



DECEMBER 2017 QUARTERLY ACTIVITIES REPORT

Completion of 1.3Moz WA gold merger and \$5.33m capital raising allows Spitfire to hit the ground running in 2018

- Scheme of arrangement between Aphrodite Gold and Spitfire Materials completed following approval by Aphrodite shareholders on 18 December 2017 and the Federal Court of Australia on 20 December 2017.
- Heavily oversubscribed \$5.33m share placement completed subsequent to quarter-end to underpin major gold drilling push in 2018, commencing with 5,000m diamond drilling program at 1.3Moz Aphrodite Gold Project.
- All results received from the follow-up Reverse Circulation drilling program completed at the Mulwarrie Gold Project, WA in December 2017.
- The results build on and complement the high-grade primary gold intercepts reported in previous drilling campaigns, highlighting the strategic importance of Mulwarrie to Spitfire's growth and consolidation strategy in the Eastern Goldfields region of WA.
- Impressive maiden drill results of up to 25g/t Au confirm outstanding potential of Alice River Gold Project, North Queensland.

Overview

Spitfire Materials Limited (ASX: SPI) Managing Director, John Young, said the December quarter had been highly successful from both a corporate, strategic and operational perspective.

"The merger with Aphrodite Gold progressed through all of its final approvals and regulatory hurdles during the quarter and was completed in early January – resulting in the creation of a new Australian gold company with a large resource inventory, a diversified asset base and an exciting opportunity to grow rapidly through targeted exploration and consolidation at an exciting time for the Australian gold sector," he said.

“Exploration continued during the quarter with highly successful Reverse Circulation drilling programs at both the Alice River Gold Project in Queensland and the Mulwarrie Gold Project in WA. The Alice River drilling has confirmed the presence of significant high-grade primary gold mineralisation both below and along strike from historical gold mining areas. At Mulwarrie, we have an emerging gold asset which is strategically located just 65km from our new primary gold asset at Aphrodite.

“Hard on the heels of the Aphrodite merger, we completed a heavily oversubscribed \$5.33 million capital raising which really sets the Company up for a very busy and successful 2018. Our new work programs are set to begin very shortly with a major 5,000m drilling program at Aphrodite which should generate very strong news-flow over the coming weeks and months.”

Merger with Aphrodite Gold

On 20 December 2017, the merger with Aphrodite Gold Limited (ASX: AQQ) was approved by the Federal Court of Australia and was implemented on 4 January 2018. As a result, Aphrodite is now a wholly-owned subsidiary of Spitfire.

In accordance with the Scheme of arrangement, Spitfire has issued 221,085,527 fully-paid new ordinary shares (“Shares”) as consideration for the transfer of Aphrodite shares to Spitfire under the Scheme. Trading of these new Spitfire Shares commenced on 5 January 2018 on a normal settlement basis. Spitfire has also granted 13,812,635 unlisted options, each exercisable at \$0.1158 on or before 19 August 2019, in consideration for the cancellation of all existing Aphrodite options on issue.

The completion of the merger between Aphrodite and Spitfire has resulted in the creation of a substantial Australian gold company with an extensive resource inventory at the Aphrodite Gold Project near Kalgoorlie in Western Australia and an exciting pipeline of exploration and development projects in Western Australia and Queensland. As proposed in the Scheme Booklet, Aphrodite Directors Peter Buttigieg and Roger Mitchell have joined the Spitfire board, which is led by a highly skilled management team including John Young as Managing Director and Neil Biddle as Executive Director.

