Commitment of \$6.00 million in total exploration expenditure. As at the date of our Report, Spitfire and Admiral have already committed \$1.65 million towards the Minimum Admiral Commitment. Therefore, the additional capital required to meet the remaining Minimum Admiral Commitment is approximately \$4.35 million.

12.4 Value accretion of the Minimum Admiral Commitment

Once the Proposed Merged Entity satisfies the Minimum Admiral Commitment it will earn a 51% interest in both the Alice River Project and the Mulwarrie Project. DRM have valued the Alice River and Mulwarrie Projects as at 1 October 2017, on the basis that \$1.65 million of the Minimum Admiral Commitment has already been spent. Therefore, only the remaining Minimum Admiral Commitment of approximately \$4.35 million needs to be accounted for. We have assumed that exploration expenditure would be value accretive to the amount of the expenditure. We note that the uplift in value may be greater than the amount spent, however we do not have reasonable grounds to quantify any potential uplift in excess of the amount of the expenditure. Therefore, we have considered the remaining Minimum Admiral Commitment to be value accretive to the amount of \$4.35 million. Given that upon meeting the Minimum Admiral Commitment, Spitfire will hold a 51% interest in the projects, the value accretion accessible by Spitfire will be 51% of the expenditure, being \$2.22 million.

12.5 Number of share on issue in the Proposed Merged Entity

12.5.1. Notional capital raising

We are required by RG 111.15 to assess the funding requirements for a company that is not in financial distress when considering its value. As detailed above, the valuation of Spitfire's Alice River Project and Mulwarrie Project is based on Spitfire earning up to a 51% interest by meeting the Minimum Admiral Commitment.

As at the date of our Report, Spitfire and Admiral have already committed \$1.65 million towards the Minimum Admiral Commitment. Therefore, the additional capital required to meet the remaining Minimum Admiral Commitment is approximately \$4.35 million.

The Proposed Merged Entity will have cash and cash equivalents of approximately \$3.40 million following the implementation of the Scheme. We have calculated the portion of this that the Proposed Merged Entity could reasonably expect to contribute to the remaining Minimum Admiral Commitment after taking into consideration the working capital requirements of the Proposed Merged Entity, as set out below:

Proposed Merged Entity working capital requirement	\$
Aphrodite administration and overhead expenditure (Average of last three financial years)	(677,266)
Annual payment required in lieu of Franco-Nevada Royalty	(250,000)
Spitfire administration and overhead expenditure (Average of last three financial years)	(1,033,667)
Proposed Merged Entity working capital requirement for one year	(1,960,932)

Source: BDO analysis

Based on the calculation above, after accounting for working capital requirements, we consider the portion of the Proposed Merged Entity's cash balance that it could reasonably contribute to the remaining Minimum Admiral Commitment, is approximately \$1.44 million.

The resultant funds to be raised to satisfy the remaining Minimum Admiral Commitment is approximately \$2.91 million ('Additional Funding Required'), which we have assumed will be funded through a notional equity raising. We have also included a notional placement fee of 5% to account for a potential underwriter's or broker's fee. This results in the required equity funds to be raised increasing to \$3.06 million.

We note that there may be alternative funding options available to the Proposed Merged Entity, including debt, convertible debt, royalty arrangements or through an asset sale. However, in the absence of information regarding the most likely funding structure, to remain conservative, we have assumed it will be fully funded by equity. As such, we have assumed a notional equity raising will be used to fund the Additional Funding Required. Equity funding is a conservative assumption as we have reflected the potential difficulty of raising funds in our assessment of the likely range of prices at which a capital raising may be conducted.

In order to determine the likely price at which the Proposed Merged Entity would have to place its shares to a third party or to current shareholders under a notional capital raising, we considered the VWAP of Spitfire following the announcement of the Scheme as this represents a proxy for the share price of the Proposed Merged Entity. The closing price, 10-day and 30-day VWAP of Spitfire's shares at 2 October 2017 are set out in the table below:

Share Price per unit	02-Oct-17	10 Days	30 Days
Closing price	\$0.100		
Volume weighted average price		\$0.101	\$0.100

Source: Bloomberg

In forming a range of likely share prices of the Proposed Merged Entity, we have also considered the combined pre-announcement market capitalisations of Aphrodite and Spitfire, divided by the number of shares on issue in the Proposed Merged Entity (prior to any notional capital raisings) as set out below:

Price per share in the Proposed Merged Entity	Value \$
Market capitalisation of Aphrodite prior to the Scheme (11 August 2017)	17,010,600
Market capitalisation of Spitfire prior to the Scheme (11 August 2017)	32,068,800
Market capitalisation of the Proposed Merged Entity	49,079,400
Number of shares on issue in the Proposed Merged Entity (undiluted basis plus Performance Rights)	487,768,354
Price per share in the Proposed Merged Entity	0.101

Source: BDO analysis

Based on the above analysis, we have assessed the price of a Proposed Merged Entity share to be approximately \$0.10. However, typically companies must raise capital at a discount to the current market price. As such, we considered the discount at which shares have been issued by ASX listed mining companies since January 2015. From our analysis, the average (mean) discount for ASX listed mining companies was 25%. We note that the observed placement discounts ranged significantly. Therefore, we have also considered the median of 16% as this represents a better measure of central tendency.

Given that placement discounts by ASX listed mining companies have ranged significantly, we assessed the discounts adopted by companies since January 2015 with market capitalisations less than \$100 million (a band in which the Proposed Merged Entity's market capitalisation will fall). The average (mean) discount was 27%, with the median being 17%.

Based on the above analysis, we consider a placement discount in the range of 16% to 20%, with our preferred being a midpoint of 18%, will be required to provide a sufficient incentive for investors to participate in a capital raising.

The number of shares to be issued under the notional capital raising is set out in the table below:

Notional capital raising	Low	Preferred	High
Minimum Admiral Commitment	6.00	6.00	6.00
Funds already contributed to the Minimum Admiral Commitment (\$m)	1.65	1.65	1.65
Additional capital required to meet the Minimum Admiral Commitment (\$m)	4.35	4.35	4.35
Cash and cash equivalents of the Proposed Merged Entity (\$m)	3.40	3.40	3.40
Less: Proposed Merged Entity working capital requirements (\$m)	(1.96)	(1.96)	(1.96)
Remaining cash available for contribution to the Minimum Admiral Commitment (\$m)	1.44	1.44	1.44
Additional Funding Required (\$m)	2.91	2.91	2.91
Placement fee	5%	5%	5%
Additional Funding Required including placement fee (\$m)	3.06	3.06	3.06
Price per share in the Proposed Merged Entity (\$)	0.100	0.100	0.100
Discount on placement	16%	18%	20%
Placement share price (\$)	0.084	0.082	0.080
Number of new shares to be issued under the notional capital raising	36,428,571	37,317,073	38,250,000

Source: BDO analysis

12.5.2. Total number of shares on issue in the Proposed Merged Entity

Following the implementation of the Scheme and notional capital raising, the Proposed Merged Entity will have a total of approximately 505,085,427 shares on issue on an undiluted basis (preferred value). We have not included the exercise of the Proposed Merged Entity Options or options currently on issue in Spitfire, because at the date of our report, they are out-of-the-money.

However, we note that under the terms of Spitfire's Employee Performance Rights and Options Plan ('the Plan'), the vesting conditions of the Performance Rights are automatically waived upon a change of control occurring (which is defined in the Plan to include an amalgamation of Spitfire with any other company). Pursuant to the Plan, it is expected that upon implementation of the Scheme, the Performance Rights will vest. Therefore, for the purpose of our valuation of the Proposed Merged Entity, we have included the Performance Rights in our calculation of the number of shares on issue.

The number of shares on issue in the Proposed Merged Entity is detailed in the table below:

Number of shares on issue in the Proposed Merged Entity	Low	Preferred	High
Number of Spitfire shares on issue prior to the Scheme (at the date of our Report)	246,683,293	246,683,293	246,683,293
Total number of Proposed Merged Entity shares to be issued to Shareholders under the Scheme	221,085,061	221,085,061	221,085,061
Number of Proposed Merged Entity shares to be issued under the notional capital raising	36,428,571	37,317,073	38,250,000
Total number of shares on issue in the Proposed Merged Entity on completion of the Scheme (undiluted basis)	504,196,925	505,085,427	506,018,354
Number of Spitfire performance rights on issue (at the date of our Report)	20,000,000	20,000,000	20,000,000
Total number of shares on issue in the Proposed Merged Entity on completion of the Scheme	524,196,925	525,085,427	526,018,354

Source: BDO analysis

We note that the low number of shares on issue forms the basis of our high valuation and the high number of shares on issue forms the basis of our low valuation.

12.6 Value of Spitfire's other assets and liabilities

The value of Spitfire's net assets (excluding its mineral assets) prior to the implementation of the Scheme, on a controlling interest basis and assuming that Spitfire continues as a going concern, is reflected in our valuation below:

Consolidated Statement of Financial Position	Ref	Audited as at 30-Jun-17 \$	Adjusted value \$
CURRENT ASSETS			
Cash and cash equivalents	a	5,557,000	2,858,464
Trade and other receivables		115,000	115,000
TOTAL CURRENT ASSETS		5,672,000	2,973,464
NON-CURRENT ASSETS			
Property, plant and equipment	b	170,000	225,000
TOTAL NON-CURRENT ASSETS		170,000	225,000
TOTAL ASSETS		5,842,000	3,198,464
CURRENT LIABILITIES			
Trade and other payables		375,000	375,000
Provisions		4,000	4,000
TOTAL CURRENT LIABILITIES		379,000	379,000
TOTAL LIABILITIES		379,000	379,000
NET ASSETS (controlling interest basis)		5,463,000	2,819,464

Source: Spitfire's audited financial statements for the year ended 30 June 2017 and BDO analysis

The table above indicates the net asset value of Spitfire's other assets and liabilities prior to the implementation of the Scheme is \$2.82 million.

We have been advised that there has not been a significant change in the net assets of Spitfire since 30 June 2017 and that the above assets and liabilities represent their fair market values, other than those

with adjustments detailed below. Furthermore, nothing has come to our attention as a result of our procedures that would indicate the need for any additional adjustments.

Note a) Cash and cash equivalents

We have adjusted the cash and cash equivalents of Spitfire at 30 June 2017, to account for movements during the quarter ended 30 September 2017. The adjusted cash and cash equivalents is summarised in the table below:

Adjusted cash and cash equivalents		\$
Cash and cash equivalents at 30-Jun-17		5,557,000
Less: Investment in Aphrodite		(1,195,200)
Less: Exploration and evaluation expenditure		(881,048)
Less: Administration and overhead expenditure		(429,600)
Less: Merger costs and legal fees		(137,688)
Less: Investment in plant, equipment and vehicles		(55,000)
Adjusted cash and cash equivalents		2,858,464

Source: Spitfire management

We have been provided with bank statements supporting the above balance.

We note that the above cash movements primarily related to expense items and therefore do not affect other items on the balance sheet. The exploration and evaluation expenditure of \$0.88 million during the quarter ended 30 September 2017 is reflected in the valuation of Spitfire's mineral assets by DRM. We have made an adjustment for the investment in plant, equipment and vehicles below.

Note b) Property, plant and equipment

We have adjusted property, plant and equipment of \$0.17 million at 30 June 2017, to account for the \$55,000 investment during the quarter ended 30 September 2017. However, we did not make any further adjustments to the existing \$0.17 million at 30 June 2017 as this represents the book value of plant and equipment and is not captured in the DRM's independent market valuation of the mineral assets held by Spitfire. We have sighted a breakdown of property, plant and equipment which supports the audited position at 30 June 2017. The value of property, plant and equipment has not changed materially since 30 June 2017. We have considered Spitfire's depreciation policies and given the nature of property, plant and equipment, we do not consider the market value to differ materially from its book value.

12.7 Discount for minority interest

The net asset value of the Proposed Merged Entity is reflective of a controlling interest. As determined in Section 3.3, we determined that the Scheme is in effect a Merger of Equals and that the consideration offered and the securities given up should be assessed on an equivalent basis. As the implementation of the Scheme will not preclude either Shareholders or Spitfire's shareholders from receiving a control premium for their shares in the future, we have assessed the consideration offered and securities given up on a minority interest basis.

In order to convert the Proposed Merged Entity's NAV to a minority interest basis, we must apply a minority interest discount, which is the inverse of a premium for control and is calculated using the formula $1 - (1/1 + \text{control premium})$. As discussed in Appendix 3, the median announced control premiums

paid by acquirers of ASX listed gold mining companies and ASX listed general mining companies since 2010 is 43% and 39%, respectively, with the midpoint being 41%.

In determining the appropriate control premium for the Proposed Merged Entity, we have taken into consideration the fact that the Proposed Merged Entity will remain a mineral exploration company and therefore not have any revenue generating operations.

Based on our analysis, we consider an appropriate control premium for the Proposed Merged Entity to be between 20% and 30%, giving rise to a minority interest discount in the range of 17% to 23%.

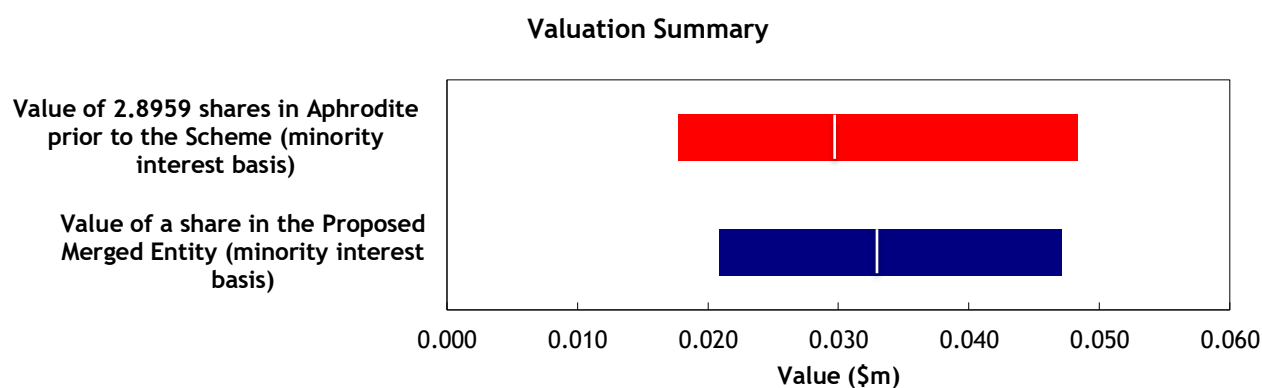
13. Is the Scheme fair?

A comparison of the value of 2.8959 shares in Aphrodite prior to the implementation of the Scheme, on a minority interest basis and the value of a share in the Proposed Merged Entity on a minority interest basis is set out below:

Fairness assessment	Ref	Low \$	Preferred \$	High \$
Value of 2.8959 shares in Aphrodite prior to the implementation of the Scheme (minority interest basis)	11.3	0.018	0.030	0.048
Value of a share in the Proposed Merged Entity (minority interest basis)	12.1	0.021	0.033	0.047

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis The above pricing indicates that, in the absence of a superior offer and any other relevant information, the Scheme is fair for Shareholders.

14. Is the Scheme reasonable?

14.1 Advantages of approving the Scheme

We have considered the following advantages when assessing whether the Scheme is reasonable.

14.1.1. The Scheme is fair

As set out in Section 13, the Scheme is fair. RG 111.12 states that an offer is reasonable if it is fair.

14.1.2. Provides Shareholders with immediate exposure to a portfolio of diversified assets

If the Scheme is implemented, Shareholders will receive shares in the Proposed Merged Entity, which will be an ASX and FWB listed gold exploration and development company with a diversified asset base spread across a number of projects. These projects include a greenfield exploration opportunity at Alice River in Queensland, and the emerging discovery opportunity at Mulwarrie in Western Australia, located only 65km away from the Company's Aphrodite Project.

Spitfire's diversified assets include gold exploration projects located in Western Australia, Queensland and the Northern Territory. The geographical diversity offered by Spitfire's asset portfolio reduces the risk associated with having one project located in a single location, as is currently the case with the Company's Aphrodite Project in Western Australia.

14.1.3. The Aphrodite Project and Mulwarrie Project are complementary mineral assets, which may enable the Proposed Merged Entity to benefit from potential cost synergies

If the Scheme is implemented, the Proposed Merged Entity will have access to an increased landholding in the Eastern Goldfields of Kalgoorlie in Western Australia, with Spitfire's Mulwarrie Project being located only 65kms from the Aphrodite Project.

Spitfire's Mulwarrie Project offers a range of potential synergies with the Aphrodite Project, with the two projects expected to form the basis of a consolidation strategy to be pursued by the Proposed Merged Entity. The close proximity of both companies' mineral assets may facilitate economies of scale for both the exploration and development of deposits. There is also potential to realise synergies relating to shared infrastructure such as roads, bore fields and camps. In conjunction, these synergies may reduce the costs associated with the exploration and development of the Aphrodite and Mulwarrie Projects. Furthermore, there is potential for the Proposed Merged Entity to realise synergies relating to corporate and administrative costs.

14.1.4. Creation of a combined group with a stronger financial position

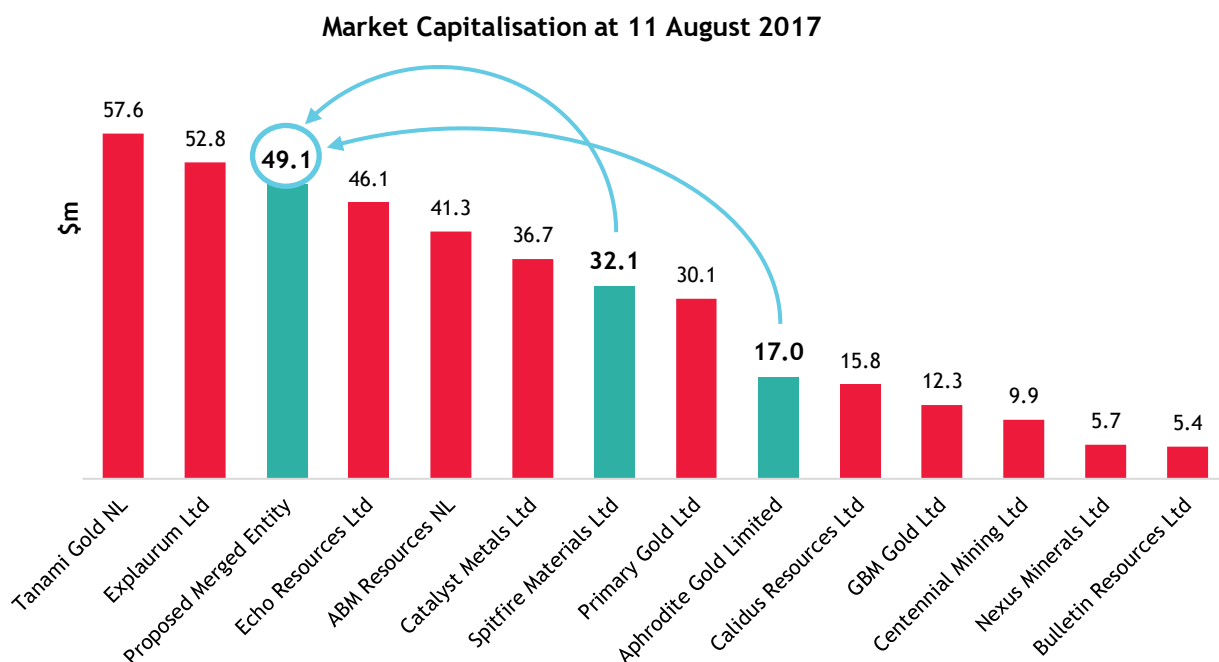
If the Scheme is implemented, Shareholders will become shareholders in the Proposed Merged Entity, which will have a stronger financial position, be larger in size and have an increased market capitalisation compared to Aphrodite. The implementation of the Scheme will result in the Proposed Merged Entity having a stronger financial position with a combined:

- cash position of approximately \$3.40 million to contribute to the Minimum Admiral Commitment and to working capital;
- net asset position of approximately \$20.69 million (excluding acquisition adjustments); and
- market capitalisation based on ASX closing prices of the two companies of \$49.08 million.

The increased cash position may enable the Proposed Merged Entity to be financed towards the next phases of development and exploration at the Aphrodite and Mulwarrie Projects. The more immediate funding requirements are likely to come from meeting the Minimum Admiral Commitment and the development of the Aphrodite Project.

The combined market capitalisation of Aphrodite and Spitfire, based on their closing prices at 11 August 2017, being the last trading day prior to the announcement of the Scheme, was approximately \$49.08 million.

The graph below illustrates the market capitalisation of the Proposed Merged Entity relative to Aphrodite's market capitalisation and a group of companies we consider broadly comparable to Aphrodite.



Source: BDO analysis

14.1.5. The Proposed Merged Entity will have a larger market presence, which may result in improved liquidity and an increased ability to raise capital

The stronger financial position and increased market capitalisation outlined in Section 14.1.4 is expected to provide the Proposed Merged Entity with increased media and analyst coverage, which may translate to increased levels of interest from financial markets and access to a wider range of investors, ultimately resulting in the shares of the Proposed Merged Entity being potentially more liquid than Aphrodite's.

Furthermore, the Proposed Merged Entity may have an enhanced ability to source equity and debt funding on better terms than may otherwise be available to Aphrodite on a standalone basis, due to its greater scale, liquidity, portfolio of diversified assets and enhanced management team. This is an important consideration for Shareholders because the capital and operating costs per the PFS are \$81 million and \$38 per tonne, respectively.

On 27 June 2017, Aphrodite announced the PFS results for the development of an open pit mine and installation of a gold processing facility to be constructed at the Aphrodite Project. The PFS capital and operating costs, including all infrastructure were \$81 million and \$38 per tonne, respectively. The Company also announced that it had entered into a MOU to complete due diligence for the processing of Aphrodite's gold resource at the Poseidon Black Swan Processing Facility. Forecast operating cost to

transport gold ore and produce concentrate at the Black Swan Processing Facility is estimated to be \$8 million and \$23 per tonne, respectively. As of the date of our report, the MOU is still subject to due diligence.

Despite the outcome of the MOU with Poseidon, the Aphrodite Project is not yet funded and in order for it to be developed, Aphrodite will need to raise sufficient equity and possibly debt (if it is available) to meet the capital expenditure requirements. Therefore, availability of funding is critical for Aphrodite to be able to realise the value of the Aphrodite Project for its Shareholders.

If the Scheme is implemented, it may place the Proposed Merged Entity in a better position to finance the development of the Aphrodite Project in addition to funding exploration of its other mineral assets and pursuing future growth opportunities.

14.1.6. Broader expertise and increased experience of the board of directors of the Proposed Merged Entity

As detailed in Section 4, if the Scheme is implemented, two of the current Aphrodite directors will join two of the current Spitfire directors to form the board of the Proposed Merged Entity. The board members of the Proposed Merged Entity are set out below:

- John Young - Managing Director (Spitfire);
- Neil Biddle - Executive Director (Spitfire);
- Peter Buttigieg - Non-Executive Chairman (Aphrodite); and
- Roger Mitchell - Non-Executive Director (Aphrodite).

The Proposed Merged Entity will be led by an experienced management team, including John Young as Managing Director and Neil Biddle as Executive Director, which founded the successful Australian lithium developer, Pilbara Minerals Limited.

John Young is an experienced geologist who has worked on exploration and production projects including gold, uranium, tungsten, molybdenum, tantalum and lithium. During his career, Mr Young has served as Chief Executive Officer of Marenica Energy Limited and Thor Mining PLC.

Mr Young was the Exploration Manager at Pilbara Minerals Limited 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 Mosman Oil and Gas Limited, which is listed on the London Stock Exchange's Alternative Investment Market.

Neil Biddle is a geologist and Corporate Member of the Australasian Institute of Mining and Metallurgy, and has over 30 years of 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 and as Non-Executive Director from August 2016 to 26 July 2017. Throughout his career, Mr Biddle has served on the boards of several ASX listed companies, including appointments as Managing Director of TNG Limited from 1998 to 2007, Border Gold NL from 1994 to 1998 and Consolidated Victorian Mines NL from 1991 to 1994.

The implementation of the Scheme will allow Aphrodite to leverage off Spitfire's highly skilled management team and their experience in developing and operating mining operations.

14.2 Disadvantages of approving the Scheme

We have considered the following disadvantages when assessing whether the Scheme is reasonable.

14.2.1. The Scheme will result in the dilution of existing Shareholders' interests

If the Scheme is approved, Shareholders will hold approximately 47.26% of the Proposed Merged Entity whilst Spitfire shareholders will hold approximately 52.74% of the Proposed Merged Entity, on an undiluted basis.

On a fully diluted basis, Shareholders will hold approximately 44.85% of the Proposed Merged Entity whilst Spitfire shareholders will hold approximately 55.15% of the Proposed Merged Entity.

This means that Shareholders' interests following the Scheme may be diluted from holding approximately 89.62% of Aphrodite to holding between approximately 44.85% to 47.26% of the Proposed Merged Entity. This will dilute Shareholders' interests and their level of collective influence on the operations of the Proposed Merged Entity compared to their influence over the operations of the Company.

14.2.2. Some ineligible Shareholders may not be able to receive shares in the Proposed Merged Entity

As detailed in Section 4, if the Scheme is implemented, a Shareholder whose address is recorded in Aphrodite's share registry at the Record Date as being outside of Australia or its external territories or New Zealand, will be in an Ineligible Foreign Shareholder for the purpose of the Scheme. The shares in the Proposed Merged Entity, that would have been issued to the Ineligible Foreign Shareholders will be issued to a Sale Agent that will sell or procure the sale of all the shares in the Proposed Merged Entity, that would have been issued to the Ineligible Foreign Shareholders. The Sale Agent will then pay to the Ineligible Foreign Shareholders their proportion of the cash proceeds, being the net cash proceeds of the sale of the relevant shares in the Proposed Merged Entity after deduction of any applicable brokerage and other selling costs, taxes and charges.

In effect, if the Scheme is implemented, Ineligible Foreign Shareholders will be forced to exit their respective investments in Aphrodite without specific control or guarantee in relation to the sale price they receive for their parcel of Aphrodite shares.

Based on the Company's share register as at 27 September 2017, there will be eight Ineligible Foreign Shareholders if the Scheme is implemented.

14.3 Other considerations

14.3.1. Alternative proposals

We are unaware of any alternative proposal that might offer the Shareholders of Aphrodite a premium over the value resulting from the Scheme.

14.3.2. Practical level of control

If the Scheme is implemented, Shareholders and Spitfire shareholders will have interests of approximately 47.26% and 52.74% in the Proposed Merged Entity on an undiluted basis, respectively. On a diluted basis, Shareholders and Spitfire shareholders will have interest of approximately 44.85% and 55.15% in the

Proposed Merged Entity, respectively. In addition to this, Aphrodite and Spitfire will each have two board members on the board of the Proposed Merged Entity.

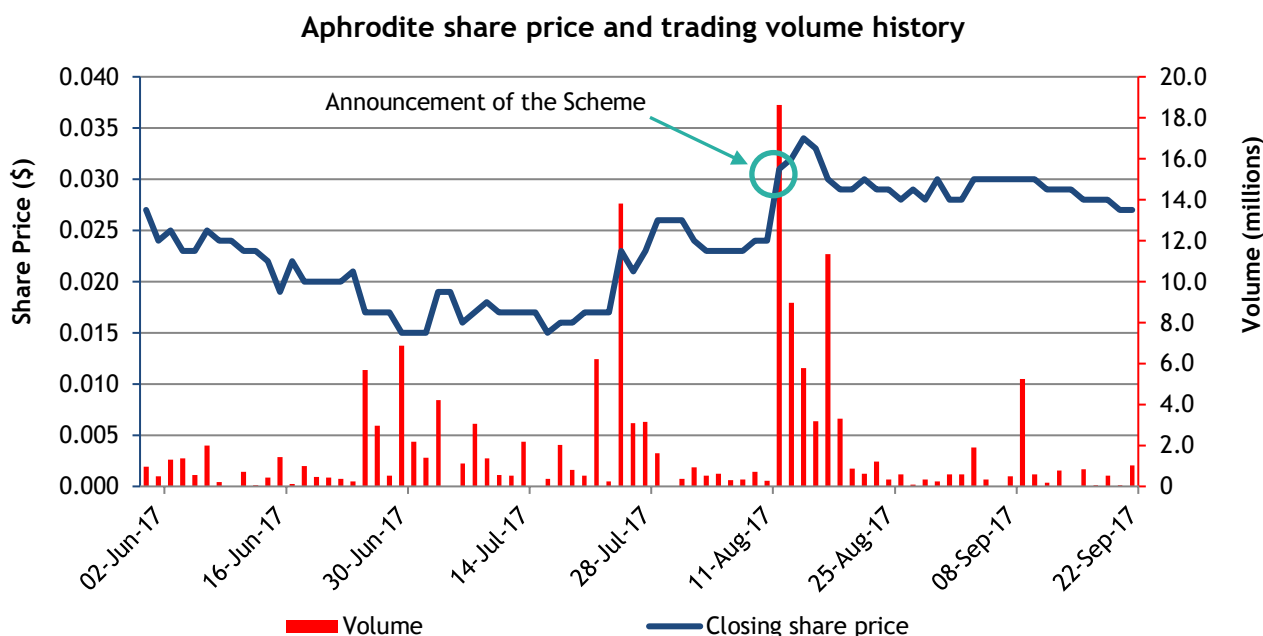
As detailed in Section 3.3, we do not consider the Scheme to be a control transaction because if the Scheme is implemented, both Shareholders and Spitfire shareholders do not forego the opportunity to receive a control premium in the future. As such, there are no direct control implications resulting from the Scheme.

Nonetheless, we have included the control of the Proposed Merged Entity as a consideration for Shareholders because the board of the Proposed Merged Entity will comprise two members from each of Aphrodite and Spitfire. This may be a relevant consideration for Shareholders if they hold a particular view of the current directors of Aphrodite or the current directors of Spitfire who will be on the board of the Proposed Merged Entity.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. We do not consider there to be any control implications relating to shareholder approval levels because if the Scheme is implemented, there will be no individual shareholder or group of associated shareholders that hold in excess of 25% of the issued capital of the Proposed Merged Entity. Therefore, no individual shareholder or group of associated shareholders will be able to block a special resolution.

14.3.3. Post-announcement pricing

We have analysed movements in Aphrodite's share price since the Scheme was announced. A graph of Aphrodite's share price and trade volume leading up to and following the announcement is set out below:



Source: Bloomberg

The daily price of Aphrodite's shares from 1 June 2017 to 22 September 2017 ranged from \$0.015 on 30 June 2017 to \$0.034 on 16 August 2017. Subsequent to the announcement of the Scheme, 18.62 million shares were traded on 14 August 2017. This represents 2.6% of the Company's total issued capital.

The table below details the VWAP of Aphrodite's shares for the 10 and 30 day periods subsequent to the announcement of the Scheme on 14 August 2017.

Share Price per unit	22-Sep-17	10 Days	30 Days
Closing price	\$0.027		
Volume weighted average price		\$0.028	\$0.031
Source: Bloomberg			

Following the announcement of the Scheme, Aphrodite's share price has increased from a VWAP of \$0.019 over the 30 days prior to the announcement of the Scheme to \$0.031 as at 22 September 2017. This indicates that the announcement of the Scheme was well received. However, we note that the 10 day VWAP and spot price as at 22 September 2017 are both lower at \$0.028 and \$0.027, respectively.

Given the above analysis, it is possible that if the Scheme is not implemented, then Aphrodite's share price may decline back to levels exhibited prior to the announcement of the Scheme.

14.3.4. Shareholders' investment profile will change

The Proposed Merged Entity may be subject to a number of risks that Aphrodite is not currently exposed to. Therefore, Shareholders' investment profile will change. This may include differences between operational profile, capital structure, size, share liquidity, exchange listing and geographic exposures between Aphrodite prior to the implementation of the Scheme and the Proposed Merged Entity.

14.3.5. Taxation implications

The Australian income tax consequences for Shareholders of implementing the Scheme will depend upon whether their shares are held on capital account, on revenue account or as trading stock. A distinguishing feature of shares held on capital account and shares held either on revenue account or as trading stock is the purpose for which they were acquired:

- shares held on revenue account, or as trading stock, are acquired for resale at a profit in the short term; whereas
- shares held on capital account are acquired for the purposes of deriving dividend income and long term appreciation of value.

The implementation of the Scheme should not crystallise Australian Capital Gains Tax for Shareholders who hold their shares on capital account. This is due to the availability of scrip-for-scrip roll-over relief in Australia. However, the availability of scrip-for-scrip roll-over relief has not been confirmed by a ruling and it is possible that the Australian Taxation Office will take a different view. On the basis that scrip-for-scrip roll over relief is available, Shareholders who are Australian tax residents can choose to disregard any capital gain arising upon the exchange of Aphrodite shares for shares in the Proposed Merged Entity.

Shareholders who hold their shares on revenue account will be subject to income tax on any gains arising from the exchange of Aphrodite shares for share in the Proposed Merged Entity. Non-resident Shareholders whose revenue gains are sourced in Australia may be protected by an applicable tax treaty.

The impact of these taxation implication will vary for different Shareholders.

Section 11 of the Scheme Booklet provides a detailed summary of the general tax implications of participating in the Scheme. However, the tax implications of the Scheme will affect Shareholders differently subject to their own respective circumstances, and as such, if necessary, Shareholders should seek their own individual tax advice.

15. Conclusion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Scheme is fair and reasonable to Shareholders.

Therefore, in the absence of a superior proposal, we conclude that the Scheme is in the best interests of Shareholders.

16. Sources of information

This report has been based on the following information:

- draft Scheme Booklet on or about the date of this report;
- Scheme merger implementation agreement dated 1 September 2017;
- audited financial statements of Aphrodite for the years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- audited financial statements of Spitfire for the years ended 30 June 2015, 30 June 2016 and 30 June 2017
- Independent Technical Report prepared by DRM dated 6 October 2017;
- share registry information of Aphrodite and Spitfire;
- Bloomberg;
- S&P Capital IQ;
- Consensus Economics;
- IBIS World; and
- discussions with directors and management of Aphrodite and Spitfire.

17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of approximately \$40,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Aphrodite in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Aphrodite, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Aphrodite, Spitfire and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Aphrodite, Spitfire and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Aphrodite, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Aphrodite and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of Chartered Accountants Australia and New Zealand. Adam's career spans 19 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

19. Disclaimers and consents

This report has been prepared at the request of Aphrodite for inclusion in the Scheme Booklet, which will be sent to all Aphrodite Shareholders. Aphrodite engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report on the proposed acquisition of all the ordinary issued shares of Aphrodite by Spitfire, by way of a scheme of arrangement.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd. BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The directors of the Company are responsible for conducting appropriate due diligence in relation to Spitfire. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Aphrodite, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Aphrodite and Spitfire.

The valuer engaged for the mineral asset valuation, DRM, possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

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

Sherif Andrawes

Director

A handwritten signature in blue ink, appearing to read 'Adam Myers', written in a cursive style.

Adam Myers

Director

Appendix 1 - Glossary of Terms

Reference	Definition
the Act	The Corporations Act 2001 Cth
Additional Funding Required	\$2.91 million to be raised to satisfy the remaining Minimum Admiral Commitment
Admiral	Admiral Gold Limited
Alice River Project	Alice River Gold Project
Alice River Minimum Commitment	Minimum expenditure of \$5.00 million on exploration of the Alice River Project, which shall include any amounts spent in satisfying the minimum expenditure commitment of \$0.75 million, by 14 March 2019
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
Aphrodite	Aphrodite Gold Limited
Aphrodite Options	40,000,000 Aphrodite options on issue with an exercise price of \$0.04, which expire on 19 August 2019
Aphrodite Optionholder	The holder of the Aphrodite Options
Aphrodite Project	Aphrodite Gold Project
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
the Company	Aphrodite Gold Limited
Corporations Act	The Corporations Act 2001 Cth
DCF	Discounted Future Cash Flows
DRM	Dunbar Resource Management
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
England Project	England Gold Project

Reference	Definition
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
Franco-Nevada Advance	\$2.5 million interest free royalty advance from Franco-Nevada received in 2012
Franco-Nevada Royalty	2.5% royalty that the Franco-Nevada Advance automatically converts to provided production at the Aphrodite Project does not commence within five years of receipt of the Franco-Nevada Advance
FSG	Financial Services Guide
FWB	Frankfurt Stock Exchange
Independent Technical Report	Independent Technical Assessment and Valuation Report prepared by DRM in accordance with the Valmin Code and the JORC Code
the Industry	The gold ore mining industry
Ineligible Foreign Shareholders	Shareholder whose address is recorded in Aphrodite's share registry at the Record Date as being outside of Australia or its external territories or New Zealand, unless Spitfire is satisfied that the laws of that Shareholder's country of residence would permit the issue and allotment of shares in the Proposed Merged Entity to that Shareholder, whether unconditionally or after compliance with conditions which Spitfire, in its sole discretion regards as acceptable and not unduly onerous.
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
kms	kilometres
Merger of Equals	Merger of entities of equivalent value
MIA	The merger implementation agreement to implement the Scheme
Minimum Admiral Commitment	The additional expenditure required to meet both the Alice River and Mulwarrie Minimum Commitments
MOU	Memorandum of understanding to process Aphrodite's gold ore at Poseidon's Black Swan Processing Facility
Mulwarrie Project	Mulwarrie Gold Project
Mulwarrie Minimum Commitment	Minimum expenditure of \$1.00 million on exploration of the Mulwarrie Project, which shall include any amounts spent in satisfying the minimum expenditure commitment of \$0.20 million, on or prior to 31 January 2018

Reference	Definition
NAV	Net Asset Value
Option Cancellation Deed	The option cancellation deed entered into by Spitfire and Aphrodite with the Aphrodite Optionholder, pursuant to which the Aphrodite Optionholder has agreed to the cancellation of their Aphrodite Options
the Performance Rights	10,000,000 Class A Performance Rights and 10,000,000 Class B Performance Rights on issue to key management personnel
PFS	Prefeasibility study at the Aphrodite Project
the Plan	Spitfire's Employee Performance Rights and Options Plan
Poseidon	Poseidon Nickel Limited
Proposed Merged Entity	The combined entity of Spitfire and Aphrodite following the Scheme
Proposed Merged Entity Options	13,812,635 options in the Proposed Merged Entity to be issued to the Aphrodite Optionholder in exchanged for the Aphrodite Options at a ratio of 1 for every 2.8959
QMP	Quoted market price
RBA	Reserve Bank of Australia
Record Date	The record date for determining entitlements to the Scheme consideration
Regulations	Corporations Regulations 2001 (Cth)
our Report	This Independent Expert's Report prepared by BDO
RG 60	Schemes of arrangement (September 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
Sale Agent	The sale facility agent or nominee of the sale facility agent that will sell or procure the sale on the ASX of all the shares in the Proposed Merged Entity that would have been issued to the Ineligible Foreign Shareholders
the Scheme	The proposed acquisition of all the ordinary issued shares of Aphrodite by Spitfire, by way of a scheme of arrangement
Scheme Booklet	The scheme booklet to be produced in connection with the Scheme in order to assist Shareholders in their decision whether to approve the Scheme
Section 411	Section 411 of the Corporations Act

Reference	Definition
Shareholders	Shareholders of Aphrodite with the exception of Spitfire
South Woodie Woodie Project	South Woodie Woodie Manganese Project
Spitfire	Spitfire Materials Limited
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
Tinpitch	Tinpitch Pty Ltd
US	United States of America
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
Yoda Project	Yoda Gold Project

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Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

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Appendix 3 - Control Premium Assessment

The concept of a premium for control reflects the additional value that attaches to a controlling interest.

We have reviewed the control premiums paid by acquirers of ASX listed gold mining companies and ASX listed general mining companies, since 2010. We have summarised our findings below:

ASX listed gold mining companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2017	0	n/a	n/a
2016	4	31.73	48.77
2015	6	80.20	54.87
2014	8	130.38	44.36
2013	8	64.79	77.34
2012	10	215.40	39.72
2011	7	1154.20	34.95
2010	10	1482.75	56.11
Mean		523.05	50.96
Median		47.54	43.47

Source: Bloomberg

ASX listed general mining companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2017	0	n/a	n/a
2016	9	46.89	78.44
2015	14	228.89	47.19
2014	13	135.34	43.81
2013	17	55.21	61.59
2012	21	464.02	49.13
2011	20	664.46	45.50
2010	26	873.87	46.36
Mean		440.48	51.08
Median		46.26	39.11

Source: Bloomberg

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- nature and magnitude of non-operating assets;
- nature and magnitude of discretionary expenses;
- perceived quality of existing management;
- nature and magnitude of business opportunities not currently being exploited;

- ability to integrate the acquiree into the acquirer's business;
- level of pre-announcement speculation of the transaction; and
- level of liquidity in the trade of the acquiree's securities.

The tables above indicate that the long term average of announced control premiums paid by acquirers of both ASX listed gold mining companies and ASX listed general mining companies is approximately 51%.

However, in assessing the sample of the transactions that were included in the table, we noted transactions within the list that appear to be extreme outliers. These outliers included four ASX listed gold mining transactions and 12 ASX listed general mining transactions, in which the announced control premium was in excess of 100%.

In a sample where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premiums over the review period were approximately 43% for ASX listed gold mining companies and 39% for ASX listed general mining companies, with the midpoint being approximately 41%.

Appendix 4 - Independent Technical Report



INDEPENDENT TECHNICAL SPECIALISTS REPORT
& VALUATION

APHRODITE GOLD LIMITED &
SPITFIRE MATERIALS LIMITED
MINERAL ASSETS

Final

October 2017

Report Commissioned by BDO Corporate Finance

Valuation Date: 1 October 2017
Report Date: 8 November 2017
Primary Author: Paul Dunbar

Distribution:
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Contributors	Shaun Searle	
Valuation Date	1 October 2017	

Executive Summary

BDO Corporate Finance (WA) Pty Ltd (BDO) commissioned Dunbar Resource Management (DRM), the trading name of Jewell Dunbar Pty Ltd to prepare an Independent Technical Assessment and Valuation Report (“the Report” or the ITA) of the Spitfire Materials Limited (ASX: SPI) (Spitfire) and Aphrodite Gold Limited (ASX: AQQ) (Aphrodite) mineral assets.

The Report provides an opinion to support an Independent Expert’s Report to be prepared by BDO, and has been prepared as a public document, in the format of an independent specialist’s report and in accordance with the 2015 VALMIN Code.

This report is a technical review of the Aphrodite Gold Project, owned by Aphrodite Gold Limited, and the Alice River, England and Mulwarrie Gold projects and the Woodie Woodie South Manganese project all located in Australia, owned and by Spitfire Materials Limited. It includes a technical evaluation of the exploration and development projects and a fair market valuation of these Mineral Assets. In accordance with the VALMIN code DRM has undertaken several valuation methods for both the existing Mineral Resources and a separate valuation for the earlier stage exploration tenements that surround the resource areas. Importantly, as neither the principal author nor DRM hold an Australian Financial Securities Licence, this valuation is not a valuation of Aphrodite Gold Limited or Spitfire Materials Limited but rather a valuation of the Mineral Assets owned by both companies.

This valuation is current as of 1 October 2017. As commodity prices and cost inputs fluctuate over time this valuation is subject to change. The valuation derived by DRM is based on information provided by Aphrodite Gold and Spitfire Materials along with publicly available data including Australian Stock Exchange (ASX) releases and public data obtained from various government geological surveys. DRM has made all reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this report. The opinions and statements in this report are given in good faith and under the belief that they are accurate and not false nor misleading. The default currency is Australian dollars. As with all technical valuations the valuation included in this report is the likely value of the mineral projects and not an absolute value.

Aphrodite Gold Project

The Aphrodite Gold Deposit within the larger Aphrodite Gold Project is an advanced exploration to development project owned 100% by Aphrodite, located 65km north – northeast of Kalgoorlie, Western Australia. The deposit has had several mineral resource estimates completed since its discovery in the mid 1990’s. The most recent estimate is a JORC 2012 mineral resource estimate being reported as a global resource of 7,770,033t at 2.99g/t gold for 1,260,866oz. This estimate is broken down into two distinct portions, the upper zone is a potentially open pit exploitable mineral resource estimate of 6,213,875t at 1.83g/t for 598,201oz of contained gold. A deeper portion of the mineralisation has had an estimate completed using a higher cut-off grade representing a possible underground development. The potentially underground exploitable resource estimate is 1,556,158t at 7.00g/t for 662,665oz of contained gold. In DRM’s opinion, this estimate requires rounding to at least the nearest 10,000t and 10000oz of contained gold to reflect the accuracy of the estimate, the global estimate should be reported as 7.77Mt at 2.99g/t for 1.26M oz of contained gold.

There have been no ore reserves estimated for the project.

A pre-feasibility study was recently completed and reported to the ASX on 27 June 2017. That study investigated the viability of undertaking an open pit mining operation and processing the ore via an initial gravity separation followed by floatation, pressure oxidation and a final CIL leach to extract the gold. The overall metallurgical process recovery from the PFS tests indicated that 86% of the contained gold for all ore types would be extractable. The open pit optimisation, undertaken as a part of the PFS, indicated that 187,000oz would be recovered from the optimal pit shell which compared with a total potentially open pit exploitable mineral resource estimate from surface to 165m below the surface of approximately 600,000oz. The PFS did not investigate an underground development. One of the recommendations of the PFS was to review the 2011 scoping study (ASX release dated 9 February 2011) and the

assumptions and viability of an underground development. The review of the scoping study for an underground development has not been completed.

The overall Aphrodite gold project consists of five mining leases, two prospecting licences and one exploration licence along with six miscellaneous licences (three granted and three applications) that would be associated with infrastructure requirements for a possible development. These Miscellaneous licences do not permit any exploration or extractive activities and as such are not considered to have a material value in the overall project.

It is, in the opinion of DRM, considered likely that ongoing and modern exploration activities would delineate additional small, potentially economic gold mineralisation and further extensions to the known mineralisation. A portion of this exploration would include extensional drilling both along strike and at depth below the current Aphrodite Gold deposit.

This report documents the technical aspects of the Aphrodite project and the Aphrodite Gold deposit along with determining a valuation for the project, in accordance with the 2015 VALMIN Code.

Mulwarrie and Alice River Gold Projects

The Mulwarrie Gold Project in Western Australia is an early stage but highly encouraging gold project. There has been minimal modern exploration within the tenements with recent drill intersections by Spitfire Materials, including 30m at 16.87g/t Au from 56m, 7m at 19.96g/t Au from 53m and 23m at 3.7g/t Au from 70m. These results along with other intersections provide significant encouragement to advance the exploration within the project. As the project is at an early exploration stage the economic viability remains unknown. There are however several processing facilities within the general area which, if a small resource be delineated could provide a processing alternative. If a significant resource be outlined then a standalone processing facility could be considered.

At the Alice River project, there has been minimal exploration in the past 15 to 20 years. The project is a significant landholding with a considerable strike length of a gold bearing structure previously outlined within the tenements. The project consists of eight granted mining leases and eight granted exploration licences.

Conclusions

The Aphrodite gold deposit is a significant and advanced gold resource that, given the appropriate gold price and cost structure is able to be advanced toward production. A pre-feasibility study was completed only on the open pit portion of the deposit which has shown a revised metallurgical process involving gravity gold extraction followed by floatation, pressure oxidation and a CIL extraction is able to, over all mineralisation domains, extract 86% of the contained gold. There is a significant higher grade portion of the resource below the open pit which may be amenable to underground mining. Studies into the potential of an underground operation are ongoing. The exploration potential within the greater Aphrodite Gold Project is considered high, especially given the lack of recent exploration within the area.

The Mulwarrie Gold Project in Western Australia is an early stage but highly encouraging gold project. Until early 2017 there had been minimal modern exploration within the tenements. Recent drill intersections include 30m at 16.87g/t Au from 56m, 7m at 19.96g/t Au from 53m and 23m at 3.7g/t Au from 70m and provide significant encouragement for additional exploration within the project. As the project is at an early exploration stage the economic viability remains unknown. There are however several processing facilities within the general area which, should a small resource be delineated could provide a processing alternative. If a significant resource is outlined then a standalone processing facility could be considered.

There has been minimal exploration at the Alice River project in the past 15 to 20 years. The project is a significant landholding with a considerable strike length of a gold bearing structure previously outlined within the tenements. The project consists of eight granted mining leases and eight granted exploration licences.

During the preparation of this report and while reviewing all the technical documents associated with the mineral assets of both Spitfire and Aphrodite no material flaws or errors were identified in the Mineral Resource Estimates

nor the technical reporting of the exploration activities. The proposed mining and processing methodology, including metallurgical recoveries and cut-off grades, are considered reasonable.

In DRM's opinion, the Market Value of the mineral resource at the Aphrodite Gold Project is between **\$6.3 million** and **\$12.6 million** with a preferred valuation of **\$8.8 million**. In addition to the value of the resources there is significant value in the exploration potential which lie between **\$2.5 million** and **\$4.9 million** with a preferred valuation of **\$3.7 million**.

Therefore, DRM considers the combined value of the Aphrodite Gold project to be between **\$8.8 million** and **\$17.5 million** with a preferred value of **\$12.5 million**.

The exploration projects of Spitfire Materials including Alice River, Mulwarrie, England, Yoda and South Woodie Woodie all have significant exploration potential. There has, other than at South Woodie Woodie been insufficient work for the estimation of a mineral resource. Due to the early stage of exploration this report has derived the valuation predominantly by a geoscientific valuation method. This is based on the observed geology and exploration within the projects along with the proximity to other deposits or mineralisation. Combined, the five exploration projects of Spitfire are valued at between **\$3.9 million** and **\$10.5 million** with a preferred valuation of **\$7.3 million**. In addition to the exploration projects and potential the Manganese resources at the South Woodie Woodie project have been valued using resource multiples for comparable transactions at between **\$1.1 million** and **\$1.3 million** with a preferred valuation of **\$1.2 million**. As the resource multiples used to derive the value of the manganese resource value were derived from completed transactions which were completed at a time that the manganese price was depressed the value derived is considered as a lower end of the valuation for the project. The current manganese price of \$2,000/t is approximately 10% to 15% above the five-year lows.

Therefore, DRM has derived a preferred total valuation for the Spitfire Materials mineral assets of **\$8.5 million** within a range of **\$5.0 million** to **\$11.8 million**.

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1. Introduction

Dunbar Resource Management (DRM), the trading name of Jewell Dunbar Pty Ltd, was engaged by BDO Corporate Finance (WA) Pty Ltd (BDO) to undertake an Independent Technical Assessment and Valuation Report (ITA) on the mineral assets of Spitfire Materials Limited and Aphrodite Gold Limited. The mineral assets include the Aphrodite, Alice River, Mulwarrie and England Gold projects and the South Woodie Woodie manganese project all located in Australia.

DRM understands that this ITA will be included in the Scheme of Arrangement booklet and the Independent Experts Report being prepared by BDO to determine the merit of the proposed transaction.

On 14 August 2017 Spitfire Materials Limited and Aphrodite Gold Limited announced their intention to merge via a scheme of arrangement with Spitfire Materials being the surviving entity.

1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

The ITA has been prepared in accordance with the 2012 JORC and the 2015 VALMIN Codes. Both of these industry codes are mandatory for all members of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. These codes are also requirements under Australian Securities and Investment Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX)

This ITA is as a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by Spitfire Materials Limited and Aphrodite Gold Limited to the Competent Persons listed as signatories to this ITA and additional publicly available information.

1.2. Scope of Work

DRM's primary obligation in preparing mineral asset reports is to independently describe mineral projects in compliance with the JORC and VALMIN Codes. These require that the Public Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the project.

DRM has compiled the ITA based upon the principle of reviewing and interrogating both the work of Aphrodite, Spitfire and independent specialists who have contributed to the technical information available for the project. This report is a summary of the work conducted to 1 October 2017 and is based on information supplied to DRM by Aphrodite and Spitfire, its advisors and information that is in the public domain, to the extent required by the 2012 JORC Code and the 2015 VALMIN Code.

DRM has prepared an Independent Valuation of the Aphrodite, Mulwarrie and England Gold Projects in the eastern goldfields of Western Australia, the Alice River Gold Project in northern Queensland, the South Woodie Woodie Manganese project in the Pilbara of Western Australia and reviewed the Yoda exploration project in central Northern Territory held by Spitfire and Aphrodite.

DRM understands that its review and valuations will be relied upon and appended to an Independent Expert's Report prepared by BDO for inclusion in a scheme booklet, to assist Aphrodite shareholders in their decision regarding the approval of a proposed scheme of arrangement. The scheme booklet will address the proposed acquisition of the shares in Aphrodite by Spitfire which would result in a merger of Aphrodite and Spitfire with Spitfire being the surviving entity. As such, it is understood that DRM's review and valuation will be a public document. Accordingly, this report has been prepared in accordance with the requirements of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (the VALMIN Code, 2015).

1.3. Statement of Independence

Dunbar Resource Management (DRM), the trading name of Jewell Dunbar Pty Ltd, was engaged to undertake an Independent Technical Assessment and valuation of the mineral assets of Aphrodite Gold and Spitfire Materials. This work has been conducted in accordance with the 2012 JORC and the 2015 VALMIN codes. In addition to these industry codes the work also complies with ASIC Regulatory Guideline 111 – Content of Expert Reports (RG111) and ASIC Regulatory Guidelines 112 Independence of Experts (RG112).

Mr Dunbar of Dunbar Resource Management, the trading name of Jewell Dunbar Pty Ltd has not had any direct association with Aphrodite or Spitfire, its individual employees, or any interest in the securities of AQQ or SPI, which could be regarded as affecting the ability to give an independent, objective and unbiased opinion. Mr Dunbar through DRM has provided assistance to the auditors of Aphrodite Gold Limited, Grant Thornton in 2016 and 2017. The nature of that work was to assist Grant Thornton as an independent specialist in evaluating the carrying value of the mineral assets of Aphrodite Gold in their financial statements. Neither DRM or Mr Paul Dunbar hold an AFS licence and the valuation contained within this report is limited to a valuation of the mineral assets being reviewed. Dunbar Resource Management will be paid a fee for this work on standard commercial rates for professional services. The fee is not contingent on the results of this review and is estimated at \$30,000.

An additional specialist has been engaged by DRM to undertake a specific section of this report, that being a review of the Resource Estimation for the Aphrodite Gold Project. Mr Shaun Searle, the specialist engaged to undertake this work has confirmed that he is independent of both Aphrodite and Spitfire, he has had no other association with Aphrodite or Spitfire, its individual employees, or any interest in the securities of AQQ or SPI, which could be regarded as affecting his ability to give an independent, objective and unbiased opinion.

1.4. Competent Persons Declaration and Qualifications

This report was prepared by Mr Paul Dunbar as the primary author with specialist sections undertaken by Mr Shaun Searle.

