

31 January 2018**ASX Announcement**

DECEMBER 2017 QUARTERLY ACTIVITIES AND CASHFLOW REPORT

Highlights

- Surefire consolidates tenement holding to cover whole of the Kooline Lead/Silver field
- New Licence increases holding to 386km² and covers a 48km uninterrupted strike length containing all main historic lead/silver mines and occurrences
- Kooline historic ore production from high-grade massive galena averaged 10-12% lead and 30-45g/t silver
- In addition to lead/silver, significant copper and gold assayed in Company's rock chip samples
- Gold intersection 1m @ 3.87g/t reported on historical drill hole at the Bilrose working
- Expanded exploration programme will include:
 - RC drilling program for Lead/Silver/Copper focused on IP anomalies
 - Costeaming of high-grade surface material
 - Bulk sampling of alluvial material
 - Follow up mapping and RC drilling on anomalous gold zone
 - Diamond drilling to further interpret structural controls on mineralisation

During the quarter, the Company expanded its Kooline Lead/Silver Project in the Ashburton Province with the acquisition of Exploration Licence Application E08/2956. The acquisition increases the total licence area to nearly 400km² and forms a continuous tenement holding along the strike of the mineralisation that encompasses all the known historic mines and occurrences within the Kooline Lead/Silver field.

In addition, the Company is well advanced in its plans to test a number of targets identified by induced polarisation (IP) anomalies. During the period, a Program of Work ("POW") has been granted from the Department of Mines and Petroleum ("DMP") in order to commence this drilling.

Kooline Lead/Silver Project

The Kooline Project is centred 55 kilometres south of the Paulsen's goldmine and 190 kilometres WNW of Paraburdoo within the Ashburton province of Western Australia. The project area tenements consist of granted Exploration Licences, E08/2372, and E08/2373 and ELA 08/2956 (Figure 1), The Company's licence tenure now covers a total of 386 km², and more importantly, includes 48km of contiguously striking licences linking a number of clusters of historic artisanal lead workings and mines in the high-grade Kooline Lead Field.

The tenement area now extends from the Big Chief Lead Mine in the south-eastern corner, to the Kooline-Coombes Lead Mine in the projects north west.