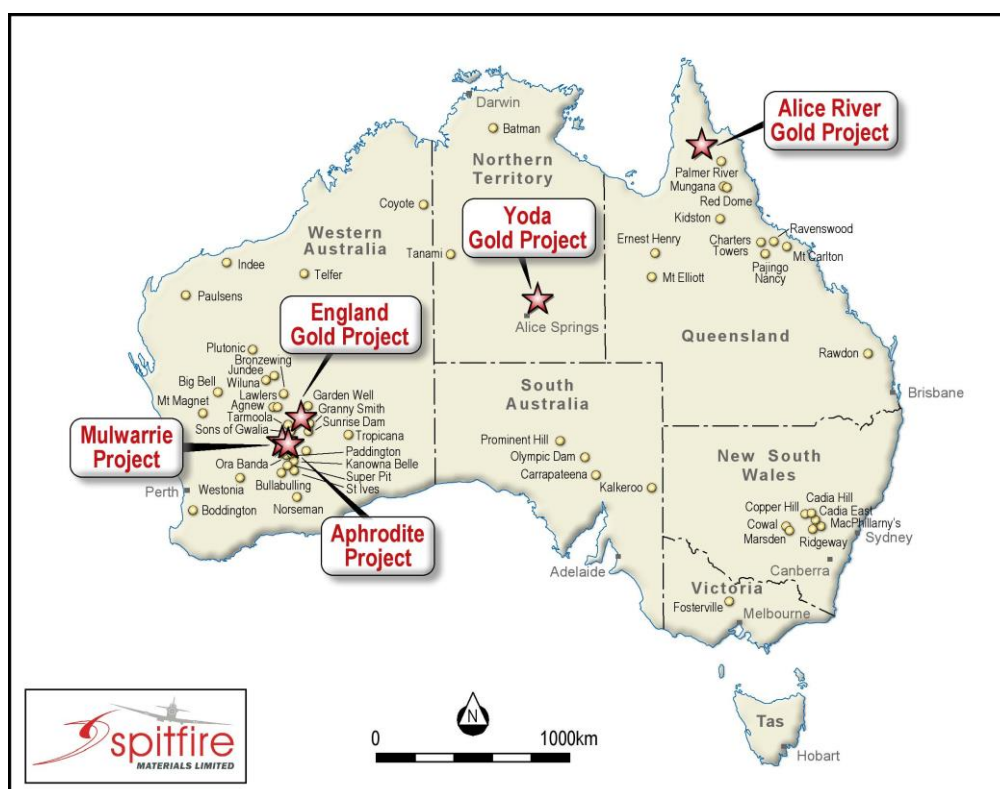


Figure 1: Expanded Australian gold portfolio following the merger of Spitfire and Aphrodite Gold

During the quarter, Spitfire continued its technical and economic assessment of the Aphrodite Gold Project including detailed peer reviews of key technical components of the 2017 Preliminary Feasibility Study (PFS) undertaken by Aphrodite Gold (ASX: AQQ, Pre-Feasibility Study Results, 27 June 2017). The Mining, Metallurgy and Environmental sections of the PFS were selected for review based on estimates of project risk and opportunity in each area and the potential to influence the project's outcomes. These sections were reviewed by independent consultants and their findings have identified a number of opportunities to improve the project's economic and technical outcomes.

During the quarter, Spitfire engaged Model Earth structural geology and 3D consultants to complete a study of the structural and geological controls on the gold mineralisation in the Aphrodite gold deposit. The Work Program is to review existing historical geology and structural information and then re-log three strategic cross-sections (of 5-6 core holes) with an emphasis on determining the structural controls of the high-grade ore zones to assist with the location of the deep drilling to be carried out in Q1 2018. This new level of understanding of the orebody will assist with the construction of a new 3D geological based model of Aphrodite. The work is ongoing.

Corescan have also been engaged to complete some preliminary hyperspectral scanning of drill core from the Aphrodite Gold deposit using high-resolution reflectance spectroscopy (0.5mm), visual imagery (0.05mm) and 3D laser profiling to map mineralogy and geochemistry. This will assist to determine a way forward with ore sorting technology which may be used to optimise any future ore processing route.

Further detailed technical studies have been designed to test the findings identified during the peer review process. These studies will be addressed during 2018, the results of which will define the scope for further Definitive Feasibility Studies (DFS) for the project.