The primary author of the report and information that relates to geology, exploration and the mineral asset valuation is based on information compiled by Mr Paul Dunbar, BSc (Hons), MSc (Minex), a Competent Person who is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Dunbar is employed by Jewell Dunbar Pty Ltd, trading as Dunbar Resource Management, a Geology and Exploration Management consultancy, which has been engaged by BDO Corporate Finance (WA) Pty Ltd. Mr Dunbar has a Master of Science in Mineral Exploration and Mineral Economics and has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the 2012 JORC Code) and a specialist under the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The 2015 VALMIN Code). Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Specialists Qualifications

The information in this report that relates to the Mineral Resource estimates for the Aphrodite Gold Project, is based on information previously announced by Aphrodite in its ASX market announcement dated the 27 June 2017, which was prepared by Mr Diederik Speijers (Director of McDonald Speijers Consultants), a Competent Person as defined pursuant to the 2012 JORC Code.

Mr Shaun Searle, Senior Consultant Geologist with Ashmore Advisory Pty Ltd, was engaged by DRM as a Specialist to review the reasonableness of the previously announced Aphrodite Gold Mineral Resource estimate. Mr. Searle has not verified the underlying geological dataset nor has he re-reported the Mineral Resources for the Aphrodite Gold Project as at the date of this report he is the principal author of section 3.1.5. Mr Searle is a Member of the Australian Institute of Geoscientists and has sufficient experience 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

Searle consents to the inclusion in this report of these matters based on information in the form and context in which it appears.

1.5. Reliance on Experts

The authors of this report are not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the Queensland, Northern Territory or the Western Australian Mining Act. Dunbar Resource Management has interrogated the websites of the various state departments to confirm the validity of the tenements and aspects relating to the compliance with the various government acts. All have confirmed that the tenements are reported as being in good standing and that all tenement matters including annual reports, rents and renewals have been lodged and are progressing in accordance with the various Mining Acts. As DRM and the authors of this report are not experts in the Mining Acts, no warranty or guarantee, be it express or implied, is made by the authors with respect to the completeness or accuracy of the legal aspects regarding the security of the tenure.

For Aphrodite's Aphrodite Gold Deposit and project DRM has relied upon;

- Information obtained during the Site Visit of 2 October 2017
- The Aphrodite Pre-Feasibility ASX release of 27 June 2017
- Scoping Study ASX release of 9 February 2012
- A review of the mineral Resource Estimate included in the PFS ASX release reviewed by Mr S Searle
- Various ASX releases, publicly available information and regional datasets.

For the Spitfire's projects DRM has relied on publicly available reports including;

- Acquisition of the Admiral Gold and the Alice River and Mulwarrie Gold Projects ASX release 27 March 2017
- Mulwarrie Exploration Results ASX releases of 3 June and 27 September 2017
- The site visit to Mulwarrie on 2 October 2017
- South Woodie Woodie Manganese Resource ASX Releases of 13 May 2010 (Tally-Ho) 14 March 2012 (Contact and Contact North)
- Acquisition of the Yoda project ASX release 15 November 2016
- Acquisition of the England gold project, ASX release 7 October 2016

1.6. Sources of Information

All information and conclusions within this report are based on information made available to DRM and the specialist engaged to assist with this report by Aphrodite and Spitfire and other relevant publicly available data to 29 September 2017. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and Joint Venturers to the areas, where it has been considered necessary. DRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this report and to ensure that it had access to all relevant technical information. DRM has relied on the information contained within the reports, articles and databases provided by Aphrodite and Spitfire as detailed in the reference list. A draft of this report has been provided to Aphrodite and Spitfire to identify and address any factual errors or omissions prior to finalisation of the report. The valuation sections of the report were not provided to the companies until the technical aspects were validated and the report was declared final.

1.7. Site Visit

A visit to the Aphrodite Gold Project and the Spitfire Materials Mulwarrie projects by Paul Dunbar of DRM, John Young and Stuart Till both of Spitfire Materials and Catherine Jones of Aphrodite Gold was completed on Monday 2 October 2017.

2. Mineral Assets

The mineral assets that are included in this review are Mulwarrie, Alice River, England and Yoda gold projects and the South Woodie Woodie Manganese Project of Spitfire Materials Limited and the Aphrodite Gold Deposit and project of Aphrodite Gold Limited.

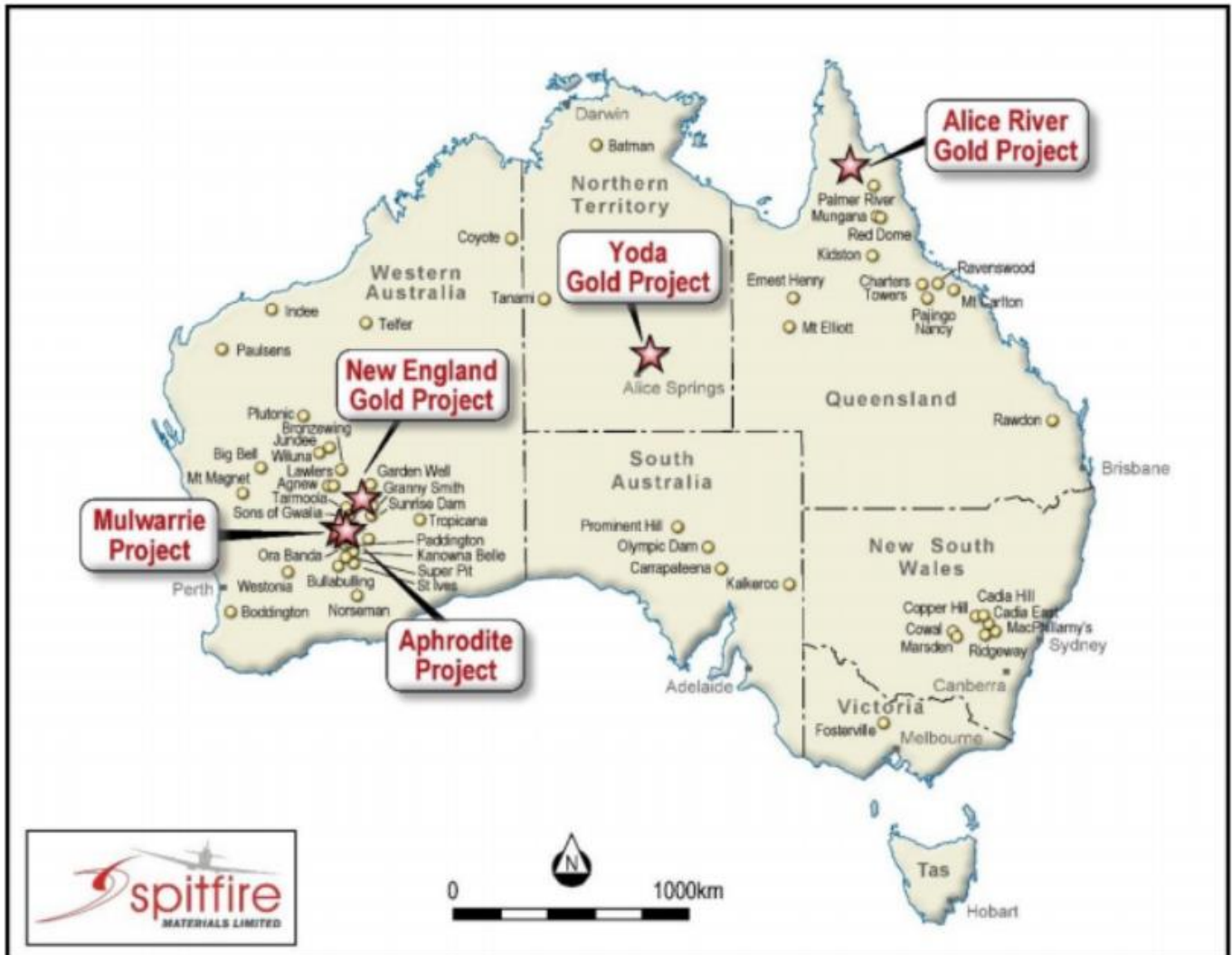


Figure 1 Location of Aphrodite Gold and Spitfire Materials Projects

3. Aphrodite Gold

The main mineral asset owned by Aphrodite Gold is the Aphrodite Gold Deposit which is located north northeast of Kalgoorlie in Western Australia. This report reviews the location, geology, exploration potential and valuation of this project.

3.1. Aphrodite Gold Project

The Aphrodite Gold Project is a contiguous block of five mining leases, one exploration and two prospecting licences. In addition to these tenements which allow for exploration and mining activities there are six miscellaneous leases that are primarily for water exploration, three are granted and three remain as applications.

Within the project area there is no evidence of historical mining activities with the gold first identified in the 1990's through geochemical exploration. Since gold was discovered the project has had various owners with Aphrodite Gold

acquiring the project from Apex Minerals in 2009 with the project being the main asset supporting the initial public offering in AQQ.

3.1.1. Location and Access

The Aphrodite Project is located approximately 700km East Northeast of Perth and 65km to the north northeast of Kalgoorlie, Western Australia mainly within the City of Kalgoorlie Boulder. Access to the project from Kalgoorlie is via the Kalgoorlie – Menzies sealed road then via station and exploration tracks. The project lies on the Mt Vettors Pastoral station. While the main Kalgoorlie – Menzies road is sealed the other tracks are unsealed gravel roads but in generally good condition however access is potentially impacted by wet weather. Overall the project is well supported by infrastructure.

Figure 2 shows the location of the Aphrodite Gold Project in relation to the major regional centre of Kalgoorlie.

3.1.2. Mineral Tenure

The Aphrodite Gold project consists of a contiguous block of five granted Mining Leases, two granted prospecting licences, one granted exploration licences and six miscellaneous licences with three granted. The latter tenement type does not provide the holder with any exploration or mining rights and can only be used for the purposes described in the tenement application, in this case the miscellaneous licences are associated with the search for suitable process water. Table 1 documents the tenements while Figure 2 shows the location of the tenements and Figure 3 shows the detailed tenement plan.

DRM has interrogated the Western Australian Department of Mines, Industry Regulation and Safety (DMIRS) website that confirmed that the tenements are reported as being in good standing and that all tenement matters including annual reports, rents and renewals have been lodged and are progressing in accordance with the Mining Act. As DRM and the authors of this report are not experts in the Mining Acts no warranty or guarantee, be it express or implied, is made by the authors with respect to the completeness or accuracy of the legal aspects regarding the security of the tenure.

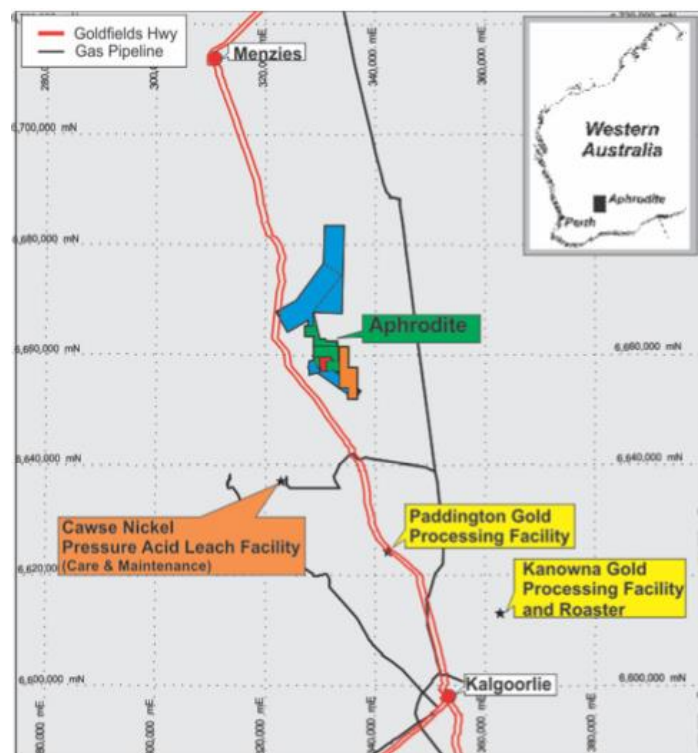


Figure 2 Location of the Aphrodite Gold Project

Table 1 Aphrodite Gold Aphrodite Project Tenement Schedule

Tenements	Grant	Expiry	Area	Equity	Exploration	Rent	Status
E24/186	14/2/2017	13/2/2019	7bl	100%	\$30,000	\$1,456.0	Granted
L29/114	17/4/2014	16/04/2035	5334.0000	100%	N/A	\$2,667.0	Granted
L29/115	15/4/2014	14/4/2035	4558.0000	100%	N/A	\$2,279.0	Granted
L24/204	15/4/2014	14/4/2035	1635.0000	100%	N/A	\$817.5	Granted
L24/217	N/A	N/A					Withdrawn
L24/225	N/A	N/A	1599.7790	100%	N/A	\$800.0	Pending
L24/226	N/A	N/A	1649.3022	100%	N/A	\$825.0	Pending
L24/227	N/A	N/A	3854.0932	100%	N/A	\$1,927.5	Pending
M24/720	21/8/2007	20/8/2028	995.4500	100%	\$99,600	\$17,529.6	Granted
M24/779	21/8/2007	20/8/2028	944.0000	100%	\$94,400	\$16,614.4	Granted
M24/649	10/8/2007	9/8/2028	181.0000	100%	\$18,100	\$3,185.6	Granted
M24/681	10/8/2007	9/8/2028	446.3600	100%	\$44,700	\$7,867.2	Granted
M24/662	28/6/2007	27/6/2028	363.3075	100%	\$36,400	\$6,406.4	Granted
P24/5014	7/7/2016	6/7/2020	141.5480	100%	\$5,680	\$369.2	Granted
P24/5014	7/7/2016	6/7/2020	27.4430	100%	\$2,000	\$72.8	Granted

Notes:

- the tenement schedule is based on the June 2017 Quarterly Report and validated by checking the Department of Mines, Industry Regulation and Safety(DMIRS) Mineral Titles online database. L24/217 was not listed in the quarterly report but was listed in the Pre-Feasibility report however this application was withdrawn on 11 July 2017.
- Franco Nevada holds a 2.5% NSR Royalty on the Aphrodite Gold Tenements

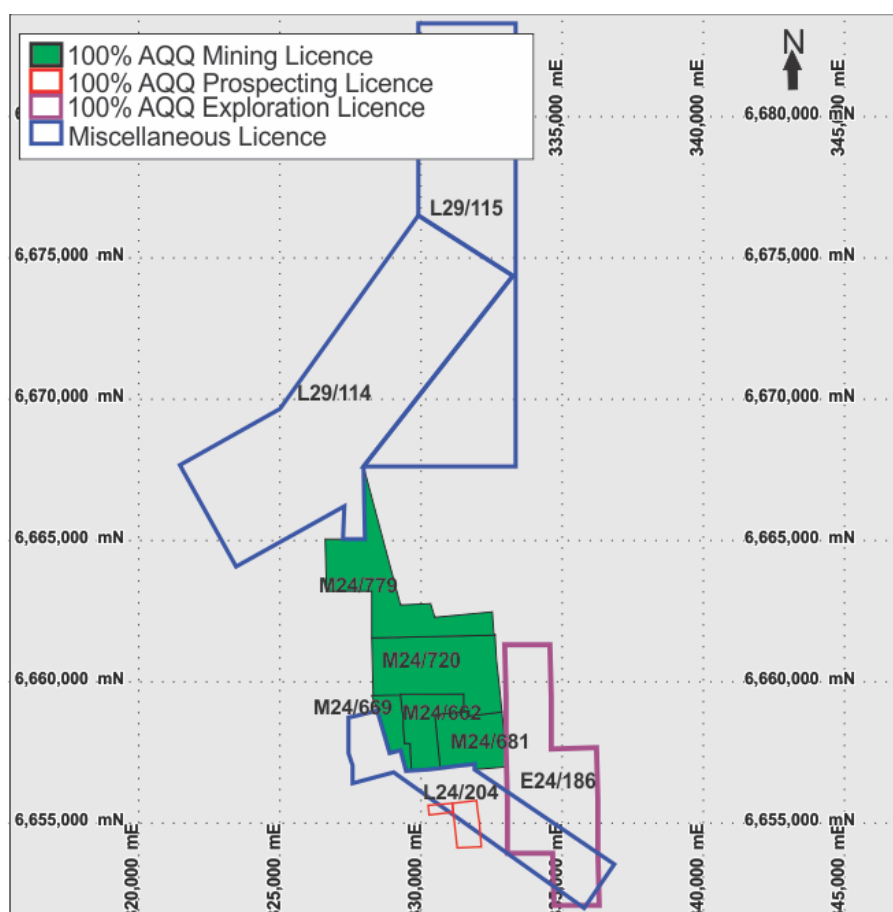


Figure 3 Aphrodite Gold Project Tenements

3.1.3. History

Gold Mineralisation at Aphrodite was discovered in 1994 when an auger drill program of sampling pedogenic calcrete generated a coherent geochemical anomaly. This was followed up in 1995 with rotary air blast (RAB) and air core (AC) drilling by Dalrymple Resources NL (in the south) and Pancontinental Resources NL (in the north). This drilling delineated a supergene “blanket” of gold mineralisation at approximately 50 metres at the interface between fresh rock and saprolite.

Detailed reverse circulation drilling in 1996 encountered some lode mineralisation (now known as the Alpha Lode) below and at the eastern edge of the supergene material. The supergene mineralisation was drilled out more extensively in 1997 but was determined to be patchy and this resulted in the downgrading of the potential within the project.

Deeper RC and diamond core drilling in the period 1998 to early 2000 by Goldfields Australia Limited (Goldfields) resulted in the broad delineation of the Alpha and Phi lodes and, in early 2000, an Inferred Resource of approximately 5.2Mt @ 4.8 g/t Au was estimated for this mineralisation.

In 2000 Centaur Mining and Exploration Limited conducted additional drilling indicating the Phi Lode extended further south than previously interpreted.

A review of the Aphrodite resource was conducted by Delta Gold Limited in April 2001 with a view to assessing it as potential feed stock for the Kanowna Belle processing plant. In 2002 Aurion Gold Limited (Aurion), a joint venture between Goldfields Australia Pty Ltd and Delta Gold Limited, carried out a small RC/DD drilling program, reviewed the historical data and estimated an oxide and lode Inferred Resource of 3.74Mt @ 3.35 g/t Au plus further unclassified mineralisation of 6.93Mt @ 3.30 g/t Au. Late in 2002, ownership of the project passed from Aurion to Placer Dome Asia Pacific Ltd (Placer) through a takeover. Placer was subsequently taken over by Barrick (PD) Australia Limited (Barrick).

Apex Minerals acquired the project in May 2007. After carrying out some confirmation drilling Apex re-interpreted the lode system.

Aphrodite acquired the project from Apex in late 2009 and it was the principal asset of the company at its Initial Public Listing in mid-2010. AQQ commissioned Coffey Mining to compile an Independent Geologists Report which included resource estimation for its prospectus. Between June 2010 and March 2013 AQQ conducted a several RC drilling programs principally aimed at extending the known gold resource and discovering extensions. They also embarked on a reconstruction of the historical drilling database which had degraded through the many ownerships.

Several metallurgical investigations have been conducted as a part of the Scoping Study and Pre-feasibility studies completed in 2013 and 2017. The Scoping Study was completed by Tetra Tech Australia Pty Ltd (TetraTech) in mid-2013 and included a new resource estimate.

The 2017 Pre-feasibility study, managed in house by Aphrodite and undertaken by several consulting groups, included open pit mine design by Entech Pty Ltd (Entech), a significant metallurgical work by Strategic Metallurgy and a new mineral resource by McDonald Speijers Consultants. The PFS study included a different processing flow sheet to that previously considered.

There is no significant recorded historical gold production from the area of the Aphrodite Project.

3.1.4. Geology

The Aphrodite mineralisation is situated in the Kalgoorlie Terrane of the Yilgarn Craton and within the Bardoc Tectonic Zone, a high-strain zone in supracrustal rocks extending some 120km north of Kalgoorlie. The Zone is up to 12km in width and is bounded to east and west by pre- to syntectonic intrusive granite bodies. It has yielded some 100 tonnes of gold production over the years with the largest deposit being Paddington (40 tonnes).

Various authors have described a Bardoc style of mineralisation which differs in character from the major gold deposits of the Boulder-Lefroy Shear immediately to the south. Differences include the nature of the local host structure, the alteration characteristics, the presumed redox conditions, sulphide isotope ratios, the dominant sulphide minerals and the occurrence of tellurides.

The Aphrodite deposit is hosted in a series of intermediate to felsic porphyry bodies intruded into a sequence of basalts, volcanic turbidites, siltstones and carbonaceous shale of dominantly volcanic origin. These units are part of a thin strip of greenstones between the Mt Pleasant and Kanowna Domes. The porphyries include feldspar-phyrlic intermediate, plagioclase-hornblende, feldspar-biotite and coarse-grained variants

The gold mineralisation known as the Alpha and Phi Lodes occur in a series of north-northwest to north trending, sub-vertical brittle-ductile faults running sub-parallel to the stratigraphy. A third thin (2m wide) sub parallel lode known as the Omega Lode occurs to the west of the Phi Lode has a strike extent of several hundred meters and depth extent of around 200m. The Epsilon Lode is a diffuse poorly defined shallow north-dipping zone that appears to link between the two main faults. The primary mineralisation is known to be refractory in nature.

The Alpha Lode strikes at 350° and dip at $\approx 80^{\circ}$ to the east. The major part of the lode is within a north-northwest striking elongate hornblende-plagioclase porphyry intrusion known as the Main Porphyry but to the north it is hosted by turbiditic sediments. The lode is known to extend along strike for several hundred metres and has an average width in the porphyry of 5 metres expanding to 20 metres in the sediments. Mineralisation has been intersected at a maximum down-dip depth of 650m below surface.

The Phi Lode is hosted by a sheared turbiditic sediments located 200 metres west of the Alpha Lode. The mineralisation is sub vertical, strikes 345° and is up to the 30m thick. The mineralisation is bounded by the Main Porphyry to the east and the Western Porphyry to the west. Mineralisation occurs as several ≈ 6 m wide parallel zones that extend for several hundred metres along strike and ≈ 370 metres down dip. The geological controls on the higher-grade zones are not well understood.

The high-grade gold mineralisation at Alpha and Phi Lodes is associated with quartz-pyrite-arsenopyrite veining and/or breccia and a texturally destructive alteration assemblage dominated by sericite, pyrite and arsenopyrite. The best indicators of high grade mineralisation are silicification and brecciation with lower grade porphyry-hosted mineralisation at Alpha Lode is typically associated with weak to moderate sericite-pyrite-pyrrhotite alteration in weakly to moderately foliated rock. Silica alteration and arsenopyrite are absent in the Alpha Lode. The limits of low grade mineralisation correspond with the limits of the sericite-pyrite-pyrrhotite alteration assemblages at the Phi Lode are similar to those at the Alpha Lode.

Figure 4 shows the broad regional geology and the Aphrodite Gold project location in relation the regional centre of Kalgoorlie and the nearest gold processing facility at the Paddington Gold Mine.



Figure 4 Regional Geology and Location of the Aphrodite Gold project

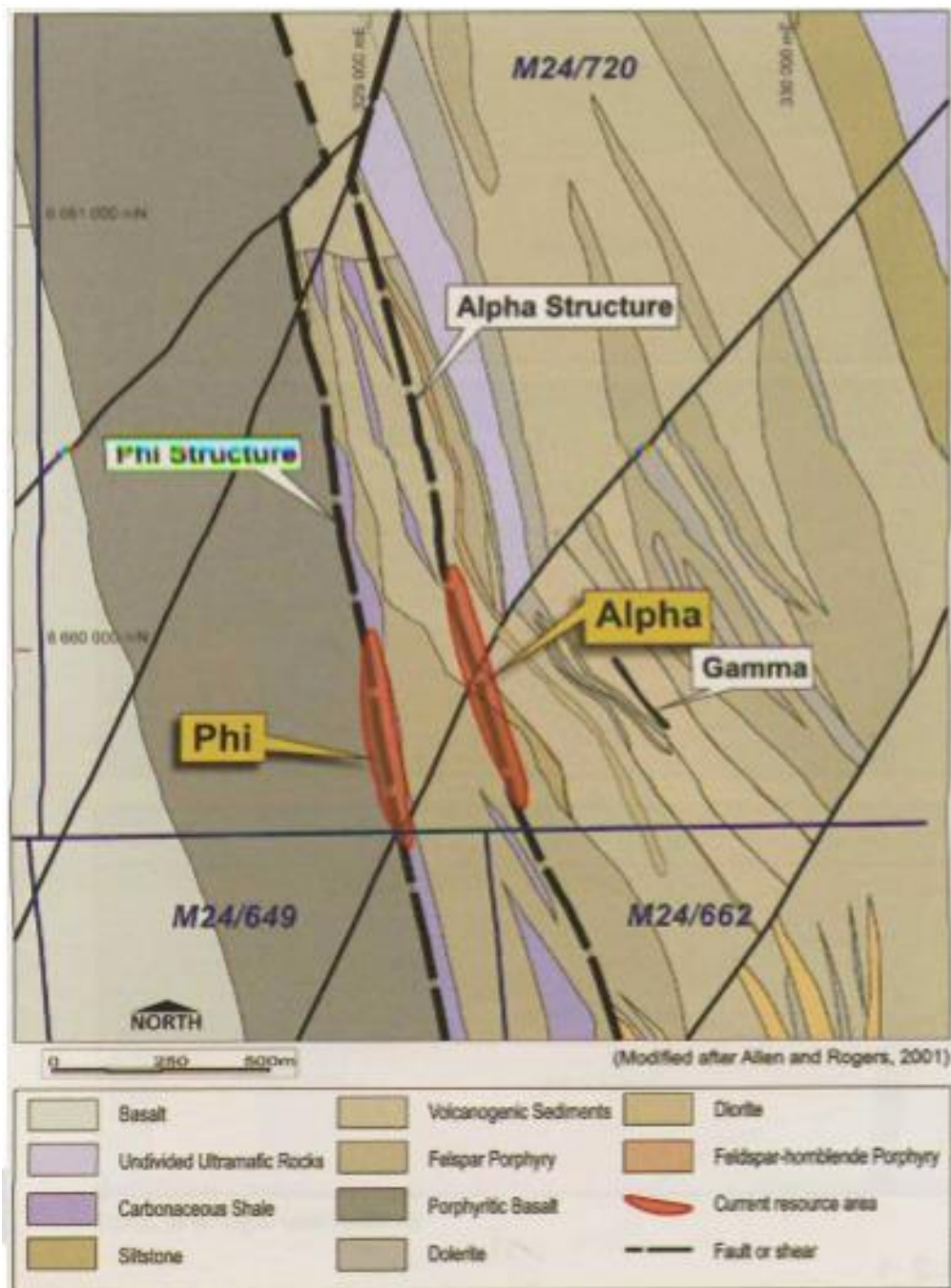


Figure 5 Detailed Geology of the Aphrodite Gold deposit showing the two main zones of mineralisation.

3.1.5. Resources

There have been several previous resource estimates for the Aphrodite mineralisation using both polygonal and block modelling methods. The various estimates all differ in the interpretations made, the extent of the projections and the drilling data available at the time so direct comparisons are not meaningful. However, for reference, Table 2 is a compilation of the previous Mineral Resource Estimates. These were all done under slightly different reporting codes and different methods with each subsequent estimate including more drilling information.

Estimates by Coffey and TetraTech employed fixed lode interpretations at set cut-offs.

Table 2 Aphrodite Previous Resource Estimates

Source	Year	Method	Lode	Resource Categories	Mt ore	g/t Au	Gold Koz
Goldfields	2001	Block – ID2 Block – ID2	Alpha	Unknown	2.00	7.00	450
			Phi	Unknown	3.17	3.39	346
			Total		5.17	4.79	796
Delta	2001	Polygonal Polygonal	Alpha	Unknown	1.60	5.79	298
			Phi	Unknown	3.71	5.12	611
			Total		5.31	5.32	909
Delta		Block – ID2 Block – ID2	Alpha	Unknown	1.20	5.55	214
			Phi	Unknown	3.88	4.02	502
			Total		5.08	4.38	716
Aurion	2002	Polygonal Polygonal Polygonal	Alpha	Inf & Unclass.	3.64	4.26	499
			Phi	Inf & Unclass.	4.66	3.62	542
			Oxide	Unclass.	2.38	1.30	99
			Total		10.68	3.32	1,140
Coffey	2010	Block – OK Block – OK Block – OK Block – OK	Alpha	Ind & Inf	5.60	2.1	378
			Phi	Ind & Inf	9.80	1.8	554
			Supergene	Inf	0.90	1.0	29
			Omega	Ind & Inf	0.60	1.3	22
			Total		16.90	1.84	983
MS	2011	Block – RF	Surface - Alpha	Inf	2.34	2.44	184
			Surface - Phi	Ind & Inf	1.94	1.96	122
			Surface - Supergene	Inf	2.79	1.27	114
			Total Surface		7.06	1.85	420
			Underground – Alpha	Inf	1.13	7.18	261
			Underground - Phi	Ind & Inf	1.87	5.83	351
			Total Underground		3.00	6.34	612
TetraTech	2013	Block – OK	Surface - Alpha	Ind & Inf	4.79	1.25	193
			Surface - Phi	Ind & Inf	3.32	1.58	168
			Surface – Gamma	Inf	0.38	0.88	11
			Surface - Epsilon	Ind & Inf	1.37	1.40	62
			Surface - Supergene	Ind & Inf	15.57	0.96	479
			Total Surface		25.43	1.12	912
			Underground – Alpha	Ind & Inf	2.00	5.09	327
			Underground – Phi	Ind & Inf	1.25	3.72	149
			Underground – Epsilon	Ind & Inf	65	41.0	9
			Total Underground		3.31	4.55	485
MS	2015	Block – RF	Surface - Alpha	Ind & Inf	3.80	1.84	225
			Surface - Phi	Ind & Inf	2.88	1.97	182
			Surface - Supergene	Ind & Inf	12.31	1.13	315
			Total Surface		15.35	1.46	723

NOTES:

Surface Surface resource defined as above 235m RL at cut-off 0.5 g/t Au.
Underground Underground resource defined as below 235m RL at cut-off 3.0 g/t Au
Block ID2 Block modelling with grade smoothing by inverse distance squared weighting.
Polygonal Length weighted grades in cross-section polygons.
Block - OK Block modelling with grade smoothing by ordinary kriging.
Block RF Block modelling with ore fraction and gold accumulation smoothing by inverse distance squared weighting.

The current estimate for the Project was completed by McDonald Speijers Pty Ltd (“MS”) for AQQ in June 2017. The 2017 estimate was reported to JORC (2012) reporting standards at variable cut-off grades, as shown in Table 3. MS has been concerned that, given the style of mineralisation, any hard interpretation of the lodes will be highly subjective and is likely to give a false impression of continuity that is not realistically sustainable. For that reason, MS

has based their estimates on broad mineralised zones and has employed statistical means for estimating both tonnage and gold content within these envelopes. This estimate was completed with a proprietary method developed by MS called Recovered Fraction (“RF”).

Table 3 Current 2017 Mineral Resource Estimate for the Aphrodite Project

Domain	Indicated			Inferred			Total		
	Tonnes t	Au g/t	Metal Oz	Tonnes t	Au g/t	Metal Oz	Tonnes t	Au g/t	Metal Oz
OP 0.5g/t	6,213,875	2.06	411,002	3,956,171	1.47	187,199	10,170,045	1.83	598,201
UG 3.0g/t	1,556,158	6.6	330,362	1,380,599	7.49	332,303	2,936,758	7.00	662,665
Total	7,770,033	2.97	741,364	5,336,770	3.03	519,502	13,106,803	2.99	1,260,866

There has been no rounding applied to the Mineral Resource table. In DRM and Ashmore’s opinion the resource requires rounding to reflect the level of confidence.

Informing Data and QA/QC

This section is a summary of the data used in the mineral resource estimate and sourced from the Mineral Resource Report and JORC Table 1 associated with the PFS ASX release.

Drilling and Sampling

Drill hole data used in the estimation is a combination of historical and AQQ drilling. Historical drilling dates back to 1994 and AQQ drilling has been conducted since 2010. There are 1017 holes used in the resource estimate being RC diamond holes for a total drilled length of 171,381m. JORC Table 1 details that approximately 80% of drilling is reverse circulation (“RC”) and 20% is diamond (“DD”) drilling (HQ or NQ core diameter), with more than half of the total drilling completed by AQQ. Further detailed breakdown of the drilling was not provided.

Drill holes were surveyed with DGPS equipment for all AQQ holes and details for historical drilling was not always recorded. The topography wireframe was constructed from drill collar elevation data. Topographic relief is very low. Some historical hole collars set at nominal elevations and required minor adjustment to the topography surface. Any errors in this process are considered small and are not critical to the resource estimation. Down hole surveys by gyro, multi-shot or single shot, generally on nominal 30m intervals.

RC chips were sampled at 1m intervals using either a rotary cone or riffle splitter on site. Diamond core was sampled at 1m intervals or to geological contacts using a core saw. RC holes were sampled continuously below the transported cover with samples crushed to 3mm then 2.5kg pulverised. Diamond core, where considered mineralised was cut to half (or quarter) core and sampled to the nearest whole metre with the sample crushed and pulverised entirely.

Analysis

The resource report details the companies and analytical methods used however all the samples were analysed by a 50g fire assay with most of the analysis done by Genalysis (Kalgoorlie) (now Intertek Genalysis). The a 50g fire assay was used for determination of gold, while analysis of other elements (including arsenic, various base metals, etc.) was done by multi-acid digest and inductively coupled plasma optical emission spectrometry (“ICPOES”).

QA/QC

For historical drilling, industry standard QA/QC practices were adopted, however the results are not summarised in the resource report.

AQQ utilised an extensive QA/QC program since 2010 including field duplicates, standards, blanks, inter-laboratory checks as well as cyanide leach and screen fire assay checking in 2016. The results of the field duplicates, standards and blanks are generally reasonable.

The spatial distribution of free milling and refractory gold mineralisation at the Project, particularly in the transition weathering zone, is somewhat uncertain. To clarify this, AQQ undertook a program of Leachwell cyanide analyses over all mineralised core intersections from the 2016 drilling program. After analysis of these data, an overcall of Leachwell head against fire assay was observed. The overcall has been examined on several bases and appears to be uniform across grade ranges, oxidation states and lode structures. Additionally, subsets of every second or third

sample show consistent results. The reason for this discrepancy is probably methodological but is at this time unresolved.

Bulk Density Measurements

Goldfields produced a significant quantity of bulk density data by gamma-gamma logging of their DD holes. Immersion method measurements on core were also carried out on some holes. Goldfields focus was on the deeper primary mineralisation so that in all but one case only unoxidized materials were measured. Gamma-gamma logging was carried out on 37 holes for a total length of 918m. In addition, 590 core pieces from 16 holes and averaging 20cm in length were measured by an immersion method. There is no information on whether the core measurements involved any drying and/or waxing.

The gamma logging yielded an average bulk density of 2.76t/m³ whereas the immersion measurements averaged 2.56t/m³. An analysis of the gamma data by depth shows no significant trend as is expected in the primary zone. Analysis by lode shows the Alpha Lode primary zone to be slightly less dense than that at the Phi Lode. Analysis of the data indicates that there is no significant relationship between density and gold grade in the primary zone.

Aurion made 18 measurements on core pieces from the primary zone but the method is not recorded in the database. The average density from these measurements is 2.81t/m³.

Aphrodite undertook a series of density measurements on core from the oxide and transition parts of the mineralised zones in association with their 2016 drilling program. Previously there had been no information from these regions of the deposit. The measurements were made by water immersion after drying and waxing where necessary.

A summary of bulk densities applied in the block model is shown in Table 4.

Table 4 Bulk Densities Applied in Block Model (t/m³)

Elevation Range mRL	Alpha Lode	Phi Lode	Epsilon Lode	Supergene Lode	Waste
Surf-370	-	-	-	-	1.75
370-360	-	-	-	-	1.95
360-350	1.95	1.95	-	-	1.95
350-340	1.95	2.15	2.15	2.40	2.00
340-330	2.05	2.20	2.20	2.40	2.20
330-320	2.15	2.45	2.45	2.40	2.40
320-310	2.20	2.55	2.55	2.40	2.65
310-300	2.35	2.65	2.65	2.40	2.75
300-290	2.55	2.75	2.75	2.40	2.75
290-280	2.70	2.75	2.75	2.40	2.75
Below 280	2.75	2.75	2.75	-	2.75

Data Verification

The final database used for this resource estimation was exported from Datashed to MS Access format and was supplied to MS on 31st January 2017. The data was transferred to Datamine format by constructing appropriate queries in MS Access and then directly importing these queries using ODBC protocols. Further validation tests and manipulation were applied using purpose-written Datamine macros. The AQQ component of the data appears to be in good order and the basic sample and assay data for the historical data appears to be reliable enough for resource estimation work. There has not been checking of database data against original records.

As more than half of the drilling has been conducted by AQQ, in DRM and Ashmore's view this minimises risk arising from the use of historical data. However, it would be beneficial to undertake a Q-Q analysis of the various drilling methods and the assays over time to ensure that no bias is evident between drill type or campaigns. QA/QC results have generally validated the sampling and assaying techniques, although further investigation of a seemingly high-grade bias evident when comparing Genalysis assays with Bureau Veritas assays.

Additional bulk density measurements should be obtained from all weathering types across the breadth of the deposit for further validation of existing measurements; however, there is a low risk that applied block model densities are inaccurate.

Further data verification of the historical should be conducted as there have been multiple owners of the Project over time.

Mineral Resource Estimate

After examining the Coffey and TetraTech lode interpretations in the light of the drilling data, MS formed the view that multiple and quite variable detailed interpretations of the lode geometry could be interpreted based on the existing assays and geological evidence. The correlations between drill hole intersections implied by the various sub-lode structures interpreted by Coffey at each of Alpha and Phi were, in MS's opinion, no more likely than any number of other interpretations.

Similar comments could be made about the TetraTech interpretations, although they were working with additional drilling data. The evidence suggests that there are likely to be many instances where the sub-lodes coalesce or simply terminate, even on Phi Lode which is drilled to a nominal 40m by 40m pattern or better. Confident correlation of individual mineralised intersections can be difficult between quite closely adjacent drill holes. In MS's opinion, it is likely that any interpretation which attempts to define hard boundaries of individual lodes at a specific cut-off will give a misleading view of the continuity of the mineralisation.

Therefore, the June 2017 Mineral Resource was estimated using the Recovered Fraction ("RF") modelling method. This is a proprietary statistical method developed by MS. The RF method involves the outlining of an envelope containing all the intersections of interest for each recognised mineralised domain. Within each defined domain a process of intersection selection is then undertaken using a set cut-off value and other set parameters and tests. If the model is to be used for mine planning then ore loss and dilution skins of specified length may be applied to the edges of the selected ore intersections.

Fixed length 2.5m composites are then formed for each drill hole wherein the proportion of (diluted) ore intersection is calculated along with the metal content of the intersection. The proportion is called the fraction and has a value between 0 and 1. The metal content is called the accumulation and is calculated as the product of the fraction and the length weighted average grade of that portion of the intersection that falls within the composite length. There may be more than one accumulation for each fraction if more than one metal is involved.

The calculation of the fraction and accumulation is typically carried out concurrently for a range of different cut-offs with these values interpolated using Inverse Distance Weighting ("IDW") into the blocks in a single pass.

Minimal high-grade cuts were applied to the data based on statistical analysis of individual domains. The block dimensions used in the model were 5m EW by 10m NS by 5m vertical with no sub-celling. A minimum of 5 and a maximum of 16 composites were generally used for the estimate.

The justification for using the proprietary statistical estimation method being used is the inherent difficulties in lode interpretation. In MS's opinion, a robust geological interpretation cannot be effectively generated with wireframes. Neither DRM nor Ashmore could verify this statement without viewing the geology and assay data in three dimensions, which given the timeframe for this report was not possible.

The estimation methodology appears to be adequate in theory, but it is recommended that a conventional non-linear estimate (such as Multiple Indicator Kriging, "MIK"), with broad mineralisation domains is completed in parallel to the RF estimate to validate the results. DRM and Ashmore are concerned that the estimated tonnage and grades are quite different when comparing to the Coffey and TetraTech estimates, both of which were estimated with Ordinary Kriging. The MS 2017 estimated tonnage is approximately half of the TetraTech 2013 tonnage, and the grade has doubled in 2017 from 2013. Further detailed review of the 2017 estimate is warranted, along with a comparison to a conventional MIK estimate.

In addition, the metal accumulations are interpolated using IDW techniques. This would be adequate if the drilling was distributed in a regular grid pattern. However, it is unlikely that there is a perfect grid pattern over the breadth of the deposit, particularly within the Inferred areas. It is therefore recommended that the metal accumulations are interpolated with Ordinary Kriging so that data clustering is accounted for in the interpolation algorithm.

Overall the estimate appears to be defining the higher-grade proportions of the mineralisation at the reported cut-offs. The estimate of this high-grade portion appears to be reasonable from the data supplied, however more recognised estimation techniques are recommended for comparison and validation.

In addition, this estimation methodology is not adequate to reasonably assess underground mining potential. Hard boundary interpretation and linear interpolation techniques are recommended to do so.

Subsequent to the site visit DRM's opinion, based on observations of the drill core is that detailed structural geology interpretation of the extensive well-maintained core for the deposit would allow a robust geologically based wireframe to be generated. DRM recommends that a detailed structural interpretation of the deposit be conducted, therefore allowing for a constrained mineral resource estimate to be undertaken. DRM considers a constrained resource estimate utilising Ordinary Kriging estimation as a more suitable estimation method, especially for the deeper, potentially underground exploitable portions of the deposit.

Mineral Resource Classification and Reporting

The Mineral Resource was classified as Indicated and Inferred Mineral Resource based on data quality, sample spacing, and lode continuity. The sample spacing criteria for classification was not specified.

The open pit cut-off used to conduct the RF estimate and report the Mineral Resource is 0.5g/t Au down to a depth of 160m below the surface and the underground cut-off used is 3.0g/t Au below 160m.

DRM and Ashmore presume the drill hole spacing selected to classify Indicated Mineral Resource is adequate (as there are 1017 drill holes used in the estimation), but cannot confirm as drill spacing is not extensively detailed in the Resource report.

In determining the appropriate reporting cut-off grades, no support on how the cut-off grades were estimated was presented. Under JORC (2012) guidelines, supporting documentation to demonstrate prospects for eventual economic extraction is required. At the very least, a gold price, mining cost, processing cost and processing recovery should be considered and assumptions presented to support the choice of cut-off grade. The report details that the 2013 Mining Study supports the current Mineral Resource cut-off grades.

The Pre-Feasibility Study reported by AQQ in 2017 shows that two processing options were considered, being;

- Gravity, conventional CIL with a cost of \$38/t; results in recoveries <68% for transitional and fresh material.
- Gravity, CIL and Pressure Oxidation with a cost of \$53/t; results in recoveries >87% for most of the material.

In DRM and Ashmore's opinion, the cut-off grade should be constrained to the particular material type, not a set depth below the topography. The processing costs are generally higher and recoveries lower for transitional and fresh material when comparing to other WA Goldfields operations. On that basis, it is recommended to report the oxide material at a cut-off of 0.5g/t Au; and transitional and fresh material within 160m of the topography at a cut-off of 1.0g/t Au (or higher).

JORC Table 1 Appropriateness

In DRM and Ashmore's opinion overall the data presented in the JORC Table 1 is adequate, although more discussion on outcomes is recommended. Additional information that should be added including;

- Detail of QA/QC results and Q-Q analysis results comparing different drilling generations;
- Justification of reporting cut-off grades;
- Processing recovery and possible treatment options; and
- Sample spacing criteria for Mineral Resource classification.

3.2. Aphrodite Gold 2017 Pre-Feasibility Study

This section summarises the Pre-Feasibility Study completed in June 2017 (ASX release 27 June 2017). All the technical assumptions from that Pre-Feasibility study remain valid. The Pre-Feasibility Study costs and assumptions were mainly obtained from a Strategic Metallurgy database of reagent and capital costs associated with the proposed flowsheet.

3.2.1. Mining

The PFS only investigated the potential for an open pit development while the previous Scoping Study proposed an open pit development followed by underground mining. The mining and open pit optimisation was undertaken by Entech Pty Ltd (Entech) undertook the open pit optimisation and design. The critical inputs into the optimisation were the variable metallurgical recoveries for the different geological domains and lodes, variable operating costs for oxide and alluvial material and higher costs (as outlined below) for the transitional and primary ore. The optimisations were undertaken at a AUS\$1,600/oz. This section is a summary of the PFS with additional information included in the 27 June 2017 AQQ PFS ASX release.

3.2.2. Mining Methods

The open pit mine design is a proposed starter pit lending to future resource model updates and expansions. The proposed design mines the Alpha and Phi lodes, striking 345°-165°. Future extensions to the open pit will likely be to the north and south of the current proposed design.

The proposed open pit footprint totals ~28 Ha, extending ~540m in width, ~600m in length and to a maximum depth of ~150 m. Figure 6 shows the open pit design configuration with respect to the surrounding landscape.



Figure 6 Proposed Aphrodite Open Pit looking NE

The PFS did not investigate the potential for exploitation of the high grade primary mineralisation.

3.2.3. Geotechnical

The geotechnical drill programme, consisting of three HQ3 drill holes cored from surface to a maximum depth of 100 m, aimed to gather rock mass characterization within the proposed open pit and lower the geotechnical risk on the pit designed. Geotechnical site investigation consisted of geotechnical logging and core sampling of the three drill holes along with downhole ATV/OTV, and gyro survey. The rock characterization, structural properties,

laboratory testwork results, and geotechnical model analyses are inputs to determine the factor of safety of slope (FoS) stability.

The open pit is divided into four areas for geotechnical analysis; North, East, South East, and South West. Geotechnical logging and testwork result shows that soil material is predominately covering the northern area of the pit. The proposed open pit wall angles all appear reasonable for an open pit that is developed through a highly weathered material. Table 5 shows the recommended pit wall angles for use in the pit optimisation and design.

Table 5 Geotechnical pit wall angles

Wall	Alluvial/Oxide	Trans/Lower Trans	Fresh
North	25.2°	42.0°	53.1°
East	28.1°	42.9°	55.1°
South West	33.1°	44.1°	55.1°
South East	37.0°	55.1°	55.1°

3.2.4. Metallurgical Testwork

The metallurgical drilling program consisted of seven (7) diamond drill holes. The holes were designed to intersect and provide representative samples of the major lithological ore types as well as spatial variations of these lithologies. The two (2) main zones were the Transition and Upper Primary. Lower Primary samples were identified but not tested during this program since they reside outside of the existing pit shell. Selected intervals used to create the metallurgical testwork composites were provided by the Aphrodite geologists. The basis of selection, in addition to domain boundaries, included continuous intervals that can be practically mined by open pit methods. This also incorporates a degree of dilution expected during mining. The 7 diamond holes created eight (8) composite samples, 4 Transition and 4 Upper Primary samples representing Alpha Lode Centroid (Comp A), Alpha Lode North (Comp B), Phi Lode South (Comp D) and Phi Lode Centroid (Comp E).

The gold at Aphrodite is fine grained and intimately associated with pyrite and arsenopyrite giving it a refractory character in terms of treatment, even within the transitional material. Direct cyanidation is a potential process option for the transitional material located in the Alpha lode; however, all material below this lithological boundary is highly refractory as well as the transitional material located in the Phi lode.

Flotation recovery of the gold into a concentrate appears to be a feasible process option. Despite the low sulphide content of the transitional material, the recovery of gold is 83- 92% and higher (>96%) in the upper primary zones. Flotation concentrates were predominantly sulphide based from the upper primary zones with sulphur grades ranging from 30-49%. Transitional zone concentrates were also sulphide based but considerably diluted by gangue to <20% sulphur. Gold grades were moderately high with 14-40gpt achieved with minimal cleaning.

Gravity recovery testwork returned mixed responses ranging from 10-45%. Transitional material was more conducive to gravity recovery than the upper primary material. That said, a gravity recovery circuit has some merit and was incorporated into the design.

Table 6 Results of the PFS metallurgical testing.

Zone	Lithology	Gold Recovery (%)				
		Gravity	Flotation	POX	CIL	Total
Alpha	Transitional	37	48	99	97	83
	Upper Primary	25	70	99	97	92
Phi	Transitional	22	68	99	97	87
	Upper Primary	13	82	99	97	92
Total		30	59	99	97	86

The Scoping Study detailed the mass pull and gold recovery from floatation tests. Overall from the Scoping Study gold recoveries were 91.3% with a mass pull of 2.9%, therefore 91.3% of the gold is recovered into only 2.9% of the initial ore processed. While the PFS report does not detail the mass pull, if a similar very low mass pull is achieved then the pressure oxidation and CIL components of the processing facility can be significantly smaller. Therefore, the CAPEX and OPEX would both be expected to be significantly lower than if there were a larger mass pull.

3.2.5. Process Design Package

Following the metallurgical testwork program as described above, Strategic Metallurgy completed a Process Design Package including CAPEX & OPEX. The basis of the design is for treatment of a 1Mtpa of ROM ore. Based on the resource distribution and testwork conducted during the PFS, a gold recovery of 86% is estimated.

The metallurgical testwork results, described above, have confirmed that all of the Aphrodite mineralisation can be very effectively processed to achieve 86% recovery by incorporating gravity, flotation, POX and CIL. A gravity and direct cyanidation process option is possible for the oxide & Alpha transition zone mineralisation.

3.2.6. Processing Operating and Capital Costs

Strategic Metallurgy (SM) the company's metallurgical consultants developed a OPEX and CAPEX schedule for the 1 Million Tonne per annum Aphrodite Processing facility.

The capital cost estimate is based on the testwork and process design conducted during the PFS. The major cost estimates have been provided through a combination of quotations from industry suppliers and SM's in-house database.

The operating cost is inclusive of labour, maintenance, power and process plant consumables. Operating cost is relatively evenly distributed between consumables, power and labour. Of the consumables in Case 1, lime and cyanide are the most significant operating cost, \$5.82/t and \$4.83/t, respectively; whilst comminution and oxygen production are the most significant power components, \$7.46/t and \$3.96/t, respectively at a power cost of \$0.34/kWh.

The CAPEX and OPEX for the Gravity & CIL only processing flow sheet is \$80.9M and \$38.26/t respectively, while the CAPEX and OPEX for the complete flowsheet as shown in Figure 7 including gravity, flotation, POX and CIL is \$123M and \$53.07/t respectively. A complete breakdown of costs is in Appendix 3 of the 27 June 2017 PFS ASX release.

3.2.7. Processing Options

The PFS investigated two separate processing options, these being a standard gravity followed by Carbon in leach (CIL) processing while the second option was a gravity separation, flotation, pressure oxidation and finally a CIL gold extraction.

These two options were investigated in the PFS. Given the low metallurgical recovery in the transitional and primary ore via option 1 only 38,000oz was optimised in an open pit. Option 2 (pressure oxidation) provided significantly more approximately 187,000oz of the resource to be exploited via open pit mining. The processing flowsheet for the Gravity, Floatation, Pressure Oxidation and CIL processing option is shown in Figure 7.

Subsequent to the release of the PFS Aphrodite has entered into a memorandum of understanding (MOU) with Poseidon Nickel (POS) to investigate the processing of the Aphrodite ore at the Poseidon Nickel owned Black Swan Processing Facility (BSPF). The BSPF is designed to produce a nickel sulphide concentrate from very hard ore. Preliminary analysis of the processing benefits indicates that the operating costs to produce a gold rich sulphide concentrate would be around \$23/t of ore with an additional \$8/t for transport to BSPF or a total of \$31/t of ore compared to the AQQ PFS of \$53/t. A significant portion of the operating cost savings are due to the BSPF being connected to the South West interconnected electricity grid. The initial estimate from POS to refurbish the BSPF to produce a gold concentrate is approximately \$12.8M. While this cost is only to produce a gold-rich concentrate there are options for processing the small volume of gold rich concentrates, including selling the concentrate

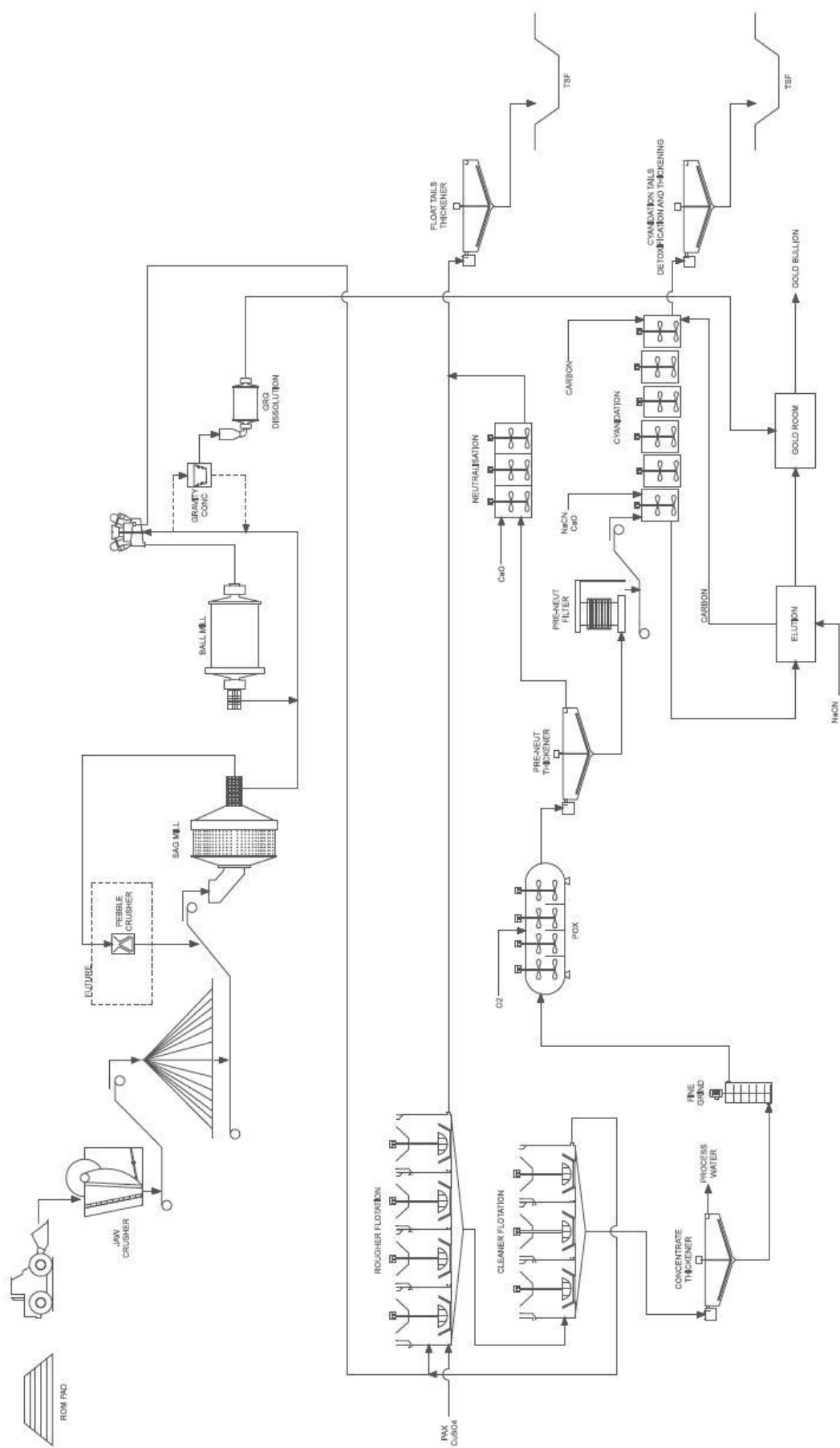


Figure 7 Preliminary Processing Flowsheet from the Aphrodite Gold Project PFS

without additional processing, building a small pressure oxidation and CIL facility to process the gold rich sulphide concentrate. In the scoping study, preliminary metallurgical tests indicated that around 92% of the gold was recoverable in less than 5% of the material. Therefore, any pressure oxidation facility and finally a CIL circuit to process the oxidised concentrate would be a modest in size and at significantly reduced capital cost to that developed in the Aphrodite PFS.

