



13 August 2018

Registration of Scheme Booklet

Excelsior Gold Limited (**Excelsior** or **Company**) (ASX: EXG) is pleased to confirm that the scheme booklet (**Scheme Booklet**) in relation to the proposed Merger with Spitfire Materials Limited (**Spitfire**) (ASX:SPI) by way of scheme of arrangement (the Scheme) has today been registered with the Australian Securities and Investments Commission (**ASIC**).

If the Scheme is implemented, Excelsior shareholders will receive one new Spitfire share for every 2.208 Excelsior shares they hold as at 5pm (Perth time) on 26 September 2018, the Record Date for the Scheme.

The Scheme Booklet, which also contains the notice of Scheme Meeting, will be dispatched to Excelsior shareholders by Friday, 17 August 2018. A copy of the Scheme Booklet is attached and will also be available on the Company's website at www.excelsiorgold.com.au.

Excelsior shareholders should carefully read the Scheme Booklet in its entirety and the material accompanying it before deciding whether to vote in favour of the Scheme.

Scheme Meeting

The Scheme Meeting, to approve the Scheme, will be held at the office of BDO, 38 Station Street, Subiaco, Western Australia, on Wednesday, 19 September 2018 commencing at 11:00am (Perth time).

Each shareholder's vote is important to determining whether or not the Scheme proceeds. All shareholders (except for Spitfire and its associates) registered as at 5:00pm (Perth time) on 17 September 2018 will be entitled to vote at the Scheme Meeting, and are encouraged to do so.

Excelsior shareholders do not need to attend the Scheme Meeting in person to vote, as their vote can be made by proxy by completing the personalised proxy form enclosed in the Scheme Booklet sent to shareholders. Instructions for proxy lodgement, including an option to lodge the proxy form online, are included on the proxy form.

All proxy forms must be received by the Company's share registry by no later than 11:00am (Perth time) on 17 September 2018 in accordance with the directions set out in the proxy form.

For further information, please contact **Excelsior Gold Limited**.

Amanda Sparks
Company Secretary
T: + 61 8 9335 7770
E: asparks@excelsiorgold.com.au

Excelsior Gold Limited

ABN 38 123 629 863

Address: Unit 2, 124 Stirling Highway, North Fremantle WA 6159 Postal: PO Box 520, North Fremantle WA 6159

Telephone: 08 9335 7770 Facsimile: 08 9335 6231

Excelsior Gold Limited

ACN 123 629 863

Scheme Booklet

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

Your Excelsior 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, in the absence of a superior proposal, the Scheme is in the best interests of Excelsior Shareholders as the Scheme is not fair but reasonable to Excelsior Shareholders.

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 Excelsior



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 Excelsior 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 Excelsior Shareholders 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, Excelsior 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 Excelsior Group contained in this Scheme Booklet, including financial information and information as to the views and recommendations of the Excelsior Directors, has been provided by Excelsior and is the responsibility of Excelsior. Neither Spitfire, nor its advisers, nor the advisers of Excelsior 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 Excelsior, 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, Excelsior 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. Excelsior 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 August 2018 that a meeting of Excelsior Shareholders be convened by Excelsior 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 Excelsior Shareholders should vote (on this matter, Excelsior 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 Excelsior, 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 Excelsior, Spitfire and/or the Merged Group and the change of a Scheme Participant's ownership of Excelsior 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 Excelsior, Spitfire and/or the Merged Group.

As a result, Excelsior'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 Excelsior, Spitfire, the Excelsior 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 Excelsior 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 Excelsior 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. Excelsior 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

Excelsior 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 5.8 and 5.9 of this Scheme Booklet for further information.

Privacy and Entitlement to inspect Excelsior Registers

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

Any personal information collected may be disclosed to Excelsior's and Spitfire's respective share registries, advisers, print and mail service providers and related bodies to the extent necessary to effect the Scheme. Excelsior Shareholders are entitled under section 173 of the Corporations Act to inspect and obtain copies of personal information collected. Excelsior Shareholders should contact Computershare 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 Perth, Western Australia, unless otherwise specified.

Date of this document

This document is dated 13 August 2018.

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Reasons to vote in favour of or against the Scheme

Reasons to vote in favour of the Scheme

- The Excelsior Directors have unanimously recommended that Excelsior Shareholders vote in favour of the Scheme in the absence of a Superior Proposal.
- The Scheme Consideration of 1 New Spitfire Share for every 2.208 Excelsior Shares held implies a value of approximately \$0.044 per New Spitfire Share (based on the 30 day VWAP for Spitfire Shares up to and including 22 June 2018, being the last trading day prior to the Announcement Date), compared to:
 - the closing price on ASX of Excelsior Shares on 22 June 2018 of \$0.04;
 - the 5 day VWAP on ASX of Excelsior Shares up to and including 22 June 2018 of \$0.041; and
 - the 30 day VWAP on ASX of Excelsior Shares up to and including 22 June 2018 of \$0.042.