Mulwarrie Gold Project, WA

EXPLORATION ACTIVITIES

During November-December 2017, the drill program at Mulwarrie was successful in identifying and validating the previous RC drilling to the south and east of the Central Pit, with a total of 27 drill holes completed for 3,517m. The November-December program followed up some of the intersections in what is now known as the East Lode and the Southern Zone, with encouraging results. Exploration Reverse Circulation drilling was also undertaken in several other areas to the east and north of the Mulwarrie Central Area.

MULWARRIE EAST

Previous drilling has identified a mineralized structure which is now known as the East Lode. A successful program in August identified semi-continuous mineralization from Mulwarrie Central to approximately 9680mN (see Figure 2). During December, three holes were completed to follow-up on the significant results from previous drill-holes 17MWRC041, 45 and 47 (see ASX Release, 27th September 2017).

RC drilling targeted the **northern end of the East lode** adjacent the Central pit. The continuity and extent of these individual veins is uncertain, however they lie above the Central pit lodes, and will add valuable information when modelled with the known mineralisation. Significant RC drill intercepts >1g/t are listed below, with full results provided in ASX Release dated 30 January 2018:

- 17MWRC110 2m @ 1.95 g/t Au from 74m,
 1m @ 1.21 g/t Au from 116
- 17MWRC111 3m @ 3.21 g/t Au from 63m
 1m @ 1.40 g/t Au from 81m
- 17MWRC112 1m @ 2.71 g/t Au from 40m
 1m @ 12.63 g/t Au from 73m
 1m @ 1.24 g/t Au from 77m

- 17MWRC103 **2m @ 6.52 g/t Au** from 105m; including
1m @ 11.95 g/t Au from 105m
- 17MWRC105 **4m @ 5.91 g/t Au** from 78m; including
1m @ 19.65 g/t Au from 78m, and
2m @ 11.36 g/t Au from 86m, including
1m @ 21.28 g/t Au from 86m, and
2m @ 46.04 g/t Au from 122m, and
2m @ 1.14g/t Au from 136m
- 17MWRC108 **2m @ 1.82 g/t Au** from 100m, and
1m @ 2.21 g/t Au from 134m, and
4m @ 15.63 g/t Au from 142m, including
1m @ 53.6 g/t Au from 143m, and
1m @ 1.56 g/t Au from 159m, and
3m @ 2.74 g/t Au from 164m, and
8m @ 14.94 g/t Au from 176m, including
5m @ 22.27 g/t Au from 177m