On 4 September AQQ, POS and SPI confirmed that the MOU executed to investigate the processing options for the Aphrodite ore at the BSPF would progress.

3.2.8. Pit Optimisation

Entech was requested to undertake two separate Pit Optimisations based on the two potential development options, with Option 1 being a conventional Gravity – CIL processing route while Option 2 was a gravity – floatation – pressure oxidation (POX) and finally a CIL stage. The optimisation resulted in very different production profiles, Option 1 resulted in a production of 38,000oz of gold from the optimised pit while the pit optimisation for Option 2 results in 187,000oz out of the optimal pit shell. Table 7 below shows the results of the two pit optimisations.

Table 7 Pit Optimisation Results

		Scenario 1- CIL	Scenario 2 POX
Processing Cost	\$M	21.47	160.81
Mining Cost	\$M	22.43	73.30
Mineralised Material	tonnes	447,000	2.7M
Avg Grade	g/t	2.6	2.2
Contained Metal	oz.	38,000	187,000
Waste	tonnes	12.1M	30.1M
Stripping Ratio	waste/ore	27.1	11.1
Processing Cost	\$/t ore	48.00	59.43
Mining Cost	\$/t ore	50.15	27.09
Mining Cost	\$/t rock	1.79	2.23
Total Cost	\$/t ore	104.09	91.55

Neither of these optimisations have factored the capital costs for the processing facility nor do they generate sufficient positive cashflow to allow for the required capital expenditure to advance the project.

3.2.9. Additional PFS Investigations

A significant number of additional studies have been undertaken as a part of the PFS. These include environmental baseline studies, hydrological investigations, waste rock characterisation, site infrastructure, site access, tailings storage facilities, power generation options and heritage surveys. While this report does not detail any of these aspects an important aspect of the PFS was that these studies did not identify any aspects that, subject to no major changes in the regulatory framework, would impede any regulatory approvals for the project. For additional details of these studies the reader is directed to the AQQ ASX release of 27 June 2017.

3.2.10. Ore Reserves

No Ore Reserves have been estimated for the Aphrodite Gold Project.

4. Spitfire Materials

Spitfire Materials' mineral assets include the Alice River Gold project in northern Queensland, the Mulwarrie and England gold projects in the Eastern Goldfields of Western Australia, the Yoda project in the Northern Territory and the South Woodie Woodie Manganese project in the Pilbara region of Western Australia (Figure 1). The mineral tenure for all the Spitfire projects are documented in section 4.1 while the geology, exploration history, recent exploration results and resources for each of the projects are detailed separately below.

4.1. Mineral Tenure

Details of the Spitfire Materials tenements are included in Table 8. The tenements have been validated via checking with the various state and territory government databases and websites. A tenement plan is not included in this section of the report but the tenement plans are included in the descriptions of each of the projects below.

Table 8 Spitfire Materials tenement schedule as at 29 September 2017.

Tenement	Location	Project	Status	Grant	Expiry	Area		Rent (\$)	Expend (\$)	Equity
						Blocks	Ha			
E38/2869	WA	England	LIVE	26/11/2014	25/11/2019	6		804	20000	100%
E46/0616	WA	South Woodie Woodie	LIVE	3/08/2005	2/08/2017	1		322	10000	80%
E46/0787	WA	South Woodie Woodie	LIVE	22/07/2009	21/07/2019	4		536	15000	100%
E46/0835	WA	South Woodie Woodie	LIVE	25/03/2011	24/03/2021	26		3484	26000	100%
R46/0002	WA	South Woodie Woodie	LIVE	4/07/2017	3/07/2022		100	770	10000	80%
E46/1159	WA	South Woodie Woodie	PENDING			18		2412	18000	100%
E46/1160	WA	South Woodie Woodie	PENDING			4		536	15000	100%
M30/0119	WA	Mulwarrie	LIVE	13/08/2007	12/08/2028		68	1196	10000	51%*
M30/0145	WA	Mulwarrie	LIVE	12/01/2007	11/01/2028		112	1971	11200	51%*
ML2901	Queensland	Alice River	GRANTED	29-Apr-82	30-Apr-24		2.88	173	5000	51%*
ML2902	Queensland	Alice River	GRANTED	29-Apr-82	30-Apr-24		2.88	173	5000	51%*
ML2907	Queensland	Alice River	GRANTED	3-Jun-82	30-Jun-24		2.06	123	5000	51%*
ML2908	Queensland	Alice River	GRANTED	3-Jun-82	30-Jun-24		4.03	242	5000	51%*
ML2957	Queensland	Alice River	GRANTED	7-Mar-85	31-Mar-27		1.6	96	5000	51%*
ML2958	Queensland	Alice River	GRANTED	10-Apr-86	30-Apr-07		11.4	688	10000	51%*
ML3010	Queensland	Alice River	GRANTED	25-Jan-90	31-Jan-11		29.5	1777	10000	51%*
ML3011	Queensland	Alice River	GRANTED	1-Oct-87	31-Oct-08		4.4	264	5000	51%*
EPM14312	Queensland	Alice River	GRANTED	13-Jul-05	12-Jul-15	7		1090	11152	51%*
EPM14313	Queensland	Alice River	GRANTED	13-Jul-05	12-Jul-14	10		1558	15652	51%*
EPM15359	Queensland	Alice River	GRANTED	24-May-07	7-May-15	25		3895	38152	51%*
EPM15360	Queensland	Alice River	GRANTED	23-Aug-07	22-Aug-15	25		3895	38152	51%*
EPM15409	Queensland	Alice River	GRANTED	24-May-07	23-May-15	24		3739	36652	51%*
EPM15410	Queensland	Alice River	GRANTED	23-May-07	23-May-15	25		3895	38152	51%*
EPM16301	Queensland	Alice River	GRANTED	14-Oct-08	13-Oct-16	29		4518	44152	51%*
EPM26266	Queensland	Alice River	GRANTED	8-May-17	7-May-22	81		12619	122152	51%*
EL30834	Northern Territory	Yoda	GRANTED	11/12/2015	10/12/2021	9			11350	100%

Note: * as Spitfire has the right to earn up to 51% both Alice River and Wulwarrie are listed as 51% ownership, Spitfire has yet to earn any equity in the projects.

Since the valuation date one tenement application, ML20523, a part of the Alice River Gold project has been withdrawn. An application for the area associated with this, now withdrawn, tenement application to be incorporated into the granted exploration lease that surrounds the application has been lodged with the DNRM

DRM has made all reasonable enquiries regarding the status of these tenements and confirms that to be best of DRM's knowledge these tenements remain in good standing with all statutory filings, reports and documentation including renewals have been supplied to the various government departments. DRM has been informed that the renewals for three of the mining leases have been lodged within the required timeframe and are progressing through the usual renewal review process. As DRM and the authors of this report are not experts in the mining acts for all three jurisdictions, being Western Australia, Queensland or the Northern Territory, no warranty or guarantee, be it express or implied, is made by DRM with respect to the completeness or accuracy of the legal aspects regarding the security of the tenure. DRM relies on the various government databases and websites which confirm Spitfire Materials tenements are, at the time of this report, in good standing.

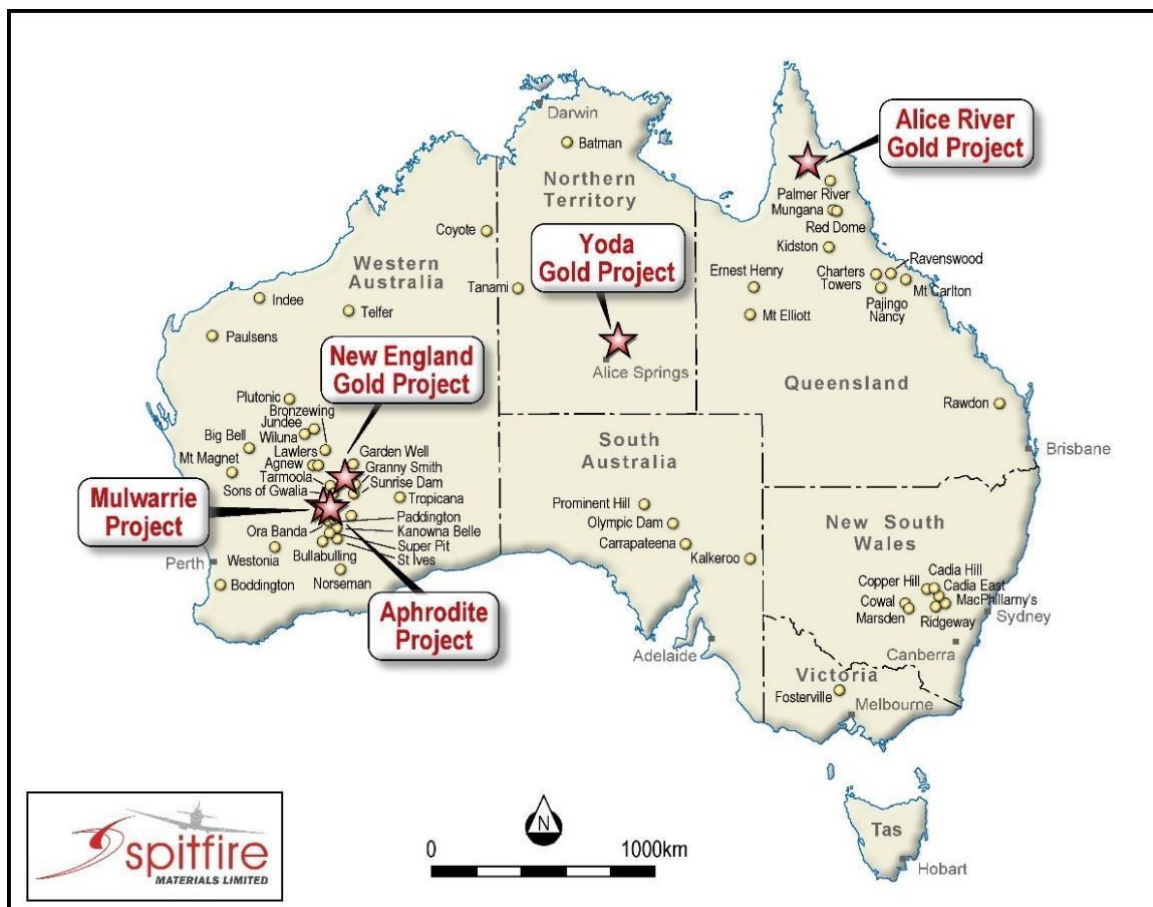


Figure 8 Spitfire Materials Project Location Plan including the Aphrodite Gold project.

4.2. Alice River Gold Project

Much of the Alice River potential, geological descriptions and information is obtained from the 26 May 2017 ASX release by Spitfire. The 2012 JORC code Table 1 is contained in that release and details the drilling, assays and previous exploration along with the justification of the exploration target within the project.

4.2.1. Location and Access

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 808km² (see Table 8 and Figure 9). The tenements are held by Tinpitch Pty Ltd.

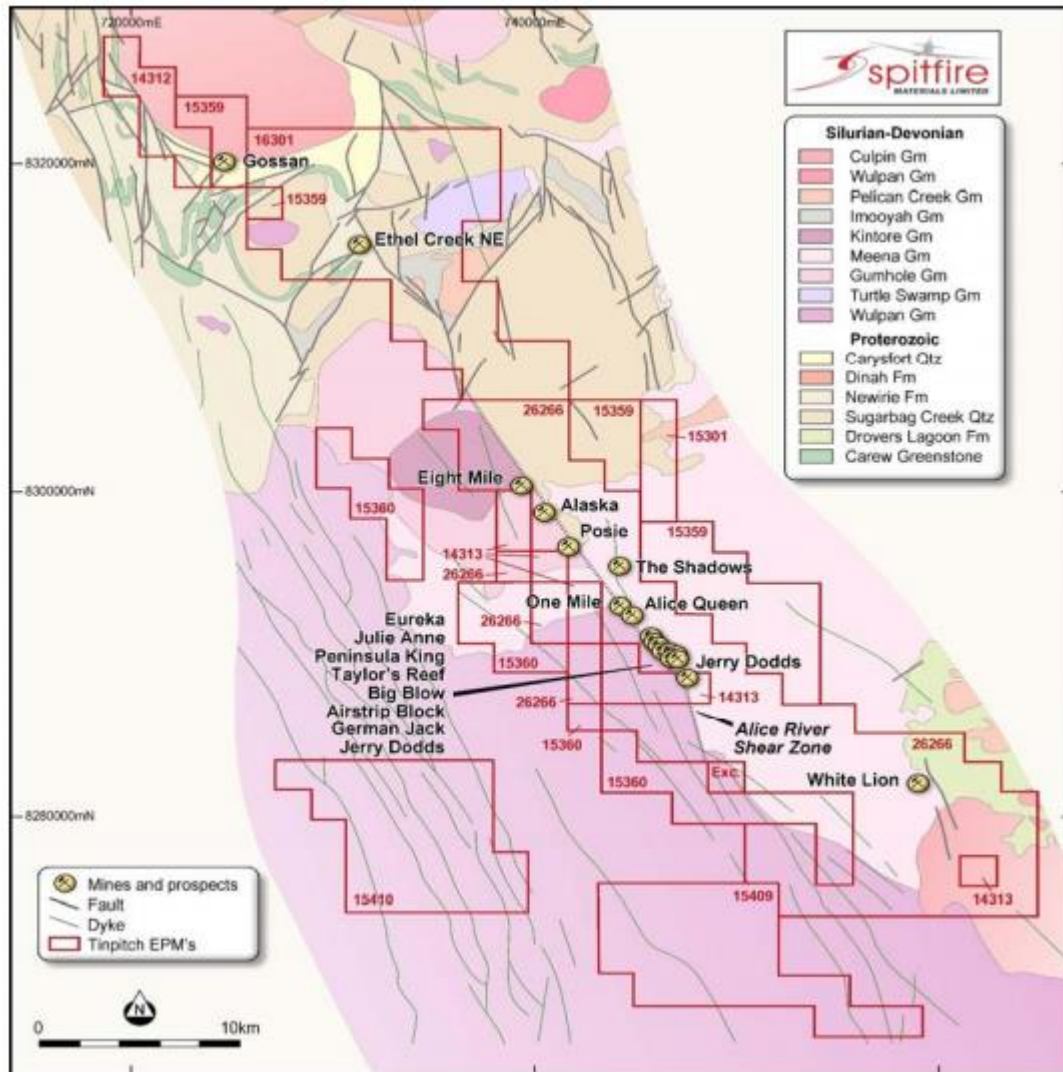


Figure 9 Alice River Gold Project - Location

4.2.2. Alice River Joint Venture Terms

Prior to Admiral Gold being acquired by Spitfire Materials Admiral entered into a joint venture with Timpitch Pty Ltd (Timpitch) for the Alice River Gold Project. Admiral has the right, subject to the earn-in stages to acquire up to a 75% interest in the Alice River Gold Project with an option to move to 100%. As the Joint Venture is currently at Stage 1, DRM has valued the project on a 51% equity basis.

The key terms of the agreement include:

- (a) Admiral has the right to earn up to an initial 51% interest (Stage 1) by:
 - (i) Expending a minimum of \$1,000,000 on exploration expenditure on or in relation to the tenements by 14th March 2018, 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, taking the Spitfire equity to 75%, by undertaking additional expenditure on exploration of the tenements of not less than \$5,000,000 by 14th March 2021.

(c) Upon Admiral earning a 75% interest in the Alice River Gold Project, there are a number of elections available to Tinpitch with respect to its remaining 25% interest and, upon completion of a Bankable Feasibility Study, Admiral has a call option to acquire Tinpitch's remaining 25% interest.

Subject to the acquisition of that remaining 25% interest, Admiral would then hold a 100% interest in the Alice River Gold Project.

4.2.3. Geology

The Alice River Project lies within the southern part of the Savannah Province, which runs along the eastern side of the Cape York Peninsula. In the north and west, the Proterozoic Holyroyd Metamorphics form a belt of sedimentary and igneous rocks (greenschist to amphibolite facies).

These older rocks have been intruded by Late Silurian to Early Devonian Granitoids (e.g. Imooy Granite). NW-trending rhyolitic to andesitic dykes (up to 30m wide and several kilometres long) are also present and associated with the main NW shear zones that host the gold mineralisation. Detailed geological descriptions of the regional geology are compiled in Kettlewell (2004) and Duck (2006).

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

The gold mineralisation in the Alice River area is focused along regional NW shear zones. The shear zones are largely hosted within the Imooya Granite of the Siluro-Devonian Kintore Supersuite. At the northern end of the project, the shears intersect gneisses and schists of the Sugarbag Creek Quartzite, which forms the lower part of the Mesoproterozoic Holyroyd Metamorphics. The gold-bearing shear zones extend episodically for around a 50km strike length. Gold mineralisation is focused in small linear zones (e.g. Alice Queen has a strike length of approximately 125m).

The gold mineralisation is generally hosted in sub-vertical to steeply-dipping NW trending quartz veins, and minor quartz breccias, up to 10m wide and often occurs as both fine free-gold in quartz or interstitial within arsenopyrite and stibnite. Alteration dominated by quartz-sericite-epidote extend for 70m around the mineralised veins at the Peninsula King and Alice Queen deposits, but generally the quartz veins display narrow alteration selvages. Minor pyrite and other fine-grained sulphides (e.g. arsenopyrite, stibnite) occur in laminated quartz veins and disseminated within the quartz breccias. The weathering profile is 10m to 20m deep.

The mineralising fluids probably focused into dilatational structural zones (e.g. fault jogs, cross faults and shears) within the granite, forming quartz vein sets and mineralised breccias. For example, the gold mineralisation at Alice Queen occurs as a series of echelon N to NNW trending dilatational structures.

Two genetic gold models are considered for Alice River: Intrusive Related Gold Systems (IRGS) and Orogenic Gold.

IRGS – Alice River mineralisation has many similarities to “Intrusive Related Gold Systems” (IRGS). Larkin (2013) noted that: “The Alice River gold deposits display diagnostic IRGS geological, geochemical, structural and tectonic characteristics. These include a back-arc basin tectonic setting, metallogenic flavour (gold, arsenopyrite, stibnite, silver, tin and tungsten, plus minor base metals), alteration (quartz sericite-epidote-chlorite), proximity to a source granitic pluton, and an extensive history of small-scale gold mining”. Possible analogies include Mt Leyshon, Ravenswood and Cardross in northern Australia or Dublin Gulch, Pogo and possibly Fort Knox deposits in North America.

Orogenic Gold – Gold mineralization at Alice River has a strong structural control and is similar in many ways to gold mineralisation in the nearby Charter Towers region (Kreuzer et al. 2007). The Charters Towers gold camp hosts over one hundred gold deposits of various sizes, with total endowment of over 6Moz.

The host rocks are a similar type and age (Palaeozoic Granitoids) and gold mineralisation is similarly hosted in quartz veins. The auriferous quartz veins are high grade and the larger deposits lie in areas of structural dilation. Other

examples include the epithermal Croydon deposit in Northern Australia or the giant Donlin Creek deposit in North America.

4.2.4. History

The Alice River Gold Project has had a long history of over 100 years of prospecting and exploration work.

The main work programs detailed below are a summary of Kettlewell (2004), Duck (2006) and Larkin (2013) with Table 9 showing the significant historical down hole drill intersections.

- 1903 – Gold was discovered at the Alice River Gold Field by John Dickie in 1903. Mining between 1903 and 1909 produced ~82kg gold from ~2,420 tonnes of ore. Total gold production up to 1917 was reported as 93.3 kg.
- 1970s to Early 1980s – Regional exploration work for gold and base metals was completed by Consolidated Mining Industries Ltd., Anaconda (Australia), and Bamboo Creek Holding Ltd.
- 1987 to 1990 – Cyprus Gold Australia took out the tenement area over the Alice River Gold Project area and completed regional geochemical sampling programs, ground magnetics, IP & VLF-EM geophysical surveys, costeaning, RAB, Airtrack and RC drilling programs. Cyprus worked at a number of different prospects including Alice Queen, One Mile, Eight Mile, Peninsula King, German Jack, Big Blow, Julie Anne etc.
- 1991 to 1995 – Cyprus joint ventured the project to Beckstar (subsidiary of Goldminco). Beckstar completed additional drilling programs, costeaning and resource estimation work. Golden Plateau acquired an option to purchase 50% of the project in 1993 and completed additional drilling. Subloo International acquired Beckstar in 1994 and carried out further drilling, costeaning and several resource estimations of the main gold deposits.
- 1996 to 1998 – Subloo International and Goldminco completed soil sampling, geophysical surveys, costeaning and drilling at several prospects.
- 1999 to 2001 – A total of 2,745oz gold was produced from 36,000 tonnes of ore by Beckstar. Production ceased due to a number of issues, including very low historical gold prices.
- 2001 – Tinpitch acquired the project.

Table 9 Significant Gold Drill Intersections from the Alice River Project

Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Prospect
ARAT-158	16	34	18	4.11	Big Blow
ARAT-166	12	18	6	8.55	Jerry Dodds
ARD17	6	12	6	40.67	Alice Queen
ARD02	43	48	5	67.29	Alice Queen
ARD03	22	37	15	4.88	Alice Queen
ARD07	77	84	7	7.85	Alice Queen
ARD08	46	48	2	27.27	Alice Queen
ARD09	81	107	26	2.13	Alice Queen
ARRC-02	8	14	6	6.29	Taylors
ARRC-33	18	26	8	45.35	Julie Anne
ARRC-45	32	36	4	23.66	Big Blow
ARRC-50	38	48	10	5.98	Julie Anne
ARRC-68	20	42	22	7.41	Alice Queen
ARRC-70	30	46	16	7.26	Alice Queen

Note: a 0.5 g/t Au cut-off grade used with up to 4m of internal dilution and no top cut of high grade assays. These are all downhole widths and not converted to true widths.

Alice Queen – One Mile Gold Prospect

The preliminary block model was based on 57 drill holes with Figure 10 showing all drilling in the area and Figure 11 a cross section through the deposit. Historical reports describe the vein set in this prospect as a wide to bifurcating set of quartz veins hosted within a shear zone in altered granite. The shear zone has a NNW strike of approximately 350 degrees with veins dipping around 80 degrees to the west. In addition, the highest-grade mineralization plunges approximately 25° to the NNW. Table 9 shows the more significant drill intersections from the Alice River prospect.

The model suggests the mineralisation is plunging under the north end of the old open pit to a depth just under 120m (Figure 12 and Figure 15(page 31)), which corresponds closely to the deepest holes in this area. The model also indicates that additional mineralisation occurs to the south under the old pit ramp. To the north, in the old One Mile area, the mineralisation consists of several deep, isolated elongated pods which reflects the limitation of deep drilling in this area.

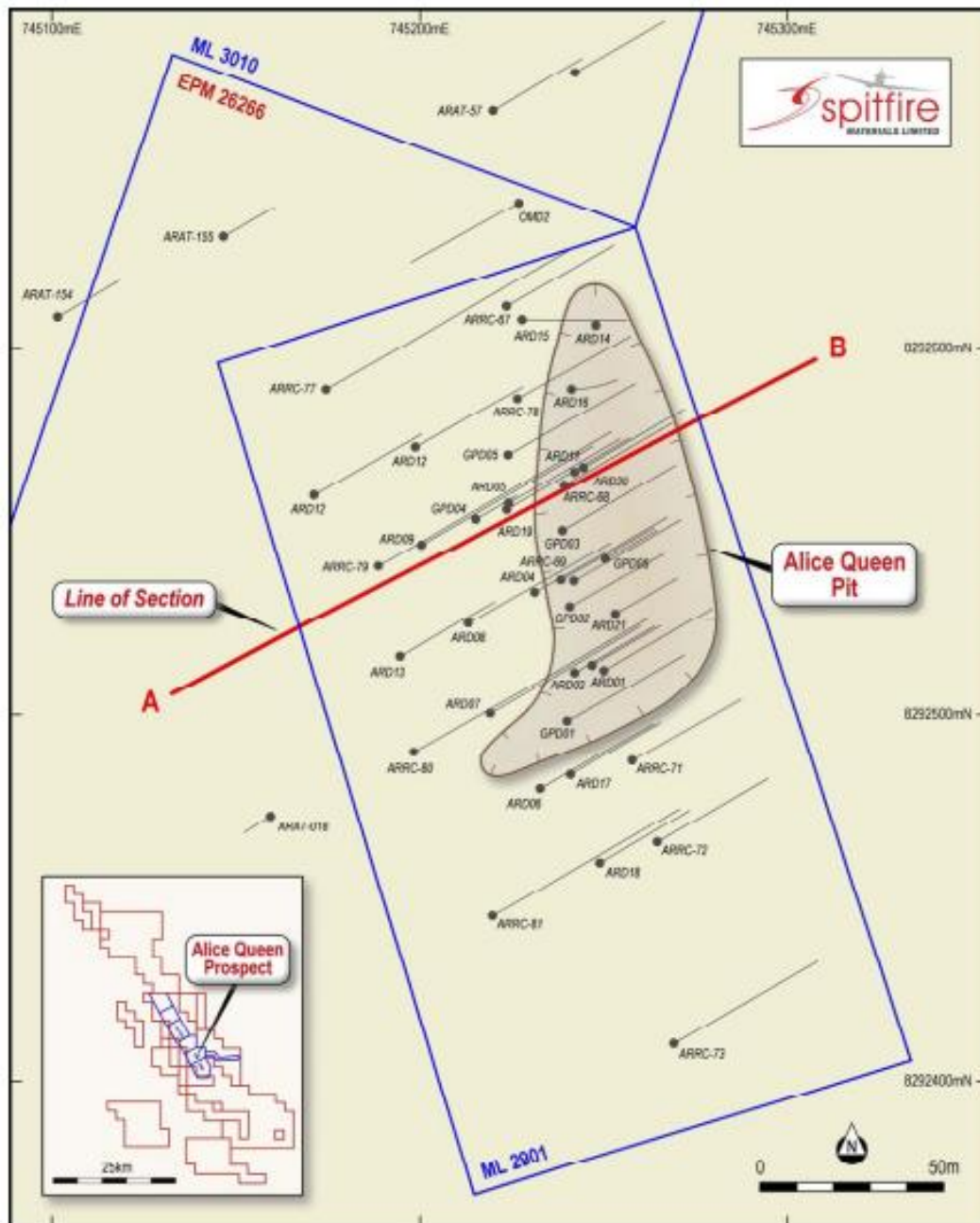


Figure 10 Drill hole location plan for the Alice Queen Prospect

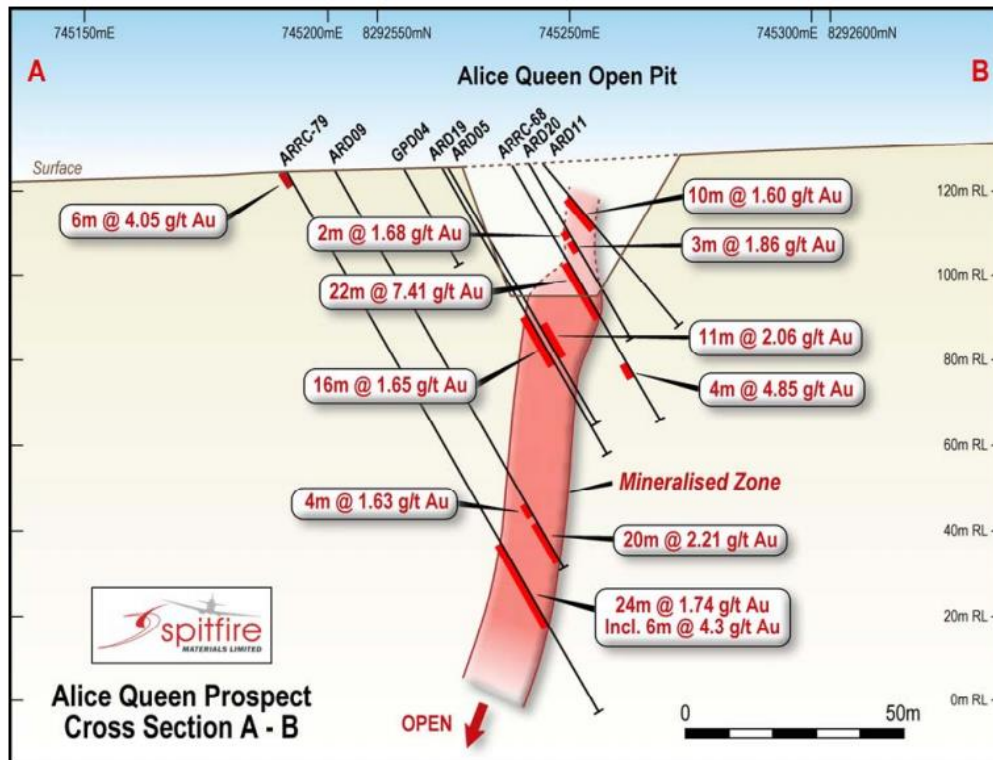


Figure 11 Alice Queen Cross Section

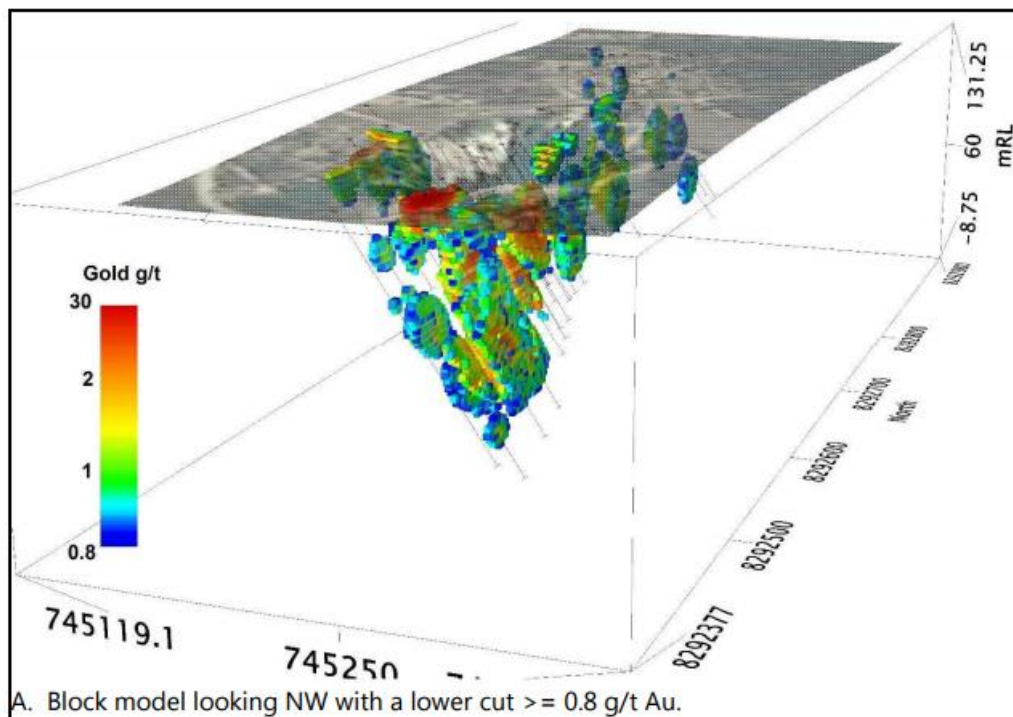


Figure 12 Oblique view of the Alice Queen – One Mile Block Model from historic RC and Diamond Drilling

Peninsula King – Big Blow – German Jack Gold Prospects

The Peninsula King – Big Blow – German Jack Gold model, Figure 13, was built using 70 drill holes. The mineralisation is hosted within a series of narrow quartz veins within granite. The near vertical vein set strikes at approximately 330° . Reviewing the cross and long sections indicates that there is a plunge of $5 - 10^{\circ}$ to the south which explains why several of the step out holes failed to intersect the mineralisation.

The Peninsula King – Big Blow – German Jack model displays a series of long narrow lenses of mineralisation plunging south under the Big Blow area (Figure 13). The modelling suggests that the narrow mineralisation zone may continue at depth southwards under the Big Blow area and further south. There is limited deep drilling in this area to confirm this interpretation.

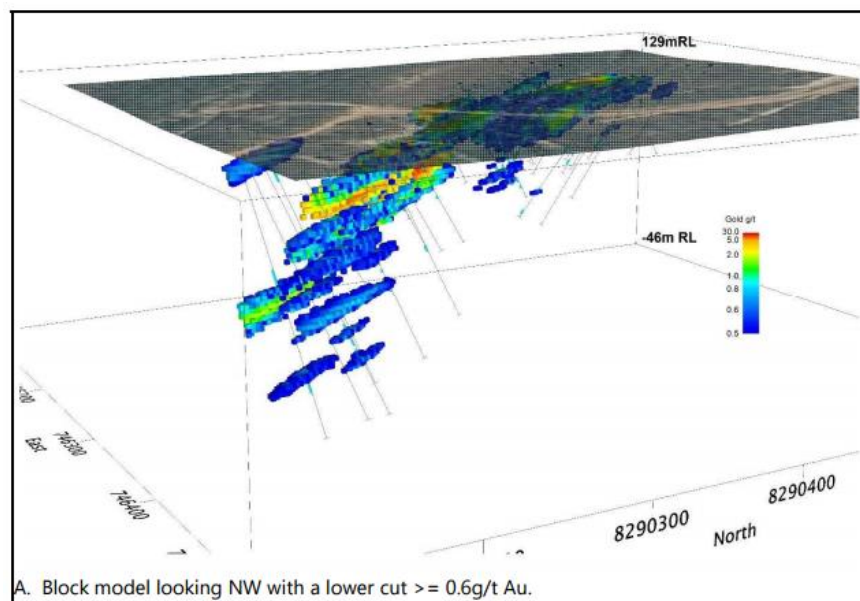


Figure 13 Oblique View of the Block Model for the Peninsular King – Big Blow – German Jack prospect

Julie Anne Prospect Model

The Julie Anne model was built using 36 drill holes (Figure 14). The prospect is described as a long (+150 m strike), quartz vein (<3 m width) with splays, hosted within granite. The main part of the vein system is vertical and strikes NW, like the Peninsula King – Big Blow – German Jack prospect there appears to be a shallow plunge to the south.

The Julie Anne model shows an irregular shaped mineralisation, possibly due to several intersecting structures or possibly with a possible control being the dolerite body noted some of the drilling. This area requires a structural interpretation to determine the true controls on mineralisation.

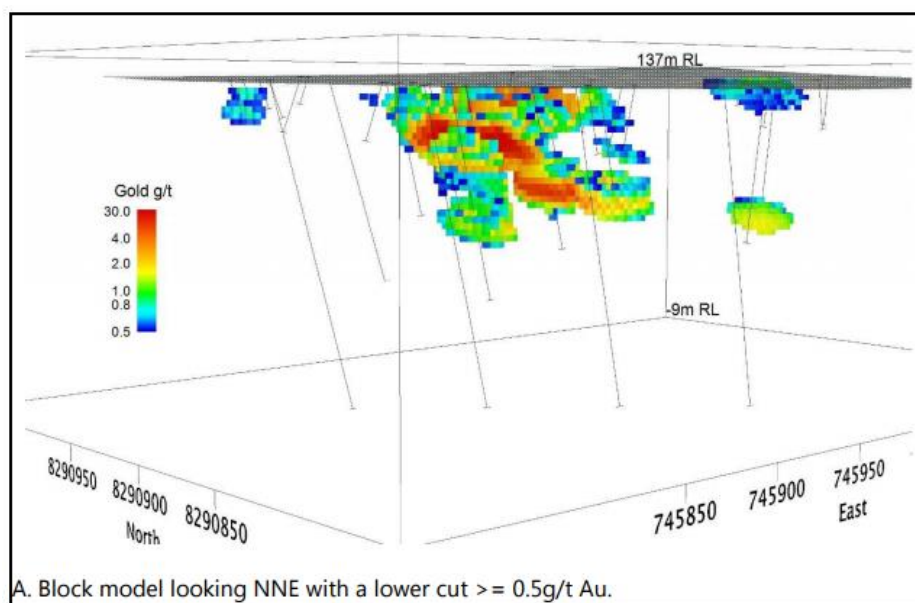


Figure 14 Oblique Block Model of the Julie Anne prospect.

There are several other prospects including Posie, Jerry Dodds, The Shadows, Eureka, Airstrip and Taylors which have sporadic shallow drilling that require additional work.

4.2.5. Recent Exploration

Prior to Admiral Gold being acquired by Spitfire Materials there was extensive and 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

In the 26 May 2017 ASX release the following work was outlined to advance the Alice River Gold Project however given the encouraging exploration results from Spitfire's Mulwarrie project the initial focus has been directed toward Mulwarrie. DRM has been informed that some of the limits to advancing the exploration has been obtaining heritage clearances to commence drilling however a drilling programme is believed to be planned to commence in early October. It is uncertain the extent to which the planned work programme will be completed prior to the onset of the northern Australian wet season.

Proposed 2017 fieldwork was reported to consist of:

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

4.2.6. Resources

There are no JORC 2012 resources for the Alice River Gold Project however Spitfire reported an exploration target in late May 2017 (ASX release 26 May 2017) which was based on a block model of previous historical exploration drilling and extrapolation away from this mineralisation. In DRM's view, the Exploration Target should be reported in a slightly different manner with rounding of the tonnes and grades along with the rounding of the contained gold resulting in an Exploration target (which is conceptual in nature, see the full disclaimer below) of 1.3 to 2.2Mt at an average grade between 2.5 and 3.6g/t Au for a total of between 100,000 and 250,000oz of contained gold. The reader is referred to the Spitfire ASX release of 26 May 2017 for full details and justification for the of the Exploration Target.

Importantly the Exploration Target's potential quantities and grades are conceptual in nature and there has been insufficient exploration to date to define a Mineral Resource. It is not certain that further exploration will result in the estimation of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

4.2.7. Exploration Potential

Given the highly encouraging historical exploration results, small scale high grade mining and lack of deep drilling (average hole depth of 39m) as shown in Figure 11 to Figure 15, it is clear that with targeted deeper drilling there is significant potential below and along strike of the existing mineralisation. In addition to the extensions to the previously discovered mineralisation DMR considers the remainder of the tenement package as having significant potential for large mineral systems. The large, >50km long Alice River shear that hosts most of the historical mineralisation has had no modern exploration. There are several high priority targets for both orogenic gold systems along the Alice River shear zone and separate intrusive related gold targets like the White Lion target which may be an intrusive breccia system similar to the Mt Leyshon deposit.

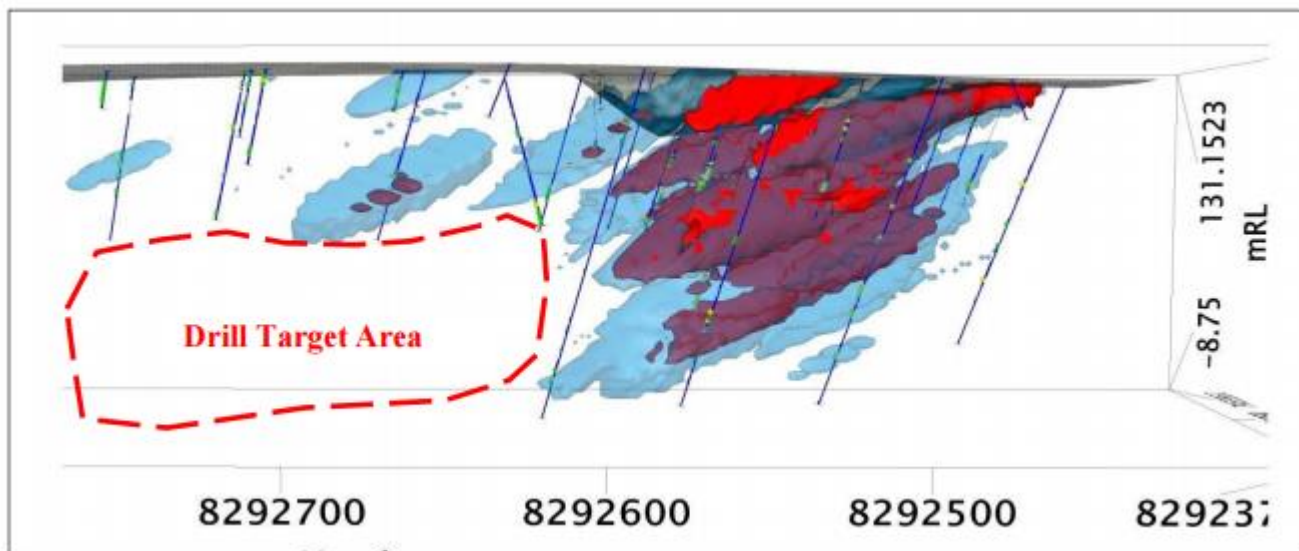


Figure 15 Alice River Long section looking east showing the interpreted plunge to the NNW. The blue shells are > 1g/t while the red is >2.5g/t.

On a more regional scale, the Alice River Gold Project has not had any systematic exploration work since Cyprus-Beckstar held the ground in the late 1990's. There also doesn't appear to have been any analysis of the data in 3D, nor any structural studies to understand the controls on mineralisation.

Exploration work since the late 1990's has focused on only a handful of prospects, with the objective of quickly defining shallow ore zones for small-scale mining by open pit. None of this work attempted to understand the style, genesis, true geometry, size and extent of the gold mineralisation.

The previous exploration and mining work was essentially focused along the Alice River Shear Zone, in particular on the main fault splay within this zone. However, there are several other sub-parallel fault splays and structural zones of interest which have not been explored. In addition, concealed mineralisation may exist under areas of deep weathering and alluvial cover, and exploration for these targets requires a different exploration approach.

The Alice River Gold Project area is clearly fertile in gold. The deposits which have been focused on historically are small, but contain high grades and have not been adequately explored for depth continuations, strike continuations and repetitions along sub-parallel fault splays.

The potential is shown by the extensive landholding, previous production from a small-scale processing facility and the very limited drilling, especially at depth. The average hole depth from the 469 historical drill holes is 39m. Given the small scale open pits are up to ≈30m deep it is clear that there has been insufficient deep drilling to evaluate the potential, especially at depth below the historic open pits.

Figure 16 shows the entire Alice River project and the various historical targets overlain on high resolution magnetic data which highlights several high priority targets

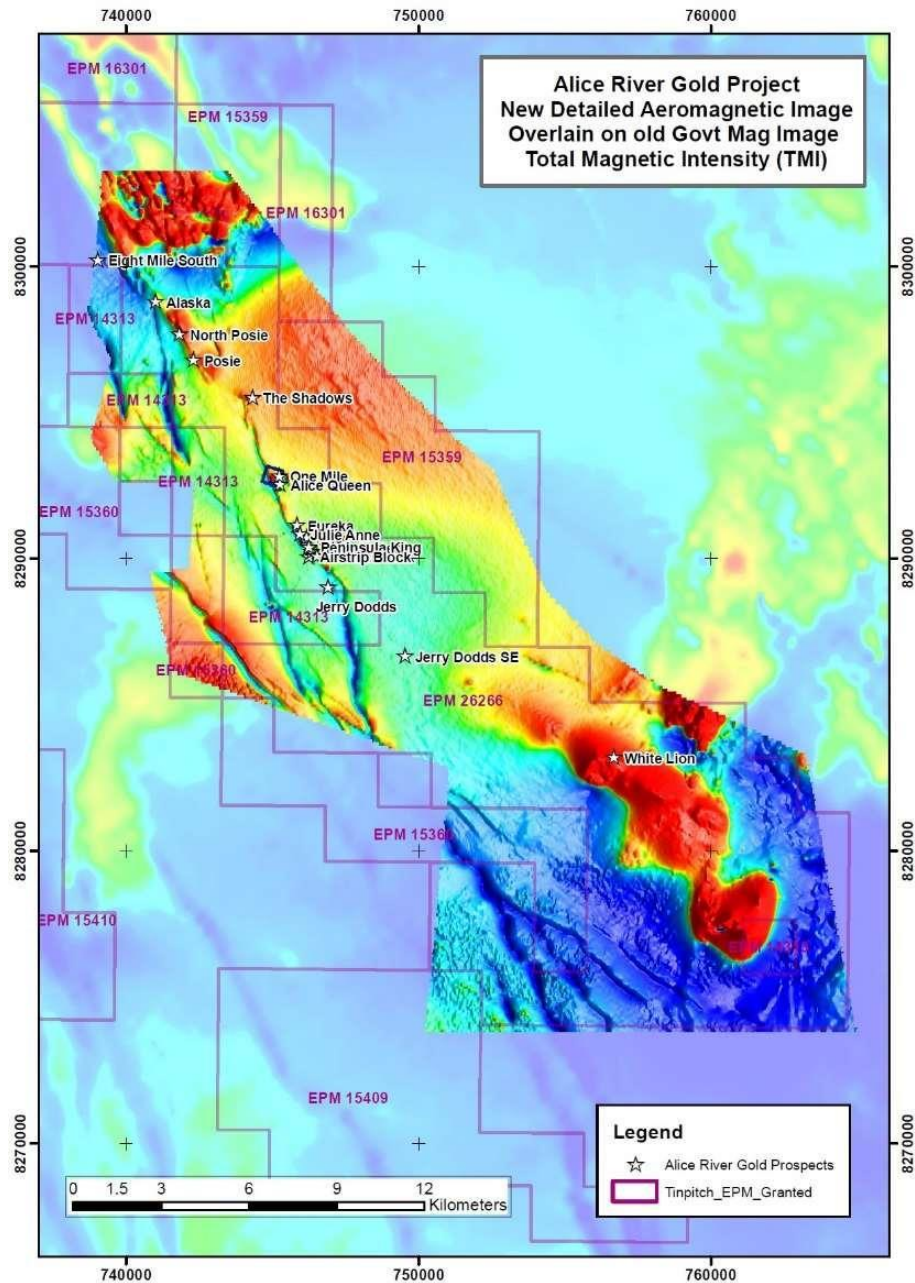


Figure 16 Alice River project tenements showing the high priority targets on detailed magnetics

4.3. Mulwarrie Gold Project

4.3.1. Location and Access

The Mulwarrie Gold Project, located 150km north-west of Kalgoorlie in the Ularring District of the North Coolgardie Mineral Field, consists of two contiguous tenements (Figure 17). The project tenements are both granted mining leases, M30/119 and M30/145, that cover approximately 180Ha of the historic Mulwarrie mining centre and townsite, which is approximately 10km north-west of the Davyhurst Mining centre.

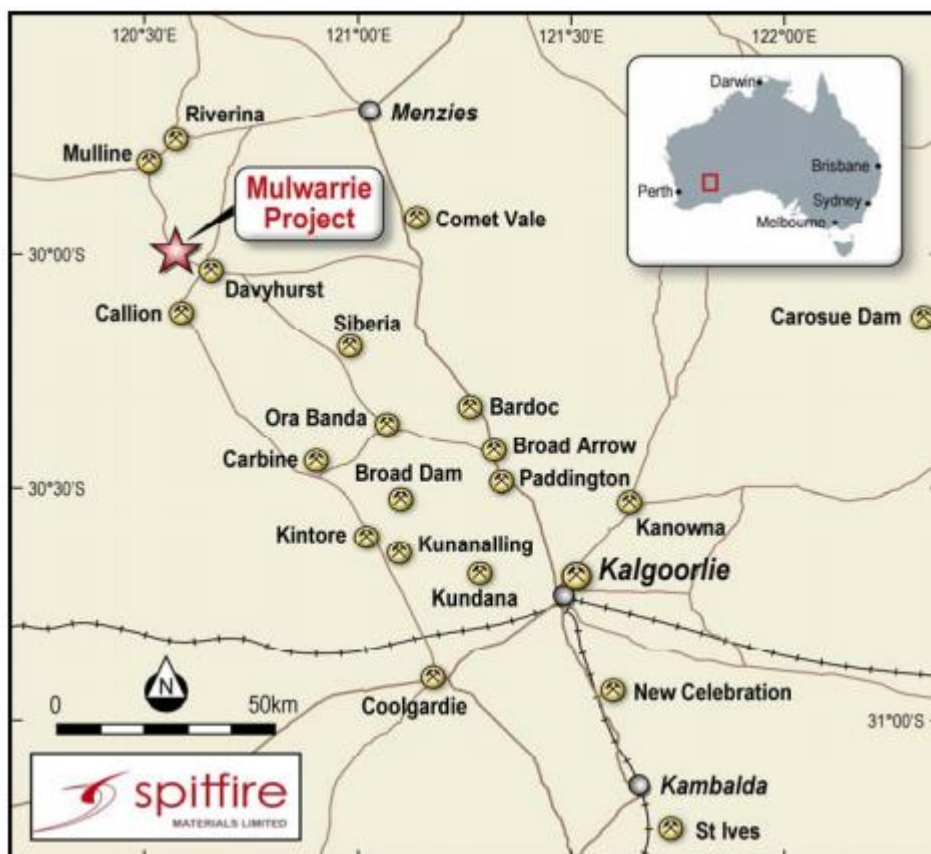


Figure 17 Mulwarrie Gold Project - Location

4.3.2. Mulwarrie Project Joint Venture Terms

Admiral Gold, which merged with Spitfire Materials earlier in 2017 has entered into a binding terms sheet with Goldfield Argonaut Pty Ltd in relation to the Mulwarrie Gold Project. Under the terms of the agreement, Admiral has the right to earn up to an initial 51% interest in the tenements ("Stage 1 interest") by: (i) Expending a minimum of \$200,000 on exploration of the tenements and completing a total of 2,000m of Reverse Circulation (RC) and/or Diamond Drilling (DD) on the tenements by 31st July 2017 ("Minimum Commitment"); and (ii) Expending a minimum of \$1,000,000 on exploration of the tenements, which shall include any amounts spent in satisfying the Minimum Commitment, on or prior to 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.

DRM understands that while the announced Joint Venture terms above detail that Spitfire can acquire 70% of the project there is a clear path forward for Spitfire to further increase its equity in the project. On the basis of the JV terms above DRM has valued the project on a 51% basis. Given the extensive exploration activities undertaken in the past six months (as detailed in the various Spitfire ASX releases) it is expected that Spitfire will acquire its initial 51% of the project before the end of 2017 and proceed to earn the additional 19% before January 2019. Based on the Joint Venture terms, as outlined above, it is likely that once Spitfire acquires its Stage 2 interest Goldfield Argonaut Pty Ltd would be required to contribute to its share of Joint Venture expenditure or dilute.

4.3.3. History

Historical underground production in the Mulwarrie District, including the Mulwarrie Project area, has a recorded production of 26,344 ounces of gold from 19,728 tonnes for an average grade of 41.53 g/t Au per tonne. In the late 1980's, Callion Mining Pty Ltd mined the Mulwarrie Central West Pit extracting 24,344 tonnes @ 3.88 g/t for 94.5 kg (3,037 ounces) of gold. The waste-to-ore stripping ratio was 5.25:1, with gold ore extracted to a maximum depth of 36 vertical metres over a strike length of 150m.

4.3.4. Geology

The two tenements which comprise the Mulwarrie Gold Project lie within a 10km wide greenstone belt which forms the north-west extension of the Coolgardie Line (Figure 18). The structurally dominant, north-trending Mt Ida fault lies approximately 4km east of the Mulwarrie Mining Centre. Most of the lithologies within this greenstone belt are steeply dipping and well foliated along a NNW/SSE trend. The area is dominated by basalts and dolerite units that are all metamorphosed to amphibolite grade rather than greenschist grade regional metamorphic grades for much of the eastern goldfields. The higher metamorphic grade is interpreted to be due to the proximity to the Mt Ida fault. Overall the metamorphic grade will have an impact on the regional targeting and geochemical dispersion along with the wall rock alteration associated with the gold mineralisation however much of the targeting and exploration within the project is directly targeting depth extensions to the historic mineralisation.

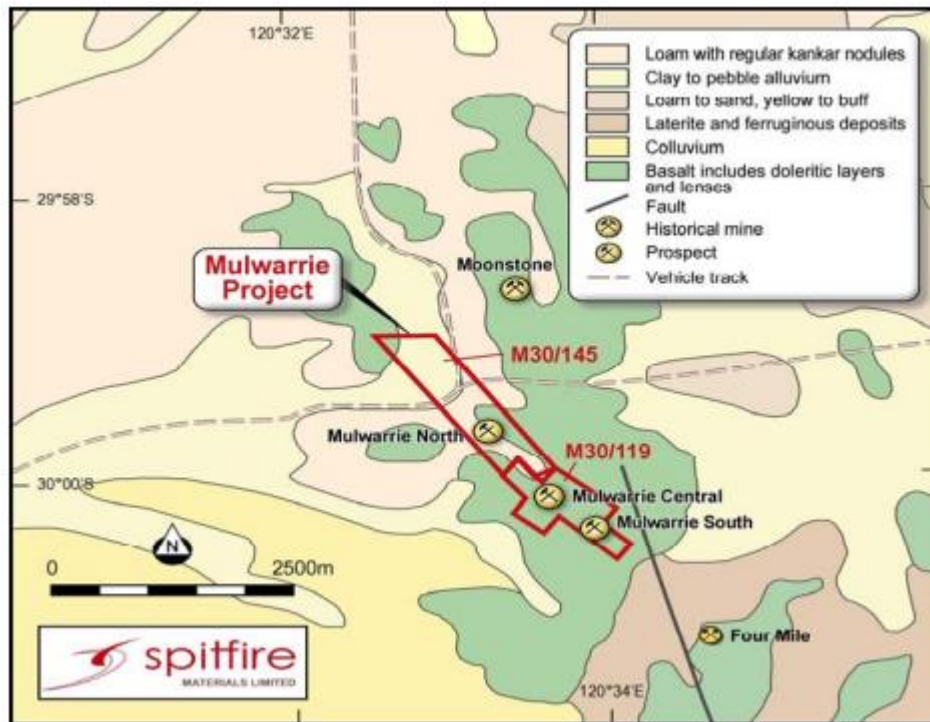


Figure 18 Mulwarrie Project Geology and tenement plan

4.3.5. Recent Exploration and Potential

There are three main prospects within the overall Mulwarrie project, these are the Mulwarrie South, Central and Northern prospects. While this report is a brief summary of the recent exploration work the reader is directed to the 3 July 2017 and 27 September Spitfire ASX releases for full details, JORC Table 1 details and a complete listing of all the recent holes and assay results. The drilling at Mulwarrie is being conducted on a local grid with the grid north approximately 323° magnetic. This report is a summary of the more significant exploration results.