On the Last Practicable Date, the closing price of Spitfire Shares on ASX was \$0.075 and the closing price of Excelsior Shares on ASX was \$0.034, such that the Scheme Consideration represents a discount of 0.1% to the closing price of Excelsior Shares at that date. The implied value of the Scheme Consideration will continue to fluctuate depending upon the price at which Spitfire Shares trade on ASX.

Although no significant premium is associated with this Scheme, the Excelsior Directors believe this to be a merger of equals where:

- Spitfire brings approximately 60% and Excelsior brings approximately 40% of the combined total ounces in the resource inventory of the Merged Group;
- Spitfire's brings approximately 60% and Excelsior brings approximately 40% of the combined market capitalisation to the Merged Group;¹
- existing Spitfire Shareholders will hold approximately 60%, and existing Excelsior Shareholders will hold approximately 40%, of the issued shares in the Merged Group; and
- the proposed Board for the Merged Group has three directors from each company with the Managing Director from Spitfire and the Non-Executive Chairman from Excelsior.

The Excelsior Directors believe that no other single deal within economically attractive trucking distance will allow Excelsior to take maximum advantage of the resources currently defined within Excelsior's projects in an acceptable timeframe.

- The Merger creates a company with in excess of 2.1Mozs of gold resource (see Section 1.3 for full details), an advanced exploration and development project portfolio with considerable exploration upside delivering immediate growth and diversification opportunities in close proximity to existing associated infrastructure to facilitate a low capital development cost profile.

¹ Based on the respective VWAPs for Excelsior and Spitfire Shares for the 30 day period up to and including 22 June 2018, being the last trading day prior to the Announcement Date.

- The Merged Group will have an increased market presence, greater liquidity and enhanced financial strength enabling it to better develop its existing projects, pursue a continued gold consolidation strategy and assess further opportunities in the Eastern Goldfields.
- Significantly strengthened Board and management team of the Merged Group.
- The Independent Expert has concluded that, in the absence of a superior proposal, the Scheme is in the best interests of Excelsior Shareholders as the Scheme is not fair but reasonable to Excelsior Shareholders.
- 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 Excelsior Directors.
- Your percentage interest in the Merged Group will be less than your current interest in Excelsior.
- The risk profile of the Merged Group will be different to that of Excelsior's, which you may consider to be disadvantageous to you relative to the risk profile of the current Excelsior business.
- You may consider that there is the potential for a Superior Proposal to emerge for Excelsior in the foreseeable future. However, since the Announcement Date and up to the date of this Scheme Booklet, no other proposal has been received, nor are the Excelsior Directors aware of any such intention of a party to make such a proposal.
- 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 Excelsior Gold Limited (**Excelsior**) to effect a merger between Spitfire and Excelsior.

Spitfire and Excelsior 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 Excelsior 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 Excelsior and the Excelsior Shareholders.

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

- Spitfire will acquire all of the Excelsior Shares in exchange for the Scheme Consideration (being 1 New Spitfire Share for every 2.208 Excelsior Shares) to be provided to the Scheme Participants, and Excelsior will become a wholly-owned subsidiary of Spitfire;
- all existing Excelsior Options will be cancelled pursuant to the Option Cancellation Deed in exchange for the grant of Spitfire Options at a ratio of 1 Spitfire Option for every 2.208 Excelsior Options;
- all existing vested Excelsior Performance Rights will be exercised with conversion occurring prior to the Record Date so that the Excelsior Shares issued on exercise will be exchanged for New Spitfire Shares under the Scheme;
- all existing unvested Excelsior Performance Rights will be cancelled for no consideration; and
- all existing Excelsior Shares held by participants in the Excelsior Loan Share Plans will be exchanged for New Spitfire Shares under the Scheme, with the corresponding loan made under the Excelsior Loan Share Plan to be replaced with a loan for the same amount owing to Spitfire. A holding lock will be placed on the New Spitfire Shares until the applicable loan has been repaid to Spitfire. The loan will be on the same terms as the loan from Excelsior under the applicable Excelsior Loan Share Plan, including limited in recourse to the applicable Spitfire Shares and repayable 5 years from issue of the relevant Excelsior Shares under the applicable Excelsior Loan Share Plan. However, the early repayment trigger on ceasing to be an eligible participant under the applicable Excelsior Loan Share Plan will not apply.

