

30 April 2018

ASX Announcement

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**MARCH 2018 QUARTERLY ACTIVITIES AND CASHFLOW REPORT**

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**Highlights****Vanadium****Unaly Hill Project**

- Established Resource of 86Mt @ 0.42% V<sub>2</sub>O<sub>5</sub>
- E57/1068 covers 14km of strike of aeromagnetic anomaly in the Atley Igneous Complex
- 3 km drill-tested to date
- Mineralisation remains open at depth and along strike and a number of magnetic target areas along the anomaly remain untested
- Drill program being planned to test targets along remaining strike length

**High-Grade Lead/Silver****Kooline Project**

- Geological Field investigation of Kooline Main workings undertaken in the quarter
- Pending rock sample assay results
- Expanded exploration programme will now include bulk sampling

**During the quarter the Company completed a field investigation of the Kooline main lead/silver field.**

**Vanadium - Unaly Hill Project**

The licence area located approximately 48 km south of Sandstone in the East Murchison Mineral field of Western Australia covers the Unaly Hill Vanadium project and approximately 14km of a major N-S trending aeromagnetic anomaly within the Atley Igneous Complex.

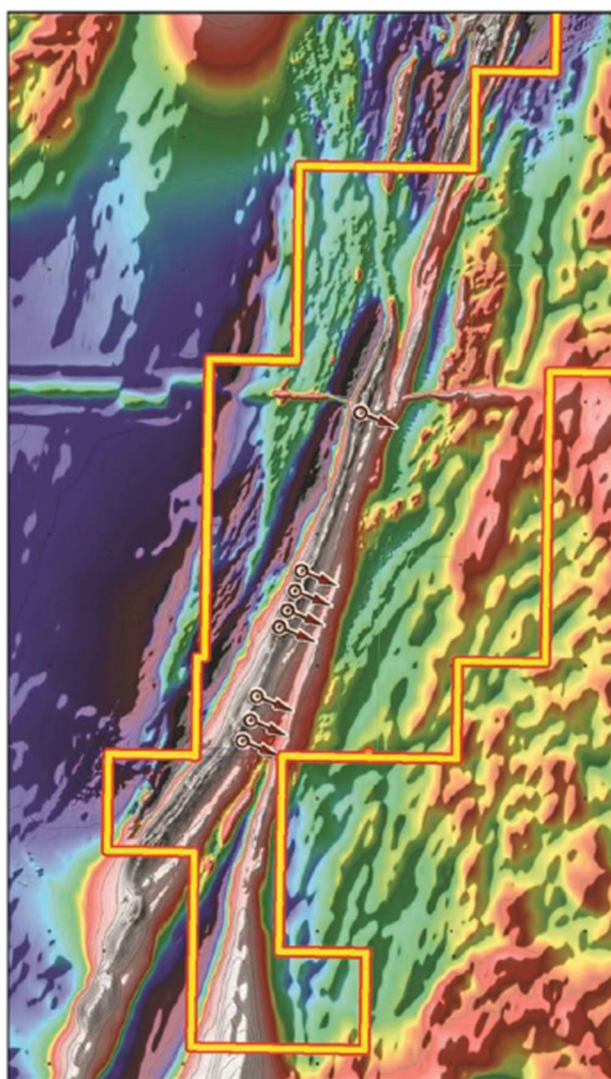
The Atley Igneous Complex is a large differentiated and moderately fractionated layered gabbro intrusion with an areal extent of ~20 x 5 km, and a likely thickness of >2 km and hosts extensive vaniferous magnetite deposits.

Unaly Hill has been geologically well documented by numerous authors and is well understood in terms of geological setting and style of mineralization and has many similarities with typical world-class magmatic Fe-Ti-V deposits associated with layered intrusive complexes.

The Company has previously completed a 2-hole diamond drill program that was followed up with a high-resolution airborne magnetic survey over the Unaly Hill project area in 2010. The primary purpose of the survey was to help plan a drilling program aimed at delineating a vanadium/titanium-rich-magnetite resource.