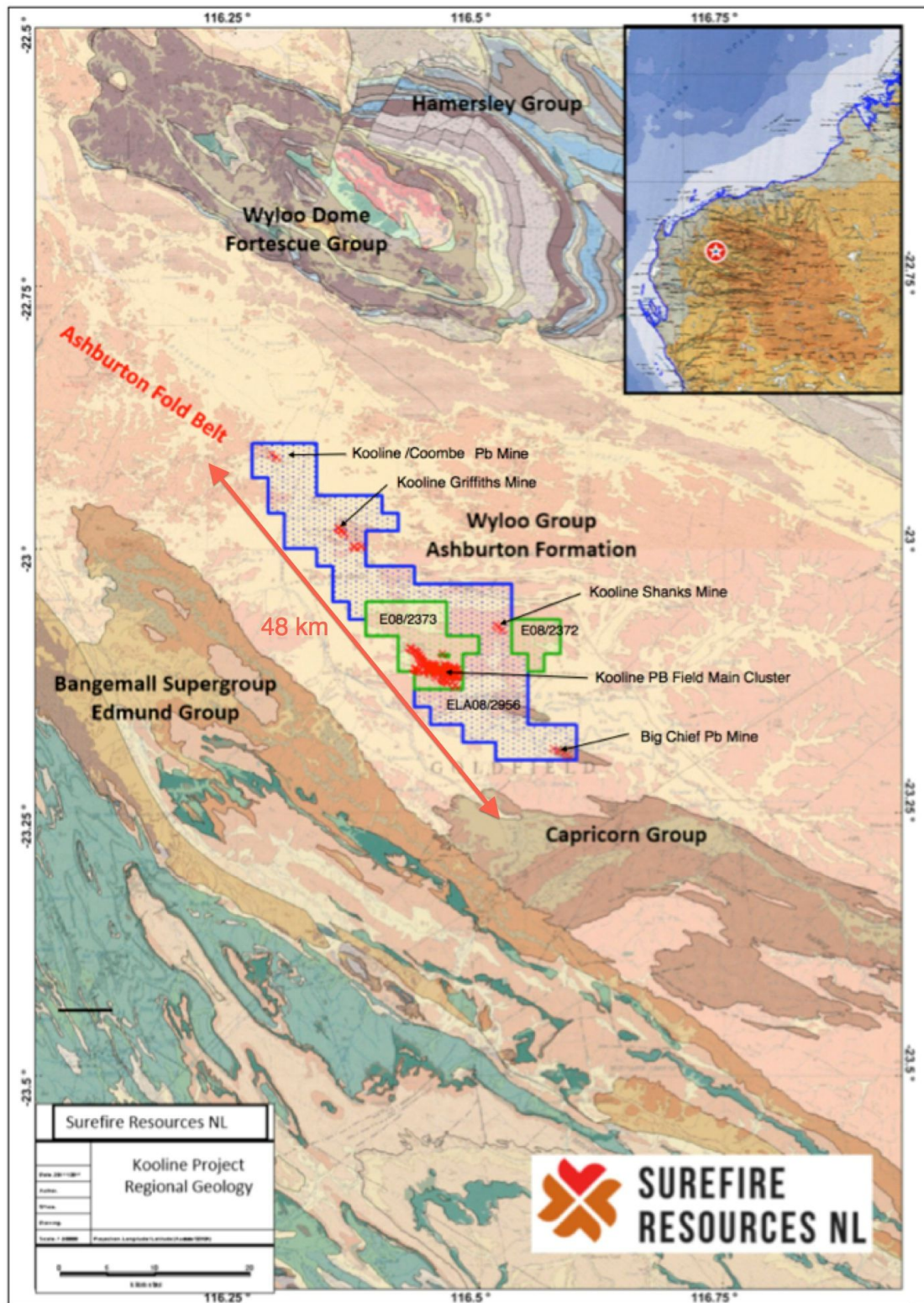


Figure 1: Project tenements and location

Kooline Lead/Silver Project Background

The Kooline Project is situated in a relatively underexplored region in Western Australia where numerous historic gold, and particularly lead/silver workings, are evident. The tenements strike along a moderately defined magnetic and gravity anomaly, indicating the potential presence of moderately deep igneous intrusions. Such intrusions are an important heat source driving the circulation of hydrothermal fluids enriched in various base and precious metals, particularly lead. The lead/silver is deposited in vein filled shears and structures primarily as massive galena.

In addition to the lead/silver mineralisation, a number of other base metal anomalies occur within the project area with numerous high-grade copper, lead, silver and gold samples from rock-chipping and RC drilling.

Historic Exploration Activity

Most of the modern exploration activity over the licence areas at Kooline was undertaken between 2007 and 2010 and included a number of geophysical and geochemical field surveys and some very limited drilling.

In 2008, a series of gradient array IP surveys over the Pharlap June Audrey and Silver King/Rainbow historic mines identified several conductive zones with considerable strike length. Additional Dipole-Dipole surveys across the June Audrey and Silver King/Rainbow workings identified strongly conductive bodies at depth.

A small (10-hole) RC drill programme at that time targeted some anomalies but many targets remain untested. These untested targets include zones of conductivity evident from IP surveys with coincident moderate to strong auger soil geochemical anomalies. Some of these targets are below the deepest levels of workings, or where mineralisation extends beneath areas of transported colluvium and alluvium,

Also of interest is an anomalous gold intersection from this drill programme where hole AK09RC04 at the Bilrose mine workings (Figure 2) that unexpectedly returned a 1m intersection @ 3.87g/t from 25 metres depth. No follow-up testing was undertaken.