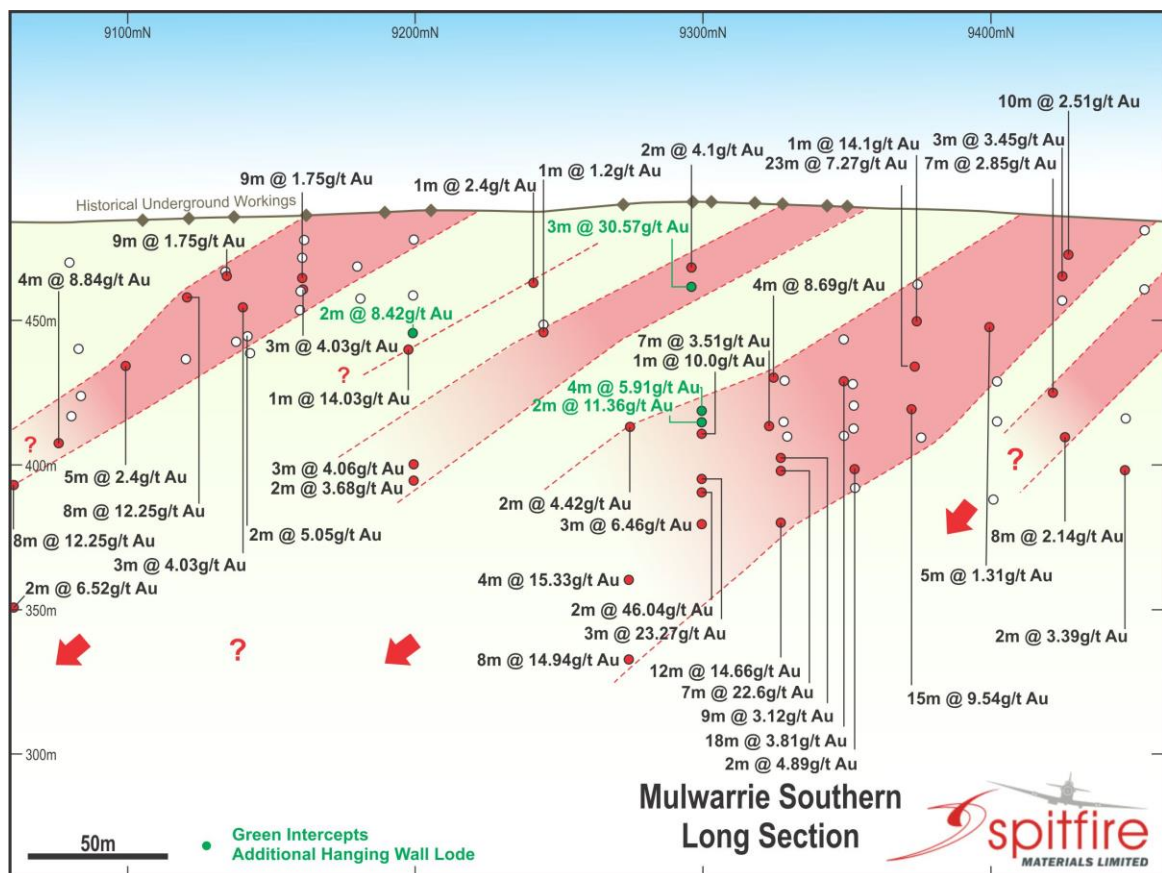


Figure 3: Mulwarrie South Long section

MULWARRIE EXPLORATION

The Mulwarrie East and East Porphyry workings are located approximately 200m south-east of Mulwarrie Central pit (originally called the Golden Agate group). First-pass wide spaced RC drilling has been completed on a number of drill fences, with several narrow, high-grade veins intersected (for full results of this work, see ASX Release dated 30th January 2018). Reconnaissance RC drilling was also completed at the Mulwarrie North workings. The shallow east-dipping structure that controls the narrow high-grade mineralisation has now been intersected over a strike length of 220m.

Alice River Gold Project, NE Queensland

EXPLORATION ACTIVITIES

The Alice River Gold Project is located 270km west of Cooktown, or 470km north-west of Cairns, in NE Queensland, at the southern end of the Savannah Province. The project encompasses eight Exploration Permits (EPM's) and eight granted Mining Leases (ML's).

The initial drilling, which was focused within the previously announced Exploration Target at the **Alice Queen** and **One Mile** prospect areas, has confirmed the presence of significant high-grade primary gold mineralisation both below and along strike from historical gold mining areas.

The October 2017 drill program at Alice River comprised **14 holes for 2,397m** and was successful in validating the historical RC and diamond drilling results reported the 1980s and 1990s by previous companies. The new drilling results have demonstrated that the gold system **extends further than previously thought and is open along strike and at depth**. The drilling at One Mile targeted the down-plunge (northern) extension of shallower mineralisation at Alice Queen. Full results were provided in the ASX Release dated 28 November 2017.