Mulwarrie Central

Below is the prospect scale geological interpretation and the recent RC and Diamond Drilling location plan showing the historical workings and the open pit from the 1980's. Based on the site visit and observing several distinct sub parallel trends of historical workings and from the recent exploration it is clear that there are multiple sub parallel mineralised structures. Significant additional exploration is warranted to determine the full potential and extent of these gold bearing structures. Figure 19 to Figure 25 show the recent exploration activities and drilling results along with photographs of the central Mulwarrie pit and mineralisation taken during the site visit.

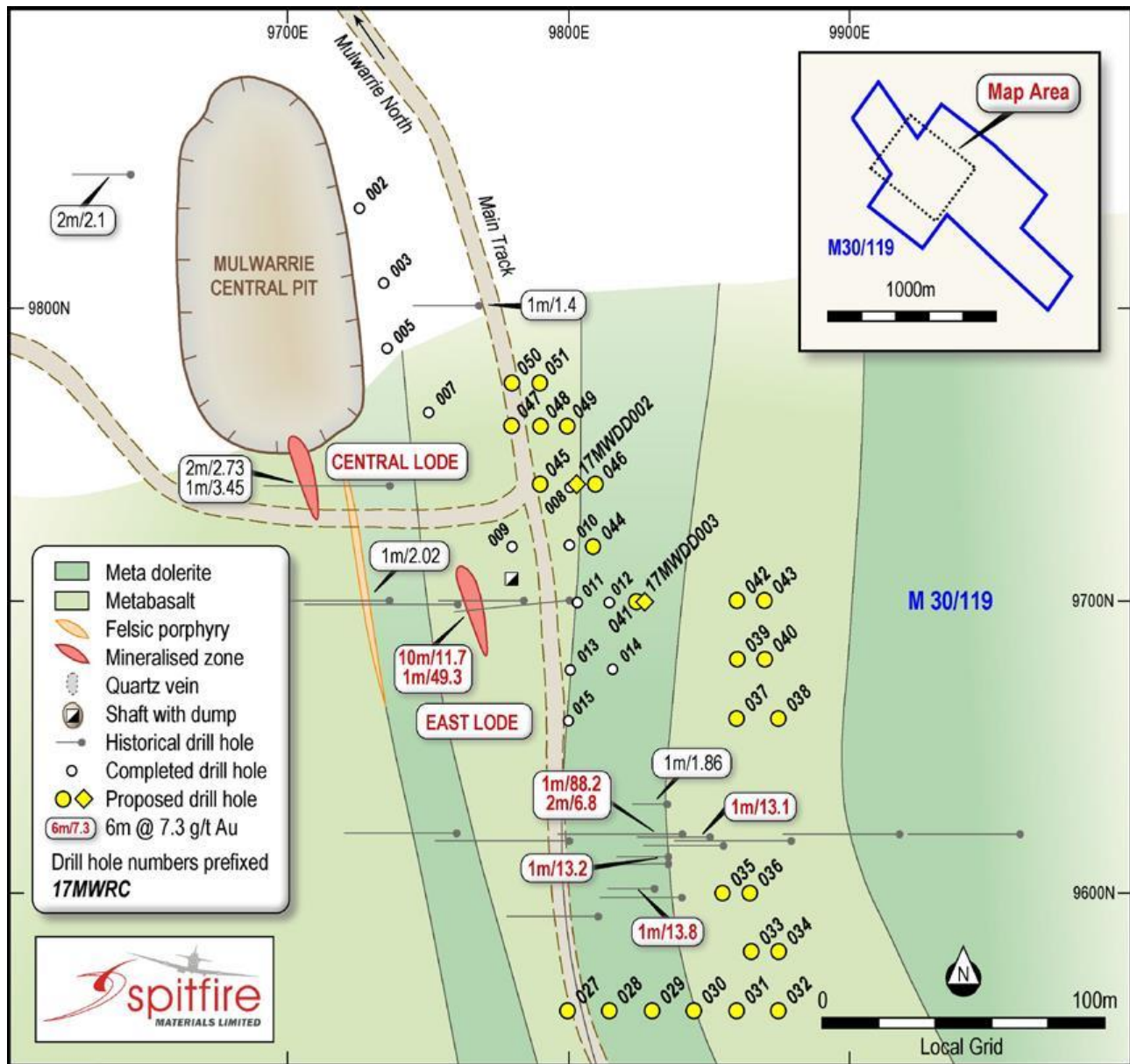


Figure 19 Central Mulwarrie Geology and Recent Drilling

Recent significant drill intersections

Below are some of the more significant drill intersections from the Mulwarrie Central prospect with most of these intersections being from the East lode.

- 17MWRC008 30m @ 16.87 g/t Au from 56m
inc 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
inc 4m @ 14 g/t Au from 70m
- 17MWRC041 5m @ 20.75 g/t Au from 114m
inc 2m @ 48.25 g/t Au from 114m
- 17MWRC045 4m @ 13.46 g/t Au from 57m and
10m @ 4.58 g/t Au from 71m
inc 2m @ 14.77 g/t Au from 75m
- 17MWRC047 3m @ 43.52 g/t Au from 72m
inc 2m @ 64.73 g/t Au from 72m

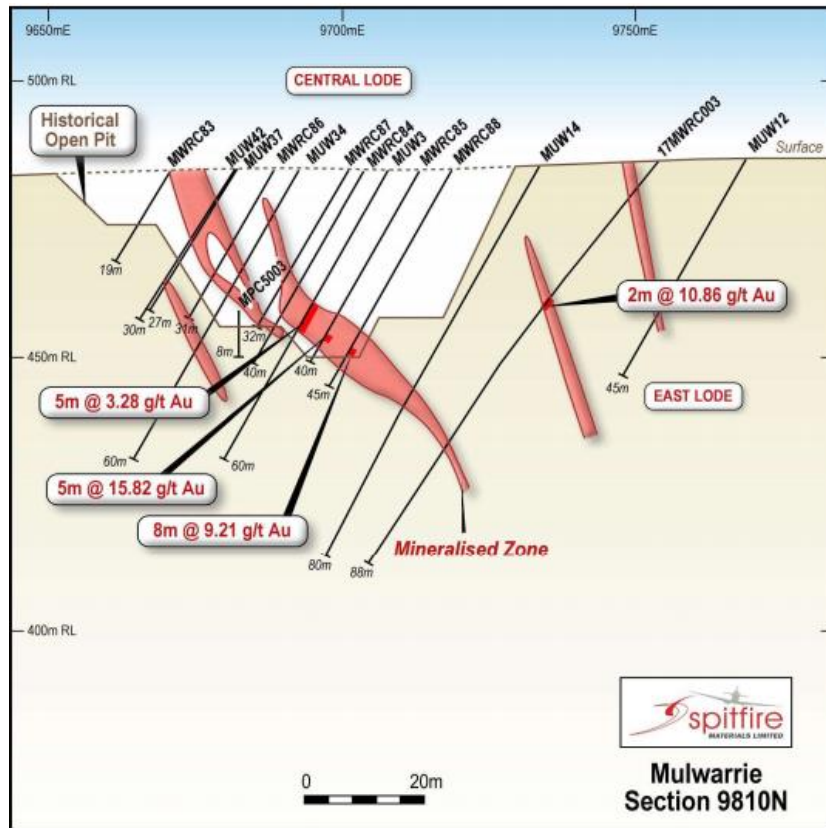


Figure 20 Mulwarrie Central Cross Section 9810N

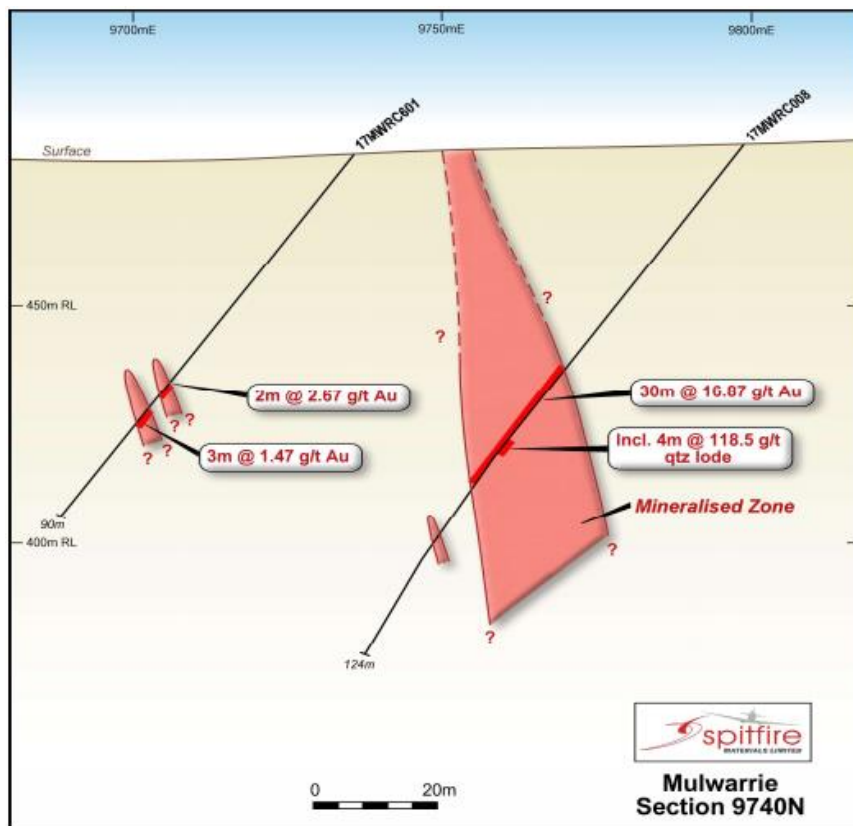


Figure 21 Mulwarrie Central – East Lode Cross Section 9740N

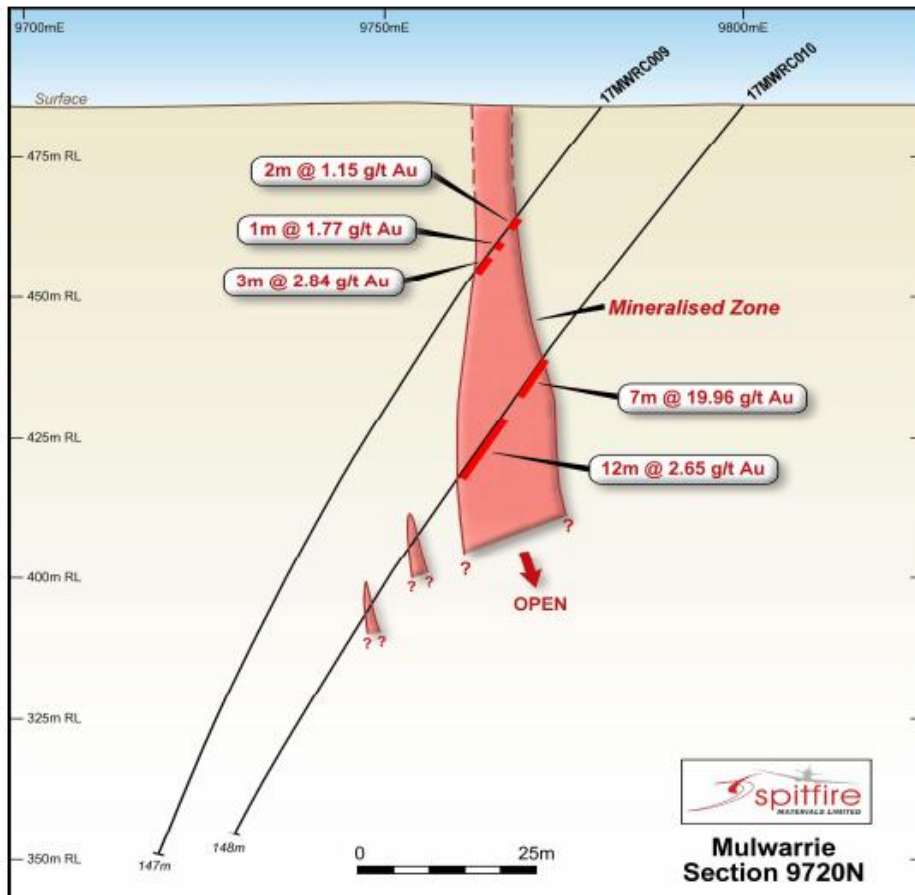


Figure 22 Mulwarrie Central – East Lode Cross Section 9720N

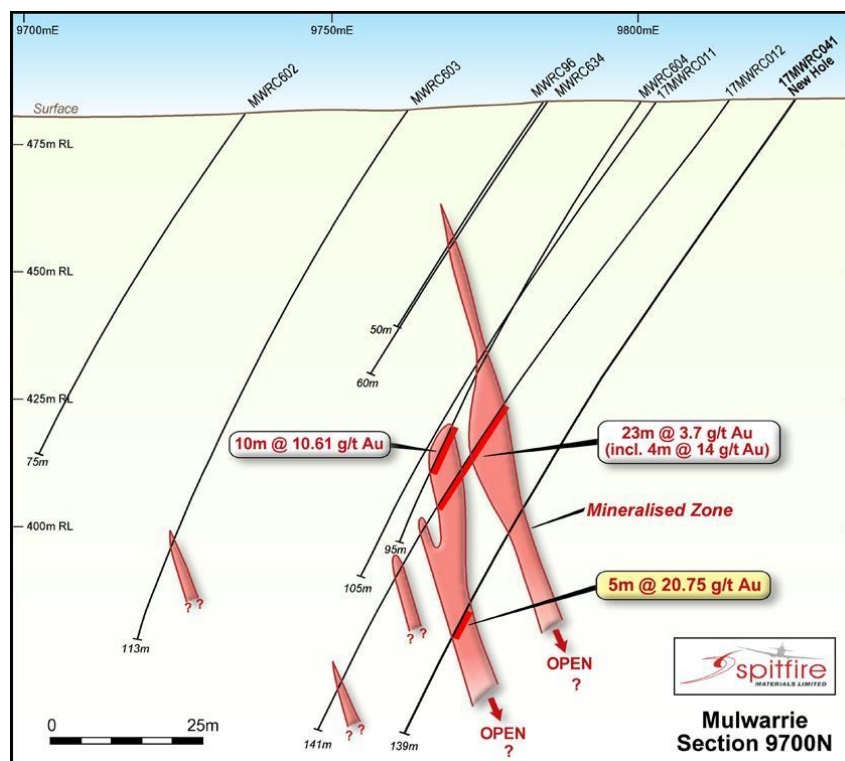


Figure 23 Mulwarrie Central Cross section 9700N

Figure 25 shows a long section of the Central Mulwarrie prospect with the central and eastern lodes and all recent drill intersections. There is a clear south easterly plunge to the mineralisation as observed in the Central Mulwarrie open pit (Figure 24).



Figure 24 Mulwarrie Central pit looking North yellow is the central lode pink massive porphyry

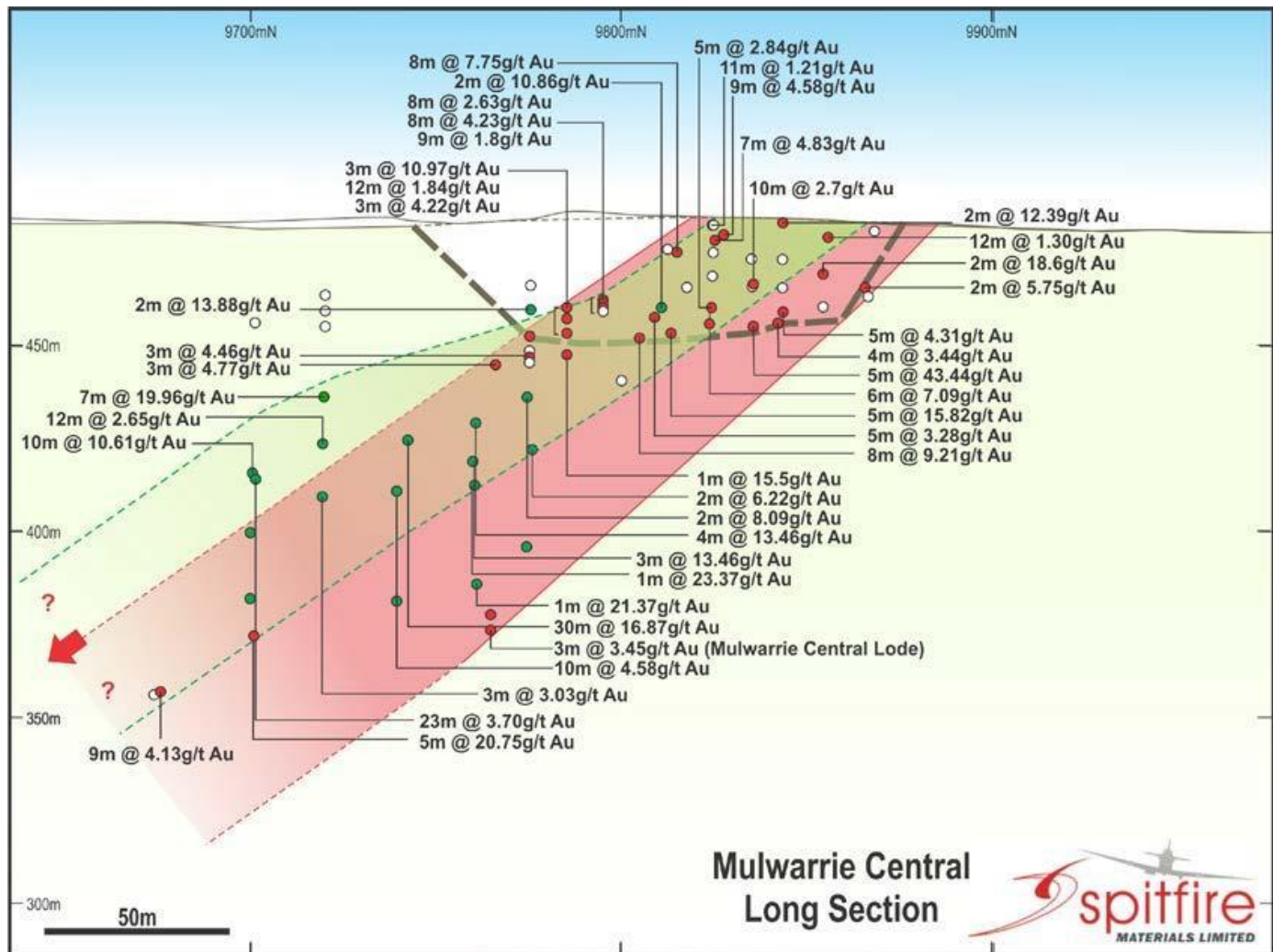


Figure 25 Long section of the Central Mulwarrie prospect

Mulwarrie South

Recent RC and Diamond drilling has returned highly encouraging drill intersections including 9.5m @ 16.26 g/t Au from 63m, within a wider intercept of 23m @ 7.27 g/t Au in 17MWDD001 (3 July 2017 ASX release). A follow up RC hole, 17MWRC097 was drilled 50m south and some 40m east of 17MWDD001, returning two separate zones being a hangingwall zone of 9m @ 3.12 g/t Au, including 2m @ 9.29 g/t Au from 101m, and a footwall zone with assay results of 12m @ 14.66 g/t Au including 4m @ 36.97 g/t Au. If the footwall intersection from 17MWRC097 was calculated using a 0.5g/t Au lower cut and a maximum of 3m of internal dilution used then the overall intersection would be reported as 35m @ 6.01 g/t Au. The higher grade portion of the footwall mineralisation (4m @ 36.97 g/t Au) is associated with sheared and altered basalt with semi-massive sulphides (pyrite and pyrrhotite) and quartz, similar to that observed in the Central Mulwarrie pit. This zone can now be traced over 75m down-plunge.

Figure 26 is the drill hole location plan for the Mulwarrie South drilling, while Figure 27 shows the cross section from 9327N and Figure 28 is a long section showing the grid south plunge of the mineralisation. Overall the grid is orientated at approximately 3230 being grid north. All these figures are extracted from the 27 September 2017 Spitfire ASX release.

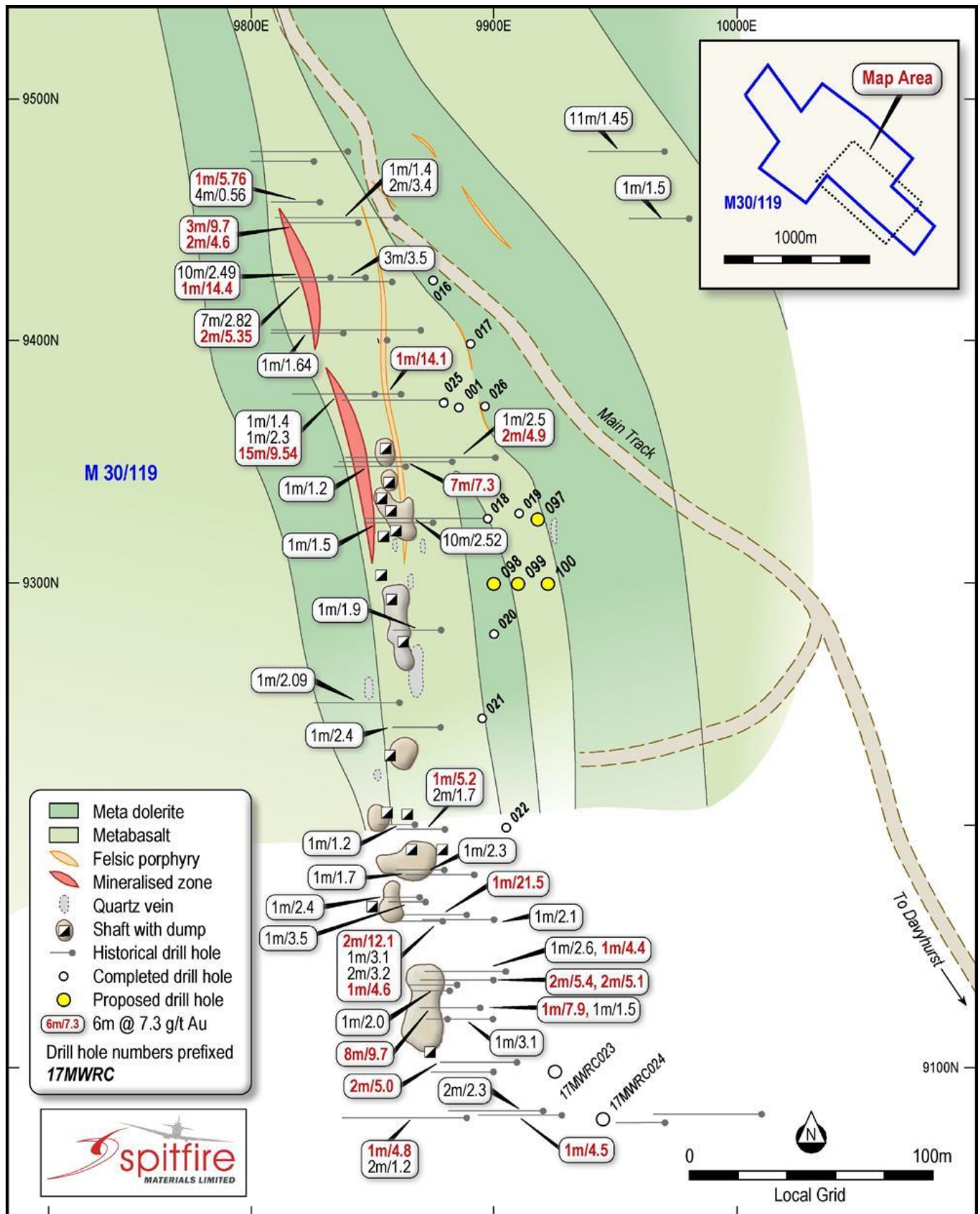


Figure 26 Mulwarrie South Drill plan, Geology and Historical Workings.

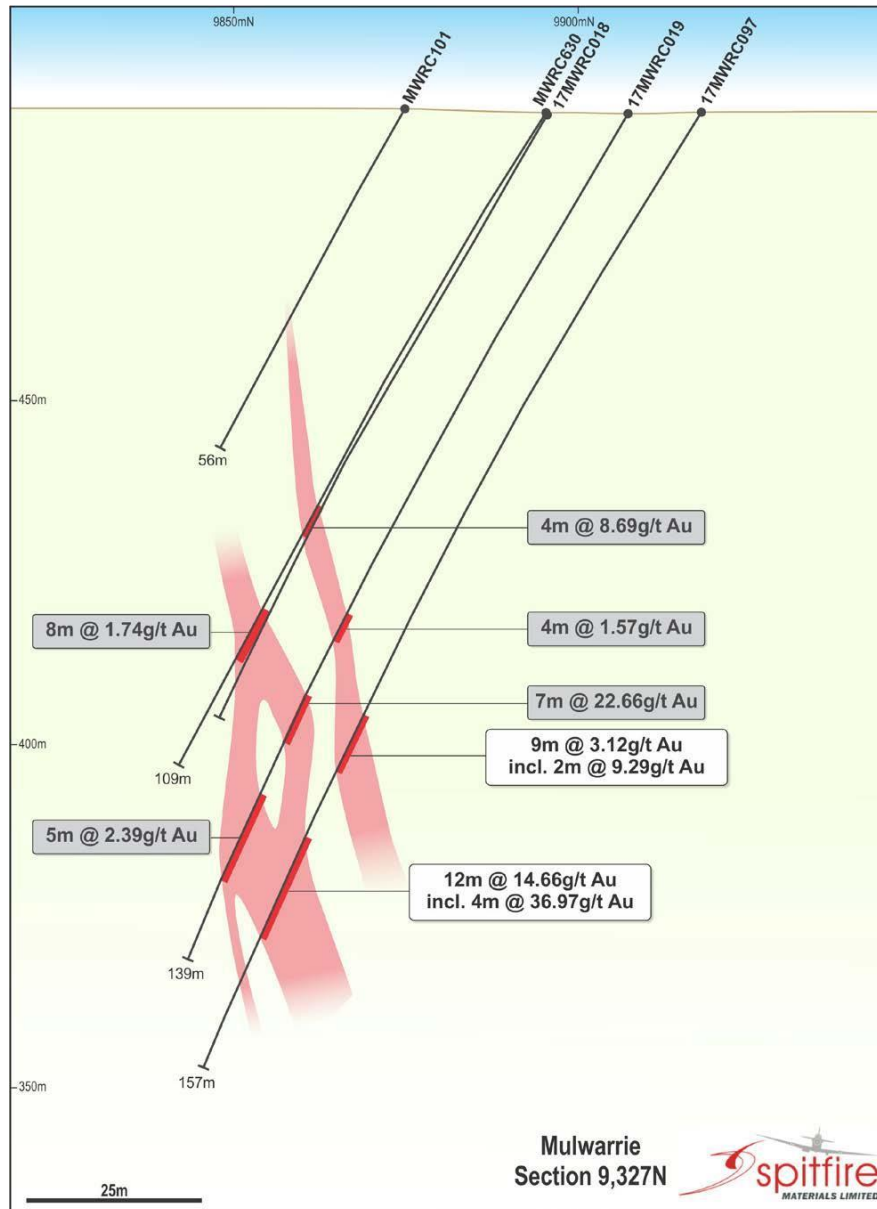


Figure 27 Cross section at 9327N at Mulwarrie South

Mulwarrie North

The Mulwarrie North prospect is approximately 900m north north-east of Mulwarrie Central pit (originally called the Golden Agate group). Previous drilling here was ineffective and concentrated on a group of shallow workings to a depth of around 50m, however following a review of historical plans it has been determined the underground ore was accessed by an inclined shaft dipping 40° to the east. Historical production from a narrow quartz lode produced an average of 2.99oz per tonne up to 1906 (Gibson 1904). Two holes intersected the mineralisation down dip of the main workings with the drill intersections being inconsistent. Additional work is required to assess the potential within this prospect.

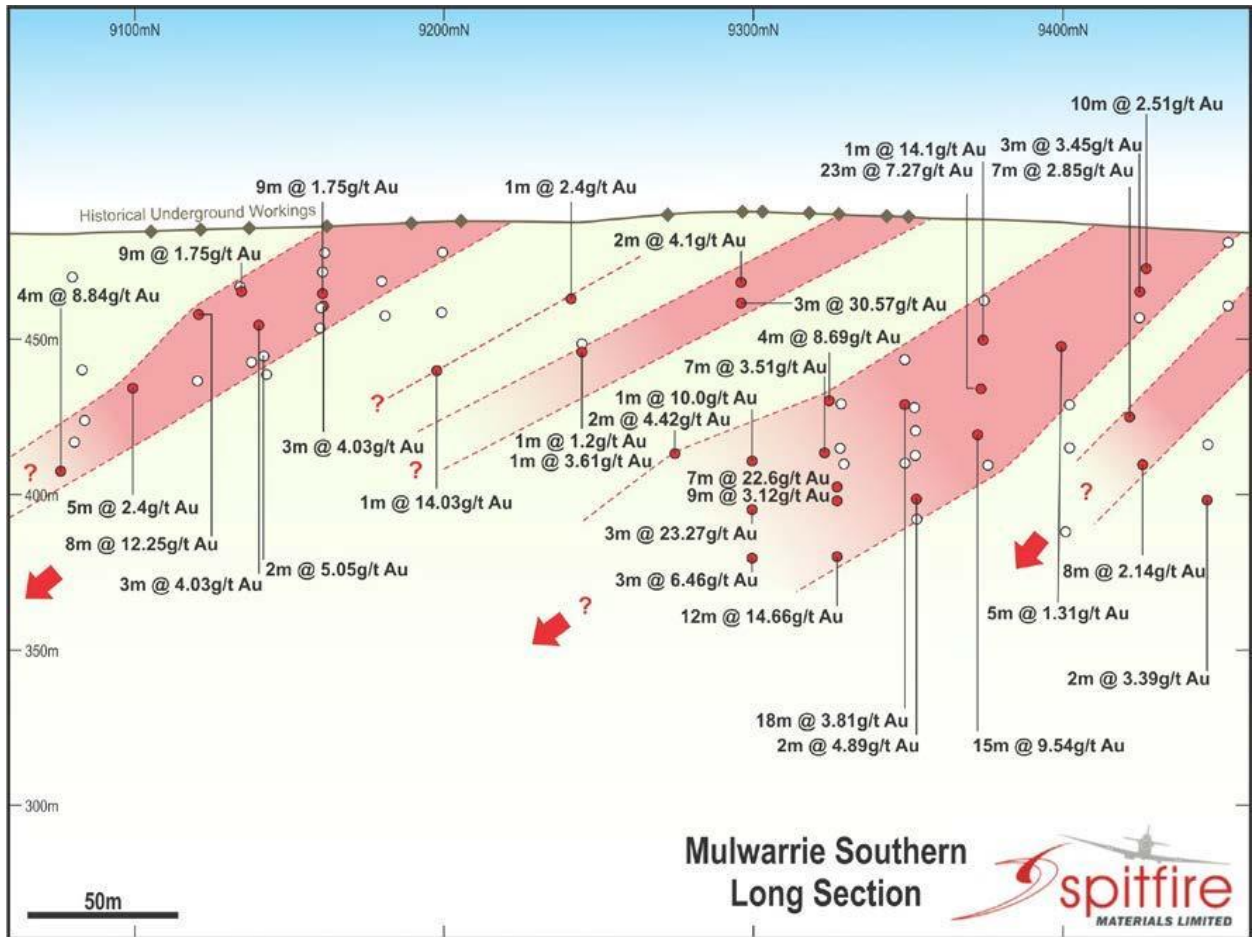


Figure 28 Long section of the Mulwarrie South Prospect.



Figure 29 Mulwarrie South historical working looking down plunge $\approx 150^\circ$.

4.4. England Gold Project

4.4.1. Location and Access

The England project, consisting on a single six block exploration licence E38/2869 is located 15km south south-west of Laverton within the Laverton Shire on the Laverton 1:250,000 mapsheet. Access to the project is via the Granny Smith mine road and then west along station tracks. Figure 1 (page 4) shows the general area of the project with Figure 30 the location compared to the Granny Smith, Wallaby mines and Laverton.



Figure 30 England Gold Project - Location

4.4.2. Geology

Geologically the project is 7km north-east of the world class Wallaby gold deposit while 10km to the North Northeast of the project are the Joanne and Jenny deposits of Dacian Gold along a major structural corridor that hosts other gold mineralisation.

There has been no recent exploration within the England project.

4.4.3. Exploration History

Only three significant stages of exploration activity have occurred within the England project, these being in 1996 when a series of 208 shallow vacuum holes defined a gold in soil anomaly termed the Goat Creek anomaly with assays up to 235ppb Au which was tested by 22 angled RAB holes (ENR001-022) drilled for 1,957m. Several holes returned anomalous intersections with the best anomaly being 5m @ 5.6g/t Au from 45m in hole ENR022. (7 October 2016 Spitfire ASX release).

In 1999 65 bulk leach extractable gold (BLEG) samples were taken covering two sections of the current tenement with limited success.

In 2006 a second stage of 33 aircore holes (ENR023-055) were drilled for 2,959m

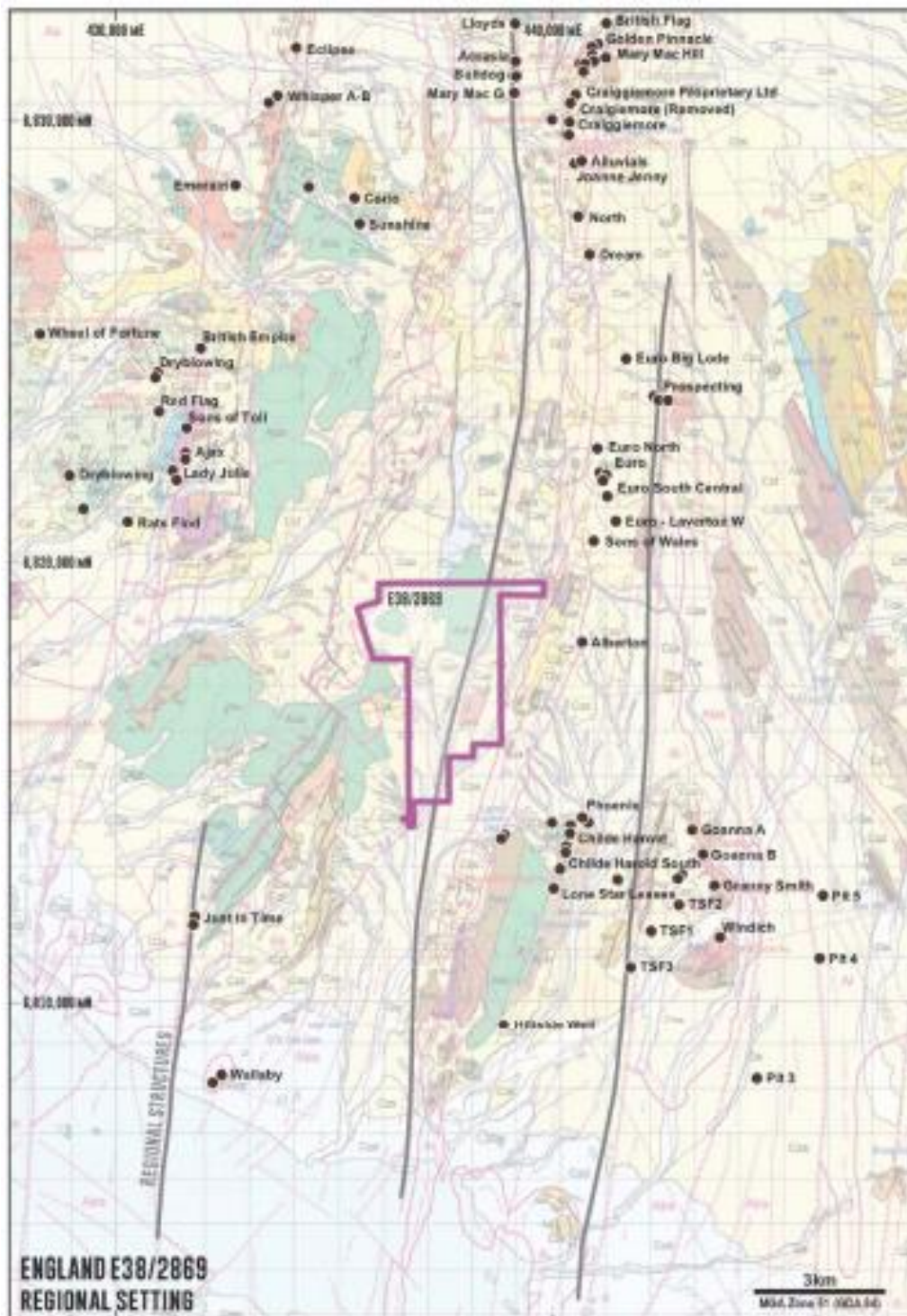


Figure 31 Location and geology of the England project

Given the area is a highly endowed greenstone belt with encouraging historical exploration and major structures in DRM's view there is reasonable potential for a significant mesothermal gold deposit.

Spitfire has indicated that the next phase of exploration activity will include additional infill aircore drilling adjacent to the Goat Creek anomaly and near RAB hole ENR022 which intersected 5m@5.6g/t.

4.5. Yoda Exploration Project

4.5.1. Location and Access

The project, consisting on a single exploration licence, is located approximately 150 km northeast of Alice Springs (Figure 32). The tenement can be accessed from the north via the Plenty Highway and station tracks or the east via the Ross Highway and station tracks. Station tracks provide for reasonable access to much of the tenement area.

Due to the rugged terrain access within the tenement is limited with few tracks available. The rivers are prone to flooding during heavy rainfalls over the summer. The climate is typical of central Australia with hot summers, and mild winters.

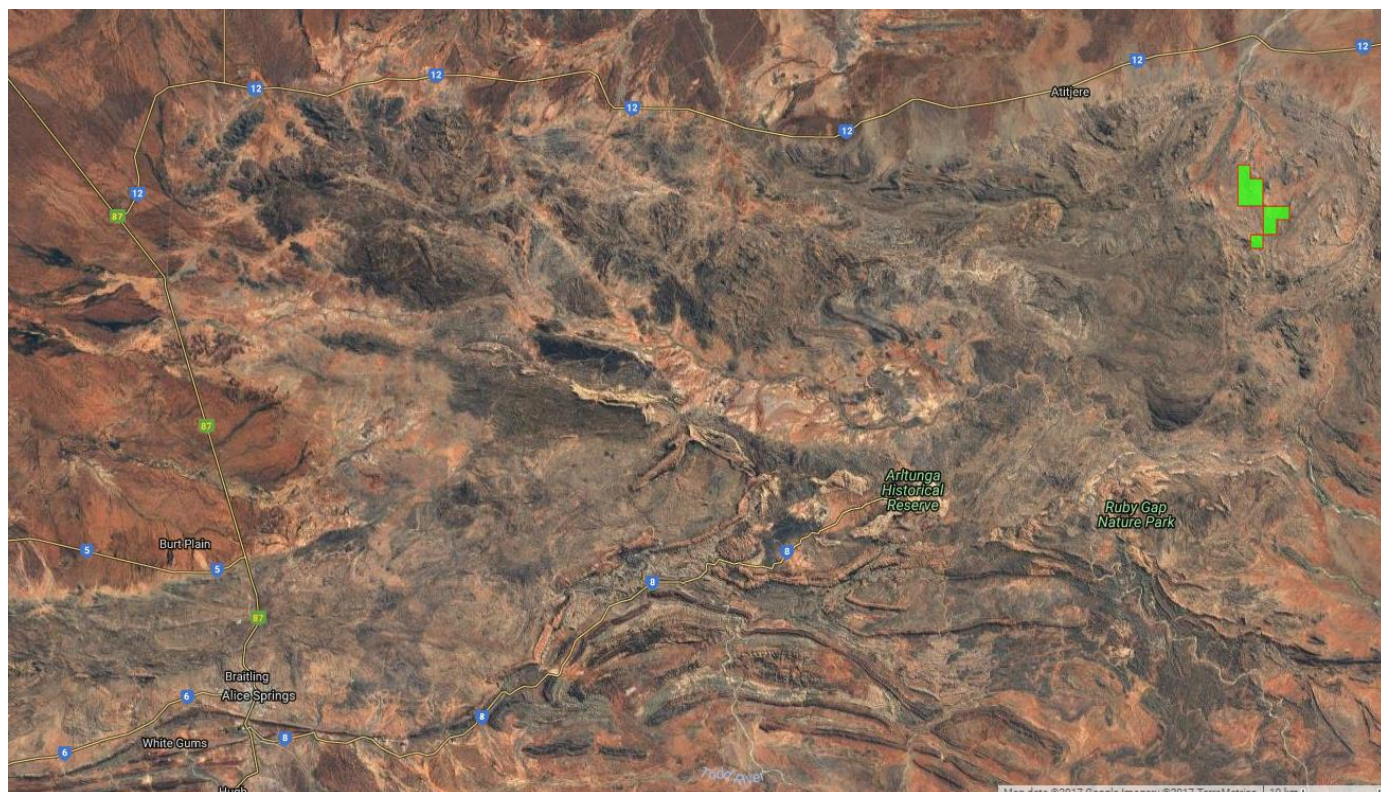


Figure 32 Yoda Gold Project - Location

4.5.2. History

Little exploration has been undertaken in the area prior to a Joint Venture between Mithril Resources and MMG from 2012 to 2015. MMG focused on exploration for Ni-Cu-PGE mineralisation associated with mafic and ultramafic intrusions and “Basal type” Cu-Co semi-massive sulphides. Work completed during the 2011-2013 period included:

- 53 rock chip samples collected
- VTEM Survey: 130-line kilometres of data collected
- Resistivity Survey: 1.05 km line of data collected
- Stream sediment sampling (12 samples)
- Grab sampling (1 sample)

Significant gold values (to 22g/t Au) were returned from grab samples from a sporadically outcropping quartz vein over a distance of several hundred meters on the eastern margin of a dominant amphibolite outcrop (Figure 33). A small discrete IP anomaly is coincident with this horizon.

No significant anomalies were detected from the stream sediment sampling.

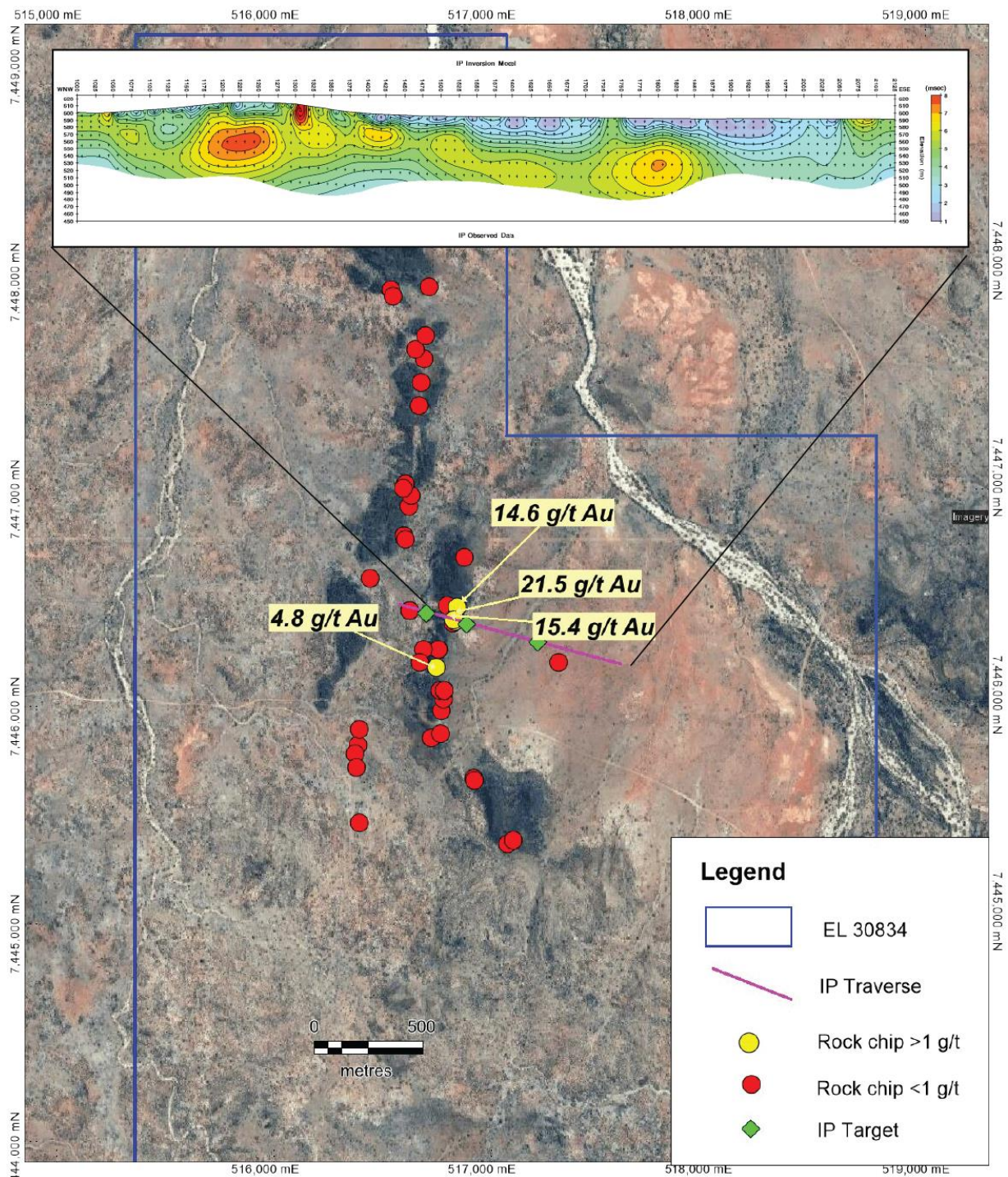


Figure 33 historic (2012) Rock Chip samples from the Yoda project

4.5.3. Geology

The Yoda exploration project is a structurally hosted gold system.

EL30834 is in the Proterozoic Aileron Province of the Central Arunta Region. The rocks predominantly comprise variably metamorphosed sediments, volcanics, calcsilicates, amphibolite's and granite (Figure 34). The dominant structures appear to trend northeast. The geology of the Aileron Province is described by Murrell (1989) and Zhao & Cooper (1992).

The tenement falls entirely within the Entia Domal Structure. Approximately 50% of the area covered by EL 30834 is overlain by a thin veneer of Recent colluvial deposits. The remaining area comprises cropping/sub cropping Paleoproterozoic Harts Range Group, which forms part Arunta Block of the Aileron Province. The 1774Ma Entia Gneiss is intruded by shear controlled, attenuated meta-ultramafic rock of indeterminate age. However, within the nearby onlapping Neoproterozoic-Carboniferous Irindina Province, metasediments contain similar sill-like,

mineralised mafic-ultramafic intrusions assigned to 409Ma Lloyd Gabbro Suite. Similarly intruding the 1774Ma Entia Gneiss is sheared 1762Ma Inkamulla Granodiorite. An arcuate NNW-trending shear zone hosts attenuated exposures of granodiorite and further to the north, meta-ultramafic rock over 10km. Within this area, the structure hosts the Yoda Gold Prospect.

- Epigenetic gold mineralisation
- Ni-Cu-PGE mineralisation associated with mafic and ultramafic intrusions

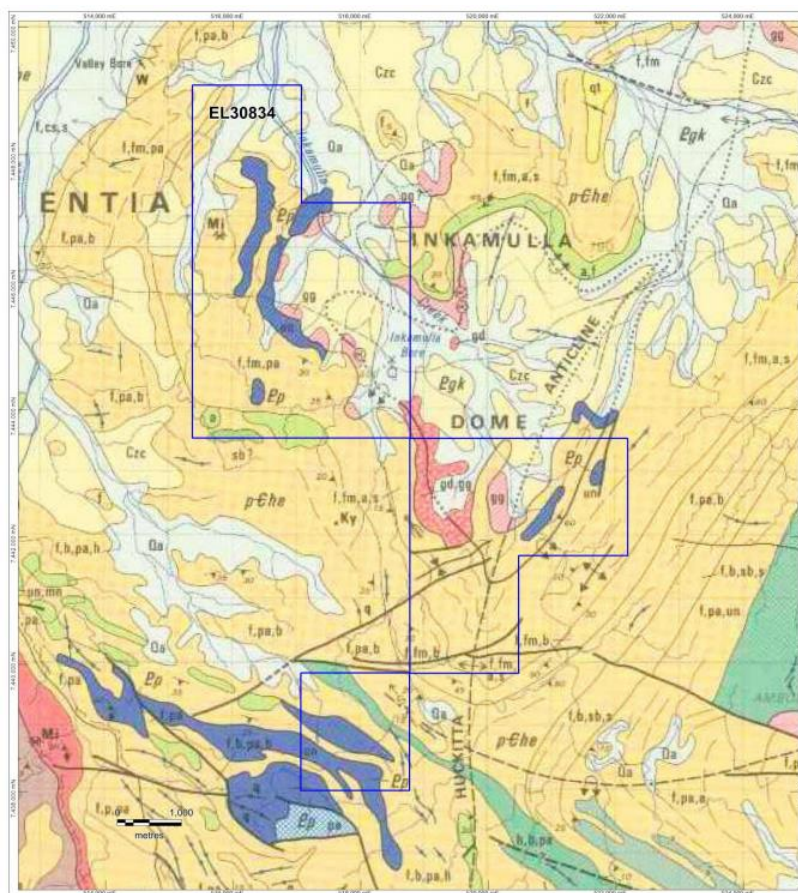


Figure 34 Geology of the Yoda project from the NTGS mapping of the Quartz 1:100,000 map sheet.

4.5.4. Recent Exploration

Spitfire has only undertaken a preliminary desktop review of the project. During that review of the Aboriginal Areas Protection Authority registered sites identified a large heritage site that covers most of the project. Until the impact of this site is determined and access can be negotiated with the traditional owners Spitfire has indicated that they intend to undertake minimal work.

On that basis DRM considers the project to have minimal commercial or economic value until access to the tenement is secured.

4.6. South Woodie Woodie Manganese Project

4.6.1. Location and Access

The South Woodie Woodie project area (Figure 35) is approximately 70 km south of Woodie Woodie and approximately 340 km South East of Port Hedland, in the East Pilbara region of Western Australia.

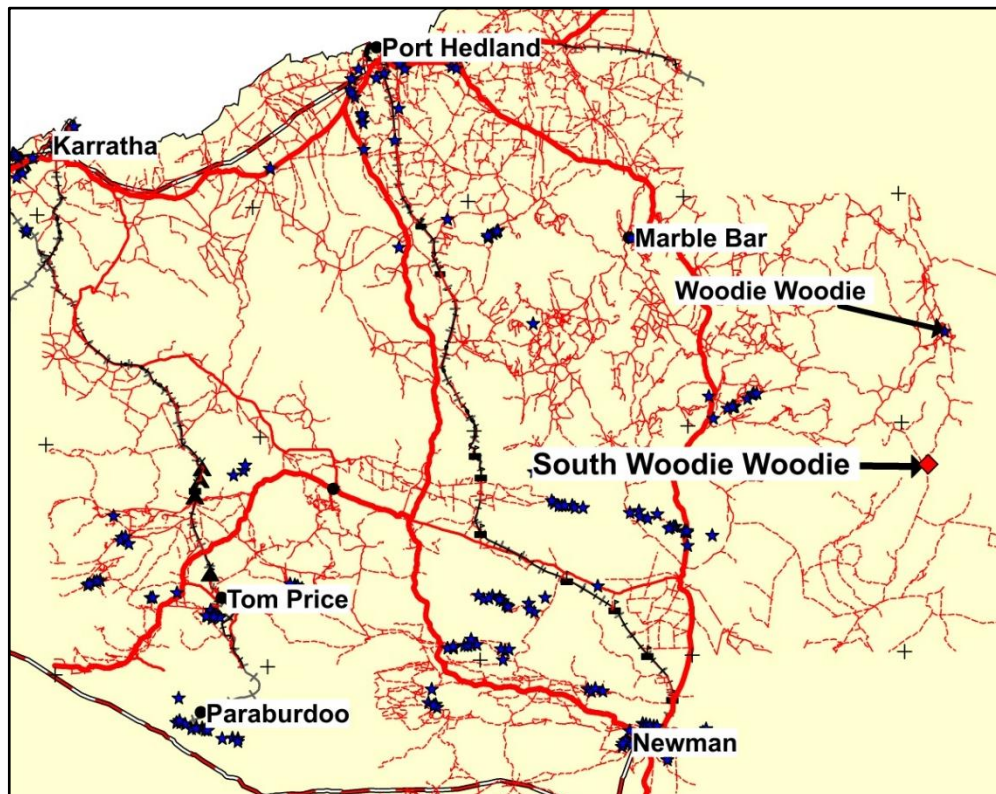


Figure 35 Location of the South Woodie Woodie Manganese Project.

4.6.2. Geology

Figure 36 shows the regional geology of the South Woodie Woodie project area with the area extensively Cainozoic cover. Only in the southern sections of the project at the Tally-Ho prospect is there any bedrock exposure. In 2013 and 2014 Spitfire generated several targets based on Gradient Array induced polarisation (IP) with most of these targets remain untested.

4.6.3. Recent Exploration

Due to a downturn in the price of manganese there has been no significant exploration within the South Woodie Woodie project since 2014.

4.6.4. Resources

There are no JORC 2012 Resources for the South Woodie Woodie Manganese Project. All resources have been estimated under the JORC 2004 Code and no new work has been conducted within these resources since these estimates were undertaken. The JORC 2004 resources were estimate using industry standard techniques and was based on sufficient drilling to classify the resource as at inferred. DRM considers the JORC 2004 estimate as a valid resource estimate and expects that the only limiting factor to them being classified as JORC 2012 mineral resource estimates is the disclosure in JORC Table 1 as required under JORC 2012. Table 10 is the resource for the Contact and Contact North projects, Table 11 is the Tally-Ho resource estimate taken from the 2016 Spitfire Annual Report. Table 12 is the combined mineral resource estimate for all three deposits (from the Spitfire 2017 Annual Report). It should be noted that the total manganese tonnages and grades in the combined resource table is correct however the tonnage and grades for the Tally Ho Resource in the combined resource table are the same as the Contact Deposit and appear to be incorrect, probably due drafting errors in creating the table. Below are the JORC 2004 Mineral Resource estimates.