If the Scheme is not approved, the Merger will not proceed and Excelsior 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 Excelsior Shareholders. This Scheme Booklet contains information relevant to the decision of Excelsior Shareholders as to whether to vote for or against the Scheme.

The Scheme Meeting to consider the Scheme will be held at **the offices of BDO, 38 Station Street, Subiaco, Western Australia at 11am (Perth time) on Wednesday, 19 September 2018.**

Why should you vote?

As an Excelsior Shareholder, 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 Excelsior Shareholders?

The Independent Expert has concluded that, in the absence of a superior proposal, the Scheme is in the best interests of Excelsior Shareholders because the Scheme is not fair but is reasonable. The Independent Expert has concluded that, in the absence of a superior proposal, the Scheme is in the best interests of Excelsior Shareholders as the Scheme is not fair but reasonable to Excelsior Shareholders.

The Excelsior 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 Excelsior Shareholders, Excelsior Shareholders vote in favour of the Scheme.

Before making a decision about the Scheme, Excelsior 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 Excelsior 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 Excelsior Shareholder, 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 Excelsior Shareholders 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 **11am (Perth time) on Wednesday, 19 September 2018**, or by returning a validly completed proxy voting form by not later than **11am (Perth time) on Monday, 17 September 2018**. 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 Excelsior, Ms Amanda Sparks on +61 (08) 9335 7770.

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	11am (Perth time) on Monday, 17 September 2018
Time and date for determining eligibility to attend and vote at the Scheme Meeting	5pm (Perth time) on Monday, 17 September 2018
Scheme Meeting to be held at the offices of BDO, 38 Station Street, Subiaco, Western Australia	11am (Perth time) on Wednesday, 19 September 2018
If the Scheme is approved by the Requisite Majority of Excelsior Shareholders, the expected timetable for implementing the Scheme is:	
Second Court Date for approval of the Scheme	21 September 2018
Effective Date of the Scheme and last day of trading of Excelsior Shares on ASX	21 September 2018
Suspension of trading of Excelsior Shares on ASX	Close of trading on 21 September 2018
Record Date for determining entitlements to the Scheme Consideration	5pm (Perth time) 26 September 2018
Implementation Date for the issue of Scheme Consideration to Scheme Shareholders	3 October 2018
Termination of official quotation of Excelsior Shares on ASX	5pm (Perth time) on 5 October 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. Excelsior 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 Excelsior's website (www.excelsiorgold.com.au).

Letter from Excelsior

13 August 2018

Dear Excelsior Shareholder

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

On 25 June 2018, Excelsior 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 Excelsior. Under the Merger, Excelsior shareholders will receive 1 New Spitfire Share for every 2.208 Excelsior Shares held.

Your board of directors unanimously recommend that all Excelsior 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 Excelsior Shareholders.

The Merger will create a leading gold exploration and development company with a diversified asset base located in close proximity to existing infrastructure to facilitate a low capital development cost profile. In addition to continued participation in the Kalgoorlie North Gold Project (**KNGP**) in WA, Excelsior Shareholders will be able to participate in other Spitfire projects, including a near-team development opportunity at the Aphrodite Gold Project immediately north of the KNGP, an emerging gold discovery at the nearby Mulwarrie Project and exposure to a highly prospective greenfields exploration project at the Alice River Project in Queensland. In addition to a strengthened Board and management team, the Merged Group will have increased scale, access to funding 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 in the Eastern Goldfields (refer to Section 1.4 of this Scheme Booklet for further details).

Excelsior Directors' Recommendation

As noted above, your board of directors unanimously recommend that all Excelsior Shareholders vote in favour of the Merger, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Merger is in the best interests of Excelsior Shareholders. Subject to those same qualifications, each of Excelsior's Directors intends to vote the Excelsior 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 potential advantages and disadvantages of the proposed Merger are detailed in this Scheme Booklet. We encourage you to read the Scheme Booklet (including the Independent Expert's Report) 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 in the best interests of Excelsior Shareholders as it is not fair but reasonable to Excelsior 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:

- the Excelsior Directors unanimously recommend that Excelsior Shareholders vote in favour of the Scheme in the absence of a Superior Proposal;