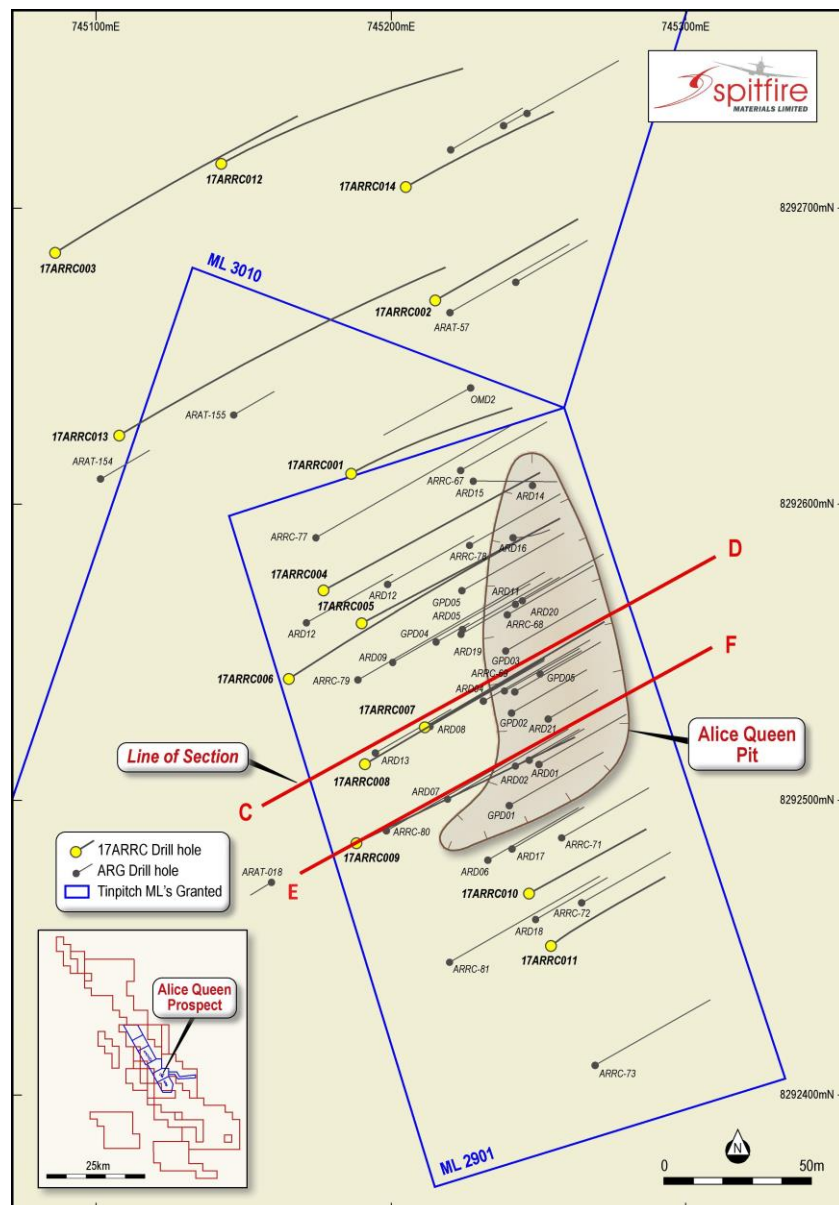


Figure 4: Alice River Drill Plan

ALICE QUEEN – ONE MILE MINING CENTRE

The historical Alice Queen Mine and One Mile prospect areas, are located on granted Mining Leases ML2901 and ML3010 respectively.

As part of the planned program, holes 17AARC001 to 17AARC014 were drilled to test the mineralization below the Alice Queen pit and to follow the mineralized zone to the NNW, down-plunge of the Alice Queen Pit, towards One Mile.

Reverse Circulation holes 17ARRC001 to 17ARRC003, and holes 17ARRC012 – 17AARC014 were completed over the **One Mile Prospect**, targeting extensions of the higher-level vein system at the Alice Queen pit both along-strike and down-plunge. Drilling was successful in defining broad alteration zones with low to moderate grade gold mineralisation over significant widths below 100m. The results from 17ARRC002 are very encouraging, with this hole identifying the likely extension of the main quartz vein/lode in the Alice Queen pit further south.