The subsequent modeling of the data by Southern Geoscience provided some clear first pass targets and enabled an RC drilling program to be planned.

Nine drill traverses were originally modeled but the program concentrated on the southern part of the licence area along approximately 3 km of the strike length of the magnetic anomaly.



**Figure 1: Unaly Hill RC Drill Traverse and TMI**

A total of seven RC drill traverses were completed (Figure 3) that comprised 13 holes and 2066m and revealed significant high-grade vanadium mineralisation in association with magnetite iron.

Other target areas along strike in the licence area remain untested.

A Maiden Inferred Mineral Resource of 86 Mt @ 0.42%  $V_2O_5$  (based on a +0.30%  $V_2O_5$  cut-off.) was compiled from the drill data in accordance with the JORC Code (2004) and was subsequently

announced by the Company (ASX: 21/11/2011).

The Inferred Mineral Resource (Table 1) was prepared (October 2011) by Mr. Vladislav Trashliev of Gemcom, (an independent geological consultancy company) and Mr. Andrew Bewsher from BM Geological Services PL was the Competent Person responsible for the Independent Audit of the Mineral Resource.

Table 1

Inferred Mineral Resource for V <sub>2</sub> O <sub>5</sub> % ( Oct 2011)						
Million tonnes	V <sub>2</sub> O <sub>5</sub> %	Content (Kt) V <sub>2</sub> O <sub>5</sub>	Fe <sub>2</sub> O <sub>3</sub> %	Fe %	TiO <sub>2</sub> %	SiO <sub>2</sub> %
86.2	0.42	36,533	24.79	23.57	4.51	30.1

### High Grade Drill Results

Diamond drill hole UH4 was completed to a depth of 320m and ended in mineralisation, the hole included a substantial higher-grade intersection of 117m @ 0.66% V<sub>2</sub>O<sub>5</sub>, 9.6% TiO<sub>2</sub> and 34.5% Fe.

Further high-grade intersections were also encountered in the RC drill holes and announced by the Company (ASX: 22/9/2010) and included one of 50m @ 0.72% V<sub>2</sub>O<sub>5</sub>, 10.00%TiO<sub>2</sub>, 37.8%Fe in RC hole UHN 105. Two significant high-grade zones were also identified in the resource block model.

### Metallurgical Testwork

Preliminary testwork on the Unaly Hill mineralisation was undertaken by Promet Engineers, Perth and announced in the Company' March 2010 quarterly report and later ASX announcement of 22/9/2010.

The results showed excellent beneficiation characteristics and the Preliminary Davis Tube Recovery (DTR) test work confirmed that a high-grade vanadium concentrate could be produced from the Unaly Hill mineralisation. Of note were;

- Concentrate grades of 59% Fe and 1.25% V<sub>2</sub>O<sub>5</sub> at coarse (150 micron) grind; and
- Low silica in the concentrate offers operating cost benefits.

The grade of the major components of the ore results at various grind sizes are shown in Table 2:

Table 2

Size (Micron)	Weight Recovery	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	TiO <sub>2</sub>	V	V <sub>2</sub> O <sub>5</sub>
500	62.19	55.28	3.3	3.13	13.6	0.64	1.14
235	57	57.49	2.18	2.35	13.3	0.68	1.21
<b>152</b>	<b>54.98</b>	<b>59.1</b>	<b>1.55</b>	<b>1.88</b>	<b>13.16</b>	<b>0.70</b>	<b>1.25</b>
76	53.03	60.7	1.05	1.41	12.81	0.72	1.28
44	51.12	61.7	0.72	1.04	12.33	0.74	1.33
34	50.79	61.31	0.64	0.94	12	0.74	1.31
33	50.5	61.71	0.64	0.9	11.9	0.74	1.33
28	50.15	61.61	0.62	0.86	11.7	0.75	1.33

### Future Work Program

The Company has established a substantial vanadium resource from 3 kilometres of a highly prospective 14-kilometre strike length of the Atley Complex. The mineralisation remains open at depth and along strike and a number of magnetic target areas along the anomaly remain untested.