The high grade of the mineralisation from the workings at the Kooline Lead/Silver field has been previously supported by rock-chip assays announced by both Surefire and previous workers. These results also include a number of significant copper assay values. Figure 3 shows the Company's rock chip assay results, previously announced on the ASX.

Sample	Easting	Northing	Au g/t	Ag g/t	Pb %	Cu %
AKCR027	444947	7442640	1.02	70	18	1.07
AKCR007	443591	7443844	0.56	175	34	2.15
AKCR041	444973	7445336	0.01	155	59	0.01
AKCR015	444566	7443542	0.19	201	43	0.01
AKCR038	444290	7442871	0.01	85	42	0.15
AKCR016	445304	7443878	0.04	40	37	0.01
AKCR004	443554	7443569	0.32	65	26	0.43
AKCR005	443559	7443720	0.7	30	5	0.38
AKCR013	446320	7441999	0.41	35	12	0.29
AKCR023	445076	7442573	0.31	20	0.01	1.63
AKCR044	442560	7443552	0.11	225	45.8	0.27
AKCR045	442538	7443559	0.51	280	54.8	0.7
AKCR046	442389	7443578	0.23	120	45.6	0.44
AKCR047	442132	7443764	0.21	245	58.1	1.49
AKCR048	442026	7443745	0.34	375	42.5	3.78
AKCR049	442274	7445505	0.15	220	68.4	0.99
AKCR051	441541	7445930	0.18	60	18.2	0.24
AKCR052	441685	7445854	0.05	30	8.22	0.43
AKCR056	442936	7444392	0.11	140	49.3	0.06
AKCR057	445376	7443407	0.13	70	25.1	0.02
AKCR058	446191	7443399	0.46	70	31	0.01
AKCR059	446185	7443007	0.03	120	56.5	0.02
AKCR060	446153	7443040	0.6	580	29.9	2.07
AKCR061	445897	7443190	0.01	65	20.9	0.04

Figure 2: Kooline Rock Chip assays. (ASX announcement November 2016)

A detailed, low-level airborne magnetic, radiometric, and digital terrain survey also undertaken in 2008 has proved to be instrumental in improving the understanding of the structural geological controls on the sulphide mineralisation at Kooline. This data shows that the massive galena which was historically mined occurs within shear-hosted hydrothermal veins that appear dilated at intersections with cross cutting faults.

Structural thickening of the host veins is to be targeted by Surefire with RC drilling in order to locate and hence define significant mineral resources of sufficient tonnage.