Reverse Circulation holes 17ARRC004 – 17AARC011 were designed to drill critical sections of the of Alice Queen open pit area at depth, below the known mineralisation. Drill holes 17ARRC004 – 17AARC006 were located at the northern end of the pit and intersected broad widths (>35m) of elevated gold in excess of 0.10g/t Au. Drill-holes 17ARRC007 and 17AARC008 were drilled below the middle area of Alice Queen open pit, and the intersection widths correlate well with historical drilling in the 1980s to 1990s, displaying good continuity between holes. Significant RC drilling intercepts >0.5g/t are listed in detail in ASX release dated 28 November 2017.

Hole 17ARRC007 returned a significant result of **14m @ 5.47g/t Au including 5m @ 12.85g/t Au, and 1m @ 33.0g/t Au**. 17AARC009 was drilled 50m south of section E-F and returned a significant result of **17m @ 3.26g/t Au, including 5m @ 8.45g/t Au**.

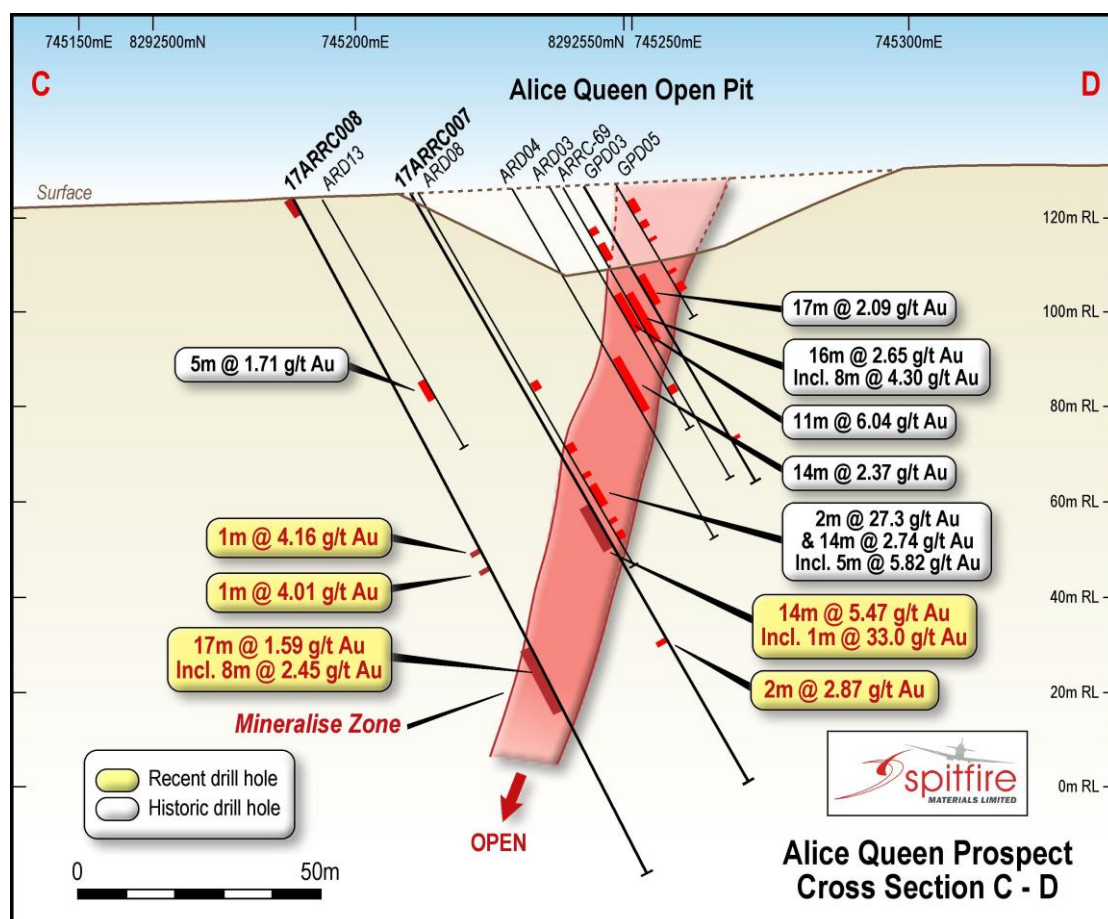


Figure 5: Drill Section C-D

WHITE LION PROSPECT

The White Lion Prospect lies some 15km along strike to the south-east of Alice Queen area, located on EPM 26266. Several rock chip samples were taken by Spitfire at this prospect over a quartz-vein breccia zone located just north of the White Lion magnetic anomaly. Eight rock chip samples were taken by Spitfire during the quarter from surface outcrops, and results returned assays of up to 1.7g/t Au. These results have verified the anomalous rock chip results reported from historical exploration work carried out in the 1980s, which returned assays of up to 2.56g/t Au.

The target at White Lion could be more clearly defined by employing ground electrical geophysical surveys such as Induced Polarisation, which has been recommended by the Company's consultants.

NATIVE TITLE

No agreement was reached with the Olkola Corporation with regard to access for high-impact exploration on the granted Exploration Licences at the Alice River Gold Project. Further negotiations and meetings will be required in the first quarter of 2018 including an option to proceed under the NTPC legal process and utilise the Land Court to facilitate an appropriate outcome.

Cash Position

The Company held cash reserves of A\$1.73 million.

MORE INFORMATION

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Competent Person's Statement