The Company is currently in the process of planning a drill program to test the remaining targets and also investigate new metallurgical processing methodologies that have been recently developed.

### Vanadium Market

Significant changes have occurred in the vanadium market since the Company's 2010 drill and metallurgical testwork programs. Vanadium is now attracting the attention of investors, analysts, and the mining industry in general.

Historically vanadium production has been dominated by China, Russia, and South Africa, primarily from steel smelter slag and primary V ore. In a few other countries around the world it is also recovered as a flue dust of heavy oil or a by-product of uranium mining.

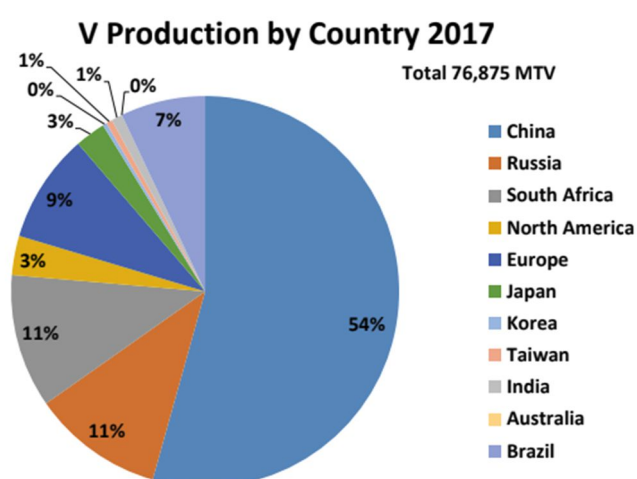


Figure 2: Vanadium Production by Country (Source TTO Squared Inc)

Chinese vanadium supply, the largest in the world is under pressure. China's vanadium mine supply has already been impacted by more stringent environmental monitoring and from January 1<sup>st</sup> this year imports of vanadium slag have been banned, cutting ~6% of China's raw material.

However, vanadium demand in China is expected to rise following a revision to the standard tensile strength of rebar products in the country; the new rules come into effect on the 1<sup>st</sup> November 2018 and will double the vanadium

content in rebar products to make them stronger. The China Iron & Steel Research Institute has stated this move could increase vanadium consumption by 30 percent.

The supply squeeze has meant that Vanadium prices continue an upward trend with prices now four times higher than in 2016. In 2018 alone vanadium pentoxide prices have increased 55%. Persistent demand, restrained supply, and limited available inventory could drive vanadium prices further upwards well beyond the current eight-year high of US\$15.2/lb. (Figure 3).



Figure 3: Vanadium Pentoxide Prices 2017-18 (Source vanadiumprices.com)

Whilst vanadium's main use has been to produce high-strength steel and chemical catalysts, much future demand excitement stems from its role in as an electrolyte in vanadium redox flow batteries (VRFBs).

VRFBs can charge and discharge simultaneously and are capable of large-scale use in electricity grid high-demand scenarios where they can release energy instantly and help balance off-peak/peak demand. These special characteristics make the VRFBs uniquely applicable for energy storage applications including for renewable energy, transportation, and utilities. Bushveld Minerals (LSE:BMN) notes in their December 2017 presentation that VRFBs could account for up to 20 percent of vanadium consumption by 2030.

## High-Grade Lead/Silver

### Kooline 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, E08/2373 and ELA 08/2956 (Figure 4). The Company's licence tenure now covers a total of 386 km<sup>2</sup>, 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 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.

## 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.

During the quarter, geological consultants Unearthed Elements were commissioned by Surefire Resources NL to conduct a field investigation of the Kooline Lead Silver Project with a primary focus on the high-grade workings in the main field cluster (Figures 4 and 5).