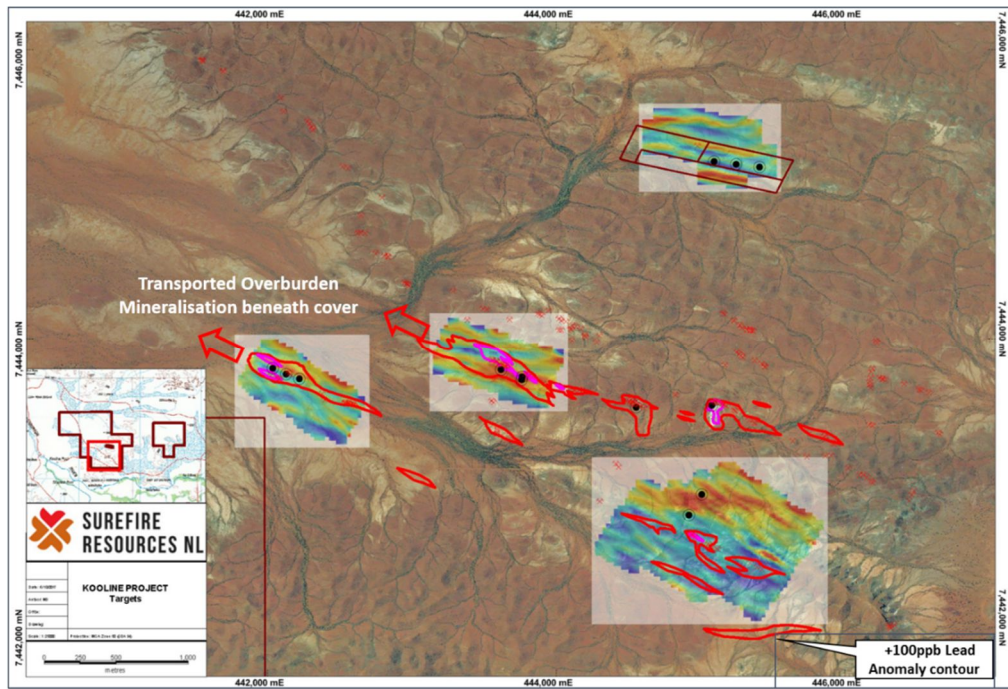


Figure 3: Kooline Main Lead/Silver Field with +100ppb lead contours and IP survey chargeability overlying air photo and RTP aeromagnetic image

Changes in the Lead Market

Global lead mine output has continued to decline in recent years (Figure 4). In 2016, there was a sharp decrease in Australian lead mine output mainly as a consequence of the closure of the Century mine in 2015 and a 100,000-tonne cutback in lead output at some Glencore operations. These reductions were partially balanced by a rise in production in China resulting in an overall global decline of 1.3%.

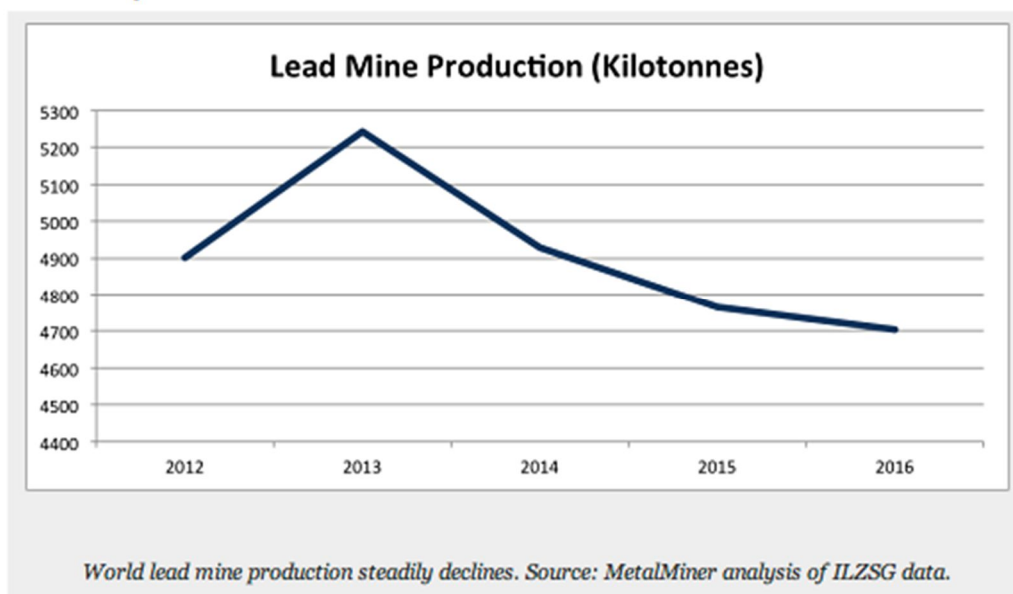


Figure 4: World Mine Lead Production

Although the refined lead market was near balance re supply and demand in 2016, the lack of concentrate supply from mining has resulted in a noticeable fall in Warehouse stocks (Figure 5) and subsequent rise in the lead price (Figure 6.)