The information in this presentation relating to Exploration Results and Mineral Resources is based on information compiled by the Company's proposed Managing Director, Mr John Young, a competent person, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Young has sufficient experience relevant to the style of mineralisation and to the type of activity described to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Young has disclosed to the Company that he is a substantial shareholder in the Company. Mr Young consents to the inclusion in this announcement of the matters based on his information in the form and content in which it appears. The Company is not aware of any new information or data that materially affects the information included in the previous ASX announcements.

SCHEDULE OF TENEMENTS

Country/state	Tenement Code	Beneficial Interest (%)
England Gold Project		
Western Australia	E38/2869	100%
Yoda Prospect Project		
Northern Territory	EL 30834	100%
South Woodie Woodie Manganese Project		
Western Australia	E46/616	80%
Western Australia	E46/787	100%
Western Australia	E46/835	100%
Western Australia	R46/0002	80%
Western Australia	E46/1159 Application	100%
Western Australia	E46/1160	100%
Mulwarrie Gold Project		
Western Australia	M30/0119	0%*
Western Australia	M30/0145	0%*
Alice River Gold Project		
Queensland	ML2901	0%*
Queensland	ML2902	0%*
Queensland	ML2907	0%*
Queensland	ML2908	0%*
Queensland	ML2957	0%*
Queensland	ML2958	0%*
Queensland	ML3010	0%*
Queensland	ML3011	0%*
Queensland	EPM14312	0%*
Queensland	EPM14313	0%*
Queensland	EPM15359	0%*
Queensland	EPM15360	0%*
Queensland	EPM15409	0%*
Queensland	EPM15410	0%*
Queensland	EPM16301	0%*
Queensland	EPM26266	0%*

* Subject to Farm-in and joint venture agreements.

Aphrodite Gold Project

Western Australia	M24/720	100%
Western Australia	M24/779	100%
Western Australia	M24/649	100%
Western Australia	M24/681	100%
Western Australia	M24/662	100%
Western Australia	E24/186	100%
Western Australia	P24/5014	100%
Western Australia	P24/5015	100%
Western Australia	L24/204	100%
Western Australia	L29/114	100%
Western Australia	L29/115	100%
Western Australia	L24/225 – Pending Application	100%
Western Australia	L24/226 – Pending Application	100%
Western Australia	L24/227 – Pending Application	100%