The field trip carried out over a week in February consisted of interpretation of remote sensing information, reconnaissance mapping of the most important of the lead workings, the collection of rock chip samples, and investigation of several other historic workings. The limited historic drilling was also examined and assessed for its effectiveness.

The field visit confirmed that the style of mineralisation at Kooline conforms to a hydrothermal Vein type base metal deposit.

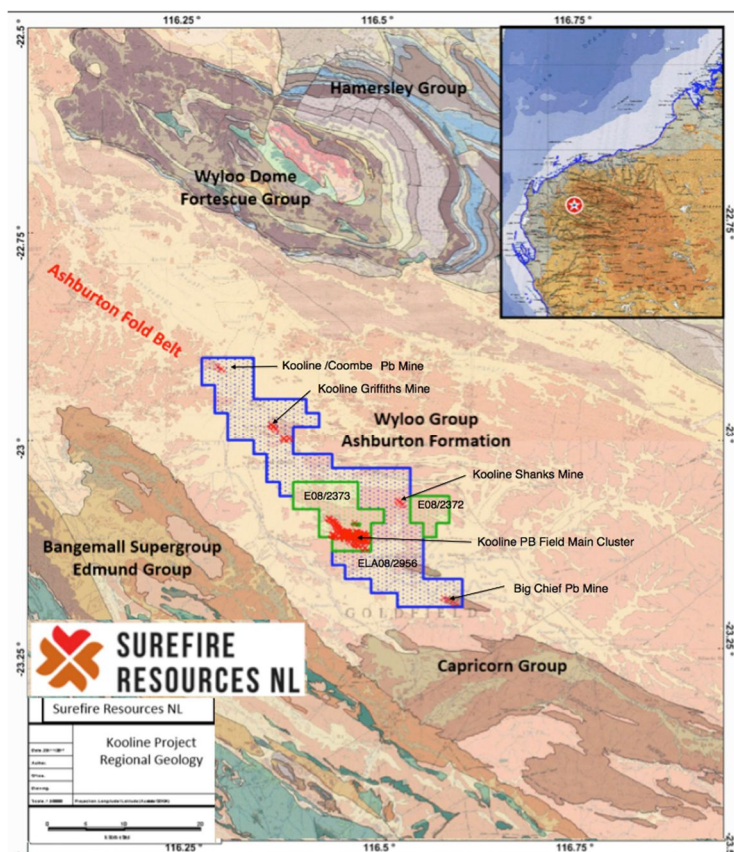


Figure 4: Kooline Project Tenement Locations

The main prospect areas that were inspected were those with a historic mining and exploration history, over 30 workings are recorded in the main area, but the field investigation revealed many more that have not been recorded.