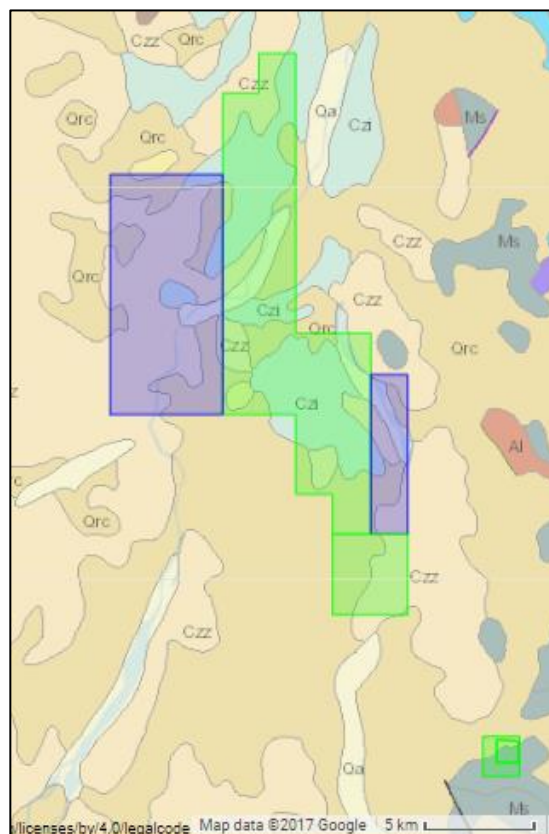


Figure 36 Regional geology dominated by cover

Table 10 Contact and Contact North JORC 2004 Mineral Resource Estimate within 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

Table 11 Tally-Ho JORC 2004 Mineral Resource Estimate within 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

Table 12 Combined JORC 2004 Mineral Resource Estimate for the Woodie Woodie Manganese Project

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

Note the tonnage and grades (other than LOI (1000)) for the Tally-Ho resource are considered by DRM to be incorrect and are transposed (presumed to be a table drafting error) from the Contact North resource estimate.

Beneficiation test work undertaken to date indicates that manganese from the two main deposits, Contact and Contact North, is able to be upgraded to a saleable manganese product of ~40% Mn.

4.6.5. Exploration Upside

In addition to the potential for additions to the resources adjacent to the known mineralisation the 2014 gradient Array IP survey identified several other anomalies that are immediate drill targets. The magnitude and size of these IP anomalies suggests that a shallow body of manganese similar to the known resources may be present. These targets require additional exploration. Figure 37 shows some of the regional IP targets that require additional exploration.

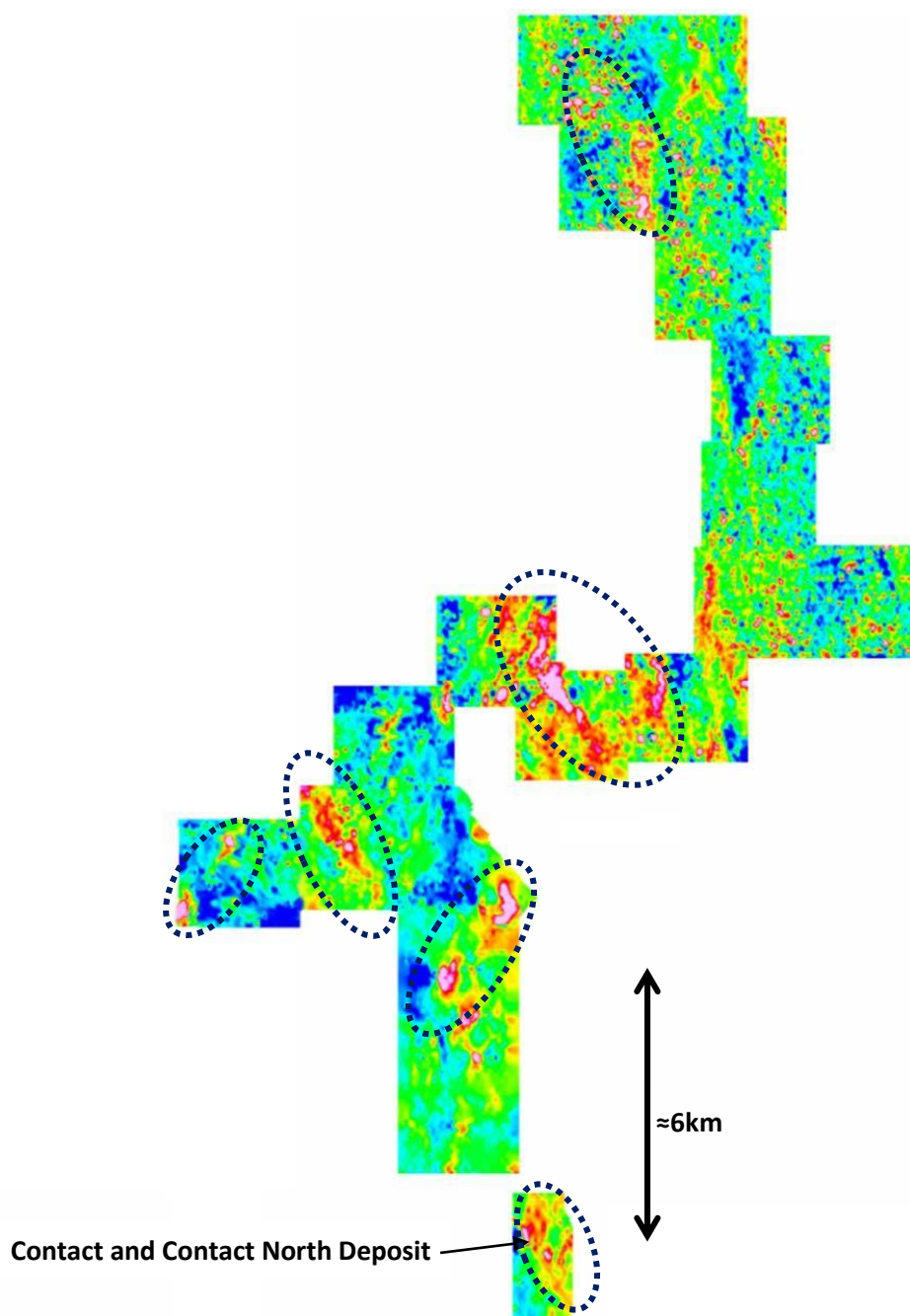


Figure 37 Exploration potential South Woodie Woodie Manganese Project

5. Valuation Methodology

The VALMIN code outlines various valuation approaches that are applicable for projects at various stages of the development pipeline. These include valuations based on market based transactions, income or costs as shown in Table 13 and provides a guide as to the most applicable valuation techniques for different assets.

Table 13 VALMIN Code 2015 valuation approaches suitable for mineral projects

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

As no reserves have been declared for the Aphrodite Gold Project (or any of the Aphrodite Gold or Spitfire Materials projects) DRM does not consider an income valuation methodology is appropriate. Therefore, the preferred valuations for the Aphrodite Gold and Spitfire Materials projects are based on market transactions with support from a replacement cost valuation method.

The valuation approach for the remaining assets is a Market based approach with the details of the methodology detailed in Section 5.3 below.

5.1. Previous Valuations

A notice of meeting, released by Spitfire Materials on 26 May 2017, included an independent experts' report by Stanton's International Securities (Stanton's). Stanton's relied on a mineral asset valuation, completed by Al Maynard and Associates Pty Ltd, to assist them in determining the value of the mineral assets of Spitfire Materials and Admiral Gold Limited. That valuation suggested that the mineral assets of Spitfire and Admiral Gold were worth between \$6.38 million and \$8.06 million with a preferred valuation of \$7.22 million.

DRM notes this valuation however considers that it is no longer valid as several aspects of the valuation have changed including the commodity prices, the exchange rates and ongoing exploration activities by Spitfire Materials.

Additionally, DRM has not relied on the assessment, assumptions or conclusions contained in the previous report and has undertaken a completely new and independent assessment of the potential of the mineral assets of Spitfire.

The previous valuation was limited to the mineral assets of Spitfire Materials and Admiral Gold with no valuation or assessment of the Aphrodite Gold Project owned by Aphrodite Gold Limited.

5.2. Valuation Subject to Change

The valuation of any mineral project is subject to several critical inputs most of these change over time and this valuation is using information available as of 1 October 2017. This valuation is subject to change due to variations in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the project, the current and future gold prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While DRM has undertaken a review of multiple aspects that could impact the valuation there are numerous factors that are beyond the control of DRM. This valuation assumes several forward-looking production and economic criteria which would be unreasonable for DRM to anticipate.

5.3. General assumptions

Mineral Assets of both Aphrodite and Spitfire are valued using appropriate methodologies as described Table 13 in the following sections. The valuation is based on a number of specific assumptions detailed above, including the following general assumptions;

- That all information provided to DRM and its associates is accurate and can be relied upon,
- The valuations only relate to the mineral assets of Spitfire Materials and Aphrodite Gold and not Spitfire Materials or Aphrodite Gold nor their shares or market value,
- That the mineral rights, tenement security and statutory obligations were fairly stated to DRM by both Aphrodite and Spitfire and that the mineral licences will remain active,
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe
- That the owners of the mineral assets can obtain the required funding to advance the project as assumed,
- That the current mineral resource and / or mineral reserve estimates and any modifying factors assumed in their estimation remain reasonable and valid,
- The gold price assumed (where it is used in the valuation) is as at 1 October 2017, being US\$ 1,283.10 and the US\$ - AUS\$ exchange rate of 0.7836 has been used.
- All currency in this report are Australian Dollars, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with US\$.

5.4. Market Based Valuations

As most the projects being valued in this report are gold projects it is important to note the current status of the gold market prior to completing the valuation.

Gold Market

The gold price is fundamentally different to many of the other commodities as the gold price is frequently seen as a pseudo currency and is considered by many as a safe haven investment option, especially in the current monetary policies of many of the major countries reserve banks. Figure 38 shows the gold price over the last five years. Due to the significant variations in the price over such a short period it is considered critical to ensure that any transactions that are used in a market or transactional based valuation are normalised to the current gold price. This allows a more accurate representation of the value of the mineral asset under the current market environment.

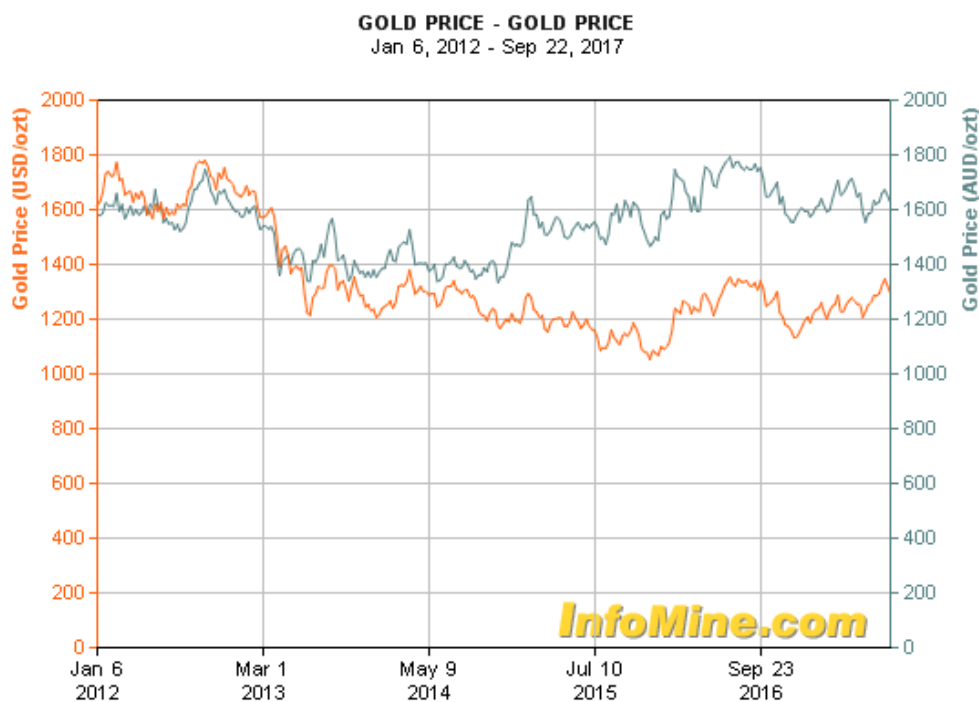


Figure 38 Five-year US\$ and AUS\$ Gold Price graph (source www.infomine.com)

5.4.1. Valuation of Advanced Projects

There are several valuation methods that are suitable for advanced projects these include;

- Financial modelling including DCF valuations (limited to projects with published Reserves),
- Comparable Market Based transactions including Resource and Reserve Multiples
- Joint Venture Transactions
- Yardstick valuations

5.4.1.1. Comparable Market Based Transactions

A comparable Transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal (for projects with Mineral Resource Estimated reported) or on an area basis for non-resource projects. Advantages of this type of valuation method include that it is easily understood and applied, especially where the resources or tenement area is comparable and the resources are reported according to an industry standard (like the JORC Code or NI43-101) but it is not as robust for projects where the resources are either historic in nature, reported according to a more relaxed standard or are using a cut-off grade that reflects a commodity price that is not justified by the current market fundamentals. If the projects being valued are in the same or a comparable jurisdiction, then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions. Difficulties arise when there are a limited number of transactions, where the projects have subtle but identifiable differences that impact the economic viability of one of the projects, for example the requirement for a very fine grind required to liberate gold from a sulphide rich ore or where the ore is refractory in nature and requires a non-standard processing method.

The information for the comparable transactions has been derived from various sources including the ASX releases associated with these transactions, a database compiled by DRM for exploration stage projects (with resources estimated) and development ready projects and a monthly publication by PCF Capital termed the Resource Thermometer.

This valuation method is the primary valuation method for exploration or advanced (pre-development) projects where Resources or Reserves have been estimated but no DCF or financial models have been completed. The preference is to limit the transactions and Resource / Reserve multiples to completed transactions from the past two to three years. Additionally, no transactions have been considered that occurred prior to 2010 due to the changes in the global economy since to 2010.

The validity of these Resource and Reserve multiples used by DRM has been checked by reviewing the August 2017 PCF Capital Resource Thermometer (valid up to the end of July 2017). This report details, amongst other information, the Resource and Reserve multiples for projects at an exploration, development, mining, and care and maintenance stage for gold, copper, iron ore and nickel. PCF Capital does not provide any warranty of the accuracy of these resource and reserve multiples. The Resource Thermometer documents the resource multiples for exploration projects has averaged US\$13/oz over the past five years, US\$12/oz over the past three years and US\$14/oz over the past year. This is broadly in line with the resource multiples derived from the eighteen comparable transactions detailed in Appendix A.

The comparable transactions have been compiled for advanced projects where Resources have been estimated. Appendix A details the Resource Multiples for Australian transactions that are considered comparable to the Aphrodite Gold Project.

5.4.2. Exploration Asset Valuation

To generate an overall value of the entire project it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced projects (with reserves or resources) the most significant value drivers for the overall project are the Resources or Reserves for earlier stage projects a significant contributor to the projects value is the exploration potential. There are several ways to determine the potential of pre-resource projects, these being;

- A Geoscientific (Kilburn) Valuation
- Comparable transactions based on the projects' area
- Joint Venture Terms

- A prospectivity enhancement multiplier (PEM)

DRM considers the Geoscientific (Kilburn) Valuation method to be the most robust and therefore that is the primary valuation method used for early stage projects. The Geoscientific (Kilburn) Valuation method is checked using the other valuation methods with a preference toward Joint Venture terms and comparable transactions. It is the view of DRM that the least transparent and most variable valuation method is a PEM valuation.

5.4.2.1. Geoscientific (Kilburn) Valuation

One valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any mineral resources or reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential. While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly and by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are the proximity to both adjacent to and along strike of a major deposit (Off Property Factors), the occurrence of a mineral system on the tenement (On Property Factors), the success of previous exploration within the tenement (Anomaly Factors) and the geological prospectivity of the geological terrain covered by the mineral claims or tenements (Geological Factors)

While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated with spreading both favourable and unfavourable ranking criteria to be spread over a large tenement. Therefore, DRM either values each tenement or breaks down a larger tenement into areas of higher and lower prospectivity.

Table 14 documents the ranking criteria while the inputs and assumptions that were used to derive the base acquisition cost (BAC) for each tenement are detailed in the valuation section of each of the projects.

Table 14 Ranking criteria are used to determine the geoscientific technical valuation

Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally favourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within tenement	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified, initial indications positive	
2.0	Resource targets identified	Exploration targets identified	Significant intersections - not correlated on section	Favourable geological setting
2.5				
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production	Several significant ore grade intersections that can be correlated	Mineralised zones exposed in prospective host rocks
3.5				
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

The technical valuation derived from the Kilburn ranking factors are frequently adjusted to reflect the geopolitical risks associated with the location of the project and also the current market conditions toward a specific

commodity or geological terrain. These adjustments can either increase or decrease the technical value to derive the fair market valuation.

Using the ranking criteria from Table 14 along with the base acquisition costs tabulated in the Appendices an overall technical valuation was determined.

The technical valuation was discounted to derive a market valuation. A market factor was derived to account for the geopolitical risks of operating in Australia (both Queensland and Western Australia) and the status of the market to advance gold projects.

While Australia has lower geopolitical risks (governmental risks) there are higher risks of environmental compliance and approvals. One of the governmental risks is the recent announcement by the Western Australian government where they propose to increase the gold royalty by 50% to 3.75% from the current 2.5%. This is considered a significant risk to the overall minerals industry. Therefore a 5% discount was applied to the Technical Valuation to account for this increased risk.

In addition to the jurisdictional risks there are also market based factors that can dramatically change the market valuation. Therefore, an additional discount has been applied for to account for the current state of the commodity price and general market sentiment. While the market for gold projects is currently quite robust that appears to be limited to well understood, technically simple and low risk advanced stage or development ready projects, exploration projects remain difficult to fund and advance toward a development decision. Additionally, the market factors can change depending on the local currency commodity prices. For example, in Australia the gold price, in Australian dollar terms is quite strong however it remains difficult to attract exploration funds to advance small gold projects, therefore, it is considered reasonable to apply a small discount the commodity price environment. For gold projects in Australia the gold price, in Australian dollars, is currently above the moving 5-year average and close to the highest gold price experienced in the past 5 years.

On that basis, the technical valuations are discounted by 5% for the geopolitical / environmental regulatory risks and the commodity price discount of 2% is also applied to the technical valuation.

5.4.2.2. Cost Based Valuation

As outlined in Table 13 (page 51) above and in the VALMIN code a cost based or appraised value method is an appropriate valuation technique for an early stage exploration project. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the project. The prospectivity enhancement multiplier (PEM) involves a factor which is directly related to the success of the exploration expenditure to advance the project. There are several alternate PEM factors that can be used depending on the specific project and commodity being evaluated. Onley, (1994) included several guidelines for the use and selection of appropriate PEM criteria. The PEM ranking criteria used in this ITA are outlined in Table 15 below. DRM considers the PEM valuation method as a secondary valuation method and no higher PEM ranges are used as once a resource has been estimated it is, in the opinion of the author, preferable to use resource multiples for comparable transactions once a resource has been estimated. Table 15 documents the previous expenditure within each of the tenements and the PEM used to determine the upper and lower valuation. The preferred valuation is the midpoint between the upper and lower valuations.

Table 15 Prospectivity Enhancement Multiplier (PEM) ranking criteria

Range	Criteria
0.2 – 0.5	Exploration downgrade the potential
0.5 – 1	Exploration has maintained the potential
1.0 - 1.3	Exploration has slightly increased the potential
1.3 – 1.5	Exploration has considerably increased the potential
1.5 – 2.0	Limited Preliminary Drilling intersected interesting mineralised intersections
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category

6. Valuation of the Spitfire and Aphrodite Mineral Assets

6.1. Aphrodite Gold Project

The valuation of the Aphrodite Gold Project undertaken by DRM was undertaken as a sum of the individual parts basis with several valuations undertaken for the Aphrodite Gold Deposit with additional value derived from the exploration upside around the currently defined deposit. The resource has been valued as an exploration project as the resources and development studies are not advanced to the stage that an ore reserve could be estimated. The valuation techniques include a resource multiple based on comparable transactions with secondary valuation methods including a yardstick valuation method and a prospectivity enhancement multiplier (PEM) valuation. The latter is a valuation of the total project. The exploration upside has been valued using a Kilburn or geoscientific technique. The details of these valuations are below and are based on the information and tenement schedule detailed in section 3.

6.1.1. Comparable Transactions

As detailed in Appendix A, DRM has reviewed a series of transactions that are considered broadly comparable to the Aphrodite Gold Project.

The Aphrodite Gold Deposit has been subject to a scoping study (released in 2011) and a Pre-Feasibility Study (PFS) released in June 2017 (AQQ ASX release 27 June 2017). While the study was classified as a PFS there were no reserves declared for the project and on a cash cost basis the project is not considered, under the prevailing gold price and cost structure to be a workable project. The PFS was only focussed on the open pit potential of the resource with the potential for an underground development on the higher-grade mineralisation not investigated as a part of the PFS.

From the analysis of the completed transactions from the Western Australia since 2010 DRM has determined that the resource multiples for comparable projects range from US\$1.17 to US\$36.24/oz of contained gold. The average Resource Multiple of these 18 transactions is US\$9.32/oz. These multiples were derived from completed transactions where the project has resources greater than 100,000oz, no ore reserves, no infrastructure and where possible refractory mineralisation with a private royalty of 2.5%. When converted to Australian dollars as at the valuation date exchange rate of 0.7836 (1 October 2017) these resource multiples range from \$1.50 to \$46.24 and average \$11.90/oz. DRM considers that, for the Aphrodite Gold Project, a reasonable resource multiple for the global resource is between \$5/oz and \$12/oz with a preferred valuation of \$7/oz. This is a discount to the resource multiples suggested in Appendix A and summarised above due to the PFS indicating that the project was not workable under the current gold price and cost structure, the private royalty of 2.5% payable to Franco Nevada along with the refractory nature of the majority of the mineralisation within the resource. While the metallurgical recovery for all the separate geological domains was determined in the PFS to be 86% (which is considered low for most eastern goldfields gold deposits. The metallurgical recovery assumed a pressure oxidation processing route and there are currently no processing options that are suitable for the Aphrodite mineralisation in the area. The PFS estimated the capital costs for the processing facility to be approximately \$123M however this capital cost was not included in the financial analysis of the project that was undertaken as a part of the PFS. On that basis DRM considers the discounted resource multiples are reasonable.

The resource multiples detailed above and supported by the information in Appendix A have been used along with the Resources for the Aphrodite Gold Project from section 3.1.5 to derive the value of the resources shown in Table 16.

Table 16 Comparable transaction valuation summary for the Aphrodite Gold Project.

Aphrodite Gold			
Aphrodite Gold Project	Lower	Preferred	Upper
Resource (Moz).	1.26	1.26	1.26
Resource Multiple (AUS\$/oz)	\$5.00	\$7.00	\$10.00
Resource Valuation	\$6.3	\$8.8	\$12.6

Note appropriate rounding has been applied to the Resource estimate and the valuation.

The global Resource is approximately 1.26Moz which includes high grade mineralisation (2.94Mt at 7g/t for 663,000oz) that is potentially exploitable via underground mining. It is important to note that this resource estimation technique is not considered suitable for underground mine planning and the previous resource estimate for broadly the same region contained approximately 3.31Mt at 4.55g/t for 485,000oz. While there has been some recent drilling into this zone it is unclear if the increased resource grade and contained ounces is due to additional drilling or purely the different resource estimation technique.

Therefore, DRM considers the Resources within the Aphrodite Gold Project to be valued, based on comparable transactions, at between **\$6.3 million** and **\$12.6 million** with a preferred valuation of **\$8.8 million**. In addition to this value the exploration potential needs to be included. The exploration potential has been derived via a Geoscientific (Kilburn) valuation method (section 6.1.3).

6.1.2. Yardstick

A yardstick valuation was undertaken as a check of the comparable transactions. This yardstick valuation is based on a rule of thumb as supported by a large database of transactions where resources and reserves at various degrees of confidence are multiplied by a percentage of the spot price. The database is an in-house compilation of historical publicly announced transactions (dominantly from ASX releases) from 2010 to 2017 with various resources classifications. The yardstick valuation factors used in this report are in line with other yardstick valuation factors commonly used in other VALMIN reports such as Naidoo et.al. (2016).

The spot gold price as of 1 October 2017 of US\$1,283.1/oz. and an exchange rate of 0.7836 was used to determine the yardstick valuation.

DRM notes that the gold price has been quite volatile since the transaction was announced from a low of US\$1,270.20/oz and a high of US\$1,346.25/oz. The exchange rate has also fallen significantly since the valuation date.

Table 17 details the yardstick multiples were used to determine the value of the Resources within the Aphrodite Gold Project while Table 18 tabulates the valuation for the project based on the currently Resource estimates.

Table 17 Yardstick Multiples used for the Aphrodite Gold Project

Resource or Reserve Classification	Lower Yardstick Multiple	Upper Yardstick Multiple
	(% of Spot price)	(% of Spot price)
Ore Reserves	5%	10%
Measured Resources (less Proved Reserves)	2%	5%
Indicated Resources (less Probable Reserves)	1%	2%
Inferred Resources	0.5%	1%

Table 18 Yardstick Valuation of the Resources within the Aphrodite Gold Project

	Resource / Reserve	AUS\$/oz	Valuation (AUS\$ million)		
			Low	Preferred	High
Reserves	0	\$1,637.44	-	-	-
Measured	0	\$1,637.44	-	-	-
Indicated	741,000	\$1,637.44	\$12.1	\$18.2	\$24.3
Inferred	520,000	\$1,637.44	\$4.3	\$6.4	\$8.5
Total Valuation (AUS\$M)			\$16.4	\$23.3	\$32.8

Note: The yardstick valuation of uses the gold price as at 1 October of US\$1,283.10 and an exchange rate of 0.7836 and appropriate rounding has been applied to the resource and the valuation.

The yardstick valuation is considerably higher than the comparable transaction valuation it is mainly due to discounts applied to the Aphrodite Gold Deposit due to the refractory nature of the mineralisation, the Franco Nevada royalty of 2.5% and the results of the PFS. A yardstick valuation does not take into consideration the technical aspects of the project being valued and as such is considered by DRM to be a useful guide of a possible valuation and should not be used as a primary valuation method.

6.1.3. Geoscientific Valuation

There are several specific inputs that are critical in determining a valid geoscientific or Kilburn valuation, these are ensuring that the practitioner undertaking the valuation has a good understanding of the mineralisation styles within the overall region, the tenements and has access to all the exploration and geological information to ensure that the rankings are based on a thorough knowledge of the project. In addition to ensuring the rankings are correct deriving the base acquisition costs (BAC) is critical as that is the primary driver of the final value. In this case the BAC is derived by the current costs of applying for a tenement of the specific type and the exploration commitment to maintain the tenement in good standing. If the valuation is being undertaken on a large area it is preferable to break down the larger area into smaller zones to ensure that an area with a high ranking is not spread over a large area, thereby artificially increasing the valuation. The opposite can occur with large areas of low potential.

For the Aphrodite Gold Project, each tenement was ranked individually as the areas of the tenements are relatively small and the majority of the project area consists of mining leases. The BAC was derived from the Western Australian Department of Mines, Industry Regulation and Safety (previously the Department of Mines and Petroleum) and the costs are based on the updated tenement costs as at 1 July 2017.

The Geoscientific rankings were derived for each of the five mining leases, the two prospecting licences and the one Exploration licence. While the miscellaneous licences are granted (or applications) they are not included in the Kilburn Valuation as they do not allow any exploitation of the underlying ground. The rankings that underpin this geoscientific valuation are tabulated in Appendix B.

Table 19 details the technical value of the exploration potential within the Aphrodite Gold Project while the Fair Marker Valuation is detailed in Table 20.

Table 19 Technical Valuation for the Aphrodite Gold Project

Tenement	Technical Valuation		
	Lower	Preferred	Upper
M24/720	1,190,000	1,725,000	2,260,000
M24/779	720,000	1,000,000	1,280,000
M24/649	100,000	155,000	210,000
M24/681	230,000	360,000	490,000
E24/186	20,000	40,000	60,000
M24/662	440,000	675,000	910,000
P24/5014	20,000	35,000	50,000
P24/5015	10,000	15,000	20,000
TOTAL	2,730,000	4,005,000	5,280,000

Note the table above is the technical valuation which is the base acquisition cost multiplied by the ranking factors outlined in Appendix C

Table 20 Fair Market Valuation for the Aphrodite Gold Project

Tenement	Market Valuation (\$M)		
	Lower	Preferred	Upper
M24/720	1.11	1.61	2.1
M24/779	0.67	0.93	1.19
M24/649	0.09	0.14	0.2
M24/681	0.21	0.34	0.46
E24/186	0.02	0.04	0.06
M24/662	0.41	0.63	0.85
P24/5014	0.02	0.03	0.05
P24/5015	0.01	0.01	0.02
TOTAL	2.5	3.7	4.9

Note appropriate rounding to the valuation has been undertaken.

Table 20 is the fair market valuation (in AU\$) which is the technical valuation multiplied by two additional valuation factors, the geopolitical or sovereign risk factor and the market factor. In this case the location factor is 95%. As the gold industry in Australia is currently strong a factor of 98% has been applied to the technical valuations in Table 19.

Based on this Geoscientific (Kilburn) valuation, DRM considers a reasonable valuation for the exploration potential within the Aphrodite Gold Project to be between \$2.5 and \$4.9 million with a preferred valuation of \$3.7 million.

6.1.4. Prospectivity Enhancement Multiplier (PEM)

As detailed in section 5.4.2.2 the prospectivity enhancement multiplier or multiple of exploration expenditure (MEE) is a valuation method derived on the basis that money spent on exploration has either increased or decreased the value of the project.

Table 21 details the expenditure on the tenement, as reported in the Form 5 expenditure report since Aphrodite acquired the project, while Table 22 assigns the prospectivity enhancement multiplier to these expenditures based on the PEM rankings from Table 15.

As this valuation is a secondary valuation method there has been no adjustment for inflation of the previous expenditure. This valuation is an estimate of the total value of the project and as such should be compared to the sum of the parts of the other valuation techniques with the preferred valuation methods being the comparable transaction valuation (resource multiple) for the resources of the Aphrodite Gold Project and the Kilburn or geoscientific valuation for the exploration potential within the project.

In DRM's opinion, this valuation is highly biased by the significant expenditure on M24/720 of approx. \$12.5M. As that is the tenement with the majority of the resources it must according to Table 15 be assigned a PEM of 2.5 therefore this one tenement is valued at approximately \$30M. This is clearly not the fair market value of that tenement; hence DRM considers the fair market valuation to be closer to the lower valuation. If the PEM for M24/720 were reduced to 1 then the total upper value of the project would be \$15M which, while subjective, is considered a reasonable approximation of the true value.

Table 21 Previous expenditure as reported in the various Form 5 Expenditure reports for each of the tenements of the Aphrodite Gold project.

Tenement	Area	Tenement Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
M24/720	995.45	NR	\$147,308	\$886,848	\$300,207	\$1,860,684	\$3,819,273	\$4,334,628	\$850,479	\$106,499	\$226,176
M24/779	944	NR	\$96,495	\$132,080	\$75,364	\$96,044	\$121,321	\$172,809	\$95,084	\$94,718	\$119,642
M24/649	181	NR	\$41,343	\$565,246	\$60,066	\$140,865	\$41,298	\$100,470	\$47,169	-	-
M24/681	446.36	NR	\$46,344	\$49,633	\$61,844	\$78,062	\$59,597	\$49,093	\$57,785	-	-
E24/186	7	\$23051	\$20,103	\$6,907	-	-	-	-	-	-	-
M24/662	363.31	\$76382	\$43,637	\$34,927	\$45,393	\$62,181	\$54,895	\$212,920	\$78,725	\$27,577	\$53,887
P24/5014	141.548	\$6444	-	-	-	-	-	-	-	-	-
P24/5015	27.443	\$3230	-	-	-	-	-	-	-	-	-

Note: where there is a “-” the tenement was granted during that year, NR = not yet reported due to the tenement anniversary date.

Table 22 Valuation of the Aphrodite Gold Project based on a prospectivity enhancement multiples (PEM)

Tenement	Total Expenditure (\$)	Multiple	Valuation Low	Multiple	Valuation Preferred	Multiple	Valuation High
M24/720	\$12,532,102	0.5	\$6,266,051	1.5	\$18,798,153	2.5	\$31,330,255
M24/779	\$1,003,557	0.5	\$501,778	0.65	\$652,312	0.8	\$802,845
M24/649	\$996,457	0.5	\$498,228	0.7	\$697,519	0.9	\$896,811
M24/681	\$402,358	0.5	\$201,179	0.55	\$221,296	0.6	\$241,414
E24/186	\$50,061	0.5	\$25,030	0.55	\$27,533	0.6	\$30,036
M24/662	\$690,524	0.5	\$345,262	0.7	\$483,366	0.9	\$621,471
P24/5014	\$6,444	0.5	\$3,222	0.55	\$3,544	0.6	\$3,866
P24/5015	\$3,230	0.5	\$1,615	0.55	\$1,776	0.6	\$1,938
Total	\$15,684,733		\$7,800,000		\$20,900,000		\$33,900,000

Therefore, DRM estimates that the value of the Aphrodite gold project based on previous expenditure by Aphrodite Gold Limited is between \$7.8 Million and \$33.9 Million with a preferred valuation being the average if these or \$20.9M.

In DRM’s opinion, this valuation is significantly above the current fair market valuation for a gold project of this size and landholding in the Eastern Goldfields of Western Australia.

6.2. Spitfire Materials Mineral Assets

The mineral assets of Spitfire as detailed in section 4, include the manganese resources at South Woodie Woodie, the gold projects of Alice River, Mulwarrie and England. As there are resources estimated for the South Woodie Woodie project these have been valued using a small number of comparable transactions while the preferred valuation technique for the remaining exploration assets is a geoscientific or Kilburn valuation. Secondary valuation methods have also been undertaken as a check to the primary or preferred valuation method. As there are heritage and access issues associated with the Yoda project it has been reviewed (in section 4.5) but until the access and heritage aspects of the project are resolved it is considered to have minimal value.

6.2.1. Alice River Gold Project Geoscientific Valuation

For the Alice River project, each tenement was ranked separately and the BAC was determined from the holding costs and exploration commitments from the Queensland Department of Natural Resources and Mines. As mining leases in Queensland do not have exploration commitments the BAC for the mining leases has been derived from a

combination of the Queensland tenement rents, application fees and the Western Australian exploration commitments.

In deriving the fair market valuation, the technical valuation has been multiplied by 95% (a discount of 5%) to account for the geopolitical and sovereign risks of operating in Australia, while the risks are considered low the largest potential issue in Queensland relates to the environmental approvals and permitting of a potential development. This ranking factor is higher than DRM would usually apply for projects within a stable jurisdiction like Queensland however for internal consistency in this report a 5% reduction has been applied the geoscientific valuations for all the Spitfire and Aphrodite Gold projects. The main reason for the slightly elevated risk is associated with the Western Australian government proposal to increase the gold royalty from 2.5% to 3.75% when the gold price is above \$1,200/oz. In addition to this locational factor an additional reduction of 2% (multiplied by 98%) has been applied to the technical valuation to account for the current market conditions associated with gold exploration and the overall market sentiment toward the resource sector.

The exploration potential and historic exploration success has been summarised in Section 4.2.

The Geoscientific rankings for each of the tenements that constitute the Alice River Gold Project are tabulated in Appendix D below.

Table 23 details the technical value of the Alice River Gold Project while the Fair Market Valuation is detailed in **Table 24**.

Table 23 Technical Valuation for the Alice River Gold Project

Tenement	Equity	Technical Valuation (AUS\$)		
		Lower	Preferred	Upper
ML2901	51%	\$105,900	\$231,650	\$357,400
ML2902	51%	\$105,900	\$231,650	\$357,400
ML2907	51%	\$105,400	\$230,550	\$355,700
ML2908	51%	\$106,600	\$233,200	\$359,800
ML2957	51%	\$105,100	\$229,950	\$354,800
ML2958	51%	\$162,200	\$354,750	\$547,300
ML3010	51%	\$173,300	\$379,000	\$584,700
ML3011	51%	\$106,800	\$233,700	\$360,600
EPM14312	51%	\$19,600	\$52,300	\$85,000
EPM14313	51%	\$100,900	\$239,650	\$378,400
EPM15359	51%	\$110,900	\$311,450	\$512,000
EPM15360	51%	\$44,400	\$124,600	\$204,800
EPM15409	51%	\$42,700	\$119,950	\$197,200
EPM15410	51%	\$44,400	\$124,600	\$204,800
EPM16301	51%	\$127,400	\$298,900	\$470,400
EPM26266	51%	\$1,891,300	\$2,784,400	\$3,677,500
Alice River Total	51%	\$3,352,800	\$6,180,300	\$9,007,800

Note: ML20523 was current when the scheme was announced but has since been surrendered and is therefore excluded from the valuation.

Table 24 Fair Market Valuation for the Alice River Gold Project

Tenement	Fair Market Valuation (AUS\$M)		
	Lower	Preferred	Upper
ML2901	\$0.10	\$0.22	\$0.33
ML2902	\$0.10	\$0.22	\$0.33
ML2907	\$0.10	\$0.21	\$0.33
ML2908	\$0.10	\$0.22	\$0.33
ML2957	\$0.10	\$0.21	\$0.33
ML2958	\$0.15	\$0.33	\$0.51
ML3010	\$0.16	\$0.35	\$0.54
ML3011	\$0.10	\$0.22	\$0.34
EPM14312	\$0.02	\$0.05	\$0.08
EPM14313	\$0.09	\$0.22	\$0.35
EPM15359	\$0.10	\$0.29	\$0.48
EPM15360	\$0.04	\$0.12	\$0.19
EPM15409	\$0.04	\$0.11	\$0.18
EPM15410	\$0.04	\$0.12	\$0.19
EPM16301	\$0.12	\$0.28	\$0.44
EPM26266	\$1.76	\$2.59	\$3.42
Alice River Total	\$3.12	\$5.76	\$8.37

Note: ML20523 was current when the scheme was announced but has since been surrendered and is therefore excluded from the valuation.

6.2.2. Mulwarrie and England Gold Projects - Geoscientific Valuation

The same methodology as detailed for both the Aphrodite Gold Project and the Alice River Projects above has been applied to the Mulwarrie and England gold projects in Western Australia.

The exploration potential and historic exploration success has been summarised in Section 4.3.

The Geoscientific rankings for the two tenements that constitute the Mulwarrie Gold Project and the single England tenement are tabulated in Appendix D.

Table 23 details the technical value of the Mulwarrie and England Gold Projects while the Fair Market Valuation is detailed in **Table 24**.

Table 25 Technical Valuation of the Mulwarrie and England Gold projects

Tenement	Project	Equity	Technical Valuation (AUS\$)		
			Lower	Preferred	Upper
M30/0119	Mulwarrie	51%	\$267,900	\$407,400	\$546,900
M30/0145	Mulwarrie	51%	\$313,200	\$476,350	\$639,500
E38/2869	England	100%	\$224,400	\$422,500	\$620,600
Total			\$805,500	\$1,306,250	\$1,807,000

Table 26 Fair Market Valuation of the Mulwarrie and England Gold projects

Tenement	Project	Fair Market Valuation (AUS\$M)		
		Lower	Preferred	Upper
M30/0119	Mulwarrie	\$0.25	\$0.38	\$0.51
M30/0145	Mulwarrie	\$0.29	\$0.44	\$0.6
E38/2869	England	\$0.21	\$0.39	\$0.58
Total		\$0.75	\$1.21	\$1.69

DRM considers that the Mulwarrie gold project has a fair market valuation of between \$0.5 and \$1.1M with a with a preferred valuation of \$0.8M while the England Gold Project has a fair market valuation of between \$0.2 and \$0.6M with a with a preferred valuation of \$0.4M

6.2.3. South Woodie Woodie Project - Geoscientific Valuation

The exploration potential and historic exploration success has been summarised in Section 4.6.

Based on that information the geoscientific rankings for the South Woodie Woodie manganese project are tabulated in Appendix D. The technical valuation has been reduced by 5% (multiplied by 95%) to account for the risks associated with operating in Western Australia (consistent with the other geoscientific valuations undertaken in this report). An additional discount of 15% (multiplied by 85%) has been applied to this project to reflect the current market for manganese projects. A larger discount would have been applied one year ago due to the then depressed market conditions that resulted in the closure (approximately 2 years ago) of the Woodie Woodie operations. In the past three months, the new owners of the Woodie Woodie operation have reported that they intend to re-commence mining operations, therefore DRM considers a discount of 15% to be appropriate.

Table 27 details the technical value of the South Woodie Woodie Manganese project while the Fair Market Valuation is detailed in **Table 28**.

Table 27 Technical Valuation of the South Woodie Woodie Manganese project

Tenement	Technical Valuation (AUS\$)		
	Lower	Preferred	Upper
E46/0616	\$17,500	\$48,200	\$78,900
E46/0787	\$25,300	\$69,700	\$114,100
E46/0835	\$37,000	\$96,600	\$156,200
R46/0002	0	0	0
E46/1159	\$26,100	\$60,800	\$95,500
E46/1160	\$20,300	\$47,200	\$74,100
Total	\$126,200	\$322,500	\$518,800

Note: The value of the retention licence (R46/002) is restricted to the resource multiple valuation below

Table 28 Fair Market Valuation of the South Woodie Woodie Manganese project

Tenement	Fair Market Valuation (AUS\$M)		
	Lower	Preferred	Upper
E46/0616	\$0.01	\$0.04	\$0.06
E46/0787	\$0.02	\$0.06	\$0.09
E46/0835	\$0.03	\$0.09	\$0.13
R46/0002	0	0	0
E46/1159	\$0.02	\$0.06	\$0.08
E46/1160	\$0.02	\$0.04	\$0.06
Total	\$0.1	\$0.3	\$0.4

Note: The Fair Market value of the retention licence (R46/002) captured by the comparable transaction valuation detailed below.

Based on the geoscientific valuation method DRM considers the fair market value of the South Woodie Woodie manganese project lies between \$0.1 million and \$0.4 million with a preferred valuation of \$0.4 million.

6.2.4. South Woodie Woodie Project – Comparable Transaction Valuation

As detailed in Section 4.6 Spitfire has several reasonable grade manganese resources within the South Woodie Woodie manganese project. These resources have not been subject to any feasibility studies and as such DRM considers the most appropriate valuation method for these resources is a comparable transaction (resource multiple) valuation. Appendix B details four transactions that DRM has reviewed and considers these to be broadly comparable to the South Woodie Woodie project. The lower valuation has been derived by the resource multiples for the two projects that have a similar resource grade while the upper valuation is an average of all four transactions. These all fall within a very small range and as such DRM considers this valuation to be robust. Three of the four resource multiples were derived from transactions that were completed while the Manganese price was depressed and at or near the five-year lows of approximately US\$1,700/t. The current price is approximately US\$2000/t or approximately 15% higher than the lows experienced in 2016. Therefore, the valuation is considered to be within the expected range or error associated with this type of valuation.

Given the total resource (JORC 2004) at the South Woodie Woodie manganese project of 14.2Mt at 13% the contained manganese is 1.88Mt. From the comparable transactions detailed in Appendix B there are two slightly different Resource multiples derived. The lower resource multiple is derived from the two projects with a similar resource grade to the South Woodie Woodie project of 13% while the higher resource multiple (which is used to derive the upper value) is based on the resource multiples for all four transactions. Table 29 details the resource multiples and the comparable transaction valuation for the South Woodie Woodie project.

Table 29 South Woodie Woodie Project Comparable Transaction valuation

South Woodie Woodie Manganese Project			
	Lower	Preferred	Upper
Resource (Mt Manganese).	1.88	1.88	1.88
Resource Multiple (AUS\$/oz)	\$0.60	\$0.65	\$0.70
Resource Valuation	\$1.1	\$1.2	\$1.3

7. Preferred Valuations

Based on the valuation techniques detailed above Table 30 provides a summary of the various valuation techniques with the preferred valuation techniques for Spitfire Materials and Aphrodite Gold's mineral assets in **Bold**.

Table 30 Summary of the Valuations completed for Spitfire Materials and Aphrodite Gold.

Mineral Asset	Valuation Technique	Lower Valuation (AUS\$ million)	Preferred Valuation (AUS\$ million)	Upper Valuation (AUS\$ million)
Aphrodite Gold Project	Comparable Transactions	\$6.3	\$8.8	\$12.6
	Yardstick	\$16.4	\$24.6	\$32.8
	Geoscientific / Kilburn	\$2.5	\$3.7	\$4.9
	PEM Valuation*	\$7.8	\$20.9	\$33.9
Total Aphrodite Gold's Mineral Asset Valuation		\$8.8	\$12.5	\$17.5
Alice River Gold Project	Geoscientific / Kilburn	\$3.1	\$5.8	\$8.4
Mulwarrie Gold Project	Geoscientific / Kilburn	\$0.5	\$0.8	\$1.1
England Gold Project	Geoscientific / Kilburn	\$0.2	\$0.4	\$0.6
South Woodie Woodie Manganese Project	Geoscientific / Kilburn	\$0.1	\$0.3	\$0.4
	Comparable Transactions	\$1.1	\$1.2	\$1.3
Total Spitfire Materials Mineral Asset Valuation		\$5	\$8.5	\$11.8

Notes: The Comparable transaction and Yardstick valuations are only attributed to the resources, the exploration potential away from the resources is added to these valuations to derive the value of the entire project. The PEM valuation is a valuation for the entire project. The valuations considered by DRM as the preferred valuations are **bold**

8. Conclusion

DRM considers the total mineral asset valuation of Aphrodite Gold to be within a range of \$8.8 million to \$17.5 million with a preferred total mineral asset value of \$12.5 million. The total mineral asset value for Spitfire Materials is believed to be between \$5.0 million and \$11.8 million with a preferred valuation of \$8.5 million.

9. References

The reference list below is dominated by unpublished company reports. Where they are published the publication is noted. None of the ASX releases of Spitfire or Aphrodite have been listed in the Reference list but are all available on each of the companies, and the ASX websites.

Duck B.H., 2006, Geological Overview of the Alice River Gold Project, 47 pp.

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PCF Capital Group., 2017, August 2017 *Resource Thermometer*, unpubl. 30pp

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10. Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral www.webmineral.com, Wikipedia www.wikipedia.org.

The following terms are taken from the 2015 VALMIN Code

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Australasian means Australia, New Zealand, Papua New Guinea and their off-shore territories.

Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

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

Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.

Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.

Independent Expert Report means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as either:

(a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;

(b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of

mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;

(c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;

(d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study;

(e) **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power and other technical requirements spanning commissioning, operation and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis or composition.

Mineral Project means any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resources is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Mining means all activities related to extraction of Minerals by any method (e.g. quarries, open cast, open cut, solution mining, dredging etc).

Mining Industry means the business of exploring for, extracting, processing and marketing Minerals.

Modifying Factors is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Ore Reserves is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resource and **Petroleum Reserve** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers. Refer to <http://www.spe.org> for further information.

Practitioner is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

- (a) admits members primarily on the basis of their academic qualifications and professional experience;
- (b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and
- (c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade or build good will.

Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.

Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Reasonableness implies that an assessment which is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

Royalty or Royalty Interest means the amount of benefit accruing to the royalty owner from the royalty share of production.

Securities has the meaning as defined in the Corporations Act.

Securities Expert are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.

Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

Specialist are persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

Status in relation to Tenure means an assessment of the security of title to the Tenure.

Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.

11. Appendices

Appendix A – Comparable Gold Transactions

The table is restricted to exploration transactions since 2010 within Western Australian for projects with a resource >100,000oz and where there were no reserves at the time of the deal and no processing facilities are associated with the transaction.

Project	Region	Date	Buyer	Seller	Equity	Transaction Value (US\$)	Total Resource	Resource Multiple (US\$/oz)
Tuckanarra	Murchison	28/08/2014	Monument Mining	Phosphate Australia	100%	3.66	100,924	36.24
Coolgardie	Eastern Goldfields	10/10/2016	Primary Gold	MacPhersons Resources	100%	6.67	199,287	33.47
Bundarra	Eastern Goldfields	14/02/2017	Saracen	Bligh Resources	100%	6.77	430,000	15.75
Bellevue	Eastern Goldfields	22/08/2016	Draig Resources	Golden Spur Resources	100%	1.74	118,000	14.73
Red Dam	Eastern Goldfields	31/10/2011	Phoenix Gold	Carbine Resources	100%	2.00	147,000	13.61
Rothsay	Eastern Goldfields	12/08/2011	Auricup Resources	Silver Lake Resources	100%	1.24	133,000	9.32
Karlawinda	Pilbara	26/10/2015	Capricorn Metals	Greenmount Resources	100%	4.38	650,800	6.73
Apollo Hill	Eastern Goldfields	23/06/2010	Peel Exploration	Hampton Hill Mining	100%	1.02	181,000	5.64
Hermes	Marymia Inlier	24/02/2015	Northern Star Resources	Alchemy Resources	100%	1.14	212,687	5.34
Bullabulling	Eastern Goldfields	7/01/2010	Auzex Resources	Jervois Mining	100%	1.90	431,000	4.41
Melrose	Eastern Goldfields	11/10/2013	Not Disclosed	Korab Resources	100%	1.40	340,000	4.12
Peak Hill	Peak Hill	31/01/2014	Resource & Investment	Montezuma Mining	100%	3.94	1,074,270	3.67
Leonora	Eastern Goldfields	3/04/2014	Kin Mining	Navigator Resources	100%	2.49	742,800	3.36
Lake Carey	Eastern Goldfields	21/07/2016	Matsa Resources	Fortitude Gold	100%	1.31	405,104	3.24
Spargoville	Eastern Goldfields	1/07/2013	ERO Mining	Ramelius Resources	100%	0.39	130,557	2.98
Mt Holland - Gold	Southern Cross	18/12/2015	Kidman Resources	Convergent Minerals	100%	2.51	928,500	2.70
Anthill	Eastern Goldfields	8/03/2017	Intermin Resources	Echo Resources	100%	0.23	167,000	1.36
Turner River Gold	Pilbara	10/05/2011	Lansdowne Minerals	De Grey Mining	75%	0.20	170,250	1.18

While the average of these transactions is **US\$9.32/oz** if the highest and lowest resource or reserve multiplier were removed then the average (excluding the outliers) would reduce to **US\$8.15/oz**. These equate to **AUS\$11.90/oz** for all transactions or **AUS\$10.40/oz** if the outliers are excluded when using the exchange rate on the valuation date (1 October 2017) of **0.7836**. If the median resource multiple for all transactions were used then the Resource multiple would be **AUS\$6.22/oz**.

For valuation of the Aphrodite Gold Project using the comparable transaction method DRM has used a range of resource multiples between **AUS\$5/oz** and **AUS\$12/oz**, with a preferred of **AUS\$7/oz**, and the global resource base of 1.26Moz, to derive the valuation.

Appendix B – Comparable Manganese Transactions

The table includes details of several potentially comparable manganese transactions. While some of the transactions are in Australian dollars others have been converted to Australian dollars as at the date the transaction was announced.

Project / Projects	Date	Buyer	Seller	Equity	Consideration	Resource Tonnage	Resource Grade	Contained Manganese (t)	AUS\$ / Resource t
Otjozundu	16/2/2015	Byrve Resources – Shaw River shares	Atlas Iron	53%	AUS\$1.689M	17M	22.5%	3.825Mt	0.83
Houlton Woodstock	29/6/2016	Manganese X Energy	Globex	100%	C\$1.4M	39M	9.7%	3.78Mt	0.3826
Mathews Ridge	4/11/2016	Bosai Minerals	Reunion Gold	100%	US\$5M	35.7Mt	14%	5.04Mt	0.7609
Emang	7/7/2011	Seague		51%	AUS\$7.75M	52.5Mt	36%	19.5Mt	0.7792
Average Similar Grade Resources									
Average									\$0.57/t
									\$0.70/t

These resource multiples have been converted to Australian dollars at the time the transaction was announced. Where the purchase has been completed by the issue of shares then the purchase price was determined using the stock price at the date of acquisition. All resource multiples have been determined on an equity basis. Where the transaction included royalty payments these were excluded from the value when calculating the Resource multiples, exploration commitments or expenditure commitments were included in transaction price. These resource multiples have not been levelled to account for the prevailing Manganese price due to different contract prices which are often adjusted to account for shipping costs from the different deposits.

Given the Spitfire Materials resources total 14.2Mt at 13.3% for 1.8886Mt of contained manganese the valuation derived from all four transactions is \$1.32M while using the lower grade resource multiple the valuation is \$1.1M.

Therefore, DRM considers the value of the South Woodie Woodie Resources to be between \$1.1M and \$1.3M with a preferred price of \$1.2M.