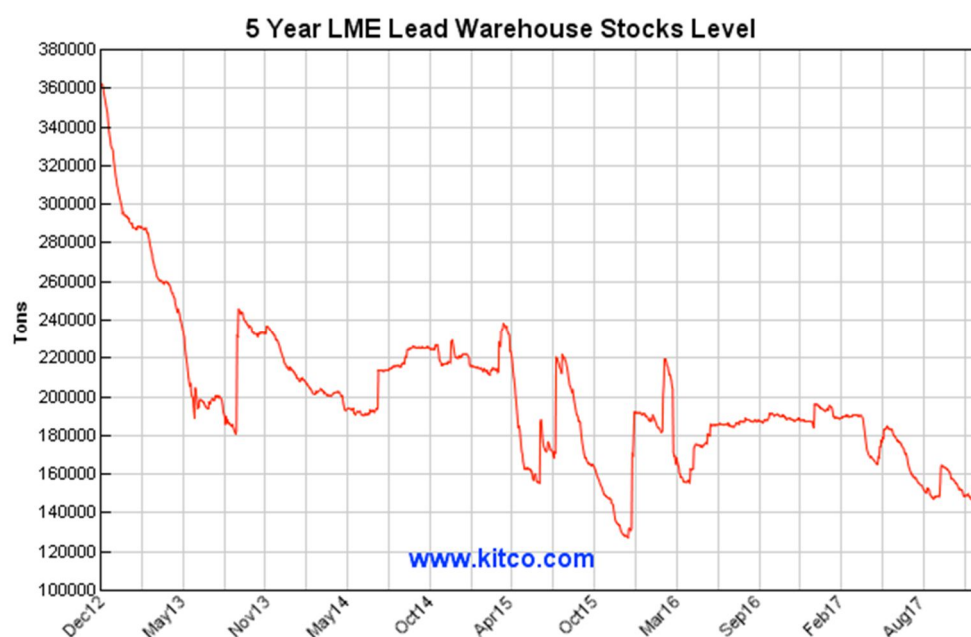


Figure 5: LME Lead Warehouse Stocks (Kitco)



Figure 6: LME Lead Spot Price (Kitco)

With the lack of new mine lead production, the market sentiment for the price of lead continues to be bullish. A key indicator re the supply shortage can be found in the substantial fall in the refining processing price by smelters. During 2017, lead treatment prices have fallen in many instances to below US\$20 per tonne from US\$80 per tonne average in 2016 (Reuters/Metal Miner).

Corporate Officerial Changes

During the quarter, Messrs Michael Povey and Roger Smith were appointed replacement directors of the Company following the resignations of Messrs Victor Turko and John Waring.

Mr Rudolf Tieleman was appointed company secretary following Mr Victor Turko's resignation from that officerial role.

For further information, contact:

Vladimir Nikolaenko

Director

0417 717 417

Competent Persons Statement:

Information in this report relating to exploration results is based on information compiled by Martin Dormer Consultant Geologist. Mr. Martin Dormer, who is a member of the Australian Institute of Mining and Metallurgy, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dormer consents to the inclusion of such information in this report and the context in which it appears.

APPENDIX 1

TENEMENT HOLDINGS AT 31 DECEMBER 2017

Tenement	Nature of Interest	Project	Equity (%)
E08/2372	Granted	Kooline Lead/Silver – Ashburton Region	90%
E08/2373	Granted	Kooline Lead/Silver – Ashburton Region	90%
ELA08/2956	Application	Kooline Lead/Silver – Ashburton Region	100.0%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

SUREFIRE RESOURCES NL

ABN

48 083 274 024

Quarter ended ("current quarter")

31/12/2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(62)	(70)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(26)	(53)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(88)	(123)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise/issue of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	97	123
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	97	123

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11	20
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(88)	(123)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	97	123
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	20	20

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	20	11
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	20	11

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
Nil
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	200	123
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan from Vargas Holdings Pty Ltd – secured over assets of the company once an amount of more than \$100k has been drawn-down in accordance with the agreement, interest at 14%


9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	30
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	35
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	65

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2 Interests in mining tenements and petroleum tenements acquired or increased	E08/2956	Application	0%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


.....
(Director/Company Secretary)

Date: 31 January 2018

Print name: Rudolf Tieleman

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.