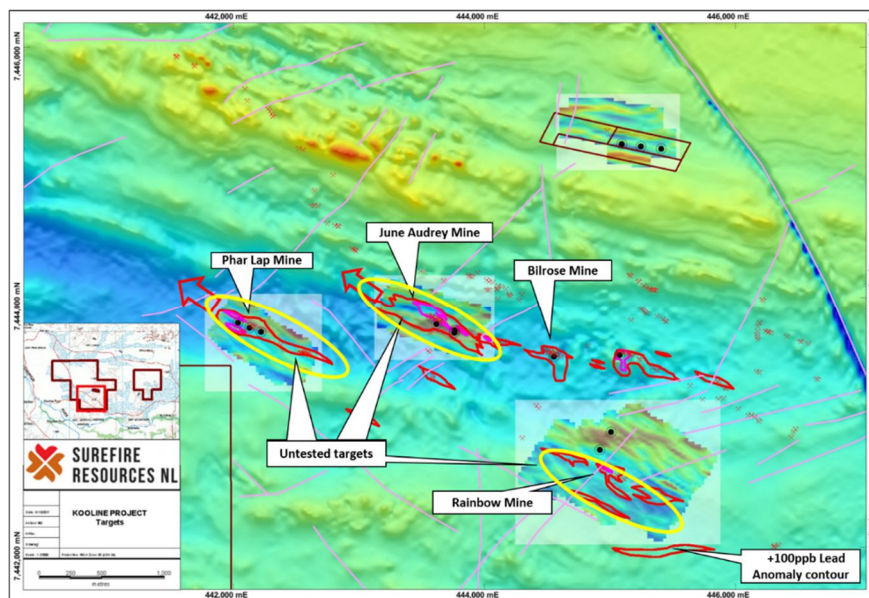


Figure 5: Mine workings Kooline Main Cluster Area

## Sampling

A number of rock chip samples were collected from the main areas during the field visit and preliminary results have just been received. These will be reported when the final laboratory assay result documentation is received and analysed by the Company.

## Future Work Programs

A Program of Work ("POW") has been granted from the Department of Mines and Petroleum ("DMP") in order to commence drilling at Kooline and the field visit has assisted in defining the drill targets for the designed RC program. The Company is also evaluating a bulk sampling program and a re-interpretation of the geophysical data in order to identify potential areas of bulk tonnage material.

## Corporate Matters:

During the quarter, members approved resolutions considered at a General Meeting (among other business) to:

- consolidate the Company's share capital (**Consolidation**) resulting in every 20 fully paid ordinary shares being consolidated into 1 new share (**Share**) - the number of shares on issue reduced from 2,402,020,803 to 120,101,040; and
- issue options to CPS Capital Group Pty Ltd (subject to conditions) and company directors on a post-Consolidation basis.

As advised in the Explanatory Statement to the Notice of Meeting held 22 March 2018, the purpose of the Consolidation was to implement a more appropriate capital structure for the Company going forward and was proposed to be undertaken in conjunction with an entitlement issue under which the Company will seek to raise up to approximately \$3,603,031 through the issue of approximately 300,252,600 Shares (together with one (1) free-attaching Option and one (1) free-attaching

Contributing Share for every one (1) Share issued) to eligible Shareholders on a 2.5:1 basis (**Entitlement Issue**).

A prospectus relating to the Entitlement Issue has now been prepared and was lodged with ASIC subsequent to the end of the quarter on 24 April 2018. This document will be sent to Shareholders on 2 May 2018 and the timetable included therein expects the Entitlement Issue to be completed by 21 May 2018.

**For further information, contact:**

**Vladimir Nikolaenko**  
**Director**  
**0417 717 417**

#### **QUALIFYING STATEMENTS**

##### **JORC Compliance:**

*The information in this report that relates to the drilling data and geological interpretations is based on information compiled by Mr V Trashliev who is a member of the South African Council for Natural Scientific Professions ("SACNASP"). Mr Trashliev is responsible for the Mineral Resource modelling and reporting and is an employee of Gemcom Pty Ltd. The Competent Person responsible for the Independent Audit of the Mineral Resource is Mr Andrew Bewsher from BM Geological Services Pty Ltd and is a member of the Australian Institute of Geoscientists (MAIG). Both persons have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and do consent to the inclusion in the report of the matters based on information in the form and context in which it appears.*

##### **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 MARCH 2018

<b>Tenement</b>	<b>Nature of Interest</b>	<b>Project</b>	<b>Equity (%)</b>
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%
E57/1068	Granted	Unaly Hill – Sandstone Region	100%

## 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")

31/3/2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	(70)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(102)	(155)
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(102)</b>	<b>(225)</b>

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	102	225
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>102</b>	<b>225</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	20	20
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(102)	(225)
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)	102	225
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>20</b>	<b>20</b>

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

**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

<b>Current quarter \$A'000</b>
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

<b>Current quarter \$A'000</b>
-
-

## Mining exploration entity and oil and gas exploration entity quarterly report

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	225	225
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	20
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	50
9.6	Other (provide details if material)	-
9.7	<b>Total estimated cash outflows</b>	<b>70</b>

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	N/A	N/A	N/A	N/A

### **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: 30 April 2018

Print name: Neville Bassett

### **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.