Appendix C –Aphrodite Gold Project Geoscientific (Kilburn) Ranking

Tenement	Area		From WA DMP Report			BAC	Equity	Off Property		On Property		Anomaly Factor		Geology Factor	
	Blocks	Ha	Application Fee	Rent	Exploration commitment			Low	High	Low	High	Low	High	Low	High
M24/720		995.45	476	17519.92	99600	117595	100%	3	3.2	1.5	2.5	1.5	2	1.5	2
M24/779		944	476	16614.4	94400	111490	100%	3	3.2	1.2	1.7	1.2	1.5	1.5	2
M24/649		181	476	3185.6	18100	21761	100%	3	3.2	1	1.5	1	1.5	1.5	2
M24/681		446.36	476	7855.93	44700	53031	100%	3	3.2	1.2	1.7	1	1.2	1.2	2
E24/186	7		1362	938	20000	22300	100%	1	1.5	1	1.2	1	1.2	0.7	1.5
M24/662		363.308	476	6394.21	36400	43270	100%	2.5	3.2	1.5	2	1.5	2	1.8	2.2
P24/5014		141.548	323	368.02	5661.92	6352	100%	3	3.5	1	1.5	1	1.5	1	1.5
P24/5015		27.443	323	71.35	2000	2394	100%	3	3.5	1	1.5	1	1.5	1	1.5

Appendix D – Spitfire Materials Gold Projects Geoscientific (Kilburn) Ranking

Tenement	Project	Grant	Expiry	Area		Components of the BAC				BAC (AUS\$)	Equity	Off Property		On Property		Anomaly Factor		Geology Factor	
				Blocks	Ha	Appn fee	Rent	Expend	Low			High	Low	High	Low	High	Low	High	
E38/2869	England	26/11/2014	25/11/2019	6		\$1362	\$804	\$20000		22166	100%	3	3.5	1.5	2	1.5	2	1.5	2
E46/0616	South Woodie Woodie	3/08/2005	2/08/2017	1		\$1362	\$322	\$10000		11684	80%	1	1.5	1.5	2	1	1.5	1	1.5
E46/0787	South Woodie Woodie	22/07/2009	21/07/2019	4		\$1362	\$536	\$15000		16898	100%	1	1.5	1.5	2	1	1.5	1	1.5
E46/0835	South Woodie Woodie	25/03/2011	24/03/2021	26		\$1362	\$3484	\$26000		30846	100%	1	1.5	1.2	1.5	1	1.5	1	1.5
R46/0002	South Woodie Woodie	4/07/2017	3/07/2022		100	\$783	\$770	\$10000	0		80%	1	1.5	1.5	2	1	1.5	1	1.5
E46/1159	South Woodie Woodie	PENDING		18		\$1362	\$2412	\$18000		21774	100%	1	1.3	1.2	1.5	1	1.5	1	1.5
E46/1160	South Woodie Woodie	PENDING		4		\$1362	\$536	\$15000		16898	100%	1	1.3	1.2	1.5	1	1.5	1	1.5
M30/0119	Mulwarrie	13/08/2007	12/08/2028		68	\$476	\$1196.8	\$10000		11672	100%	2	2.5	2.5	3	3	3.5	3	3.5
M30/0145	Mulwarrie	12/01/2007	11/01/2028		112	\$476	\$1971.2	\$11200		13647	100%	2	2.5	2.5	3	3	3.5	3	3.5
ML2901	Alice River	29-Apr-82	30-Apr-24		2.88	\$5209	\$173.376	\$5000		10382	100%	2	3	2	2.5	2.5	3	2	3
ML2902	Alice River	29-Apr-82	30-Apr-24		2.88	\$5209	\$173.376	\$5000		10382	100%	2	3	2	2.5	2.5	3	2	3
ML2907	Alice River	3-Jun-82	30-Jun-24		2.058	\$5209	\$123.8916	\$5000		10332	100%	2	3	2	2.5	2.5	3	2	3
ML2908	Alice River	3-Jun-82	30-Jun-24		4.034	\$5209	\$242.8468	\$5000		10451	100%	2	3	2	2.5	2.5	3	2	3
ML2957	Alice River	7-Mar-85	31-Mar-27		1.6	\$5209	\$96.32	\$5000		10305	100%	2	3	2	2.5	2.5	3	2	3
ML2958	Alice River	10-Apr-86	30-Apr-07		11.43	\$5209	\$688.086	\$10000		15897	100%	2	3	2	2.5	2.5	3	2	3
ML3010	Alice River	25-Jan-90	31-Jan-11		29.52	\$5209	\$1777.104	\$10000		16986	100%	2	3	2	2.5	2.5	3	2	3
ML3011	Alice River	1-Oct-87	31-Oct-08		4.4	\$5209	\$264.88	\$5000		10473	100%	2	3	2	2.5	2.5	3	2	3
EPM14312	Alice River	13-Jul-05	12-Jul-15	7		\$2575	\$1090.6	\$11152		14817	100%	2	2.5	1	1.5	1	2	1.3	1.5
EPM14313	Alice River	13-Jul-05	12-Jul-14	10		\$2575	\$1558	\$15652		19785	100%	2.5	3	2	2.5	1	2	2	2.5
EPM15359	Alice River	24-May-07	7-May-15	25		\$2575	\$3895	\$38152		44622	100%	2.5	3	1.5	2.5	1	2	1.3	1.5
EPM15360	Alice River	23-Aug-07	22-Aug-15	25		\$2575	\$3895	\$38152		44622	100%	1.5	2	1	1.5	1	2	1.3	1.5
EPM15409	Alice River	24-May-07	23-May-15	24		\$2575	\$3739.2	\$36652		42966	100%	1.5	2	1	1.5	1	2	1.3	1.5
EPM15410	Alice River	23-May-07	23-May-15	25		\$2575	\$3895	\$38152		44622	100%	1.5	2	1	1.5	1	2	1.3	1.5
EPM16301	Alice River	14-Oct-08	13-Oct-16	29		\$2575	\$4518.2	\$44152		51245	100%	2.5	3	1.5	2	1	2	1.3	1.5
EPM26266	Alice River	8-May-17	7-May-22	81		\$2575	\$12619.8	\$122152		137346	100%	3	3.5	2.5	3	1.8	2	2	2.5

Note: ML20523 which was pending as at the valuation date has since been withdrawn and as such has been excluded from the valuation.

Annexure B – Merger Implementation Agreement

SPITFIRE MATERIALS LIMITED
ACN 125 578 743
(SPI)

and

APHRODITE GOLD LIMITED
ACN 138 879 928
(AQQ)

MERGER IMPLEMENTATION AGREEMENT

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THIS AGREEMENT is made the 4th day of September 2017.

BETWEEN

SPITFIRE MATERIALS LIMITED (ACN 125 578 743) of 130 Stirling Highway, North Fremantle WA 6159 (SPI);

AND

APHRODITE GOLD LIMITED (ACN 138 879 928) of 116 Harrick Road, Keilor Park VIC 3042 (AQQ).

RECITALS

- A. SPI and AQQ have agreed to merge by means of a members' scheme of arrangement under Part 5.1 of the Corporations Act.
- B. SPI and AQQ have agreed to implement the Scheme on the terms and conditions of this agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

These meanings apply unless the contrary intention appears.

Accounting Standards means:

- (a) accounting standards as that term is defined in the Corporations Act;
- (b) the requirements of the Corporations Act in relation to the preparation and content of financial reports; and
- (c) if and to the extent that any matter is not covered by the accounting standards or requirements referred to in paragraphs (a) or (b), other relevant accounting standards and generally accepted accounting principles applied from time to time in Australia for a business similar to AQQ or SPI as the context requires.

Action means an action, dispute, cause of action, claim, demand, investigation, inquiry, prosecution, litigation, proceeding, suit, arbitration, mediation, or dispute resolution.

AQQ Board means the board of directors of AQQ as constituted from time to time.

AQQ Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties before, on or after the date of this agreement relating to the business, technology or other affairs of the AQQ Group.

AQQ Director means a member on the AQQ Board.

AQQ Due Diligence Materials means the written information and documents made available to SPI and its Representatives by or on behalf of AQQ or its Subsidiaries.

AQQ Group means AQQ and its Subsidiaries.

AQQ Incoming Directors means each person nominated in writing by SPI to AQQ prior to the Second Court Date to be appointed to the AQQ Board in accordance with Schedule 5.

AQQ Indemnified Parties means AQQ, its officers, employees, and advisers and its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

AQQ Information means all information contained in the Scheme Booklet other than the SPI Information and the Independent Expert's Report.

AQQ Material Adverse Change means a Material Adverse Change in relation to AQQ and its Subsidiaries.

AQQ Material Permits means:

- (a) AQQ's mining permits listed in Schedule 10; and
- (b) any and all other mining permits applied for or granted in renewal, substitution, variation or extension, in whole or in part, of those permits.

AQQ Material Transaction means any of the following transactions concerning AQQ or its Subsidiaries:

- (a) **(acquisition of an asset)** an acquisition, offer to acquire or agreement to acquire any asset or interest in an asset;
- (b) **(disposal of asset)** a disposal, offer to dispose or agreement to dispose of any asset or interest in an asset;
- (c) **(joint venture)** a joint venture, partnership or off-take agreement in respect of any asset or undertaking;
- (d) **(contractual or other commitment)** a new, renewed, or any variation of, any contractual or other commitment (including any undertaking to a Regulatory Authority); or
- (e) **(exercise of a contractual right)** an exercise of a contractual right or other option to renew or extend an existing agreement (including under any lease),

that:

- (i) is not in the ordinary course of its business; or
- (ii) individually or when aggregated with related transactions has a value or involves a liability (whether actual, contingent or prospective) or expenditure, as the case may be, of \$250,000 or more,

but does not include any such transaction:

- (iii) to the extent it is fairly disclosed in writing to SPI prior to the date of this agreement;

- (iv) as expressly contemplated by this document or the transaction;
or
- (v) with the prior consent of SPI.

AQQ Outgoing Directors means those persons nominated in writing by SPI to AQQ prior to the Second Court Date as being required to resign from the AQQ Board in accordance with Schedule 5.

AQQ Option means an option to acquire an AQQ Share.

AQQ Prescribed Event means, except to the extent contemplated by this agreement or the Scheme, any of the events listed in Schedule 1 provided that an AQQ Prescribed Event will not occur where AQQ has first consulted with SPI in relation to the event and SPI has approved in writing the proposed event.

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

AQQ Shareholder means each person registered in the Register as a holder of AQQ Shares.

AQQ Specified Person means the Executive Chairman and each AQQ Director as at the date of this agreement, being Mr Peter Buttigieg, Mr Roger Mitchell, Mr Paul Buttigieg and Mr Angus Middleton.

AQQ Unexpired Options means AQQ Options which expire on 19 August 2019 and which have not been exercised into AQQ Shares before the Record Date.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the financial market operated by it known as the Australian Securities Exchange, as appropriate.

Authorised Officer means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this agreement.

Business Day means a day as defined in the Listing Rules other than any day which banks are not open for general banking business in Perth, Western Australia.

Competing Transaction: means any proposed or potential transaction or arrangement (including any takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares, joint venture or dual listed company structure) in relation to a party to this agreement under which a third party would, if completed:

- (a) directly or indirectly, acquire an interest or Relevant Interest in or become the holder of:
 - (i) 20% or more of the relevant party's shares or more than 50% of the shares in any of the relevant party's Subsidiaries; or
 - (ii) all or a substantial part or a material part of the business of the relevant party or any of its Subsidiaries,
- (b) directly or indirectly acquire control of the relevant party, within the meaning of section 50AA of the Corporations Act; or

- (c) otherwise acquire or merge (including, without limitation, by a reverse takeover bid or dual listed company structure) with the relevant party.

Conditions Precedent means the conditions precedent set out in Schedule 3.

Confidential Information means SPI Confidential Information or AQQ Confidential Information.

Controller has the meaning it has in the Corporations Act.

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

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

Court means the Federal Court of Australia, or such other court of competent jurisdiction as agreed in writing by the parties.

Deed Poll or **Scheme Deed Poll** means a deed poll to be executed by SPI substantially in the form of Annexure A to Annexure B to this agreement (or such other form as is agreed between the parties).

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.

Effective Date, in relation to the Scheme, means the date on which the Scheme becomes Effective.

Encumbrance means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power, or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the *Personal Property Securities Act 2009* (Cth); or
- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or
- (d) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

End Date means the date which is six (6) months from the date of this agreement or such other date as is agreed by SPI and AQQ.

Excluded Information means Confidential Information which:

- (a) is in or becomes part of the public domain other than through breach of this agreement or an obligation of confidence owed to the party providing the Confidential Information;

- (b) the recipient of the Confidential Information can prove by contemporaneous written documentation was already known to it at the time of disclosure by the party providing the Confidential Information (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality); or
- (c) the recipient of the Confidential Information acquires from a source other than the party providing the Confidential Information or any Related Body Corporate or Representative of the party providing the Confidential Information where such source is entitled to disclose it.

Exclusivity Period means the period from and including the date of this agreement to the earlier of:

- (a) the termination of this agreement in accordance with its terms; and
- (b) the End Date.

First Court Date means the first day of the hearing by the Court of an application, in accordance with item 9 of Schedule 5, for an order under section 411(1) of the Corporations Act convening the Scheme Meeting or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Implementation Date means the fifth Business Day immediately following the Record Date, or such other date after the Record Date agreed to in writing between the parties.

Independent Expert means any independent expert appointed by AQQ, in consultation with SPI, under item 3 of Schedule 5 to prepare the Independent Expert's Report stating whether, in the expert's opinion the Scheme is in the best interest of AQQ Shareholders.

Independent Expert's Report means the report prepared by the Independent Expert.

Ineligible Foreign Holder means a Scheme Participant whose address in the Register is in a jurisdiction outside Australia, except where SPI and AQQ are reasonably satisfied that the issue of New SPI Shares in that jurisdiction under the Scheme would be neither prohibited by law nor unduly onerous.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within thirty (30) days), resolution passed, proposal put forward, or any other action taken, in

each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or

- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Interim Period means the period from and including the date of this agreement to the earlier of:

- (a) the termination of this agreement in accordance with its terms; and
- (b) 8:00 am on the Second Court Date or such other time as is agreed by AQQ and SPI.

Listing Rules means the Listing Rules of ASX.

Losses means all claims, demands, damages, losses, costs, expenses and liabilities incurred by the person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

Material Adverse Change means in relation to a party, any matter, event or circumstance that occurs, is announced or becomes known to that party (whether or not it becomes public) where that matter, event or circumstance is, or could reasonably be expected to be, individually or when aggregated with all such matters, events or circumstances, materially adverse to the business, financial condition, results, material licences, operations or prospects of that party, provided that:

- (a) any change required to be done or procured by a party pursuant to this agreement and the Scheme;
- (b) any change to interest rates, gold price or currency exchange rates;
- (c) any change which is, and to the extent that it is, a consequence of Losses covered by insurance which that party's insurers have agreed to pay;
- (d) any change in the market price or trading volume of shares of that party after the date of this agreement; and
- (e) any change as regards to one party (the first party) (which change is otherwise caught by the terms of this definition) that has been fairly disclosed either to the market generally or otherwise to the other party (the second party) in writing immediately prior to the execution of this agreement and the change occurs as regards to the first party substantially in accordance with those terms,

will not be taken into account in determining whether there has been a Material Adverse Change.

Material Contract means any contract which is, or may reasonably be expected to be material to the assets, liabilities, financial position, profits, losses or operation of the entity which is party to it.

Merger means the acquisition of AQQ by SPI through the implementation of the Scheme.

New SPI Shares means those SPI Shares to be issued to the Scheme Participants in consideration for their Scheme Shares pursuant to the Scheme.

Record Date means 5.00pm on the day which is two (2) Business Days after the Effective Date, or such other date as the parties agree in writing.

Register means the register of members of AQQ maintained by or on behalf of AQQ in accordance with section 168(1) of the Corporations Act and **Registry** has a corresponding meaning.

Regulator's Draft means the draft of the Scheme Booklet in a form acceptable to both parties which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

Regulatory Approval means any consent, waiver, decision, determination, modification, approval or other act given by a Regulatory Authority in relation to the Merger or any aspect of it which SPI and AQQ, acting reasonably, determine is necessary or desirable to implement the Merger.

Regulatory Authority includes:

- (a) ASX;
- (b) ASIC;
- (c) the Takeovers Panel;
- (d) a government or governmental, semi-governmental or judicial entity or authority;
- (e) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (f) any regulatory organisation established under statute.

Regulatory Review Period means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC confirms that it does not intend to make any submissions at the Court hearing on the First Court Date or otherwise object to the Scheme.

Related Body Corporate has the meaning it has in the Corporations Act.

Relevant Interest has the same meaning as given by sections 608 and 609 of the Corporations Act.

Representative means, in relation to a party:

- (a) a Related Body Corporate;
- (b) a director, officer or employee of the party or any of the party's Related Bodies Corporate; or

- (c) an adviser to the party or any of the party's Related Bodies Corporate, where an "adviser" means, in relation to an entity, a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant who provides advisory services in a professional capacity and who has been engaged by that entity.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from AQQ Shares directly or indirectly after the date of this agreement, including all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares or other securities, which are declared, paid or made by AQQ or a Subsidiary of AQQ.

Schedule means a schedule to this agreement.

Scheme means the scheme of arrangement between AQQ and Scheme Participants under which all the Scheme Shares will be transferred to SPI under Part 5.1 of the Corporations Act, substantially in the form of Annexure B, together with any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act.

Scheme Booklet means, in respect of the Scheme, the information booklet to be approved by the Court and despatched to AQQ Shareholders which must:

- (a) include the Scheme, the Deed Poll, the Independent Expert's Report, an explanatory statement complying with the requirements of the Corporations Act, a notice of meeting and a proxy form; and
- (b) comply with the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 and the Listing Rules.

Scheme Consideration means the consideration to be provided by SPI to each Scheme Participant for the transfer to SPI of each Scheme Share, as determined in accordance with clause 4.2.

Scheme Meeting means the meeting of AQQ Shareholders, to be convened by the Court pursuant to section 411(1) of the Corporations Act, to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Participants means each person who is registered in the Register as a holder of Scheme Shares at the Record Date (except for SPI).

Scheme Shares means all of the AQQ Shares on issue as at the Record Date (except for those AQQ Shares held by SPI, being 74,129,742 AQQ Shares).

Second Court Date means the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Scheme, or if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

SPI Board means the board of directors of SPI as constituted from time to time.

SPI Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties before, on, or after the date of this agreement relating to the business, technology or other affairs of the SPI Group.

SPI Due Diligence Materials means the written information and documents made available to AQQ and its Representatives by or on behalf of SPI or its Subsidiaries.

SPI Group means SPI and its Subsidiaries.

SPI Incoming Directors means each person nominated in writing by AQQ to SPI prior to the Second Court Date to be appointed to the SPI Board in accordance with Schedule 6.

SPI Indemnified Parties means SPI, its officers, employees and advisers, its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

SPI Information means the information regarding the SPI Group provided by SPI to AQQ for inclusion in the Scheme Booklet, being information:

- (a) about the SPI Group, its business, its interests, its assets and dealings in AQQ Shares, its intentions for AQQ and AQQ's employees, and funding arrangements; and
- (b) required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations, the Listing Rules or ASIC Regulatory Guide 60.

For the avoidance of doubt, SPI Information does not include information about the AQQ Group except to the extent it relates to any statement of SPI's intention relating to the AQQ Group following the Effective Date, provided SPI has consented in writing to the inclusion of such statements in the Scheme Booklet.

SPI Material Adverse Change means a Material Adverse Change in relation to SPI and its Subsidiaries.

SPI Material Permits means:

- (a) SPI's mining permits listed in Schedule 11; and
- (b) any and all other mining permits applied for or granted in renewal, substitution, variation or extension, in whole or in part, of those permits.

SPI Material Transaction means any of the following transactions concerning SPI or its Subsidiaries:

- (a) **(acquisition of an asset)** an acquisition, offer to acquire or agreement to acquire any asset or interest in an asset;
- (b) **(disposal of asset)** a disposal, offer to dispose or agreement to dispose of any asset or interest in an asset;
- (c) **(joint venture)** a joint venture, partnership or off-take agreement in respect of any asset or undertaking;
- (d) **(contractual or other commitment)** a new, renewed, or any variation of, any contractual or other commitment (including any undertaking to a Regulatory Authority); or
- (e) **(exercise of a contractual right)** an exercise of a contractual right or other option to renew or extend an existing agreement (including under any lease),

that:

- (f) is not in the ordinary course of its business; or
- (g) individually or when aggregated with related transactions has a value or involves a liability (whether actual, contingent or prospective) or expenditure, as the case may be, of \$250,000 or more,

but does not include any such transaction:

- (h) to the extent it is fairly disclosed in writing to AQQ prior to the date of this agreement;
- (i) as expressly contemplated by this document or the transaction; or
- (j) with the prior consent of AQQ.

SPI Nominee means:

- (a) SPI; or
- (b) a body corporate nominated by SPI after consultation with AQQ pursuant to clause 4.6, all of the issued shares of which are or will on the Implementation Date be directly or indirectly owned by SPI.

SPI Option means an option to acquire a SPI Share.

SPI Outgoing Directors means those persons nominated in writing by AQQ to SPI prior to the Second Court Date as being required to resign from the SPI Board in accordance with Schedule 6.

SPI Performance Right means a right to acquire a SPI Share.

SPI Prescribed Event means, except to the extent contemplated by this agreement or the Scheme, any of the events listed in Schedule 2 provided that an SPI Prescribed Event will not occur where SPI has first consulted with AQQ in relation to the event and AQQ has approved in writing the proposed event.

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

SPI Shareholders means holders of SPI Shares.

SPI Specified Person means each SPI Director as at the date of this agreement, being Mr John Young, Mr Neil Biddle, Mr Russell Hardwick and Mr Alan Boys.

Subsidiaries has the meaning it has in the Corporations Act.

Superior Proposal means a bona fide Competing Transaction which the AQQ Board or SPI Board (as applicable), acting in good faith, and after receiving written advice from its legal and financial advisers, determines:

- (a) is reasonably capable of being implemented taking into account all aspects of the Competing Transaction; and
- (b) is more favourable to AQQ Shareholders or SPI Shareholders (as applicable) than the Scheme, taking into account all terms and conditions of the Competing Transaction.

Superior Proposal Period means the period commencing on the date a Superior Proposal comes into existence and ending on the date that the Superior Proposal is withdrawn, terminated, rejected, expires or is otherwise concluded.

Takeovers Panel means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

Terms Sheet means the terms sheet entered into between AQQ and SPI in relation to the Scheme on 13 August 2017.

Timetable means the timetable set out in Schedule 4, subject to any amendments that SPI and AQQ may agree in writing.

Transaction Implementation Committee means a committee to be made up of:

- (a) representatives of each of AQQ and SPI;
- (b) representatives from each of the legal advisers of AQQ and SPI;
- (c) representatives from each of the corporate and or financial advisers of AQQ and SPI; and
- (d) such other persons as the parties may agree from time to time.

1.2 Interpretation

In this agreement:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the word "includes" in any form is not a word of limitation;

and unless the context indicates otherwise:

- (c) a word or phrase in the singular number includes the plural, a word or phrase in the plural number includes the singular, and a word indicating a gender includes every other gender;
- (d) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (e) a reference to:
 - (i) a clause or schedule is a reference to a clause or schedule of this agreement;
 - (ii) a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation;
 - (iii) a document in writing includes a document produced by means of typewriting, printing, lithography, photography and other modes of representing or reproducing words in a visible form, recorded by any electronic, magnetic, photographic or other medium by which information may be stored or reproduced;
 - (iv) a document (including this agreement) includes a reference to all schedules, exhibits, attachments and annexures to it, and is to

that document as varied, novated, ratified or replaced from time to time;

- (v) legislation or to a provision of legislation includes any consolidation, amendment, re-enactment, substitute or replacement of or for it, and refers also to any regulation or statutory instrument issued or delegated legislation made under it;
- (vi) a person includes an individual, the estate of an individual, a corporation, an authority, an unincorporated body, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (f) a reference to a day is to a period of time commencing at midnight and ending twenty-four (24) hours later;
- (g) a reference to a Chapter, Part, Division or section is a reference to a Chapter, Part, Division or section of the Corporations Act;
- (h) a reference to "information" is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programmes, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets;
- (i) the words "**entity**" and "**officer**" have the same meaning as in section 9 of the Corporations Act, and "control" has the same meaning as in section 50AA of the Corporations Act;
- (j) time is a reference to time in Perth, Western Australia;
- (k) a reference to "**\$**" or "**dollar**" is to Australian currency;
- (l) a contravention of or a breach of any of the representations and warranties includes any of the representations and warranties not being complete, true and correct;
- (m) each representation and warranty is a separate representation and warranty, and its meaning is not affected by any other representation or warranty;
- (n) a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (o) when a day on or by which anything to be done is not a Business Day, that thing may be done on or by the next Business Day; and
- (p) If an act under this agreement required to be done by a party on or by a given day is done after 5:00pm on that day, it is taken to be done on the next day.

2. AGREEMENT TO PROPOSE SCHEME AND IMPLEMENT MERGER

2.1 AQQ to propose Scheme

AQQ agrees to propose the Scheme on and subject to the terms and conditions of this agreement.

2.2 SPI to assist with Scheme

SPI agrees to assist AQQ to propose the Scheme on and subject to the terms and conditions of this agreement.

2.3 Agreement to implement Merger

The parties agree to implement the Merger on the terms and conditions of this agreement.

3. CONDITIONS PRECEDENT

3.1 Conditions Precedent

Subject to this clause 3, the Scheme will not become Effective and the obligations of SPI under clause 4.2 are not binding unless each of the Conditions Precedent contained in Schedule 3 are satisfied or waived to the extent and in the manner set out in clauses 3.2 and 3.3.

3.2 Benefit of certain Conditions Precedent

A Condition Precedent may only be waived in writing by a party entitled to the benefit of that Condition Precedent as noted in the table set out in Schedule 3 and will be effective only to the extent specifically set out in that waiver.

A party entitled to waive the breach or non-fulfilment of a Condition Precedent under this clause 3.2 may do so in its absolute discretion.

If a Condition Precedent has been included for the benefit of both parties, the breach or non-fulfilment of the Condition Precedent may be waived only by the consent of both parties.

3.3 Waiver of Conditions Precedent

If either AQQ or SPI waives the breach or non-fulfilment of a Condition Precedent in accordance with this clause, then:

- (a) subject to clause 3.3(b), that waiver precludes that party from suing the other for any breach of this agreement arising as a result of the breach or non-fulfilment of that Condition Precedent or arising from the same event which gave rise to the breach or non-fulfilment of that Condition Precedent; but
- (b) if the waiver of the Condition Precedent is itself conditional and the other party:
 - (i) accepts the condition, the terms of that condition apply notwithstanding any inconsistency with clause 3.3(a); or
 - (ii) does not accept the condition, the Condition Precedent has not been waived.

3.4 Reasonable endeavours

Each of AQQ and SPI agree to use reasonable endeavours to procure that:

- (a) each of the Conditions Precedent for which they are responsible, as noted in the table set out in Schedule 3:

- (i) is satisfied as soon as practicable after the date of this agreement; and
 - (ii) continues to be satisfied at all times until the last time it is to be satisfied as noted in the table set out in Schedule 3 (as the case may require); and
- (b) there is no occurrence that would prevent the Conditions Precedent for which they are responsible, as noted in the table set out in Schedule 3, being satisfied.

3.5 Regulatory matters

Without limiting clause 3.4, each party:

- (a) **(Regulatory Approvals)** must promptly apply for all relevant Regulatory Approvals and take all steps it is responsible for as part of the approval process for the Scheme, including responding to requests for information at the earliest practicable time;
- (b) **(representation)** subject to the requirements of the relevant Regulatory Authority, has the right to be invited to be represented and make submissions at any proposed meeting with any Regulatory Authority relating to any Regulatory Approval; and
- (c) **(consultation)** must use its reasonable endeavours to consult with the other party in advance in relation to all material communications (whether written or oral, and whether direct or via a Representative) with any Regulatory Authority relating to any Regulatory Approval ("**Communications**") and, without limitation:
 - (i) provide the other party with drafts of any material written Communications to be sent to a Regulatory Authority and make such amendments as the other party reasonably requires; and
 - (ii) provide copies of any material written Communications sent to or received from a Regulatory Authority to the other party promptly upon despatch or receipt (as the case may be),

in each case to the extent it is reasonable to do so.

3.6 Notices in relation to Conditions Precedent

Each party must:

- (a) **(notice of satisfaction)** promptly notify the other of satisfaction of a Condition Precedent and must keep the other informed of any material development of which it becomes aware that may lead to the breach or non-fulfilment of a Condition Precedent;
- (b) **(notice of failure)** immediately give written notice to the other of a breach or non-fulfilment of a Condition Precedent, or of any event which will prevent a Condition Precedent being satisfied; and
- (c) **(notice of waiver)** upon receipt of a notice given under clause 3.6(b), give written notice to the other party as soon as possible (and in any event before 8.00am on the Business Day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition

Precedent resulting from the occurrence of that event, specifying the Condition Precedent in question.

3.7 Effect of waiver or non-fulfilment

A waiver of such breach or non-fulfilment in respect of one Condition Precedent does not constitute:

- (a) a waiver of the breach or non-fulfilment of any other Condition Precedent resulting from the same event; or
- (b) a waiver of the breach or non-fulfilment of that Condition Precedent resulting from any other event.

3.8 Consultation on failure of Condition Precedents

If:

- (a) there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this agreement by the time or date specified in this agreement for the satisfaction of the Conditions Precedent;
- (b) there is an act, failure to act or occurrence which will prevent a Condition Precedent being satisfied by the time or date specified in this agreement for the satisfaction of the Condition Precedent (and the breach or non-fulfilment which would otherwise occur has not already been waived in accordance with this agreement); or
- (c) if the Scheme has not become Effective by the End Date,

then the parties must consult in good faith with a view to determining whether:

- (d) the Merger may proceed by way of alternative means or methods;
- (e) to extend the relevant time for satisfaction of the Condition Precedent or to adjourn or change the date of an application to the Court; or
- (f) to extend the End Date.

3.9 Failure to agree

If the parties are unable to reach agreement under clause 3.8 within ten (10) Business Days (or any shorter period ending at 8:00am on the Business Day before the Second Court Date):

- (a) subject to clause 3.9(b), either party may terminate this agreement (and such termination will be in accordance with clause 13.1(g)(i); or
- (b) if a Condition Precedent may be waived and exists for the benefit of one party only, that party only may waive that Condition Precedent or terminate this agreement (and such termination will be in accordance with clause 13.1(g)(ii)),

in each case before 8.00am on the Second Court Date.

A party will not be entitled to terminate this agreement pursuant to this clause 3.9 if the relevant Condition Precedent has not been satisfied or agreement cannot

be reached as a result of a breach of this agreement by that party or a deliberate act or omission of that party.

3.10 Regulatory Approval

A Regulatory Approval will be regarded as having been obtained notwithstanding that a condition or conditions may have been attached to that Regulatory Approval if that condition is reasonably satisfactory to AQQ and SPI.

3.11 Certificate

Each party must provide:

- (a) the other (in draft) by 5.00pm on the day immediately prior to the Second Court Date; and
- (b) the Court at the hearing on the Second Court Date,

with a certificate confirming that all of the Conditions Precedent (other than the Conditions Precedent in items 3 and 4 of Schedule 3) have been satisfied or waived in accordance with the terms of this agreement.

4. OUTLINE OF SCHEME

4.1 Scheme

Subject to the terms and conditions of this agreement, AQQ agrees to propose the Scheme to Scheme Participants under which:

- (a) all of the Scheme Shares held by Scheme Participants will be transferred to SPI; and
- (b) Scheme Participants will be entitled to receive the Scheme Consideration for each Scheme Share held on the Record Date.

4.2 Scheme Consideration

- (a) Subject to clause 4.2(d), the parties will procure that each Scheme Participant receives 1 New SPI Share for every 2.8959 Scheme Shares held as at 5.00pm on the Record Date in accordance with this agreement.
- (b) Subject to clauses 4.2(c), 4.4 and 4.5, SPI undertakes and warrants to AQQ that in consideration for the transfer to SPI of each Scheme Share held by a Scheme Participant under the terms of the Scheme on the Implementation Date, SPI will provide to each Scheme Participant the Scheme Consideration in accordance with the terms of this agreement and the Scheme.
- (c) SPI will procure that the New SPI Shares to be issued as Scheme Consideration will be validly issued, fully paid, unencumbered, rank equally with SPI's other fully paid ordinary shares from their date of issue and that application will be made to ASX for quotation of the New SPI Shares.
- (d) Any fractional entitlement of a Scheme Participant to New SPI Shares will be rounded up to the nearest whole number of New SPI Shares.

4.3 No amendments to Scheme without consent

AQQ must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of the Scheme without the prior consent of SPI (such consent not to be unreasonably withheld).

4.4 Ineligible Foreign Holders

Where a Scheme Participant is an Ineligible Foreign Holder, the number of New SPI Shares to which the Scheme Participant would otherwise be entitled, will be issued to a nominee approved by SPI, AQQ and ASIC (if necessary), who will sell those New SPI Shares as soon as practicable (and in any event not more than fifteen (15) Business Days after the Implementation Date), at the risk of that Ineligible Foreign Holder, and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, and selling costs, to that Ineligible Foreign Holder in full satisfaction of that Ineligible Foreign Holder's rights under this agreement to Scheme Consideration.

4.5 Small Shareholders

Scheme Participants who are entitled to receive 5,000 or less New SPI Shares (or such other number as may be agreed between SPI and AQQ in writing) under the Scheme will be given the option to have those New SPI Shares issued to a nominee approved by SPI, AQQ and ASIC (if necessary), who will sell those New SPI Shares as soon as practicable (and in any event not more than fifteen (15) Business Days after the Implementation Date) (at the risk of the Scheme Participant) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Scheme Participant in full satisfaction of that Scheme Participant's rights under this agreement to Scheme Consideration.

4.6 Appointment of the SPI Nominee

On or before the date which is five (5) Business Days before the Second Court Date, SPI must by written notice to AQQ nominate the SPI Nominee. If the SPI Nominee is not SPI, all references in this agreement to SPI acquiring the Scheme Shares and paying the Scheme Consideration are to be construed as if references to SPI were replaced with references to the nominated SPI Nominee, except that SPI shall remain responsible for the performance of those obligations with the SPI Nominee.

4.7 Transfer or cancellation of outstanding AQQ Options

- (a) The parties must use reasonable endeavours (acting co-operatively and in good faith) to procure that, as soon as practicable after the date of this agreement, each holder of AQQ Unexpired Options enters into a deed in a form reasonably acceptable to SPI, under which:
 - (i) the holder agrees to the transfer or cancellation of all of their AQQ Unexpired Options in exchange for SPI Options being granted:
 - (A) at the ratio of 1 SPI Option for every 2.8959 AQQ Unexpired Options transferred or cancelled; and
 - (B) on terms set out in Schedule 9;

- (ii) the transfer or cancellation of the AQQ Unexpired Options is subject to the Scheme becoming Effective and is to take effect on the Implementation Date; and
 - (iii) SPI agrees to issue the SPI Options to the holder on the Implementation Date.
- (b) Within twenty (20) Business Days of the date of this agreement, AQQ must apply to the ASX for a waiver from Listing Rule 6.23.2 to allow the AQQ Options to be cancelled for consideration.

5. CO-OPERATION AND TIMING

5.1 General obligations

AQQ and SPI must each:

- (a) use reasonable endeavours and commit necessary resources (including management and the resources of external advisers); and
- (b) procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other party (including by attending meetings and by providing information),

to produce the Scheme Booklet and implement the Scheme as soon as reasonably practicable and in accordance with the Timetable.

5.2 Transaction Implementation Committee

- (a) The parties must establish a Transaction Implementation Committee as soon as reasonably practicable after the date of this agreement. The role of the Transaction Implementation Committee will be to act as a forum for consultation and planning by the parties to:
 - (i) implement the Merger; and
 - (ii) subject to clause 5.2(b), ensure the smooth transition of the management of the business and affairs of the AQQ Group to SPI following the implementation of the Scheme.
- (b) Subject to this agreement, nothing in this clause requires either party to act at the direction of the other. The business of each party will continue to operate independently from the other until the Implementation Date. The parties agree that nothing in this agreement constitutes the relationship of a partnership or a joint venture between the parties.

5.3 SPI Access

- (a) Between the date of this agreement and the earlier of the Implementation Date and the date this agreement is terminated, AQQ must:
 - (i) as soon as reasonably practicable, provide SPI and its Representatives with any documents, records and other information (subject to any existing confidentiality obligations owed to third parties, or applicable privacy laws) reasonably requested by them; and

- (ii) provide SPI and its officers, employees and advisers with reasonable access to AQQ's officers, employees and advisers which SPI reasonably requires, including for the purposes of:
 - (A) understanding AQQ's business, assets, financial position (including its cashflow and working capital position), trading position and management control systems;
 - (B) implementing the Scheme;
 - (C) preparing for carrying on the business of AQQ following implementation of the Merger; and
 - (D) any other purpose which is agreed in writing between the parties,

provided in every case that such access does not place an unreasonable burden on the ability of AQQ to run its business.

5.4 AQQ Access

- (a) Between the date of this agreement and the earlier of the Implementation Date and the date this agreement is terminated, SPI must:
 - (i) as soon as reasonably practicable, provide AQQ and its Representatives with any documents, records and other information (subject to any existing confidentiality obligations owed to third parties, or applicable privacy laws) reasonably requested by them; and
 - (ii) provide AQQ and its officers, employees and advisers with reasonable access to SPI's officers, employees and advisers which AQQ which reasonably requires, including for the purposes of:
 - (A) understanding SPI's business, assets, financial position (including its cashflow and working capital position), trading position and management control systems;
 - (B) implementing the Scheme; and
 - (C) any other purpose which is agreed in writing between the parties,

provided in every case that such access does not place an unreasonable burden on the ability of SPI to run its business.

5.5 SPI's right to separate representation

SPI is entitled to separate representation at all Court proceedings relating to the Scheme. Nothing in this agreement is to be taken to give AQQ any right or power to make or give undertakings to the Court for or on behalf of SPI or any nominated SPI Nominee.

6. IMPLEMENTATION OBLIGATIONS OF THE PARTIES

6.1 AQQ's obligations

AQQ must comply with the obligations of AQQ set out in Schedule 5 and take all reasonable steps that are necessary or reasonably requested by SPI to implement the Scheme as soon as is reasonably practicable having regard to the Timetable and in the most efficient manner for the Scheme Participants and in any event prior to the End Date.

6.2 SPI's obligations

SPI must comply with the obligations of SPI set out in Schedule 6 and take all reasonable steps that are necessary or reasonably requested by AQQ to assist AQQ to implement the Scheme as soon as is reasonably practicable having regard to the Timetable and in the most efficient manner for the Scheme Participants and in any event prior to the End Date.

6.3 Recommendation

Each AQQ Director, in the public announcement to be issued in accordance with clause 14.1, the Scheme Booklet and any other material public statement made after the signing of this agreement and relating to the Scheme or the Merger, must make a statement that, in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of AQQ Shareholders:

- (a) each member of the AQQ Board recommends that AQQ Shareholders vote in favour of the resolution to approve the Scheme; and
- (b) confirms that each member of the AQQ Board will vote the AQQ Shares in which they have a Relevant Interest in favour of the resolution to approve the Scheme.

7. SCHEME BOOKLET

7.1 Preparation

Without limiting clauses 6.1 or 6.2:

- (a) **(preparation)** AQQ is generally responsible for the preparation of the Scheme Booklet (other than the SPI Information and the Independent Expert's Report) but will:
 - (i) provide drafts of the Scheme Booklet to SPI in accordance with clause 7.2(a); and
 - (ii) obtain the prior written approval of SPI in accordance with clause 7.2(e) before:
 - (A) providing the Regulator's Draft to ASIC for approval pursuant to section 411(2) of the Corporations Act; and
 - (B) requesting that ASIC register the explanatory statement included in the Scheme Booklet in accordance with item 10 of Schedule 5;

- (b) **(compliance – AQQ)** AQQ must take all necessary steps to ensure that the AQQ Information:
 - (i) complies with the requirements of:
 - (A) the Corporations Act;
 - (B) the Corporations Regulations;
 - (C) ASIC Regulatory Guide 60; and
 - (D) the Listing Rules; and
 - (ii) is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (including because of any material omission); and
- (c) **(compliance – SPI)** SPI must take all necessary steps to ensure that the SPI Information:
 - (i) complies with the requirements of:
 - (A) the Corporations Act;
 - (B) the Corporations Regulations;
 - (C) ASIC Regulatory Guide 60; and
 - (D) the Listing Rules; and
 - (ii) is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (including because of any material omission).

7.2 Content of Scheme Booklet

Without limiting clause 6.1, AQQ must:

- (a) **(consult SPI):**
 - (i) as soon as reasonably practicable after the date of this agreement, provide to SPI an initial draft of the Scheme Booklet for the purpose of enabling SPI to review and comment on that draft document;
 - (ii) provide to SPI amended drafts of the Scheme Booklet as reasonably agreed for the purpose of enabling SPI to review and comment on those draft documents;
 - (iii) take comments made by SPI into account in good faith when producing a revised draft of the Scheme Booklet; and
 - (iv) provide to SPI a revised penultimate draft of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised and to enable SPI to review the Regulator's Draft at least three (3) Business Days before its submission;

- (b) **(amend Scheme Booklet)** implement such changes to those parts of the Scheme Booklet relating to the SPI Group as reasonably requested by SPI in accordance with clause 7.2(a) prior to finalising the Regulator's Draft;
- (c) **(approval of Regulators Draft)** as soon as reasonably practicable after finalisation of an advanced draft of the Regulator's Draft suitable for review by ASIC, procure that the AQQ Directors consider (and if thought fit) approve the Regulator's Draft as being in a form appropriate for provision to ASIC for review;
- (d) **(Regulatory Review Period)** during the Regulatory Review Period:
 - (i) promptly provide to SPI, and include in a revised draft of the Scheme Booklet, any new information not included in the Regulator's Draft which is required by the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 or the Listing Rules to be included in the Scheme Booklet; and
 - (ii) keep SPI informed of any matters raised by ASIC in relation to the Scheme Booklet and use reasonable endeavours, in co-operation with SPI, to resolve any such matters; and
- (e) **(SPI Information)** obtain approval from SPI, for the form and context in which the SPI Information appears in the Scheme Booklet before:
 - (i) providing the Regulator's Draft to ASIC for approval pursuant to section 411(2) of the Corporations Act; and
 - (ii) requesting that ASIC register the explanatory statement included in the Scheme Booklet in accordance with item 10 of Schedule 5.

7.3 SPI Information

Without limiting clause 6.2, SPI:

- (a) consents to the inclusion of the SPI Information in the Scheme Booklet; and
- (b) acknowledges that:
 - (i) it is responsible for ensuring that the SPI Information is not misleading or deceptive in any material respect (whether by omission or otherwise) and that AQQ will not verify or edit that information in the Scheme Booklet; and
 - (ii) the Scheme Booklet will state that SPI is responsible for the SPI Information, in accordance with clause 7.4.

7.4 Scheme Booklet responsibility statements

The responsibility statement to appear in the Scheme Booklet, in a form to be agreed by the parties, will contain words to the effect of:

- (a) AQQ has prepared, and is responsible for, the AQQ Information in the Scheme Booklet, and that SPI and its directors and officers do not assume any responsibility for the accuracy or completeness of that AQQ Information;

- (b) SPI has prepared, and is responsible for, the SPI Information in the Scheme Booklet, and that AQQ and its directors and officers do not assume any responsibility for the accuracy or completeness of that SPI Information except to the extent that AQQ has provided SPI with information for the purpose of SPI preparing information on the merged entity following implementation of the Scheme; and
- (c) the Independent Expert has prepared and is responsible for the Independent Expert's Report and:
 - (i) AQQ and its directors and officers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report; and
 - (ii) SPI and its directors and officers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report.

7.5 Disagreement on content

If SPI and AQQ disagree on the form or content of the Scheme Booklet, they must consult in good faith to try to settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:

- (a) if the disagreement relates to the form or content of SPI Information contained in the Scheme Booklet, AQQ will make such amendments as SPI reasonably requires; and
- (b) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the AQQ Board will, acting in good faith, decide the final form or content of the disputed part of the Scheme Booklet.

7.6 Verification

Each party must undertake appropriate verification processes for the information prepared by that party for the Scheme Booklet.

8. CONDUCT OF BUSINESS

8.1 Conduct of AQQ's business

From the date of this agreement up to and including the Implementation Date, AQQ must conduct its business in the ordinary course, in substantially the same manner and at the same locations as previously conducted and, to the extent consistent, use reasonable efforts to:

- (a) preserve intact its current business organisation;
- (b) keep available the services of its current officers and employees;
- (c) preserve its relationship with customers, suppliers, licensors, licensees and others having business dealings with it;
- (d) maintain its business and its assets and keep its assets in good working order, including maintaining at least its current level of insurance;
- (e) identify any change of control or similar provisions in any significant contracts (including all Material Contracts) or any joint venture

documentation and obtain the consents of relevant persons who have rights in respect of those persons to the transactions contemplated by the Merger; and

- (f) ensure there is no material decrease in the amount of cash in AQQ other than as:
 - (i) used in the ordinary course of business and consistent with forecast cash utilisation; or
 - (ii) a result of reasonable costs incurred directly in relation to the transactions contemplated by the Merger.

8.2 Conduct of SPI's business

From the date of this agreement up to and including the Implementation Date, SPI must conduct its business in the ordinary course, in substantially the same manner and at the same locations as previously conducted and, to the extent consistent, use reasonable efforts to:

- (a) preserve intact its current business organisation;
- (b) keep available the services of its current officers and employees;
- (c) preserve its relationship with customers, suppliers, licensors, licensees and others having business dealings with it;
- (d) maintain its business and its assets and keep its assets in good working order, including maintaining at least its current level of insurance;
- (e) identify any change of control or similar provisions in any significant contracts (including all Material Contracts) or any joint venture documentation and obtain the consents of relevant persons who have rights in respect of those persons to the transactions contemplated by the Merger; and
- (f) ensure there is no material decrease in the amount of cash in SPI other than as:
 - (i) used in the ordinary course of business and consistent with forecast cash utilisation; or
 - (ii) a result of reasonable costs incurred directly in relation to the transactions contemplated by the Merger.

8.3 Poseidon MOU

The parties acknowledge and agree that:

- (a) AQQ currently has a memorandum of understanding in place with Poseidon Nickel Limited (**Poseidon**) to complete due diligence to assess the potential for a joint venture to process AQQ's gold resources at Poseidon's processing facility;
- (b) AQQ's engagement with Poseidon will not constitute a breach of any provision of this agreement: and

- (c) AQQ will consult and cooperate with SPI regarding this due diligence process.

8.4 Appointment and retirement of AQQ Directors

Immediately after the Effective Date, AQQ must use its reasonable endeavours to:

- (a) cause the appointment of each AQQ Incoming Director to the AQQ Board;
- (b) procure that each of the AQQ Outgoing Directors retire from the AQQ Board and provide written notice to the effect that they have no claim outstanding for loss of office, remuneration or otherwise against AQQ; and
- (c) reconstitute the boards of each other member of the AQQ Group in accordance with such directions (if any) given by SPI to AQQ

8.5 Appointment and retirement of SPI Directors

Immediately after the Effective Date, SPI must use its reasonable endeavours to:

- (a) cause the appointment of each SPI Incoming Director to the SPI Board;
- (b) procure that each of the SPI Outgoing Directors retire from the SPI Board and provide written notice to the effect that they have no claim outstanding for loss of office, remuneration or otherwise against SPI; and
- (c) reconstitute the boards of each other member of the SPI Group in accordance with such directions (if any) given by AQQ to SPI.

8.6 AQQ Prohibited actions

Other than with the prior written approval of SPI or as required by this agreement, AQQ must not, and must procure that its Subsidiaries do not, during the period referred to in clause 8.1:

- (a) **(AQQ Prescribed Event)** take any action which would be reasonably expected to give rise to an AQQ Prescribed Event;
- (b) **(AQQ Prescribed Event agreement)** agree to do anything which would be reasonably expected to give rise to an AQQ Prescribed Event;
- (c) **(Material Contracts)** enter into or terminate a Material Contract other than a Material Contract:
 - (i) which has been disclosed to SPI; and
 - (ii) SPI has agreed in writing to the entry into or termination of that specific disclosed Material Contract;
- (d) **(transaction based payments)** enter into any contract or commitment (including any employment contract), or renew or amend any existing contract or commitment, to provide for a payment to be made to the counterparty directly or indirectly as a result of:
 - (i) AQQ or SPI entering into this agreement;

- (ii) SPI, the SPI Nominee or both acquiring a Relevant Interest in AQQ Shares; or
- (iii) the Scheme or a transaction evidenced by this agreement or the Scheme;
- (e) **(financial arrangements)** amend in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by this agreement;
- (f) **(dividends)** announce, declare or pay any dividends; or
- (g) **(agreement)** agree to do any of the matters set out above.

8.7 SPI Prohibited actions

Other than with the prior written approval of AQQ or as required or contemplated by this agreement, SPI must not, and must procure that its Subsidiaries do not, during the period referred to in clause 8.2:

- (a) **(SPI Prescribed Event)** take any action which would be reasonably expected to give rise to a SPI Prescribed Event;
- (b) **(SPI Prescribed Event agreement)** agree to do anything which would be reasonably expected to give rise to a SPI Prescribed Event;
- (c) **(Material Contracts)** enter into or terminate a Material Contract other than a Material Contract:
 - (i) which has been disclosed to AQQ; and
 - (ii) AQQ has agreed in writing to the entry into or termination of that specific disclosed Material Contract;
- (d) **(transaction based payments)** enter into any contract or commitment (including any employment contract), or renew or amend any existing contract or commitment, to provide for a payment to be made to the counterparty directly or indirectly as a result of:
 - (i) SPI or AQQ entering into this agreement;
 - (ii) AQQ acquiring a Relevant Interest in SPI Shares; or
 - (iii) the Scheme or a transaction evidenced by this agreement or the Scheme;
- (e) **(financial arrangements)** amend in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by this agreement;
- (f) **(dividends)** announce, declare or pay any dividends; or
- (g) **(agreement)** agree to do any of the matters set out above.

9. EXCLUSIVITY

9.1 No existing discussions - AQQ

- (a) Subject to clause 9.1(b), AQQ represents and warrants that it is not, as at the date of this agreement, in negotiations or discussions in respect of any Competing Transaction with any other person.
- (b) To the extent that AQQ is in negotiations or discussions in respect of any Competing Transaction as at the date of this agreement, AQQ undertakes to terminate those negotiations and discussions within two (2) Business Days following its entry into this agreement.

9.2 No existing discussions - SPI

- (a) Subject to clause 9.2(b), SPI represents and warrants that it is not, as at the date of this agreement, in negotiations or discussions in respect of any Competing Transaction with any other person.
- (b) To the extent that SPI is in negotiations or discussions in respect of any Competing Transaction as at the date of this agreement, SPI undertakes to terminate those negotiations and discussions within two (2) Business Days following its entry into this agreement.

9.3 No-shop

During the Exclusivity Period, each of AQQ and SPI must ensure that neither it nor any of its Related Bodies Corporate or Representatives directly or indirectly:

- (a) solicits, invites, encourages or initiates any enquiries, negotiations or discussions; or
- (b) communicates any intention to do any of these things,

with a view to obtaining any offer, proposal or expression of interest from any person in relation to, or which may be reasonably expected to lead to a Competing Transaction.

Nothing in this clause 9.3 prevents AQQ or SPI from continuing to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Merger or its business generally.

9.4 No-talk

Subject to clause 9.7, during the Exclusivity Period, each of AQQ and SPI must ensure that neither it nor any of its Related Bodies Corporate or Representatives:

- (a) negotiates or enters into; or
- (b) participates in negotiations or discussions with any other person regarding,

a Competing Transaction, even if that person's Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by AQQ or SPI (as applicable) or any of their Related Bodies Corporate or Representatives or the person has publicly announced the Competing Transaction.

9.5 Due diligence information

During the Exclusivity Period, each of AQQ and SPI must ensure that neither it nor any of its Related Bodies Corporate or Representatives:

- (a) solicits, invites, initiates, encourages or, subject to clause 9.7, facilitates any other party other than SPI or AQQ (as applicable) to undertake due diligence investigations on any member of the AQQ Group or SPI Group (as applicable) or their businesses or operations; or
- (b) subject to clause 9.7:
 - (i) makes available to any other person or permits any other person to receive (in the course of due diligence investigations or otherwise) any non-public information relating to any member of the AQQ Group or SPI Group (as applicable) or their businesses or operations; or
 - (ii) permits access to the employees, officers or sites of the AQQ Group or SPI Group (as applicable) to any other person (or that person's Representatives) who might reasonably be expected to submit a proposal for a Competing Transaction.

9.6 Notice of unsolicited approach

During the Exclusivity Period, each party must promptly inform the other party if it, or any of its Related Bodies Corporate or Representatives:

- (a) receives any unsolicited approach with respect to any Competing Transaction and subject to clause 9.7 must disclose all material details of the Competing Transaction to the other party, including details of the proposed bidder or acquirer;
- (b) receives any request for information relating to AQQ, SPI or any of their Related Bodies Corporate or any of their businesses or operations or any request for access to the books or records of AQQ, SPI or any of their Related Bodies Corporate, which AQQ or SPI has reasonable grounds to suspect may relate to a current or future Competing Transaction; and
- (c) provides any information relating to AQQ, SPI or any of their Related Bodies Corporate or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Transaction.

9.7 Exceptions

Clauses 9.4 and, where relevant, 9.5 and 9.6(a) do not apply to the extent that they restrict AQQ or SPI or the AQQ Board or SPI Board from taking or refusing to take any action with respect to a bona fide Competing Transaction (which was not solicited, invited, encouraged or initiated by either party in contravention of clause 9.3) provided that the AQQ Board or SPI Board (as applicable) has determined, in good faith and acting reasonably that:

- (a) after consultation with its financial advisors, such a bona fide Competing Transaction could reasonably be considered to become a Superior Proposal; and

- (b) after receiving written advice from external legal advisers, that failing to respond to such a bona fide Competing Transaction would be reasonably likely to constitute a breach of the AQQ Board's or SPI Board's fiduciary or statutory obligations.

9.8 AQQ Matching Right

- (a) During the Exclusivity Period, AQQ must not enter into any legally binding agreement to undertake a Competing Transaction and must use its reasonable endeavours to procure that none of its directors publicly recommend a Competing Transaction unless:
 - (i) the AQQ Board acting in good faith determines that the Competing Transaction would or is likely to be a Superior Proposal;
 - (ii) AQQ has provided SPI with the material terms and conditions of the Competing Transaction (including price and the identity of the person that has proposed the Competing Transaction); and
 - (iii) SPI has not, within five (5) Business Days of the notification under clause 9.8(a)(ii), submitted a written proposal to AQQ (including a proposed variation to the terms of the Scheme or any other transaction) (**Revised Proposal**) which is on terms no less favourable than the Competing Transaction (taking in account, without limitation, the price, form and certainty of consideration to be provided under the Revised Proposal).
- (b) The AQQ Board must consider the Revised Proposal and if it determines, acting in good faith, that the Revised Proposal is on terms no less favourable than the Competing Transaction (taking in account, without limitation, the price, form and certainty of consideration to be provided under the Revised Proposal), AQQ and SPI must, in the absence of receipt of a more favourable proposal for another Competing Transaction, use reasonable endeavours to agree any amendments to this agreement and the contents of the Scheme Booklet (if applicable), which are reasonably necessary to reflect the Revised Proposal.
- (c) Any amendment or modification of a Competing Transaction proposed by a third party that results in the AQQ Board determining that the amended or modified Competing Transaction is, or may reasonably be expected to lead to, a Superior Proposal will be deemed to be a new Competing Transaction so that the provisions of this clause 9 will require notification by AQQ to SPI of the terms of the amended Competing Transaction and the right of SPI to match such amended Competing Transaction but on the basis that SPI will have five (5) Business Days to submit a revised proposal.

9.9 SPI Matching Right

- (a) During the Exclusivity Period, SPI must not enter into any legally binding agreement to undertake a Competing Transaction and must use its reasonable endeavours to procure that none of its directors publicly recommend a Competing Transaction unless:
 - (i) the SPI Board acting in good faith determines that the Competing Transaction would or is likely to be a Superior Proposal;

- (ii) SPI has provided AQQ with the material terms and conditions of the Competing Transaction (including price and the identity of the person that has proposed the Competing Transaction); and
 - (iii) AQQ has not, within five (5) Business Days of the notification under clause 9.9(a)(ii), submitted a written proposal to SPI (including a proposed variation to the terms of the Scheme or any other transaction) (**SPI Revised Proposal**) which is on terms no less favourable than the Competing Transaction (taking in account, without limitation, the price, form and certainty of consideration to be provided under the SPI Revised Proposal).
- (b) The SPI Board must consider the SPI Revised Proposal and if it determines, acting in good faith, that the SPI Revised Proposal is on terms no less favourable than the Competing Transaction (taking in account, without limitation, the price, form and certainty of consideration to be provided under the SPI Revised Proposal), SPI and AQQ must, in the absence of receipt of a more favourable proposal for another Competing Transaction, use reasonable endeavours to agree any amendments to this agreement and the contents of the Scheme Booklet (if applicable), which are reasonably necessary to reflect the Revised Proposal.
- (c) Any amendment or modification of a Competing Transaction proposed by a third party that results in the SPI Board determining that the amended or modified Competing Transaction is, or may reasonably be expected to lead to, a Superior Proposal will be deemed to be a new Competing Transaction so that the provisions of this clause 9 will require notification by SPI to AQQ of the terms of the amended Competing Transaction and the right of AQQ to match such amended Competing Transaction but on the basis that AQQ will have five (5) Business Days to submit a revised proposal.

9.10 Legal advice

AQQ and SPI acknowledge that they have received legal advice on this agreement and the operation of this clause 9.

10. REIMBURSEMENT OF SPI COSTS

10.1 Background

This clause 10 has been agreed in circumstances where:

- (a) SPI and AQQ believe that the Merger will provide significant benefits to SPI, AQQ and their respective shareholders, and SPI and AQQ acknowledge that, if they enter into this agreement and the Scheme is subsequently not implemented, both SPI and AQQ will incur significant costs;
- (b) SPI and AQQ requested that provision be made for the payments outlined in clauses 10.2 and 10.3 (respectively), without which, SPI and AQQ would not have entered into this agreement;
- (c) the SPI Board and AQQ Board believe that it is appropriate for both parties to agree to the payments referred to in this clause 10 to secure their participation in the Merger; and

- (d) SPI and AQQ have received legal advice on this agreement and the operation of this clause 10.

10.2 Payment by AQQ to SPI

AQQ agrees to pay to SPI \$320,000 if:

- (a) **(Competing Transaction)** on or before the End Date, a Competing Transaction in relation to AQQ is announced or is open for acceptance and is reasonably capable of being completed and is more favourable to Scheme Participants;
- (b) **(withdrawal or modification of recommendation)** any AQQ Director:
 - (i) fails to recommend the Scheme as contemplated by clauses 6.3(a) and 6.3(b);
 - (ii) withdraws or adversely modifies that recommendation;
 - (iii) makes any public statement to the effect, or takes (or fails to take) any other action that suggests that they no longer make that recommendation; orexcept:
 - (iv) if a AQQ Director changes their recommendation following the receipt of the Independent Expert's Report where that report states that in the opinion of the Independent Expert the Scheme is not in the best interests of AQQ Shareholders (other than where a Competing Transaction has been proposed or announced before the report is issued which the Independent Expert may reasonably regard to be on more favourable terms than the transaction contemplated by this agreement);
 - (v) where AQQ is entitled to terminate this agreement pursuant to clause 13.1(i) and has given the appropriate termination notice to SPI; or
 - (vi) where AQQ is entitled to terminate this agreement as a result of an SPI Prescribed Event or a Material Adverse Change in relation to SPI and has given the appropriate termination notice to SPI.
- (c) **(material breach)** if SPI validly terminates this agreement under clause 13.1(h);
- (d) **(breach of exclusivity)** AQQ is in breach of clause 9 and does not cease the conduct which caused the breach within five (5) Business Days following written notice from SPI outlining the nature of the breach;
- (e) **(Superior Proposal)** the Merger does not proceed because AQQ enters into a legally binding agreement to undertake a Superior Proposal (notwithstanding any other provision of this clause 10.2);
- (f) **(Disposal of Securities)** a member of the AQQ Board disposes, or causes the disposal, of any AQQ Share which he holds or controls, other than in circumstances disclosed in writing to SPI on or before the date of entry into this agreement; or

- (g) **(AQQ Prescribed Event or AQQ Material Adverse Change)** all of the following are satisfied:
- (i) a AQQ Prescribed Event or a AQQ Material Adverse Change occurs prior to 8:00am on the Second Court Date; and
 - (ii) this agreement is terminated in accordance with clause 13; and
 - (iii) all of the following apply in relation to the AQQ Prescribed Event or the AQQ Material Adverse Change:
 - (A) the prevention of the AQQ Prescribed Event or AQQ Material Adverse Change was within the control of AQQ; and
 - (B) had the AQQ Prescribed Event or AQQ Material Adverse Change occurred prior to the date of this agreement, the AQQ Prescribed Event or AQQ Material Adverse Change might reasonably be expected to have resulted in SPI not entering into this agreement; and
 - (C) AQQ has failed to rectify the AQQ Prescribed Event or AQQ Material Adverse Change within ten (10) Business Days after receipt of notice from SPI requiring AQQ to do so.

10.3 Payment by SPI to AQQ

SPI agrees to pay to AQQ \$320,000 if:

- (a) **(Competing Transaction)** on or before the End Date, a Competing Transaction in relation to SPI is announced or is open for acceptance and is reasonably capable of being completed and is more favourable to SPI Shareholders;
- (b) **(material breach)** if AQQ validly terminates this agreement under clause 13.1(i);
- (c) **(breach of exclusivity)** SPI is in breach of clause 9 and does not cease the conduct which caused the breach within five (5) Business Days following written notice from AQQ outlining the nature of the breach;
- (d) **(Superior Proposal)** the Merger does not proceed because SPI enters into a legally binding agreement to undertake a Superior Proposal (notwithstanding any other provision of this clause 10.3);
- (e) **(Disposal of Securities)** a member of the SPI Board disposes, or causes the disposal, of any SPI Share which he holds or controls, other than in circumstances disclosed in writing to AQQ on or before the date of entry into this agreement; or
- (f) **(SPI Prescribed Event or SPI Material Adverse Change)** all of the following are satisfied:
 - (i) a SPI Prescribed Event or a SPI Material Adverse Change occurs prior to 8:00am on the Second Court Date; and
 - (ii) this agreement is terminated in accordance with clause 13; and

- (iii) all of the following apply in relation to the SPI Prescribed Event or the SPI Material Adverse Change:
 - (A) the prevention of the SPI Prescribed Event or SPI Material Adverse Change was within the control of SPI; and
 - (B) had the SPI Prescribed Event or SPI Material Adverse Change occurred prior to the date of this agreement, the SPI Prescribed Event or SPI Material Adverse Change might reasonably be expected to have resulted in AQQ not entering into this agreement; and
 - (C) SPI has failed to rectify the SPI Prescribed Event or SPI Material Adverse Change within ten (10) Business Days after receipt of notice from AQQ requiring SPI to do so.

10.4 No amount payable if Scheme becomes Effective

Notwithstanding the occurrence of any event under clauses 10.2 and 10.3 no amount is payable under clauses 10.2 or 10.3 if the Scheme becomes Effective.

10.5 Timing of payment

AQQ must pay SPI the amount referred to in clause 10.2 within ten (10) Business Days of receipt by AQQ of a demand for payment from SPI. The demand may only be made:

- (a) after the occurrence of an event referred to in clauses 10.2(a), 10.2(b)(i), 10.2(b)(ii), 10.2(b)(iii), 10.2(c), 10.2(d), 10.2(e) or 10.2(f); or
- (b) if all of the circumstances referred to in clause 10.2(g) occur.

SPI must pay AQQ the amount referred to in clause 10.3 within ten (10) Business Days of receipt by SPI of a demand for payment from AQQ. The demand may only be made:

- (a) after the occurrence of an event referred to in clauses 10.3(a), 10.3(b), 10.3(c), 10.3(d) or 10.3(e); or
- (b) if all of the circumstances referred to in clause 10.3(f) occur.

10.6 Nature of payment

The amount payable by AQQ or SPI under clause 10.2 and SPI to AQQ under clause 10.3 is an amount to compensate the other party for:

- (a) advisory costs (including costs of advisers other than success fees);
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses; and
- (d) reasonable opportunity costs incurred by either party in pursuing the Merger or in not pursuing other alternative acquisitions or strategic initiatives which either party could have developed to further its business and objectives,

but (subject to clauses 13.4(b) and 13.4(c)) is without prejudice to and does not limit any rights:

- (e) which SPI, any SPI Indemnified Party or any SPI Shareholder may have against AQQ; and
- (f) which AQQ, any AQQ Indemnified Party or any Scheme Participant may have against SPI.

10.7 Survival

Any accrued obligations under this clause survive termination of this agreement.

11. REPRESENTATIONS AND WARRANTIES

11.1 AQQ's representations and warranties

AQQ represents and warrants to SPI (on its own behalf and separately as trustee or nominee for each member of the SPI Board) that each of the statements set out in Schedule 7 is true and correct in all material respects as at the date of this agreement and as at 8:00am on the Second Court Date.

11.2 AQQ's indemnity

AQQ indemnifies the SPI Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 11.1 not being true and correct.

11.3 AQQ warranty certificate

AQQ must provide to SPI by 8.00am on the Second Court Date a certificate signed by the AQQ Directors and made in accordance with a resolution of the AQQ Board stating, as at that date, that the representations or warranties given by AQQ in clause 11.1 remain true and correct or, if any such representation or warranty is not true and correct as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or incorrect.

11.4 Qualifications to AQQ's representations and warranties

The AQQ representations and warranties under clause 11.1 and Schedule 7 are each subject to matters:

- (a) fairly disclosed in the AQQ Due Diligence Materials;
- (b) which were fairly disclosed in a document given to ASX for public release in the 2 years prior to the date of this agreement; or
- (c) actually known to SPI (other than matters known by representatives of professional advisers to the extent those representatives are not involved with the Merger).

11.5 SPI's representations and warranties

SPI represents and warrants to AQQ (on its own behalf and separately as trustee or nominee for each member of the AQQ Board) that each of the statements set out in Schedule 8 is true and correct in all material respects as at the date of this agreement and as at 8.00am on the Second Court Date.

11.6 SPI's indemnity

SPI indemnifies the AQQ Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 11.5 not being true and correct.

11.7 SPI warranty certificate

SPI must provide to AQQ by 8.00am on the Second Court Date a certificate signed by a director of SPI and made in accordance with a resolution of the SPI Board stating, as at that date, that the representations and warranties given by SPI in clause 11.5 remain true and correct or, if any such representation or warranty is not true and correct as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or incorrect.

11.8 Qualifications to SPI's representations and warranties

The SPI representations and warranties under clause 11.5 and Schedule 8 are each subject to matters:

- (a) fairly disclosed in the SPI Due Diligence Materials;
- (b) which were fairly disclosed in a document given to ASX for public release in the 2 years prior to the date of this agreement; or
- (c) actually known to AQQ (other than matters known by representatives of professional advisers to the extent those representatives are not involved with the Merger).

11.9 Liability of directors and officers

- (a) If the Scheme becomes Effective, each party releases its rights against, and will not make or commence any Action against, any past or present director or employee of the other party in relation to information provided to it by the other party in connection with the Merger containing any statement which is false or misleading to the extent that the past or present director or employee has not engaged in wilful misconduct or fraud.
- (b) Each party holds the releases under clause 11.9(a) in respect of its past and present directors and employees as trustee for those persons.
- (c) This clause 11.9 is subject to any restriction at law and will be read down accordingly.

12. COURT PROCEEDINGS

12.1 Appeal process

If the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, SPI and AQQ must appeal the Court's decision to the fullest extent possible except to the extent that:

- (a) the parties agree otherwise;
- (b) external legal advisers representing that party in relation to the Scheme indicates that, in their opinion, an appeal would likely have less than a 50% prospect of success;

- (c) there is, in the bona fide view of the AQQ Board, a Superior Proposal which should be recommended in preference to the Scheme; or
- (d) the first attempted appeal to the initial Court refusal to make orders convening the Scheme Meeting or approving the Scheme does not overturn the initial Court's decision,

in which case either party may terminate this agreement in accordance with clause 13.1(g)(iii). A party will not be entitled to terminate this agreement pursuant to clause 13.1(g)(iii) if the Court's refusal to make the orders was the result of a breach of this agreement by that party.

12.2 Defence of proceedings

- (a) Subject to clause 12.2(b), each of SPI and AQQ must vigorously defend, or must cause to be vigorously defended, any lawsuits or other legal proceeding brought against it (or any of its Subsidiaries) challenging this agreement or the completion of the Merger. Neither SPI nor AQQ will settle or compromise (or permit any of its Subsidiaries to settle or compromise) any claim brought in connection with this agreement without the prior written consent of the other, such consent not to be unreasonably withheld.
- (b) The obligations in clause 12.2(a) do not apply to AQQ during a Superior Proposal Period. For the avoidance of doubt, if the Superior Proposal that gave rise to the commencement of the Superior Proposal Period is withdrawn, terminated, rejected, expires or is otherwise concluded and this agreement remains on foot, the obligations in clause 12.2(a) will once again apply.

12.3 Costs

Any costs incurred as a result of the operation of this clause 12 will be borne equally by each party.

13. TERMINATION

13.1 Termination events

Without limiting any other provision of this agreement (including clauses 3.9 and 12.1), this agreement may be terminated:

- (a) **(End Date)** by either party, if the Scheme has not become Effective by the End Date unless the Scheme has not become Effective due to a breach by such party of its obligations under this agreement;
- (b) **(lack of support)** at any time prior to 8.00am on the Second Court Date by SPI if any AQQ Director who was an AQQ Director as at the date of this agreement changes their recommendation or ceases to recommend to Scheme Participants that they vote in favour of the resolution to approve the Scheme, including any adverse modification to their recommendation, or otherwise makes a public statement indicating that it no longer supports the Scheme;
- (c) **(Scheme not approved)** by either party if the resolution submitted to the Scheme Meeting is not approved by the requisite majority;

- (d) **(restraint)** by either party if a Court or other Regulatory Authority has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Scheme;
- (e) **(AQQ competing interest)** by SPI, if a person (other than SPI, a member of the SPI Group or an existing AQQ Shareholder) has a Relevant Interest in more than 20% of the AQQ Shares;
- (f) **(SPI competing interest)** by AQQ, if SPI acquires an entity (other than AQQ or a member of the AQQ Group) and SPI has a Relevant Interest in more than 20% of the fully paid ordinary shares in that entity;
- (g) **(consultation or appeal failure)** in accordance with and pursuant to:
 - (i) clause 3.9(a);
 - (ii) clause 3.9(b); or
 - (iii) clause 12.1;
- (h) **(breach by AQQ)** by SPI, if AQQ materially breaches a term of this agreement and SPI has, if practicable, given notice to AQQ setting out the relevant circumstances and the relevant circumstances continue to exist five (5) Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given;
- (i) **(breach by SPI)** by AQQ, if SPI materially breaches a term of this agreement and AQQ has, if practicable, given notice to SPI setting out the relevant circumstances and the relevant circumstances continue to exist five (5) Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given;
- (j) **(Insolvency)** by either party if the other party or any AQQ Subsidiary becomes Insolvent; or
- (k) **(agreement)** if agreed to in writing by SPI and AQQ.

13.2 Termination

Where a party has a right to terminate this agreement, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this agreement.

13.3 Effect of Termination

In the event that a party terminates this agreement, or if this agreement otherwise terminates in accordance with its terms, then in either case all further obligations of the parties under this agreement, other than the obligations set out in clauses 10, 12.3, 13.4, 14.5, 15, 16, 17 and 18, will immediately cease to be of further force and effect without further liability of any party to the other, provided that nothing in this clause releases any party from liability for any pre-termination breach of this agreement.

13.4 Damages

- (a) In addition to the right of termination under clause 13.1 but subject to clauses 13.4(b) and 13.4(c), where there is no appropriate remedy for the breach of this agreement (other than termination), the non-defaulting

party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of this agreement.

- (b) Despite any other provision in this agreement, where an amount becomes payable to SPI under clause 10.2 and is actually paid to SPI (or is payable, but no demand is made under clause 10.2), SPI cannot make or commence any Action (other than under clause 10) against AQQ which relates to the event that gave rise to the right to make a demand under clause 10.2.
- (c) Despite any other provision in this agreement, where an amount becomes payable to AQQ under clause 10.3 and is actually paid to AQQ (or is payable, but no demand is made under clause 10.3), AQQ cannot make or commence any Action (other than under clause 10) against SPI which relates to the event that gave rise to the right to make a demand under clause 10.3.

14. PUBLIC ANNOUNCEMENTS

14.1 Public announcement of Scheme

Immediately after signing this agreement, AQQ and SPI will issue either a joint, or separate public announcements in agreed terms, including a statement by the AQQ Directors that, subject to the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of AQQ Shareholders, they intend to recommend that AQQ Shareholders vote in favour of the Scheme subject to no Superior Proposal being made, in the form substantially set out in Annexure A.

14.2 No Announcement

Neither party may make an announcement relating to the subject matter of this agreement or its termination or make public this agreement (or any of its terms) unless the announcement or publication:

- (a) is required by clause 14.1 or any other provision of this agreement;
- (b) has the prior approval of the other party, such approval not to be unreasonably withheld or delayed; or
- (c) is required to be made by any applicable law or stock exchange rules.

14.3 Notice of Announcement

If a party is required to make an announcement under clause 14.2(c), it must, to the extent practicable, without that party breaching any applicable law, give to the other party:

- (a) such notice as is reasonable in the circumstances of its intention to make the announcement; and
- (b) a draft of the announcement and an announcement, which is reasonable in the circumstances, to comment on the contents of the draft announcement.

14.4 Alternative or Superior Proposal

The requirements of clauses 14.1 and 14.2 do not apply to either party if a Competing Transaction or Superior Proposal has been announced and publicly recommended, promoted or otherwise endorsed by either party and has not been publicly withdrawn.

14.5 Termination of this agreement

If this agreement is terminated under clause 13, either party may disclose by way of announcement to ASX the fact that this agreement has been terminated, where such disclosure is in the reasonable opinion of that party required to ensure that the market in its securities is properly informed, and provided where reasonably practicable, that party consults with the other party as to (and gives the other party a reasonable opportunity to comment on) the form and content of the announcement prior to its disclosure.

15. CONFIDENTIAL INFORMATION

15.1 Disclosure of SPI Confidential Information

No SPI Confidential Information may be disclosed by AQQ to any person except:

- (a) Representatives of AQQ or its Related Bodies Corporate requiring the information for the purposes of this agreement; or
- (b) with the consent of SPI which consent may be given or withheld in its absolute discretion; or
- (c) if AQQ is required to do so by law or by a stock exchange (but only to the extent required); or
- (d) if AQQ is required to do so in connection with legal proceedings relating to this agreement.

15.2 Use of SPI Confidential Information

AQQ must use the SPI Confidential Information exclusively for the purpose of due diligence, preparing the Scheme Booklet and implementing the Merger and for no other purpose (and must not make any use of any SPI Confidential Information to the competitive disadvantage of SPI or any of its Related Bodies Corporate).

15.3 Disclosure of AQQ Confidential Information

No AQQ Confidential Information may be disclosed by SPI to any person except:

- (a) Representatives of SPI or its Related Bodies Corporate requiring the information for the purposes of this agreement; or
- (b) with the consent of AQQ which consent may be given or withheld in its absolute discretion; or
- (c) if SPI is required to do so by law or by a stock exchange (but only to the extent required); or
- (d) if SPI is required to do so in connection with legal proceedings relating to this agreement.

15.4 Use of AQQ Confidential Information

SPI must use the AQQ Confidential Information exclusively for the purpose of due diligence, preparing the Scheme Booklet and implementing the Merger and for no other purpose (and must not make any use of any AQQ Confidential Information to the competitive disadvantage of AQQ or any of its Related Bodies Corporate).

15.5 Disclosure by recipient of Confidential Information

Any party disclosing information under clauses 15.1(a) or 15.1(b), or clauses 15.3(a) or 15.3(b), must use reasonable endeavours to ensure that persons receiving Confidential Information from it do not disclose the information except in the circumstances permitted in clause 15.1 or clause 15.3.

15.6 Excluded Information

Clauses 15.1, 15.2, 15.3, 15.4 and 15.5 do not apply to the Excluded Information.

15.7 Termination

This clause 15 will survive termination (for whatever reason) of this agreement.

16. NOTICES AND OTHER COMMUNICATIONS

16.1 Form - all communications

Unless expressly stated otherwise in this agreement, all notices, certificates, consents, approvals, waivers and other communications in connection with this agreement must be:

- (a) in writing;
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (c) marked for the attention of the person identified in the details below or, if the recipient has notified otherwise, then marked for attention in the way last notified.

16.2 Initial address and details

The initial address and details of the parties shall be as follows:

Party	Address	Attention	Facsimile	Email
SPI	130 Stirling Highway, North Fremantle, WA 6159	Mr Russell Hardwick	+61 8 6215 0091	russell.hardwick @spitfirematerial s.com.au
AQQ	116 Harrick Road Keilor Park, VIC 3042	Mr Michael Beer	+61 3 9602 2291	mbeer@beeran dco.com.au

Each party may from time to time change its address and/or details by giving notice pursuant to clause 16.1 to the other parties.

16.3 Form - communications sent by email

Communications sent by email need not be marked for attention in the way stated in clause 16.1. However, the email:

- (a) must state the first and last name of the sender; and
- (b) must be in plain text format or, if attached to an email, must be an Adobe Portable Document Format (pdf) file.

Communications sent by email are taken to be signed by the named sender.

16.4 Delivery

Communications must be:

- (a) left at the address set out or referred to in the details;
- (b) sent by prepaid ordinary post to the address set out or referred to in the details;
- (c) sent by fax to the fax number set out or referred to in the details;
- (d) sent by email to the address set out or referred to in the details; or
- (e) given in any other way permitted by law.

However, if the intended recipient has notified a changed address, fax number or email address, then communications must be to that address, fax number or email address.

16.5 When taken to be received

Communications are taken to be received:

- (a) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
- (b) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting;
- (c) (in the case of facsimile) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the facsimile machine from which it was sent or other verification from the time of sending;
- (d) (in the case of email) at the time that the email reaches the addressee's email address; and
- (e) (in the case of delivery by hand) on delivery,

but if the communication would, on the application of clauses (a) to (e), be taken to be received on a day that is not a Business Day or after 5.00pm on a Business Day, it is taken to be received at 9.00am on the next Business Day.

17. GOODS AND SERVICES TAX (GST)

17.1 Consideration GST exclusive

Unless expressly stated otherwise in this agreement, all amounts payable under or in connection with this agreement are exclusive of GST.

17.2 Payment of GST

If GST is payable on any supply made under this agreement, for which the consideration is not expressly stated to include GST, the recipient agrees to pay to the supplier an additional amount equal to the GST payable at the same time that the consideration for the supply, or the first part of the consideration for the supply (as the case may be), is to be provided. However:

- (a) the recipient need not pay the additional amount until the supplier gives the recipient a tax invoice or an adjustment note;
- (b) if an adjustment event arises in respect of the supply, the additional amount must be adjusted to reflect the adjustment event and the recipient or the supplier (as the case may be) must make any payments necessary to reflect the adjustment; and
- (c) this clause 17.2 does not apply to the extent that the GST on the supply is payable by the recipient under Division 84 of the GST Act.

17.3 Reimbursements

If a party is required under this agreement to indemnify another party, or pay or reimburse costs of another party, that party agrees to pay the relevant amount less any input tax credits to which the other party (or to which the representative member for a GST group of which the other party is a member) is entitled.

17.4 Calculation of payments

If an amount payable under this agreement is to be calculated by reference to:

- (a) the price to be received for a taxable supply then, for the purposes of that calculation, the price is reduced to the extent that it includes any amount on account of GST; and
- (b) the price to be paid or provided for an acquisition then, for the purposes of that calculation, the price is reduced to the extent that an input tax credit is available for the acquisition.

17.5 Interpretation

For the purposes of this clause 17:

- (a) a term which has a defined meaning in the GST Act has the same meaning when used in this clause 17;
- (b) “**GST Act**” means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth); and
- (c) each periodic or progressive component of a supply to which section 156-5(1) of the GST Act applies will be treated as though it is a separate supply.

18. MISCELLANEOUS

18.1 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this agreement expressly states otherwise.

18.2 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

18.3 No liability for loss

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this agreement.

18.4 Approvals and consents

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

18.5 Conflict of interest

The parties' rights and remedies under this agreement may be exercised even if it involves a conflict of duty or a party has a personal interest in their exercise.

18.6 Remedies cumulative

The rights and remedies in this agreement are in addition to other rights and remedies given by law independently of this agreement.

18.7 Variation and waiver

A provision of this agreement or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

18.8 No merger

The warranties, undertakings and indemnities in this agreement do not merge on the Implementation Date.

18.9 Indemnities

The indemnities in this agreement are continuing obligations, independent from the other obligations of the parties under this agreement and continue after this agreement ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this agreement.

18.10 Enforceability

For the purpose of this agreement:

- (a) AQQ is taken to be acting as agent and trustee on behalf of and for the benefit of all AQQ Indemnified Parties; and

- (b) SPI is taken to be acting as agent and trustee on behalf of and for the benefit of all SPI Indemnified Parties,

and all of those persons are to this extent taken to be parties to this agreement.

18.11 Further steps

Each party agrees, at its own expense, to do anything the other party asks (such as obtaining consents, signing and producing documents and getting documents completed and signed):

- (a) to bind the party and any other person intended to be bound under this agreement; or
- (b) to show whether the party is complying with this agreement.

18.12 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

18.13 Costs

Subject to clause 10, the parties agree to pay their own legal and other costs and expenses in connection with the preparation, execution and completion of this agreement and other related documentation.

18.14 Entire agreement

This agreement constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

18.15 Assignment

Subject to clause 4.3, a party may not assign or otherwise deal with its rights under this agreement or allow any interest in them to arise or be varied in each case, without the consent of the other party.

18.16 No representation or reliance

Each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement;
- (b) it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement; and
- (c) clauses 18.16(a) and 18.16(b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

18.17 Governing law

This agreement is governed by the laws of Western Australia. Each party submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waive any right they might have to claim that those courts are an inconvenient forum.

18.18 Counterparts

This agreement may be executed in counterparts. All counterparts when taken together are to be taken to constitute one instrument.

SCHEDULE 1 – AQQ PRESCRIBED EVENTS

1. **(Conversion)** AQQ or any of its Subsidiaries converts all or any of its securities into a larger or smaller number of securities.
2. **(Reduction of share capital)** AQQ or any of its Subsidiaries resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
3. **(Buy-back)** AQQ or any of its Subsidiaries:
 - (a) enters into a buy-back agreement; or
 - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
4. **(Issuing or granting shares or options)** AQQ or any of its Subsidiaries issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option or right to an AQQ Share excluding:
 - (a) any issue or grant contemplated by the Terms Sheet, this agreement or the Scheme; and
 - (b) any AQQ Shares issued by AQQ as a result of the exercise of existing AQQ Options.
5. **(Change to terms of AQQ Options)** AQQ (or the AQQ Board) makes any amendment to the terms of issue of any AQQ Option, where, as a consequence, any one or more of the following occurs:
 - (a) the period for exercise of any AQQ Option is extended;
 - (b) the number of AQQ Options that are exercisable at any time is increased;
 - (c) the earliest date for exercise of any AQQ Options is brought forward;
 - (d) the exercise price of any AQQ Option is reduced; or
 - (e) the number of AQQ Shares to be issued on exercise of any AQQ Options is increased.
6. **(Issue convertible securities)** AQQ or any of its Subsidiaries issues or agrees to issue, securities or other instruments convertible into shares.
7. **(Distribution)** AQQ or any of its Subsidiaries makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
8. **(Constitution)** AQQ or any of its Subsidiaries adopts a new constitution, or modifies or repeals its constitution or a provision of it.
9. **(Change to accounting policies)** AQQ or any of its Subsidiaries makes any change to its accounting practices or policies, other than to comply with generally accepted Australian Accounting Standards and any domestically accepted international Accounting Standards or electing to form a consolidated group for the purposes of the *Income Tax Assessment Act 1997* (Cth).

10. **(Debenture)** AQQ issues, or agrees to issue or grants an option to subscribe for debentures (as defined in section 9 of the Corporations Act).
11. **(Disposals)** AQQ or any of its Subsidiaries disposes, or agrees to dispose of the whole or a material or substantial part of its business or property.
12. **(Security)** AQQ or any of its Subsidiaries charges, or agrees to charge, the whole or a substantial part, of its business or property, or creates or alters, or agrees to create or alter, any mortgage, charge lien, security interest or other Encumbrance over the whole or a substantial part of its business or property.
13. **(Litigation)** AQQ or any of its Related Bodies Corporate commences material litigation.
14. **(Financial indebtedness)** Other than in the ordinary course of business, AQQ incurs any material financial indebtedness or issues any debt securities.
15. **(Benefits to officers and employees)** other than in accordance with an existing contract in place at the date of this agreement or with the consent of SPI (such consent not to be unreasonably withheld), AQQ:
 - (a) increases the remuneration of, or otherwise varies, the employment arrangements with any of its directors or employees;
 - (b) accelerates the rights of any of its directors or employees to compensation or benefits of any kind (including under any executive or employee share plans); or
 - (c) pays any of its directors or officers a termination or retention payment;
16. **(Material Contracts)** AQQ:
 - (a) changes the terms of any Material Contract to the material detriment of SPI;
 - (b) terminates any Material Contract;
 - (c) pays, discharges or satisfies any claims, liabilities or obligations under any Material Contract other than in accordance with past practice and consistent with the contract terms;
 - (d) waives any material claims or rights under, or waives the benefit of, any provisions of any Material Contract.
17. **(Material Transaction)** AQQ enters into a or undertakes an AQQ Material Transaction.
18. **(AQQ Material Permits)** AQQ or a Subsidiary of AQQ disposes of, relinquishes or surrenders all or part of any of the AQQ Material Permits or any interest in the AQQ Material Permits.
19. **(Insolvency)** AQQ or any of its Related Bodies Corporate becomes Insolvent.
20. **(Acquisitions, disposals or tenders)** AQQ or any of its Subsidiaries:
 - (a) acquires or disposes of;
 - (b) agrees to acquire or dispose of;

(c) offers, proposes, announces a bid or tenders for,

any business, assets, entity or undertaking the value of which exceeds \$250,000.

Provided that (if otherwise caught by the terms of this definition) an acquisition of any business, assets (or interest in such assets), entity or undertaking by AQQ, or a contract or commitment of the kind referred to above, will not be an AQQ Prescribed Event if the terms of that acquisition, or potential contract or commitment, as the case may be, have been fairly disclosed either to the market generally or to SPI in writing prior to the execution of this agreement and the acquisition, contract or commitment as the case may be, proceeds substantially in accordance with those terms.

SCHEDULE 2 – SPI PRESCRIBED EVENTS

1. **(Conversion)** SPI or a subsidiary of SPI converts all or any of its securities into a larger or smaller number of securities.
2. **(Reduction of share capital)** SPI or a Subsidiary of SPI resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
3. **(Buy-back)** SPI or a Subsidiary of SPI:
 - (a) enters into a buy-back agreement; or
 - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
4. **(Issuing or granting shares or options)** SPI or any of its Subsidiaries issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option or right to an SPI Share excluding:
 - (a) any issue or grant contemplated by the Terms Sheet, this agreement or the Scheme; and
 - (b) any SPI Shares issued by SPI as a result of the exercise of existing SPI Options or SPI Performance Rights.
5. **(Change to terms of SPI Options)** SPI (or the SPI Board) makes any amendment to the terms of issue of any SPI Option, where, as a consequence, any one or more of the following occurs:
 - (a) the period for exercise of any SPI Option is extended;
 - (b) the number of SPI Options that are exercisable at any time is increased;
 - (c) the earliest date for exercise of any SPI Options is brought forward;
 - (d) the exercise price of any SPI Option is reduced; or
 - (e) the number of SPI Shares to be issued on exercise of any SPI Options is increased.
6. **(Issue convertible securities)** SPI or any of its Subsidiaries issues or agrees to issue, securities or other instruments convertible into shares.
7. **(Distribution)** SPI or any of its Subsidiaries makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
8. **(Constitution)** SPI or any of its Subsidiaries adopts a new constitution, or modifies or repeals its constitution or a provision of it.
9. **(Change to accounting policies)** SPI or any of its Subsidiaries makes any change to its accounting practices or policies, other than to comply with generally accepted Australian Accounting Standards and any domestically accepted international Accounting Standards or electing to form a consolidated group for the purposes of the *Income Tax Assessment Act 1997* (Cth).

10. **(Debenture)** SPI issues, or agrees to issue or grants an option to subscribe for debentures (as defined in section 9 of the Corporations Act).
11. **(Disposals)** SPI or any of its Subsidiaries disposes, or agrees to dispose of the whole or a material or substantial part of its business or property.
12. **(Security)** SPI or or any of its Subsidiaries charges, or agrees to charge, the whole or a substantial part, of its business or property, or creates or alters, or agrees to create or alter, any mortgage, charge lien, security interest or other Encumbrance over the whole or a substantial part of its business or property.
13. **(Litigation)** SPI or any of its Related Bodies Corporate commences material litigation.
14. **(Financial indebtedness)** Other than in the ordinary course of business, SPI incurs any material financial indebtedness or issues any debt securities.
15. **(Benefits to officers and employees)** other than in accordance with an existing contract in place at the date of this agreement or with the consent of AQQ (such consent not to be unreasonably withheld), SPI:
 - (a) increases the remuneration of, or otherwise varies, the employment arrangements with any of its directors or employees;
 - (b) accelerates the rights of any of its directors or employees to compensation or benefits of any kind (including under any executive or employee share plans); or
 - (c) pays any of its directors or officers a termination or retention payment;
16. **(Material Contracts)** SPI:
 - (a) changes the terms of any Material Contract to the material detriment of AQQ;
 - (b) terminates any Material Contract;
 - (c) pays, discharges or satisfies any claims, liabilities or obligations under any Material Contract other than in accordance with past practice and consistent with the contract terms;
 - (d) waives any material claims or rights under, or waives the benefit of, any provisions of any Material Contract.
17. **(Material Transaction)** SPI enters into a or undertakes an SPI Material Transaction.
18. **(SPI Material Permits)** SPI or a Subsidiary of SPI disposes of, relinquishes or surrenders all or part of any of the SPI Material Permits or any interest in the SPI Material Permits.
19. **(Insolvency)** SPI or any of its Related Bodies Corporate becomes Insolvent.
20. **(Acquisitions, disposals or tenders) SPI or any of its Subsidiaries:**
 - (a) acquires or disposes of;
 - (b) agrees to acquire or dispose of;
 - (c) offers, proposes, announces a bid or tenders for,

any business, assets, entity or undertaking the value of which exceeds \$250,000.

Provided that (if otherwise caught by the terms of this definition) an acquisition of any business, assets (or interest in such assets), entity or undertaking by SPI, or a contract or commitment of the kind referred to above, will not be an SPI Prescribed Event if the terms of that acquisition, or potential contract or commitment, as the case may be, have been fairly disclosed either to the market generally or to AQQ in writing prior to the execution of this agreement and the acquisition, contract or commitment as the case may be, proceeds substantially in accordance with those terms.

SCHEDULE 3 – CONDITIONS PRECEDENT (CLAUSE 3.1)

Condition	Party entitled to benefit	Party responsible
1. Regulatory Approvals Before 8:00am on the Second Court Date: (a) (ASIC and ASX) ASIC and ASX have issued or provided (and not withdrawn, revoked or varied) such consents, waivers, modifications, and/or approvals or have done such other acts which are necessary or the parties agree are reasonably desirable to implement the Scheme. If such consents, waivers, modifications and/or approvals are subject to conditions those conditions must be acceptable to AQQ and SPI (both acting reasonably); (b) (Regulatory Authority) all other consents, waivers and approvals of a Regulatory Authority which SPI and AQQ, consider are necessary or desirable to implement the Scheme are obtained. If such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to AQQ and SPI (both acting reasonably); and (c) (Court orders) no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the implementation of any material aspect of the Merger and no such order, decree, ruling, other action or refusal is in effect.	Both	Both
2. Scheme approval The Scheme is approved with or without modification, in accordance with section 411(4)(a) of the Corporations Act, at the Scheme Meeting.	Cannot be waived	AQQ

Condition	Party entitled to benefit	Party responsible
3. Court approval The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act (with or without modifications which are acceptable to both SPI and AQQ).	Cannot be waived	AQQ
4. Court conditions Such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to SPI and AQQ being satisfied.	Cannot be waived	AQQ
5. Orders lodged with ASIC A copy of the Court orders approving the Scheme is lodged with ASIC under section 411(10) of the Corporations Act	Both	AQQ
6. Third party consents All other consents, waivers and approvals of a third party which SPI and AQQ agree, are necessary to implement the Merger are obtained. If such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to AQQ and SPI (both acting reasonably).	Both	Both
7. Independent Expert The Independent Expert issues a report which concludes that the Scheme is in the best interests of Scheme Participants (except for SPI) before the date on which the Scheme Booklet is lodged with ASIC.	AQQ	AQQ
8. No AQQ prescribed event No AQQ Prescribed Event occurs between the date of this agreement and 8.00am on the Second Court Date.	SPI	AQQ
9. No SPI prescribed event No SPI Prescribed Event occurs between the date of this agreement and 8.00am on the Second Court Date.	AQQ	SPI
10. No AQQ material adverse change No AQQ Material Adverse Change occurs or becomes apparent between the date of this agreement and 8:00am on the Second Court Date.	SPI	AQQ

Condition	Party entitled to benefit	Party responsible
11. No SPI material adverse change No SPI Material Adverse Change occurs or becomes apparent between the date of this agreement and 8:00am on the Second Court Date.	AQQ	SPI
12. AQQ representations and warranties AQQ's representations and warranties set out in Schedule 7 are true and correct in all material respects as at the date of this agreement and as at 8:00am on the Second Court Date.	SPI	AQQ
13. SPI representations and warranties SPI's representations and warranties set out in Schedule 8 are true and correct in all material respects as at the date of this agreement and as at 8:00am on the Second Court Date.	AQQ	SPI
14. Unexpired AQQ Options Before 8:00am on the Second Court Date, binding agreements have been entered into in relation to the Unexpired AQQ Options in accordance with clause 4.7.	SPI	AQQ

SCHEDULE 4 – TIMETABLE (CLAUSE 5.1)

Event	Date
Lodge Scheme Booklet with ASIC	16 October 2017
Application in respect of the Court hearing to be held on the First Court Date, filed with the Court, served on ASIC and delivered to ASX	16 October 2017
First Court Date	6 November 2017
Printing and despatch of Scheme Booklet	6 to 8 November 2017
Scheme Meeting held	11 December 2017
Second Court Date	12 December 2017
Lodge Court order with ASIC (Effective Date)	12 December 2017
Record Date (Effective Date plus two (2) Business Days)	14 December 2017
Implementation Date (Record Date plus five (5) Business Days)	21 December 2017

SCHEDULE 5 – AQQ’S OBLIGATIONS (CLAUSE 6.1)

1. **(AQQ Information)** ensure that the AQQ Information included in the Scheme Booklet complies with the Corporations Act, the Corporations Regulations, the Listing Rules and ASIC Regulatory Guide 60.
2. **(Further AQQ Information)** provide to SPI and Scheme Participants such further or new AQQ Information as may arise after the Scheme Booklet has been despatched until the date of the Scheme Meeting as may be necessary to ensure that the AQQ Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission).
3. **(Independent Expert)** promptly appoint the Independent Expert approved in writing by SPI and provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert’s Report for the Scheme Booklet.
4. **(Provide a copy of the Independent Expert’s Report)** on receipt, provide SPI with a copy of all drafts of the Independent Expert’s Report received by AQQ from the Independent Expert from time to time for review for factual accuracy.
5. **(apply for ASX and ASIC relief)** use its reasonable endeavours to obtain all waivers, exemptions and modifications from ASX or ASIC as may be required to facilitate implementation of the Scheme.
6. **(Promote merits of the Merger)** participate in and ensure that the AQQ Board participates in efforts reasonably requested by SPI to promote the merits of the Merger, including meeting with key members of AQQ at the reasonable request of SPI, unless and until the recommendations of the AQQ Directors are withdrawn or adversely modified because of a Superior Proposal or because the Independent Expert concludes that the Scheme is not in the best interests of Scheme Participants.
7. **(Registry details)** subject to the terms of the Scheme:
 - (a) provide all necessary information about the Scheme Participants to SPI which SPI requires in order to assist SPI to solicit votes at the Scheme Meeting; and
 - (b) provide all necessary directions to the Registry to promptly provide any information that SPI reasonably requests in relation to the Register, including any sub-register, and, where requested by SPI AQQ must procure such information to be provided to SPI in such electronic form as is reasonably requested by SPI.
8. **(Section 411(17)(b) statement)** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme.
9. **(Court application and representation)** apply to the Court for an order under section 411(1) of the Corporations Act directing AQQ to convene the Scheme Meeting and engage counsel reasonably experienced in schemes of arrangement to represent AQQ in all Court proceedings related to the Scheme and consult with SPI in relation to the content of any document required for the purpose of the Scheme (including originating process, affidavits, submissions and

draft minutes of Court orders) and take into account all reasonable comments provided for and on behalf of SPI in relation to such documents.

10. **(Registration of explanatory statement)** request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act.
11. **(ASIC review)** keep SPI regularly informed of any matters raised by ASIC in relation to the Scheme Booklet, and use all reasonable endeavours, in co-operation with SPI, to resolve any such matters.
12. **(Send Scheme Booklet)** send the Scheme Booklet to Scheme Participants as soon as practicable after the Court orders AQQ to convene the Scheme Meeting and otherwise in accordance with the Timetable.
13. **(Scheme Meeting)** convene the Scheme Meeting in accordance with any such orders made by the Court and seek the approval of Scheme Participants for the Scheme and, for this purpose, the AQQ Directors must participate in reasonable efforts to promote the merits of the Scheme, including meeting with key Scheme Participants at the reasonable request of SPI.
14. **(Proxy reports)** cause the Registry to report to it and SPI and their Representatives on the status of proxy forms received by the Registry for the Scheme Meeting, at ten (10) Business Days before the Scheme Meeting, at each subsequent Business Day up to the deadline for receipt of proxy forms and at such deadline. Provide to SPI such other information as it may receive concerning the voting intentions of Scheme Participants.
15. **(Court order)** apply to the Court for an order approving the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act.
16. **(Certificate)** provide the Court on the Second Court Date with a certificate confirming (in respect of matters within its knowledge) whether all the conditions precedent as set out in Schedule 3 (other than the conditions relating to Court approval of the Scheme, being items 3 and 4) have been satisfied or waived in accordance with the terms of this agreement.
17. **(Lodge)** on the Second Court Date lodge with ASIC an office copy of any such Court order approving the Scheme as approved by the Scheme Participants at the Scheme Meeting in accordance with section 411(10) of the Corporations Act.
18. **(Register information)** close the Register as at 5.00pm on the Record Date.
19. **(Registration)** register all transfers of AQQ Shares to SPI on the Implementation Date.
20. **(Listing)** take all reasonable steps to maintain AQQ's listing on ASX, notwithstanding any suspension of the quotation of AQQ Shares, up to and including the Implementation Date, including making appropriate applications to ASX and ASIC.
21. **(Compliance with laws)** use its reasonable endeavours to do everything reasonably within its power to ensure that the Scheme is effected in accordance with all laws and regulations applicable in relation to the Scheme.
22. **(Suspension of incentive plans)** with effect from date of this agreement, suspend all of its executive and employee incentive plans that will or could result in securities in AQQ being issued to any person.

- 23. (Termination of incentive plans)** subject to Court approval of the Scheme, but with effect from the Implementation Date or such later date agreed by the parties acting reasonably, terminate all of its executive and employee incentive plans (including the Option Plan) that will or could result in securities in AQQ being issued to any person.
- 24. (post Implementation AQQ Board)** on or before the Effective Date, AQQ will use its best endeavours to ensure that:
- (a) the two (2) directors nominated by SPI in writing to AQQ at least five (5) Business Days prior to the Effective Date are appointed to the AQQ Board, subject to such nominees providing written consents to act as a director of AQQ; and
 - (b) two (2) AQQ Directors nominated by SPI in writing to AQQ at least five (5) Business Days prior to the Effective date, other than those appointed by SPI in accordance with paragraph (a) above, provide written resignations as a Director to AQQ, acknowledging that the director has no claim against AQQ or SPI; and
 - (c) the total number of AQQ Directors on the AQQ Board, including those appointed by SPI in accordance with paragraph (a) above, does not exceed four (4).
- 25. (Other steps)** do all other things necessary to give effect to the Scheme and the orders of the Court approving the Scheme.

SCHEDULE 6 – SPI'S OBLIGATIONS (CLAUSE 6.2)

1. **(SPI Information)** prepare and promptly provide to AQQ for inclusion in the Scheme Booklet such SPI Information as AQQ reasonably requires to prepare and issue the Scheme Booklet (including any information required under the Corporations Act, Corporations Regulations, the Listing Rules or ASIC Regulatory Guide 60).
2. **(Further SPI Information)** promptly provide to AQQ such further or new SPI Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the SPI Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission).
3. **(Independent Expert information)** provide any assistance or information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's report to be included in the Scheme Booklet.
4. **(apply for ASX and ASIC relief)** use its reasonable endeavours to obtain all waivers, exemptions and modifications from ASX or ASIC as may be required to facilitate Implementation of the Scheme.
5. **(Representation)** if reasonably required by the parties, procure that it is represented by counsel reasonably experienced in schemes of arrangement at the court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel SPI must undertake (if requested by the court) to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this agreement and the Scheme.
6. **(Certificate)** provide the Court on the Second Court Date with a certificate confirming (in respect of matters within its knowledge) whether all the conditions precedent as set out in Schedule 3 (other than the conditions relating to Court approval of the Scheme, being items 3 and 4) have been satisfied or waived in accordance with the terms of this agreement.
7. **(Deed Poll)** prior to the Scheme Booklet being sent to AQQ Shareholders, sign and deliver the Deed Poll.
8. **(Share transfer)** if the Scheme becomes Effective, accept a transfer of AQQ Shares as contemplated by clause 4.1(a) and the Scheme.
9. **(Compliance with laws)** use its reasonable endeavours to do everything reasonably within its power to ensure that the Scheme is effected in accordance with all laws and regulations applicable in relation to the Scheme.
10. **(Suspension of incentive plans)** with effect from date of this agreement, suspend all of its executive and employee incentive plans that will or could result in securities in SPI being issued to any person.
11. **(post Implementation SPI Board)** on or before the Effective Date, SPI will use its best endeavours to ensure that:
 - (a) Mr Peter Buttigieg and Mr Roger Mitchell are appointed to the SPI Board, subject only to SPI receiving written consents to act as directors of SPI;

- (b) Mr Russell Hardwick and Alan Boys resign from the SPI Board and provide written resignation as a director to SPI, acknowledging that each of the directors have no claim against SPI or AQQ; and
- (c) the total number of directors on the SPI Board, including Mr Peter Buttigieg and Mr Roger Mitchell does not exceed four (4).

12. (Other steps) do all other things necessary to give effect to the Scheme and the orders of the Court approving the Scheme.

SCHEDULE 7 – AQQ’S REPRESENTATIONS AND WARRANTIES (CLAUSE 11.1)

1. **(Incorporation)** Each member of the AQQ Group is a valid existing corporation registered under the laws of its place of incorporation.
2. **(Execution)** the execution and delivery of this agreement has been properly authorised by all necessary corporate action of AQQ.
3. **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this agreement and to consummate and perform or cause to be performed its obligations under this agreement in accordance with its terms.
4. **(No contravention or impediment)** this agreement and performance by AQQ of its obligations under this agreement do not contravene the constitution of any member of the AQQ Group or any law by which any member of the AQQ Group is bound and does not result in:
 - (a) any monies borrowed by any member of the AQQ Group being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
 - (b) any agreement or other instrument to which any member of the AQQ Group is party being terminated or modified or any action being taken or arising thereunder; or
 - (c) the interest of AQQ in any Subsidiary being terminated or modified.
5. **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this agreement constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms.
6. **(Disclosure)** AQQ has provided to SPI all information requested in writing by SPI in connection with the Merger and actually known to AQQ as at the date of this agreement and has not knowingly modified or withheld any information from SPI.
7. **(AQQ Information)** the AQQ Information provided in accordance with this agreement and included in the Scheme Booklet, as at the date of the Scheme Booklet, will not contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, the Listing Rules and ASIC Regulatory Guide 60.
8. **(Due diligence)** to the best of the knowledge of each AQQ Specified Person as at the date of this agreement, all AQQ Due Diligence Materials were prepared in good faith with due care, skill and diligence, are true and correct in all material respects and are not misleading in any material respect, whether by way of omission or otherwise.
9. **(Advisers)** AQQ has provided complete and accurate information regarding fees in all retainers and mandates with financial advisers and fee estimates for other advisers in relation to the Merger and any Competing Transaction and any other

transaction where such retainer or mandate is current, or under which the AQQ Group still has obligations.

10. **(Reliance)** the AQQ Information contained in the Scheme Booklet will be included in good faith and on the understanding that SPI and its directors will rely on that information for the purposes of considering and approving the SPI Information in the Scheme Booklet before it is despatched, approving the entry into the Deed Poll and implementing the Scheme.
11. **(Further information)** AQQ will, as a continuing obligation, provide to SPI all such further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of item 6 of this Schedule 7 if it applied as at the date upon which that information arose.
12. **(Continuous disclosure)** AQQ is not in breach of its continuous disclosure obligations under the Corporations Act and the Listing Rules and is not relying on the carve-out in Listing Rule 3.1A to withhold any information from disclosure.
13. **(Periodic disclosure)** the periodic financial disclosures made by AQQ in its annual financial report and half-yearly financial report were not misleading or deceptive when made and are prepared in accordance with the Corporations Act and with all relevant Accounting Standards and give a true and fair view of the financial position and performance of the AQQ Group as at the date they were made.
14. **(Opinions)** any statement of opinion or belief contained in the AQQ Information is honestly held and there are reasonable grounds for holding the opinion or belief.
15. **(Provision of information to the Independent Expert)** all information provided by or on behalf of AQQ to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.
16. **(Compliance)** it and its Subsidiaries have complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over them and have all material licenses, permits and franchises necessary for them to conduct their respective businesses as presently being conducted.
17. **(Insolvency)** no member of the AQQ Group is Insolvent.
18. **(No default)** neither it nor any of its Subsidiaries is in default under any document, agreement or instrument binding on it or its assets nor has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party thereto a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect, and to the best of the knowledge of each AQQ Specified Person, no other party to any such document, agreement or instrument is in material breach thereof or material default thereunder.
19. **(Material Contracts)** each Material Contract is in full force and effect and constitutes a valid and binding obligation of any member of the AQQ Group party thereto and is enforceable against such member of the AQQ Group in accordance with its terms. To the best of the knowledge of each AQQ Specified Person, each Material Contract is a valid and binding obligation of each other

party thereto and enforceable against such other party in accordance with its terms.

20. (AQQ Material Permits):

- (a) AQQ is the sole unencumbered legal and beneficial owner of the AQQ Material Permits and, other than as disclosed to SPI in the AQQ Due Diligence Materials, there are no royalties payable to any third party (other than a government agency) in respect of future production from the AQQ Material Permits;
- (b) The AQQ Material Permits are valid, subsisting, in full force and effect and in good standing in terms of applicable laws and regulations in Western Australia;
- (c) Other than seeking exemptions for expenditure where required, AQQ is not in default in the due and punctual observance of a performance of its obligations under the provisions of the AQQ Material Permits;
- (d) so far as AQQ is aware, AQQ has:
 - (i) complied in all material respects with all laws and regulations application to the AQQ Material Permits and with all orders of government agencies having jurisdiction over the AQQ Material Permits;
 - (ii) has not been convicted of any material offence under any environmental law and to AQQ's knowledge, there are no orders issued by any government agency or any claims relating to the breach of any environmental law or environmental permit against AQQ; and
 - (iii) complied in all material respects with all applicable environmental laws and all environmental permits necessary for the conduct and operation of the business as presently conducted; and
- (e) so far as AQQ is aware, AQQ has not received any notice or information regarding any circumstance that would result in a material breach of the terms and conditions of the AQQ Material Permits or any application for renewal not being granted; and
- (f) all fees, charges, penalties, fines and royalties in respect of the AQQ Material Permits have been paid and all renewal applications submitted on time and in accordance with the terms of all applicable mining laws in Western Australia.

21. (Securities) AQQ's issued securities as at the date of this agreement are 714,369,970 fully paid ordinary shares quoted on ASX and 40,000,000 unlisted options to acquire fully paid ordinary shares, and AQQ has not issued, or agreed to issue, any other securities or instruments which are still outstanding and which may convert into AQQ Shares or any other securities in AQQ.

22. (Intellectual property) the conduct of the business of AQQ and its Subsidiaries does not infringe or otherwise violate the intellectual property of, or obligations of confidence owed to, any third party, and no claims have been made with respect to the foregoing. To the best of the knowledge of each AQQ Specified Person, no third party has infringed or otherwise violated the intellectual property

used in or necessary for the conduct of AQQ's business. Neither AQQ nor any Subsidiary of AQQ is party to any open source software licenses that would require any software of the business to be made available at no charge.

- 23. (No Encumbrances)** there is no Encumbrance over all or any of its assets or revenues.
- 24. (Current Actions)** Other than as advised to SPI, neither AQQ nor any of its Subsidiaries is:
- (a) a party to or the subject of any Action; or
 - (b) the subject of any ruling, judgment, order or decree by any Regulatory Authority or any other person.
- 25. (Pending, threatened or anticipated Actions)** to the best of the knowledge of each AQQ Specified Person, there is no Action, judgment, order or decree pending, threatened or anticipated, against AQQ or any of its Subsidiaries.

SCHEDULE 8 – SPI'S REPRESENTATIONS AND WARRANTIES (CLAUSE 11.5)

1. **(Incorporation)** Each member of the SPI Group is a valid existing corporation registered under the laws of its place of incorporation.
2. **(Execution)** the execution and delivery of this agreement has been properly authorised by all necessary corporate action of SPI.
3. **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this agreement and to consummate and perform or cause to be performed its obligations under this agreement in accordance with its terms.
4. **(No contravention or impediment)** this agreement and performance by SPI of its obligations under this agreement do not contravene the constitution of any member of the SPI Group or any law by which any member of the SPI Group is bound and does not result in:
 - (a) any monies borrowed by any member of the SPI Group being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
 - (b) any agreement or other instrument to which any member of the SPI Group is party being terminated or modified or any action being taken or arising thereunder; or
 - (c) the interest of SPI in any Subsidiary being terminated or modified.
5. **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this agreement constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms.
6. **(Disclosure)** SPI has provided to AQQ all information requested in writing by AQQ in connection with the Merger and actually known to SPI as at the date of this agreement and has not knowingly modified or withheld any information from AQQ.
7. **(SPI Information)** the SPI Information provided in accordance with this agreement and included in the Scheme Booklet, as at the date of the Scheme Booklet, will not contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, the Listing Rules and ASIC Regulatory Guide 60.
8. **(Due diligence)** to the best of the knowledge of each SPI Specified Person as at the date of this agreement, all SPI Due Diligence Materials were prepared in good faith with due care, skill and diligence, are true and correct in all material respects and are not misleading in any material respect, whether by way of omission or otherwise.
9. **(Advisers)** SPI has provided complete and accurate information regarding fees in all retainers and mandates with financial advisers and fee estimates for other advisers in relation to the Merger and any Competing Transaction and any other

transaction where such retainer or mandate is current, or under which the AQQ Group still has obligations.

10. **(Reliance)** the SPI Information provided to AQQ for inclusion in the Scheme Booklet will be provided in good faith and on the understanding that AQQ and its directors will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Scheme in accordance with the Corporations Act.
11. **(Further information)** SPI will, as a continuing obligation, provide to AQQ all such further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of item 6 of this Schedule 8 if it applied as at the date on which that information arose.
12. **(Continuous disclosure)** SPI is not in breach of its continuous disclosure obligations under the Corporations Act and the Listing Rules and is not relying on the carve-out in Listing Rule 3.1A to withhold any information from disclosure.
13. **(Periodic disclosure)** the periodic financial disclosures made by SPI in its annual financial report and half-yearly financial report were not misleading or deceptive when made and are prepared in accordance with the Corporations Act and with all relevant Accounting Standards and give a true and fair view of the financial position and performance of the SPI Group as at the date they were made.
14. **(Opinions)** any statement of opinion or belief contained in the SPI Information is honestly held and there are reasonable grounds for holding the opinion or belief.
15. **(Provision of information to Independent Expert)** all information provided by or on behalf of SPI to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.
16. **(Compliance)** it and its Subsidiaries have complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over them and have all material licenses, permits and franchises necessary for them to conduct their respective businesses as presently being conducted.
17. **(Insolvency)** excluding intercompany loans, no member of the SPI Group is Insolvent.
18. **(No default)** neither it nor any of its Subsidiaries is in default under any document, agreement or instrument binding on it or its assets nor has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party thereto a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect, and to the best of the knowledge of each SPI Specified Person, no other party to any such document, agreement or instrument is in material breach thereof or material default thereunder.
19. **(Material Contracts)** each Material Contract is in full force and effect and constitutes a valid and binding obligation of any member of the SPI Group party thereto and is enforceable against such member of the SPI Group in accordance with its terms. To the best of the knowledge of each SPI Specified Person, each

Material Contract is a valid and binding obligation of each other party thereto and enforceable against such other party in accordance with its terms.

20. (SPI Material Permits):

- (a) SPI is the unencumbered legal and beneficial owner of the SPI Material Permits and, other than as disclosed to AQQ in the SPI Due Diligence Materials, publicly available information and Schedule 11, there are no royalties payable to any third party (other than a government agency) in respect of future production from the SPI Material Permits;
- (b) The SPI Material Permits are valid, subsisting, in full force and effect and in good standing in terms of applicable laws and regulations in Western Australia;
- (c) Other than seeking exemptions for expenditure where required, SPI is not in default in the due and punctual observance of a performance of its obligations under the provisions of the SPI Material Permits;
- (d) so far as SPI is aware, SPI has:
 - (i) complied in all material respects with all laws and regulations application to the SPI Material Permits and with all orders of government agencies having jurisdiction over the SPI Material Permits;
 - (ii) has not been convicted of any material offence under any environmental law and to SPI's knowledge, there are no orders issued by any government agency or any claims relating to the breach of any environmental law or environmental permit against SPI; and
 - (iii) complied in all material respects with all applicable environmental laws and all environmental permits necessary for the conduct and operation of the business as presently conducted;
- (e) so far as SPI is aware, SPI has not received any notice or information regarding any circumstance that would result in a material breach of the terms and conditions of the SPI Material Permits or any application for renewal not being granted; and
- (f) all fees, charges, penalties, fines and royalties in respect of the SPI Material Permits have been paid and all renewal applications submitted on time and in accordance with the terms of all applicable mining laws in Western Australia.

21. (Securities) SPI's issued securities as at the date of this agreement are 246,683,293 fully paid ordinary shares quoted on ASX, 22,125,000 unlisted options to acquire fully paid ordinary shares and 20,000,000 performance rights which may convert into fully paid ordinary shares on the satisfaction of certain milestones, and SPI has not issued, or agreed to issue, any other securities or instruments which are still outstanding and which may convert into SPI Shares or any other securities in SPI.

22. (Intellectual property) the conduct of the business of SPI and its Subsidiaries does not infringe or otherwise violate the intellectual property of, or obligations of confidence owed to, any third party, and no claims have been made with respect to the foregoing. To the best of the knowledge of each SPI Specified

Person, no third party has infringed or otherwise violated the intellectual property used in or necessary for the conduct of SPI's business. Neither SPI nor any Subsidiary of SPI is party to any open source software licenses that would require any software of the business to be made available at no charge.

- 23. (No Encumbrances)** there is no Encumbrance over all or any of its assets or revenues.
- 24. (Current Actions)** neither SPI nor any of its Subsidiaries is:
- (a) a party to or the subject of any Action; or
 - (b) the subject of any ruling, judgment, order or decree by any Regulatory Authority or any other person.
- 25. (Pending, threatened or anticipated Actions)** to the best of the knowledge of each SPI Specified Person, there is no Action, judgment, order or decree pending, threatened or anticipated, against SPI or any of its Subsidiaries.

**SCHEDULE 9 – CONSIDERATION FOR CANCELLATION OF AQQ
UNEXPIRED OPTIONS**

AQQ Options			SPI Options		
Number	Exercise Price	Expiry Date	Number	Exercise Price	Expiry Date
40,000,000	\$0.04	19 August 2019	13,812,635	\$0.1158	19 August 2019

SCHEDULE 10 – AQQ MATERIAL PERMITS

Project Name and Location	Tenement Number	Date of Grant	Date of Expiry	Ownership
Aphrodite Gold Project (WA)	M24/720	21/08/2007	20/08/2028	100%
Aphrodite Gold Project (WA)	M24/779	21/08/2007	20/08/2028	100%
Aphrodite Gold Project (WA)	M24/649	10/08/2009	09/08/2030	100%
Aphrodite Gold Project (WA)	M24/681	10/08/2009	09/08/2030	100%
Aphrodite Gold Project (WA)	M24/662	28/06/2007	27/06/2028	100%
Aphrodite Gold Project (WA)	E24/186	14/02/2014	13/02/2019	100%
Aphrodite Gold Project (WA)	P24/5014	07/07/2016	06/07/2020	100%
Aphrodite Gold Project (WA)	P24/5015	07/07/2016	06/06/2020	100%
Aphrodite Gold Project (WA)	L24/204	15/04/2014	14/04/2035	100%
Aphrodite Gold Project (WA)	L29/114	17/04/2014	16/04/2035	100%
Aphrodite Gold Project (WA)	L29/115	15/04/2014	14/04/2035	100%
Aphrodite Gold Project (WA)	L24/225	Pending	Pending	100%
Aphrodite Gold Project (WA)	L24/226	Pending	Pending	100%
Aphrodite Gold Project (WA)	L24/227	Pending	Pending	100%

SCHEDULE 11 – SPI MATERIAL PERMITS

Project Name and Location	Tenement Number	Date of Grant	Date of Expiry	Ownership
Alice River Gold Project (QLD)	ML 2901	29/04/82	30/04/24	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	ML 2902	29/04/82	30/04/24	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	ML 2907	03/06/82	30/06/24	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	ML 2908	03/06/82	30/06/24	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	ML 2957	07/03/85	31/03/27	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	ML 2958	10/04/86	30/04/07 Renewal Lodged	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	ML 3010	25/01/90	31/01/11 Renewal Lodged	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	ML 3011	01/10/87	31/10/08 Renewal Lodged	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	ML 20523	N/A	N/A	Application
Alice River Gold Project (QLD)	EPM 14312	13/07/05	30/04/24	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	EPM 14313	13/07/05	21/07/2015 Renewal Lodged	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	EPM 15359	24/05/07	12/07/2014 Renewal Lodged	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	EPM 15360	23/08/07	7/08/2015 Renewal Lodged	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	EPM 15409	24/05/07	22/08/2015 Renewal Lodged	0% (Right to earn up to a 100% interest)

Alice River Gold Project (QLD)	EPM 15410	23/05/07	23/05/2015 Renewal Lodged	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	EPM 16301	14/10/08	13/10/16 Renewal Lodged	0% (Right to earn up to a 100% interest)
Alice River Gold Project (QLD)	EPM 26266	08/05/17	07/05/22	0% (Right to earn up to a 100% interest)
Mulwarrie Gold Project (WA)	M30/119	13/08/07	12/08/28	0% (Right to earn up to a 70% interest) Royalty agreement Reif and Hoppmann – 2.5% net smelter return on the first 50,000 ounces from M30/119 and M30/145 (Combined)
Mulwarrie Gold Project (WA)	M30/145	12/01/07	11/01/2028	0% (Right to earn up to a 70% interest) Royalty agreement Reif and Hoppmann – 2.5% net smelter return on the first 50,000 ounces from M30/119 and M30/145 (Combined)
England Gold Project (WA)	E38/2869	26/11/2014	25/11/2019	100%
Yoda Gold Project (NT)	EL 30834	11/12/2015	10/12/2021	100%
South Woodie Woodie Project (WA)	E46/616	3/8/2005	2/8/2017 (Application for extension lodged)	80% (Royalty Agreement with Churchill Mining Plc)
South Woodie Woodie Project (WA)	E46/787	22/7/2009	21/7/2019	100%
South Woodie Woodie Project (WA)	E46/835	25/3/2011	24/3/2021	100%

South Woodie Woodie Project (WA)	R46/002	4/7/2017	3/7/2022	80% (Royalty Agreement with Churchill Mining Plc)
South Woodie Woodie Project (WA)	E46/1159	23/3/2017	N/A	Application
South Woodie Woodie Project (WA)	E46/1160	23/3/2017	N/A	Application

EXECUTED as an Agreement.

EXECUTED by
SPITFIRE MATERIALS LIMITED
ACN 125 578 743

in accordance with section 127 of
the *Corporations Act 2001* (Cth):



Signature of director

Alan Boys

Name of director

*please delete as applicable

Signature of director/~~company~~
~~secretary*~~

John A Young

Name of director/~~company~~
~~secretary*~~

EXECUTED by
APHRODITE GOLD LIMITED
ACN 138 879 928
in accordance with section 127 of
the *Corporations Act 2001* (Cth):



Signature of director

Peter Buttigieg

Name of director

*please delete as applicable

Signature of director/~~company~~
~~secretary*~~

Roger Mitchell

Name of director/~~company~~
~~secretary*~~

ANNEXURE A – ANNOUNCEMENT (CLAUSE 14.1)

Announcement - Not reproduced here.

Aphrodite announcements are available on its website (www.aphroditegold.com) as well as the ASX website (www.asx.com.au).

ANNEXURE B – SCHEME OF ARRANGEMENT AND DEED POLL

Scheme of Arrangement and Deed Poll - Not reproduced here.

Refer to Annexures C and D of the Scheme Booklet.

Annexure C – Scheme of Arrangement

**APHRODITE GOLD LIMITED
ACN 138 879 928
(AQQ)**

and

EACH SCHEME PARTICIPANT

**SCHEME OF ARRANGEMENT PURSUANT TO SECTION 411 OF
THE CORPORATIONS ACT**

BETWEEN

APHRODITE GOLD LIMITED (ACN 138 879 928) of 16 Harrick Road, Kellor Park, Victoria 3042;

AND

EACH SCHEME PARTICIPANT.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

AQQ means Aphrodite Gold Limited (ACN 138 879 928).

AQQ Option means an option to acquire an AQQ Share.

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

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it known as the "Australian Securities Exchange".

ASX Operating Rules means the operating rules of ASX Settlement.

ASX Settlement means ASX Settlement Pty Ltd (ACN 008 504 532).

Business Day means a day as defined in the Listing Rules other than any day which banks are not open for general banking business in Perth, Western Australia.

CHESS means the Clearing House Electronic Sub-register System, for the electronic transfer of securities, operated by ASX Settlement.

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

Court means the Federal Court of Australia, or such other court of competent jurisdiction as agreed in writing by the parties.

Duty means a tax on a dutiable transaction under the *Duties Act 2008* (WA) or a similar tax imposed in another jurisdiction, including a jurisdiction outside Australia.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

End Date means the date that is six (6) months after date of the Merger Implementation Agreement.

Implementation Date means the fifth Business Day immediately following the Record Date, or such other date after the Record Date agreed by the parties in writing.

Ineligible Foreign Holder means a Scheme Participant whose address in the Register is in a jurisdiction outside Australia, except where SPI and AQQ are reasonably satisfied that the issue of New SPI Shares in that jurisdiction under the Scheme would be neither prohibited by law nor unduly onerous.

Listing Rule means a listing rule of ASX.

Merger Implementation Agreement means the merger implementation agreement between AQQ and SPI dated _____ 2017.

New SPI Shares means those SPI Shares to be issued to Scheme Participants in consideration for their Scheme Shares under the terms of this Scheme.

Record Date means 5.00pm on the day which is two (2) Business Days after the Effective Date, or such other date agreed by the parties in writing.

Register or **AQQ Register** means the register of AQQ members maintained by Security Transfer Australia Pty Ltd and **Share Registry** has a corresponding meaning.

Registered Address means, in relation to a Scheme Participant, the address of the Scheme Participant shown in the Register.

Sale Agent means the person approved by AQQ, SPI and (if necessary) ASIC to sell the New SPI Shares that are attributable to Ineligible Foreign Holders and Small Shareholders under the terms of this Scheme (or any nominee of such person).

Scheme or **Share Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act recorded in this document subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act.

Scheme Consideration means the consideration to be provided by SPI to Scheme Participants for the transfer of their Scheme Shares under the terms of the Scheme, being 1 New SPI Share for every 2.8959 Scheme Shares held as at the Record Date.

Scheme Deed Poll or **Deed Poll** means the deed poll executed by SPI on or about _____ in favour of each Scheme Participant as set out in Annexure A of this Scheme.

Scheme Meeting means the meeting of Shareholders, to be convened by the Court pursuant to section 411(1) of the Corporations Act, to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Participant means each person who is registered in the Register as a holder of Scheme Shares as at the Record Date.

Scheme Shares means the AQQ Shares on issue as at the Record Date.

Second Court Date means the first day of the Second Court Hearing, or if the application at such hearing is adjourned or subject to an appeal for any reason, the first day on which the adjourned or appealed application is heard.

Second Court Hearing means the hearing of the Court of the application for an order pursuant to section 411(4)(b) of the Corporations Act approving this Scheme.

Shareholder or **AQQ Shareholder** means a holder of an AQQ Share.

Small Shareholder means a Scheme Participant who is entitled to receive 5,000 or less New SPI Shares (or such other number as may be agreed between SPI and AQQ in writing) as at 5.00pm on the Record Date.

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

SPI Option means an option to acquire an SPI Share.

SPI Register means the register of members of SPI maintained by Computershare Limited and **SPI Registry** has a corresponding meaning.

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

Subsidiary of an entity means another entity which is a subsidiary of the first within the meaning of Division 6 of Part 1.2 of the Corporations Act or is a subsidiary or otherwise controlled by the first within the meaning of any approved accounting standard.

1.2 Interpretation

In this Scheme:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the word "includes" in any form is not a word of limitation;

and unless the context indicates otherwise:

- (c) a word or phrase in the singular number includes the plural, a word or phrase in the plural number includes the singular, and a word indicating a gender includes every other gender;
- (d) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (e) a reference to:
 - (i) a clause or schedule is a reference to a clause or schedule of this Scheme;
 - (ii) a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation;
 - (iii) a document in writing includes a document produced by means of typewriting, printing, lithography, photography and other modes of representing or reproducing words in a visible form, recorded by any electronic, magnetic, photographic or other medium by which information may be stored or reproduced;
 - (iv) a document (including this Scheme) includes a reference to all schedules, exhibits, attachments and annexures to it, and is to that document as varied, novated, ratified or replaced from time to time;

- (v) legislation or to a provision of legislation includes any consolidation, amendment, re-enactment, substitute or replacement of or for it, and refers also to any regulation or statutory instrument issued or delegated legislation made under it;
- (vi) a person includes an individual, the estate of an individual, a corporation, an authority, an unincorporated body, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (f) a reference to a day is to a period of time commencing at midnight and ending twenty-four (24) hours later;
- (g) a reference to a Chapter, Part, Division or section is a reference to a Chapter, Part, Division or section of the Corporations Act;
- (h) a reference to "information" is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programmes, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets;
- (i) the words "entity" and "officer" have the same meaning as in section 9 of the Corporations Act, and "control" has the same meaning as in section 50AA of the Corporations Act;
- (j) time is a reference to time in Perth, Western Australia;
- (k) a reference to "\$" or "dollar" is to Australian currency;
- (l) a contravention of or a breach of any of the representations and warranties includes any of the representations and warranties not being complete, true and correct;
- (m) each representation and warranty is a separate representation and warranty, and its meaning is not affected by any other representation or warranty;
- (n) a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; and
- (o) when a day on or by which anything to be done is not a Business Day, that thing may be done on or by the next Business Day.

2. PRELIMINARY

2.1 AQQ

- (a) AQQ is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) As at the date of this document:
 - (i) 714,369,970 AQQ Shares are on issue; and
 - (ii) 40,000,000 AQQ Options are on issue.

- (c) AQQ has been admitted to the official list of ASX and its shares have been granted official quotation.

2.2 SPI

- (a) SPI is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) As at the date of this document:
 - (i) 246,683,293 SPI Shares are on issue;
 - (ii) 22,125,000 SPI Options are on issue; and
 - (iii) 20,000,000 performance rights in the capital of SPI are on issue.
- (c) SPI has been admitted to the official list of ASX and its shares have been granted official quotation.

2.3 Scheme summary

If this Scheme becomes Effective, then:

- (a) in consideration for the transfer of each Scheme Share to SPI, SPI will be obliged to provide the Scheme Consideration to each Scheme Participant (other than Ineligible Foreign Holders who will be dealt with in accordance with clause 4.9 and those Small Shareholders who elect to receive cash proceeds instead of New SPI Shares in accordance with clause 4.10);
- (b) each Scheme Participant will be bound to transfer their Scheme Shares, and all rights and obligations attaching to them as at the Implementation Date, to SPI;
- (c) AQQ will enter SPI's name and registered address in the Register as the holder of all Scheme Shares; and
- (d) on the transfer of all Scheme Shares to SPI, AQQ will become a wholly owned Subsidiary of SPI.

2.4 Implementation

- (a) SPI has entered into the Scheme Deed Poll pursuant to which it has, among other things, covenanted to carry out its obligations (including its obligation to provide the Scheme Consideration, subject to clauses 4.9 and 4.10 of this Scheme, to Scheme Participants) as contemplated by this Scheme.
- (b) AQQ and SPI have also entered into the Merger Implementation Agreement, which sets out the terms on which AQQ and SPI have agreed to implement the Scheme.

3. CONDITIONS PRECEDENT AND EFFECTIVENESS

3.1 Conditions precedent

The conditions precedent to this Scheme becoming Effective are:

- (a) **(Conditions precedent to Merger Implementation Agreement)** all of the conditions set out in Schedule 3 of the Merger Implementation Agreement (other than those set out in items 3 and 4 of Schedule 3 of the Merger Implementation Agreement) being satisfied or waived in accordance with the terms of the Merger Implementation Agreement by the times indicated in the Merger Implementation Agreement;
- (b) **(No termination)** the Merger Implementation Agreement or Scheme Deed Poll not being terminated prior to 8.00am on the Second Court Date;
- (c) **(Court approval)** the Court having approved the Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, AQQ and SPI having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act and any such conditions having been satisfied or waived; and
- (d) **(Court orders effective)** the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to the Scheme.

The satisfaction of each of the conditions precedent in this clause 3.1 is a condition precedent to the operation of this Scheme and this Scheme will be of no effect unless the conditions precedent in this clause 3.1 are satisfied.

3.2 Certificate

- (a) SPI and AQQ will provide to the Court at the Second Court Hearing a certificate confirming whether or not all of the conditions in Schedule 3 of the Merger Implementation Agreement (other than those set out in items 3 and 4 of Schedule 3 of the Merger Implementation Agreement) have been satisfied or waived in accordance with the terms of the Merger Implementation Agreement.
- (b) The giving of a certificate by each of SPI and AQQ in accordance with clause 3.2(a) will, in the absence of manifest error, be conclusive evidence of the matters referred to in the certificate.

3.3 Merger Implementation Agreement

If the Merger Implementation Agreement is terminated in accordance with its terms prior to 8.00am on the Second Court Date, SPI and AQQ are each immediately released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme,

provided that SPI and AQQ will retain the rights they have against each other in respect of any prior breach of the Merger Implementation Agreement in accordance with the terms of that agreement.

3.4 End Date

This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date.

4. IMPLEMENTATION OF THE SCHEME

4.1 Court order

This Scheme will become binding on AQQ and each Scheme Participant if and only if the Court makes an order under section 411(4)(b) of the Corporations Act approving this Scheme and that order becomes effective under section 411(10) of the Corporations Act.

4.2 Lodgement with ASIC

AQQ will lodge with ASIC an office copy of the order of the Court made under section 411(4)(b) of the Corporations Act approving this Scheme as soon as practicable and, in any event, by 5.00pm on the first Business Day after:

- (a) the Court approves the Scheme; or
- (b) the date of satisfaction of the conditions precedent referred to in clause 3.1 of this Scheme, whichever is the later.

4.3 Transfer of Scheme Shares

Subject to clause 4.4, all of the Scheme Shares (together with all rights and entitlements attaching to the Scheme Shares) will be transferred to SPI on the Implementation Date (without the need for any further act by a Scheme Participant other than acts performed by AQQ pursuant to the authority in clause 4.10) by AQQ effecting a valid transfer or transfers under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) AQQ executing and delivering to SPI, pursuant to the authority in clause 4.10, a valid share transfer form or forms (which may be a master transfer) to transfer all of the Scheme Shares to SPI;
- (b) SPI executing and delivering that share transfer form or those forms to AQQ; and
- (c) AQQ, immediately upon receipt of the executed share transfer form or forms, entering the name and address of SPI in the Register as the holder of all Scheme Shares.

4.4 Consideration under this Scheme

Subject to and in accordance with the other terms and conditions of this Scheme (including clauses 4.6, 4.7, 4.9 and 4.10) and the Scheme Deed Poll, in consideration for the transfer of each Scheme Share to SPI, SPI will, on the Implementation Date, issue to each Scheme Participant the number of New SPI Shares as are due to that Scheme Participant as Scheme Consideration.

4.5 Joint holders

In the case of Scheme Shares held in joint names, any certificates or uncertificated holding statements for New SPI Shares to be issued to Scheme Participants will be issued in the names of the joint holders and will be forwarded to the holder whose name appears first in the Register on the Record Date.

4.6 Fractional entitlements

Where the calculation of the total number of New SPI Shares to be issued to (or in respect of) a particular Scheme Participant would result in a fractional entitlement to a New SPI Share, then, any such fractional entitlement will be rounded up to the nearest whole number.

4.7 Shareholding splitting or division

If SPI is of the reasonable opinion that two or more Scheme Participants (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 4.6 or each of whom holds less than or equal to the number of Scheme Shares required to classify as a Small Shareholder) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, SPI may give notice to those Scheme Participants:

- (a) setting out their names and Registered Addresses;
- (b) stating that opinion; and
- (c) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Participant specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of this Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Participants whose names and Registered Addresses are set out in the notice will, for the purposes of the other provisions of this Scheme, be taken to hold no Scheme Shares. SPI, in complying with the other provisions of this Scheme relating to it in respect of the Scheme Participant specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Participants named in the notice under the terms of this Scheme.

4.8 Scheme Participants bound

Each Scheme Participant who is to receive New SPI Shares under this Scheme agrees (for all purposes including section 231 of the Corporations Act) to:

- (a) become a member of SPI and to accept the New SPI Shares issued to them under this Scheme subject to, and to be bound by, SPI's constitution and other constituent documents; and
- (b) have their name and address entered into the SPI Register.

4.9 Ineligible Foreign Holders

- (a) SPI will be under no obligation under this Scheme to issue, and will not issue, any New SPI Shares to Ineligible Foreign Holders, and instead:
- (i) all the New SPI Shares which would otherwise be required to be issued to any Ineligible Foreign Holder under the Scheme, if they were eligible to receive them, will be issued to the Sale Agent;
 - (ii) SPI will procure that, as soon as reasonably practicable (and in any event not more than fifteen (15) Business Days after the Implementation Date), the Sale Agent sells on ASX all of the New SPI Shares issued to the Sale Agent pursuant to clause 4.9(a)(i) in such manner, at such price and on such other terms as the Sale Agent determines in good faith (and at the risk of the Ineligible Foreign Holders), and remits to SPI the proceeds of sale (after deducting any applicable brokerage and other selling costs, taxes and charges) (**Proceeds**); and
 - (iii) SPI will pay to each Ineligible Foreign Holder such fraction of the Proceeds as is equal to the number of New SPI Shares which would have been issued to that Ineligible Foreign Holder (if they were eligible to receive New SPI Shares) divided by the total number of New SPI Shares issued to the Sale Agent under clause 4.9(a)(i), promptly after the last sale of New SPI Shares by the Sale Agent,
- in full satisfaction of SPI's obligations to those Ineligible Foreign Holders under the Scheme in respect of the Scheme Consideration.
- (b) SPI will pay the relevant fraction of the Proceeds to each Ineligible Foreign Holder by either:
- (i) dispatching, or procuring the dispatch, to that Ineligible Foreign Holder by prepaid post to that Ineligible Foreign Holder's Registered Address (at the Record Date), a cheque in the name of that Ineligible Foreign Holder; or
 - (ii) making a deposit in an account with any ADI (as defined in the *Banking Act 1959* (Cth)) in Australia notified by that Ineligible Foreign Holder to AQQ (or the Share Registry) and recorded in or for the purposes of the Register at the Record Date,
- for the relevant amount, with that amount being denominated in Australian dollars.
- (c) Each Ineligible Foreign Holder appoints AQQ as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Ineligible Foreign Holders under the Corporations Act.

4.10 Small Shareholders

Each Small Shareholder may elect to either:

- (a) be issued its entitlement to SPI Shares in accordance with clause 4.4; or

- (b) have the New SPI Shares to which it is entitled issued to the Sale Agent, in which case:
- (i) SPI will procure that, as soon as reasonably practicable (and in any event not more than fifteen (15) Business Days after the Implementation Date), the Sale Agent sells on ASX all of the New SPI Shares issued to the Sale Agent pursuant to this clause 4.10(b) in such manner, at such price and on such other terms as the Sale Agent determines in good faith (and at the risk of the Small Shareholder), and remits to SPI the proceeds of sale (after deducting any applicable brokerage and other selling costs, taxes and charges) (**Proceeds**);
 - (ii) SPI will pay to each Small Shareholder such fraction of the Proceeds as is equal to the number of New SPI Shares which would have been issued to that Small Shareholder divided by the total number of New SPI Shares issued to the Sale Agent under clause 4.10(b)(i), promptly after the last sale of New SPI Shares by the Sale Agent, in full satisfaction of SPI's obligations to those Small Shareholders under the Scheme in respect of the Scheme Consideration;
 - (iii) SPI will pay the relevant fraction of the Proceeds to each Small Shareholder by either:
 - (A) dispatching, or procuring the dispatch, to that Small Shareholder by prepaid post to that Small Shareholder's Registered Address (at the Record Date), a cheque in the name of that Small Shareholder; or
 - (B) making a deposit in an account with any ADI (as defined in the *Banking Act 1959* (Cth)) in Australia notified by that Small Shareholder to AQQ (or the Share Registry) and recorded in or for the purposes of the Register at the Record Date,

for the relevant amount, with that amount being denominated in Australian dollars; and
 - (c) for the purposes of clause 4.10(b), each Small Shareholder appoints AQQ as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Small Shareholders under the Corporations Act.

4.11 Authority given to AQQ

Each Scheme Participant will be deemed (without the need for any further act) to have irrevocably authorised AQQ (and each of its directors and officers, jointly and severally) as agent and attorney to do and execute all acts, matters, things and documents on the part of each Scheme Participant necessary to implement and give full effect to this Scheme and the transactions contemplated by it, including (without limitation):

- (a) executing a proper instrument of transfer (including for the purposes of section 1071B of the Corporations Act) of their Scheme Shares in favour of SPI, which may be a master transfer of some or all Scheme Shares; and

- (b) where Scheme Shares are held in a CHESS holding, causing a message to be transmitted to ASX Settlement in accordance with the ASX Operating Rules to transfer the Scheme Shares held by the Scheme Participant from the CHESS sub-register to the issuer sponsored sub-register operated by AQQ and subsequently completing a proper instrument of transfer under paragraph (a) above.

4.12 Appointment of sole proxy

Upon the Scheme Consideration being issued by SPI pursuant to this clause 4 and until AQQ registers SPI as the holder of all Scheme Shares in the Register, each Scheme Participant:

- (a) is deemed to have appointed SPI as attorney and agent (and directed SPI in such capacity) to appoint the chairman of SPI as its sole proxy and, where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 4.12(a)); and
- (b) must take all other actions in the capacity of a registered holder of Scheme Shares as SPI reasonably directs.

5. SPI'S OBLIGATIONS AND ANCILLARY MATTERS

5.1 AQQ notice and Scheme Participant consent

- (a) As soon as practicable after the Record Date, and in any event at least two (2) Business Days before the Implementation Date, AQQ will give to SPI (or procure that SPI be given) details of the names and addresses shown in the Register of all Scheme Participants and the number of Scheme Shares held by each of them at the Record Date (in such form as may be reasonably requested by SPI).
- (b) Scheme Participants agree that any information referred to in clause 5.1(a) may be disclosed to SPI, SPI's advisors, AQQ's advisors and other service providers (including the SPI Registry) to the extent necessary to effect the Scheme.

5.2 Provision of Scheme Consideration

Subject to clauses 4.6, 4.7 and 4.9, SPI will provide to each Scheme Participant the Scheme Consideration to which that Scheme Participant is entitled by:

- (a) on the Implementation Date, issuing to that Scheme Participant 1 New SPI Share for every 2.8959 Scheme Shares registered in the name of that Scheme Participant in the Register at the Record Date, which obligation will be satisfied by causing the name and Registered Address (at the Record Date) of that Scheme Participant to be entered into the SPI Register as the holder of the New SPI Shares issued to that Scheme Participant; and
- (b) within five (5) Business Days after the Implementation Date, procuring the dispatch to that Scheme Participant of a certificate or uncertificated holding statement in the name of that Scheme Participant relating to the number of New SPI Shares issued to that Scheme Participant.

5.3 Status of New SPI Shares

The New SPI Shares to be issued in accordance with this Scheme will:

- (a) be validly issued;
- (b) be fully paid;
- (c) be free from any mortgage, charge, lien, encumbrance or other security interest; and
- (d) rank equally in all respects with all other SPI Shares then on issue (other than in respect of any dividend already declared and not yet paid by SPI, where the record date for entitlement to that dividend occurred prior to the Implementation Date).

5.4 Deferred settlement trading

SPI will use its reasonable endeavours to ensure that the New SPI Shares are quoted on ASX initially on a deferred settlement basis on and from the Business Day after the Effective Date, and on an ordinary settlement basis on and from the Business Day following the Implementation Date.

5.5 Appointment of SPI as attorney and agent

Each Scheme Participant, without need for any further act, irrevocably appoints SPI and each of its directors and officers, jointly and severally, as that Scheme Participant's attorney and agent for the purpose of executing any form of application required for New SPI Shares to be issued to that Scheme Participant under the Scheme.

6. DEALINGS IN AQQ SHARES

6.1 No issue

No AQQ Shares will be issued by AQQ after the Effective Date and before the Implementation Date.

6.2 No dealings after Record Date

Where this Scheme becomes binding as provided by clause 4.1, for the purposes of determining who are Scheme Participants, dealings in AQQ Shares will only be recognised if:

- (a) in the case of dealings of a type to be effected using CHESS, the transferee is registered in the Register as the holder of the AQQ Shares at the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Share Registry at or before the Record Date.

AQQ will register registrable transfers or transmission applications of the kind referred to in clause 6.2(b) on or before the Record Date.

6.3 No registration of transfers

AQQ will not accept for registration nor recognise for any purpose any transmission application, transfer or other dealing in respect of Scheme Shares received after the Record Date, other than a transfer to SPI in accordance with this Scheme.

6.4 Statements of holding

All statements of holdings (or certificates) for Scheme Shares will cease to have any effect from the Record Date as documents of title in respect of such Scheme Shares. As from the Record Date, each entry current at that date on the Register relating to Scheme Shares will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration.

6.5 Maintenance of Register

In order to determine entitlements to the Scheme Consideration, AQQ will maintain, or procure the maintenance of, the Register in accordance with this clause 6 until the Scheme Consideration has been provided to Scheme Participants, and the Register in this form will solely determine entitlements to the Scheme Consideration.

7. QUOTATION OF AQQ SHARES

7.1 Suspension of trading

AQQ will apply to ASX for suspension of trading of AQQ Shares on ASX after the close of trading on ASX on the Effective Date. It is expected that suspension of trading in AQQ Shares will occur from the commencement of the Business Day following the day on which AQQ notifies ASX of this Scheme becoming Effective.

7.2 Termination of quotation

After the Implementation Date, AQQ will apply for termination of the official quotation of AQQ Shares and to have itself removed from the official list of ASX.

8. GENERAL

8.1 Scheme binding

Each Scheme Participant will transfer their Scheme Shares to SPI (together with all rights and entitlements attaching to those Scheme Shares) in accordance with the terms of this Scheme and this Scheme binds AQQ and all Scheme Participants (including those who do not attend the Scheme Meeting, do not vote at the Scheme Meeting, or vote against this Scheme at the Scheme Meeting).

8.2 Enforcement of Scheme Deed Poll

- (a) Each Scheme Participant appoints AQQ as its agent and attorney to enforce the Scheme Deed Poll against SPI.
- (b) AQQ undertakes in favour of each Scheme Participant to enforce the Scheme Deed Poll against SPI on behalf of, and as agent and attorney for, the Scheme Participants.

8.3 Modifications and amendments

AQQ may by its counsel or solicitors (but only with the prior consent of SPI, which consent may not be unreasonably withheld or delayed) consent on behalf of all persons concerned (including the Scheme Participants) to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of this Scheme.

8.4 Accidental omissions and non-receipt of notice

The accidental omission to give notice of the Scheme Meeting to any holder of AQQ Shares or the non-receipt of such a notice by any holder of AQQ Shares will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings at the Scheme Meeting.

8.5 Status of Scheme Shares

- (a) Each Scheme Participant is deemed to have warranted to AQQ, in its own right and for the benefit of SPI, that all of their Scheme Shares which are transferred to SPI under the Scheme will, at the date of transfer of them to SPI, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares to SPI.
- (b) SPI will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by AQQ of the name and registered address of SPI in the Register as the holder of the Scheme Shares.

8.6 Binding instruction or notification

Except for a Scheme Participant's tax file number, any binding instruction or notification from a Scheme Participant to AQQ relating to Scheme Shares at the Record Date (including any instructions relating to the payment of dividends or communications) will, from the Record Date, be deemed (except to the extent inconsistent with the other provisions of this Scheme or as determined otherwise by SPI in its sole discretion) to be a similarly binding instruction or notification to SPI in respect of the New SPI Shares issued to the Scheme Participant until such time as it is revoked or amended in writing addressed to SPI at the SPI Registry.

8.7 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post:

- (a) to AQQ, it will not be deemed to be received in the ordinary course of post or on a day other than the date (if any) on which it was actually received at AQQ's registered office or the Share Registry; and
- (b) to a Scheme Participant, it will be sent by ordinary pre-paid post (or by airmail in the case of Scheme Participants with overseas Registered Addresses) or courier to the Registered Address of the relevant Scheme Participant at the Record Date, or delivered to that address by any other means at no cost to the recipient.

8.8 Further obligations

AQQ and SPI must each execute all deeds and other documents (including transfers) and do all acts and things as may be necessary or expedient on its part to implement and give full effect to this Scheme in accordance with its terms.

8.9 No liability

Neither AQQ nor SPI, nor any of their respective officers, is liable to Scheme Participants for anything done or for anything omitted to be done in performance of this Scheme in good faith.

8.10 Costs and Duty

AQQ will pay the costs of the Scheme other than Duty. All Duty (if any) payable and any related fines, interest and penalties in connection with the transfer of the Scheme Shares to SPI will be payable by SPI.

8.11 Governing law

The Scheme is governed by the laws of Western Australia. AQQ, Scheme Participants and SPI each submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waive any right they might have to claim that those courts are an inconvenient forum.

Annexure D – Deed Poll

SPITFIRE MATERIALS LIMITED
ACN 125 578 743
(SPI)

SCHEME DEED POLL

STEINEPREIS PAGANIN
Lawyers & Consultants



THIS AGREEMENT is made on the 8th day of November 2017

BETWEEN

SPITFIRE MATERIALS LIMITED (ACN 125 578 743) of 130 Stirling Highway, North Fremantle WA 6159 (**SPI**);

AND

In favour of each holder of fully paid ordinary shares in the capital of Aphrodite Gold Limited (ACN 138 879 928) (**AQQ**) on issue as at 5.00pm on the Record Date (each a **Scheme Participant**).

RECITALS

- A.** SPI and AQQ have entered into the Merger Implementation Agreement.
- B.** AQQ has agreed in the Merger Implementation Agreement to propose the Share Scheme.
- C.** Under the Share Scheme, all AQQ Shares held by Scheme Participants will be transferred to SPI for the Scheme Consideration.
- D.** In accordance with the Merger Implementation Agreement, SPI is entering into this Deed to covenant in favour of the Scheme Participants to perform its obligations under the Share Scheme.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed, unless the context requires otherwise:

Deed means this Scheme Deed Poll.

Merger Implementation Agreement means the merger implementation agreement between AQQ and SPI dated 4 September 2017.

Scheme or **Share Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between AQQ and the Scheme Participants, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and agreed to by AQQ and SPI.

Terms that are not defined in this Deed and that are defined in the Merger Implementation Agreement or the Scheme have the same meaning in this Deed as given to the term in the Merger Implementation Agreement, unless the context makes it clear that a definition is not intended to apply.

1.2 Interpretation

The rules specified in clause 1.2 of the Merger Implementation Agreement apply in interpreting this Deed, unless the context makes it clear that a rule is not intended to apply.

1.3 Nature of Deed Poll

SPI acknowledges that:

- (a) this Deed may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints AQQ and any of AQQ's directors as its agent and attorney, inter alia, to enforce this Deed against SPI.

2. CONDITION PRECEDENT AND TERMINATION

2.1 Condition

SPI's obligations under clause 3 are subject to the Share Scheme becoming Effective.

2.2 Termination

If the Share Scheme does not become Effective on or before the End Date, or the Merger Implementation Agreement is terminated in accordance with its terms, SPI's obligations under this Deed will automatically terminate and the terms of this Deed will be of no further force or effect, unless SPI and AQQ otherwise agree in writing in accordance with the Merger Implementation Agreement.

2.3 Consequences of termination

If this Deed is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) SPI is released from its obligations to further perform this Deed except those obligations contained in clause 9.3; and
- (b) each Scheme Participant retains any rights, power or remedies it has against SPI in respect of any breach of this Deed by SPI which occurred before termination of this Deed.

3. PAYMENT OF SCHEME CONSIDERATION

3.1 Performance of obligations generally

SPI must comply with its obligations under the Merger Implementation Agreement and do all things necessary or desirable on its part to implement the Scheme.

3.2 Undertaking to pay Scheme Consideration

Subject to clauses 2, 3.4 and 3.5, in consideration of the transfer of each AQQ Share to SPI, SPI must on or as soon as practicable after the Implementation Date:

- (a) acquire all AQQ Shares on issue at the Record Date from Scheme Participants, in accordance with the provisions of the Share Scheme;
- (b) issue and allot the Scheme Consideration to each Scheme Participant (other than to Ineligible Foreign Holders who will be dealt with in accordance with clause 3.4 and those Small Shareholders who elect to

receive cash proceeds instead of New SPI Shares in accordance with clause 3.5); and

- (c) otherwise do all things necessary or expedient on its part to implement the Share Scheme.

3.3 Satisfaction of obligation to provide Scheme Consideration

The obligation of SPI to provide the Scheme Consideration referred to in clause 3.2(b) will be satisfied by SPI:

- (a) on the Implementation Date, passing a resolution of directors and doing all other things necessary to validly issue the New SPI Shares comprising the Scheme Consideration due to that Scheme Participant (other than an Ineligible Foreign Holder and Small Shareholders who elect to receive cash proceeds instead of New SPI Shares) and entering in the register of members of SPI the name and registered address of each Scheme Participant, in relation to all the New SPI Shares issued to each Scheme Participant as Scheme Consideration in accordance with the Share Scheme;
- (b) on the Implementation Date, passing a resolution of directors and doing all other things necessary to validly issue to the Sale Agent all the New SPI Shares required to be issued to the Sale Agent under the Scheme rather than to an Ineligible Foreign Holder or a Small Shareholder who elects to receive cash proceeds instead of New SPI Shares, and entering the name and registered address of the Sale Agent in the register of members of SPI as the holder of those New SPI Shares;
- (c) on or as soon as practicable after the Implementation Date (and in any event within five (5) Business Days), dispatching to each Scheme Participant, by pre-paid post to his or her address as recorded in AQQ's Register at the Record Date or to the Sale Agent (as the case may be), a certificate or uncertificated holding statement in the name of that Scheme Participant representing the number of New SPI Shares issued to that Scheme Participant;
- (d) on the Implementation Date, if required by AQQ, executing a valid share transfer form or forms (which may be a master transfer) as contemplated by clause 4.3 of the Scheme effecting the transfer of the Scheme Shares from the Scheme Participants to SPI and must deliver such executed share transfer form or forms to AQQ for registration; and
- (e) procuring, as soon as reasonably practicable (and in any event not more than fifteen (15) Business Days after the Implementation Date) that the Sale Agent sell any New SPI Shares issued to it and remit the proceeds to the relevant Ineligible Foreign Holders and Small Shareholders, in accordance with the Scheme.

3.4 Ineligible Foreign Holders

SPI will be under no obligation under the Scheme to issue, and will not issue, any New SPI Shares to an Ineligible Foreign Holder, and instead where a Scheme Participant is an Ineligible Foreign Holder, the number of New SPI Shares to which the Scheme Participant would otherwise be entitled, will be issued to a nominee approved by SPI, AQQ and (if necessary) ASIC who will sell those New SPI Shares as soon as practicable and in accordance with clause 3.3(e) (at the risk of that Ineligible Foreign Holder) and pay the proceeds received, after deducting any

applicable brokerage, stamp duty and other taxes and charges, to that Ineligible Foreign Holder in full satisfaction of that Ineligible Foreign Holder's rights under the Scheme to Scheme Consideration.

3.5 Small Shareholders

Scheme Participants who are entitled to receive 5,000 or less New SPI Shares (or such other number as may be agreed between SPI and AQQ in writing) under the Scheme will be given the option to have those New SPI Shares issued to a nominee approved by SPI, AQQ and (if necessary) ASIC who will sell those New SPI Shares as soon as practicable and in accordance with clause 3.3(e) (at the risk of the Scheme Participant) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Scheme Participant in full satisfaction of that Scheme Participant's rights under this Deed to Scheme Consideration.

3.6 Joint holders

In the case of AQQ Shares held by Scheme Participants in joint names:

- (a) any entry in the register of members of SPI required to be made must record the names and registered addresses of the joint holders; and
- (b) any certificates or uncertificated holding statement for New SPI Shares must be issued to Scheme Participants in the names of the joint holders and must be forwarded to the holder whose name first appears in AQQ's Register at the Record Date.

4. QUOTATION OF NEW SPI SHARES

SPI must use its best endeavours to procure that the New SPI Shares to be issued pursuant to the Share Scheme will be quoted on ASX initially on a deferred settlement basis on and from the Business Day after the Effective Date, and on an ordinary settlement basis on and from the Business Day following the Implementation Date.

5. REPRESENTATIONS AND WARRANTIES

SPI represents and warrants that:

- (a) **(status)** it is a company limited by shares and validly existing;
- (b) **(power)** it has full legal capacity and power to enter into this Deed and to carry out the transactions that this Deed contemplates;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this Deed and its carrying out the transactions this Deed contemplates;
- (d) **(Deed effective)** this Deed constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditor's rights generally) subject to any necessary stamping; and
- (e) **(Rank equally)** the New SPI Shares to be issued pursuant to the Scheme will be validly issued, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest and will rank equally in all respects with all other SPI Shares then on issue (other than in respect of any

dividend already declared and not yet paid by SPI, where the record date for entitlement to that dividend occurred prior to the Implementation Date).

6. CONTINUING OBLIGATIONS

This Deed is irrevocable and, subject to clause 2, remains in full force and effect until SPI has completely performed its obligations under this Deed or the earlier termination of this Deed under clause 2.

7. NOTICES

Each communication (including each notice, consent, approval, request and demand) under or in connection with this Deed:

- (a) must be in writing;
- (b) must be addressed to the address notified by the recipient to the sender from time to time; at the date of this Deed, SPI's address is the address as set out at the start of this Deed;
- (c) must be signed by the sender or (on the sender's behalf) by the solicitor for or any attorney, director, secretary or authorised agent of that sender;
- (d) must be delivered by hand or posted by prepaid post to the address, or sent by fax to the number, or sent by email to the email address, of the addressee in accordance with (c); and
- (e) is taken to be received by the addressee:
 - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
 - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting;
 - (iii) (in the case of facsimile) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the facsimile machine from which it was sent or other verification from the time of sending;
 - (iv) (in the case of email) at the time that the email reaches the addressee's email address; and
 - (v) (in the case of delivery by hand) on delivery,

but if the communication would, on the application of clauses (i) to (v), be taken to be received on a day that is not a Business Day or after 5.00pm on a Business Day, it is taken to be received at 9.00am on the next Business Day.

8. AMENDMENT AND ASSIGNMENT

8.1 Amendment

This Deed may not be varied unless:

- (a) before the Second Court Date, the variation is agreed to in writing by AQQ; or
- (b) on or after the Second Court Date, the variation is agreed to in writing by AQQ and is approved by the Court,

and, in which case, SPI will enter into a further deed poll in favour of Scheme Participants giving effect to that amendment.

8.2 Assignment

The rights and obligations of a person under this Deed are personal. They cannot be assigned, novated, encumbered, charged or otherwise dealt with, and no person shall attempt or purport to do so.

9. GENERAL

9.1 Governing law

This Deed is governed by and must be construed according to the law applying in Western Australia.

9.2 Jurisdiction

Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Western Australia, and any courts competent to determine appeals from any of those courts, with respect to any proceedings that may be brought at any time relating to or in connection with this Deed; and
- (b) waives any objection that it may now or in the future have to the venue of any proceedings, and any claim that it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 9.2(a).

9.3 Liability for expenses

SPI is solely responsible for, and must indemnify each Scheme Participant against, and must pay each Scheme Participant on demand the amount of, any duty that is payable and any related fines, interest and penalties in respect of or in connection with this Deed, the performance of this Deed and each transaction effected by or made or any instrument executed under this Deed or the Scheme, including the transfer of Scheme Shares under the Scheme.

9.4 Waiver of rights

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement, of a right provided by law or under this Deed by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this Deed.

- (b) A waiver or consent given by a party under this Deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this Deed operates as a waiver of another breach of that term or of a breach of any other term of this Deed.

9.5 Consent

SPI consents to AQQ producing this Deed to the Court.

9.6 Further acts and documents

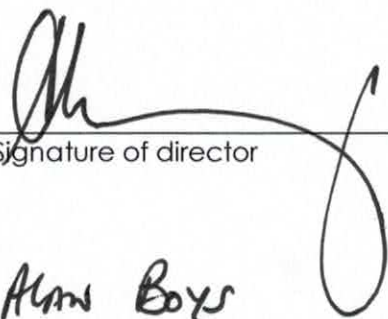
SPI must promptly do all further acts and execute and deliver all further documents (in such form and content reasonably satisfactory to AQQ) required by law or reasonably requested by AQQ to give full effect to this Deed and the transactions contemplated by this Deed.

9.7 Severance and enforceability

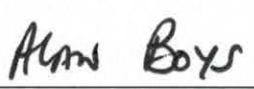
Any provision, or the application of any provision, of this Deed that is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Deed in that or any other jurisdiction.

EXECUTED as a Deed.

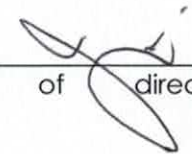
EXECUTED by)
SPITFIRE MATERIALS LIMITED)
ACN 125 578 743)
 in accordance with section 127 of the)
Corporations Act 2001 (Cth):



 Signature of director



 Name of director



 Signature of secretary* of director/company

John A Young

 -Name of director/company secretary*

*please delete as applicable

Annexure E – Notice of Scheme Meeting

Notice of Scheme Meeting of Aphrodite Shareholders

Notice is hereby given that, by order of the Federal Court of Australia (**Court**) made on 10 November 2017 pursuant to section 411(1) of the Corporations Act, a meeting of Aphrodite Shareholders will be held at the office of RMS Australia Pty Ltd, 116 Harrick Road, Keilor Park, Victoria, on Monday, 18 December 2017 commencing at 10am (Melbourne time).

The Court has also directed that Mr Roger Mitchell act as chairman of the Scheme Meeting, or failing him, Mr Peter Buttigieg, and has directed the chairman to report the result of the Scheme Meeting to the Court.

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between Aphrodite and the Aphrodite Shareholders (other than Spitfire).

A copy of the Scheme and the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet of which this notice forms part. Terms and abbreviations used in this notice and in the Scheme Booklet are defined in the Scheme Booklet.

Resolution – Approval of Scheme

To consider, and if thought fit, to pass the following resolution:

“That pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between Aphrodite and Aphrodite Shareholders (other than Spitfire), as contained in and more particularly described in the document of which the notice convening this meeting forms part, is approved (with or without modification as approved by the Federal Court of Australia).”

Majority Required

To pass the resolution approving the Scheme, votes in favour of the Scheme must be cast by:

- more than 50% in number of Aphrodite Shareholders (other than Spitfire) present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- at least 75% of the total number of votes cast on the resolution by Aphrodite Shareholders (other than Spitfire).

Voting at the Scheme Meeting will be by poll rather than by show of hands.

Spitfire is excluded from voting on the Scheme by reason of its existing shareholding interest in Aphrodite and the fact that it is the proponent of the Scheme. As at the date of the Scheme Booklet, Spitfire and its associates hold 10.38% of Aphrodite Shares.

How to Vote

Aphrodite Shareholders (other than Spitfire) can vote in either of two ways:

- by attending the Scheme Meeting and voting in person or by attorney or, in the case of corporate Aphrodite Shareholders, by corporate representative; or

- by appointing a proxy to attend and vote on their behalf, using the proxy form enclosed with the Scheme Booklet.

Voting in Person (or by Attorney or Corporate Representative)

Aphrodite Shareholders (other than Spitfire) or their attorneys who plan to attend the Scheme Meeting are asked to arrive at the venue 30 minutes prior to the time designated for the Scheme Meeting so that the shareholding can be checked against the Aphrodite Register and attendances can be noted. If an Aphrodite Shareholder (other than Spitfire) wishes to appoint an attorney, that Aphrodite Shareholder will need to provide Aphrodite with an original or certified copy of the power of attorney under which they authorise the attorney to attend and vote at the Scheme Meeting at least 48 hours prior to the commencement of the Scheme Meeting. In order to vote in person at the meeting, an Aphrodite Shareholder (other than Spitfire) which is a corporation may appoint an individual to act as its representative. The appointment must comply with the requirements of section 250D of the Corporations Act. A corporate Aphrodite Shareholder should obtain an "Appointment of Corporate Representative" form from Security Transfer and complete that form in accordance with its instructions. The representative should bring this form, duly completed, to the Scheme Meeting and any authority under which it is signed, unless this has already been provided and is kept at Security Transfer.

Jointly Held Aphrodite Shares

If the Aphrodite Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held Aphrodite Shares, only the vote of the shareholder whose name appears first on the Aphrodite Share Register will be counted.

Proxy Instructions

- An Aphrodite Shareholder (other than Spitfire) entitled to attend and vote at the Scheme Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Scheme Meeting.
- The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where two proxies are appointed, unless the appointment specifies the proportion or number of the Aphrodite Shareholder's votes, each proxy may exercise half of the votes. Fractions of votes will be disregarded.
- A proxy may, but need not be, an Aphrodite Shareholder.
- If a proxy is instructed to abstain from voting on any item of business, that person is directed not to vote on the Aphrodite Shareholder's behalf on a poll and the Aphrodite Shares the subject of the proxy appointment will not be counted in computing the required majority.
- If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting, as that person thinks fit.
- Aphrodite Shareholders who return their proxy forms with a direction on how to vote but without nominating the identity of their proxy will be taken to have appointed the chairman of the Scheme Meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the Scheme Meeting, the chairman of the Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the Scheme Meeting, the secretary or any director which do not contain a direction will, in the absence of a change in circumstances, be used to vote in favour of the Scheme.
- A vote given in accordance with the terms of a proxy is valid despite the revocation of the proxy, unless notice in writing of the revocation has been received by Aphrodite or Security Transfer before commencement of the Scheme Meeting.

- Appointing a proxy will not preclude you from attending the Scheme Meeting in person and voting at the Scheme Meeting instead of your proxy.
- Completed proxy forms may be lodged by:
 - using one of the reply paid envelopes enclosed with the Scheme Booklet; OR
 - by posting, delivery or facsimile to the Aphrodite share registry as follows:

Security Transfer Australia Pty Ltd
PO Box 52
Collins Street
West Victoria 8007
Fax: (08) 9315 2233 (within Australia)
+61 8 9315 2233 (outside Australia)
- To be valid for the Scheme Meeting, completed proxy forms (and any power of attorney under which they are signed) must be received by no later than **10am (Melbourne time) on Saturday, 16 December 2017**.
- The proxy form must be signed by the Aphrodite Shareholder or the Aphrodite Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointor's attorney, a certified copy of the power of attorney, or the power itself, must be received by Security Transfer at the above addresses or by facsimile transmission by **10am (Melbourne time) on Saturday, 16 December 2017**. If facsimile transmission is used, the power of attorney must be certified.

Aphrodite Shareholders who are Entitled to Vote

Pursuant to section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining a person's entitlement to vote at the Scheme Meeting is **7pm (Melbourne time) on 16 December 2017**. Only those Aphrodite Shareholders (other than Spitfire) entered on the Aphrodite Share Register as at that time will be entitled to attend and vote at the Scheme Meeting. Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

Court Approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) will not be implemented unless it is approved by an order of the Court. If the resolution put to the Scheme Meeting is passed by the majority required, Aphrodite intends to apply to the Court for the necessary orders to give effect to the Scheme.

Corporate Directory

Aphrodite Gold Limited

Directors

Peter Buttigieg
Roger Mitchell
Paul Buttigieg
Angus Middleton

Company Secretary

Michael Beer

Registered & Principal Office

116 Harrick Road
KEILOR PARK VIC 3042

Solicitors to Aphrodite

GTP Legal
69 Aberdeen Street
NORTHBRIDGE WA 6003

Auditor

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
WEST PERTH WA 6005

Share Registry

Security Transfer Australia Pty Ltd
530 Little Collins Street
MELBOURNE VIC 3000

Spitfire Materials Limited

Directors

Alan Boys
John Young
Neil Biddle

Company Secretary

Russell Hardwick

Registered & Principal Office

130 Stirling Highway
NORTH FREMANTLE WA 6159

Solicitors to Spitfire

Steinepreis Paganin
Level 4, 16 Milligan Street
PERTH WA 6000

Auditor

Bentleys Audit & Corporate (WA) Pty Ltd
London House, Level 3
216 St Georges Terrace
PERTH WA 6000

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
PERTH WA 6000