- while there is no significant premium for either Excelsior or Spitfire Shareholders associated with the Scheme, the Merger ratio is consistent with the respective contributions to resource inventory and the relative market capitalisations for the two companies prior to the announcement of the Merger;
- the Merger creates a company with a resource inventory in excess of 2.1Mozs of gold (see Section 1.3 for full details), an advanced exploration and development project portfolio with considerable scale and exploration upside. This strengthened business case is expected to deliver an immediate growth pathway into production, diversify investment risk and minimise operating and capital costs due to the close proximity of the KNGP and the Aphrodite Gold Project to existing infrastructure;
- the Merged Group will have a substantially increased gold resource inventory in excess of 2.1Mozs (see Section 1.3 for full details), increased market presence, greater liquidity and enhanced financial strength, enabling it to better develop its existing projects. This will in turn enable the Merged Group to pursue additional gold consolidation strategies and assess further opportunities in the Eastern Goldfields;
- the Merged Group will have a significantly strengthened Board and management team, with current Excelsior directors making up 50% of the Merged Group board;
- the Independent Expert has concluded that, in the absence of a superior proposal, the Scheme is in the best interests of Excelsior Shareholders as the Scheme is not fair but reasonable to Excelsior Shareholders;
- 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 Excelsior, and that the risk profile of the Merged Group will be different to Excelsior'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 Excelsior 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 (08) 9335 7770 for further information regarding the proposed Merger.

Yours sincerely

David Hatch

Non-Executive Chairman
Excelsior Gold Limited

Letter from Spitfire

13 August 2018

Dear Excelsior 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 Excelsior Gold Limited (**Excelsior**) by way of a scheme of arrangement as announced by both companies on 25 June 2018 (**Merger**). The Merger will create a substantial ASX-listed gold development company with a large resource inventory at the Kalgoorlie North Gold and Aphrodite Gold Projects located near Kalgoorlie in Western Australia, and the opportunity for the Merged Group to become a significant player in the 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 in to production a significantly enhanced ASX-listed gold company with a strong pipeline of growth and exploration assets. Excelsior's Kalgoorlie North Gold Project offers strong synergies with Spitfire's neighbouring Aphrodite Gold Project and the nearby Mulwarrie Gold Project where Spitfire recently discovered significant high-grade primary gold mineralisation. The potential synergies primarily relate to the potential for the adjacent and consecutive development of these projects via a new central production hub near the world-class mining centre of Kalgoorlie. This has the potential to significantly reduce both infrastructure capital and operating costs, thereby increasing the development prospects for all three projects. In addition, the potential increase in scale of the Merged Group's operations in the Eastern Goldfields, and the opportunity to pursue a near-term development strategy, may enable the Merged Group to pursue additional opportunities in the area that would benefit from the same synergies created by the Merger.

The Merged Group will have an enhanced capital markets profile, a strengthened investor base and a strong growth pipeline of assets – positioning it to become a significant new ASX-listed gold developer at a favourable period in the market cycle for Australian gold companies.

The Merged Group will be managed by myself as Managing Director with the assistance of experienced Executive Directors Mr Neil Biddle and Mr Rowan Johnston and supported by Non-Executive Chairman Mr David Hatch and Non-Executive directors Mr Peter Buttigieg and Mr Sebastiano (Sam) Randazzo. Messrs Johnston, Hatch and Randazzo will join the Spitfire Board on the Implementation Date.

As an Excelsior 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 Excelsior 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 Excelsior 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 Excelsior Shareholders 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 Excelsior Shareholders.

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 D.

Entitlement to vote

If you are registered as an Excelsior Shareholder on the Excelsior Share Register as at **5pm (Perth time) on Monday, 17 September 2018** 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 the fact that it is the proponent of the Scheme. As at the date of the Scheme Booklet, neither Spitfire nor any of its Associates hold any Excelsior Shares.

How to vote

Excelsior Shareholders 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 at 11am on Wednesday, 19 September 2018 at the offices of BDO, 38 Station Street, Subiaco, Western Australia. 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 Computershare (Excelsior's share registry) by no later than 11am (Perth time) on Monday, 17 September 2018. A completed proxy form must be returned to Computershare 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. Excelsior 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.

Means	Voting instructions
	A proxy need not be an Excelsior 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 Excelsior Shareholder. Excelsior 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 Computershare by no later than 11am (Perth time) on Monday, 17 September 2018. 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 Excelsior 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 Excelsior Shareholder should obtain an "Appointment of Corporate Representative" form from Computershare and complete that form in accordance with its instructions. Corporate representative appointment forms should be provided to Computershare by no later than 11am (Perth time) on Monday, 17 September 2018, or alternatively brought to the Scheme Meeting.

Address for return of voting forms

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

Computershare Investor Services Pty Ltd
GPO Box 242
Melbourne VIC 3001
AUSTRALIA.

Fax: 1800 783 447 (within Australia) or +61 (03) 9473 2555 (outside Australia).

Proxy forms, power of attorney forms and corporate representative forms must be received by **11am (Perth time) on Monday, 17 September 2018**.

Alternatively, Excelsior Shareholders can vote using one of the following methods by **11am (Perth time) on Monday, 17 September 2018**:

Online: at www.investorvote.com.au

By Mobile: Scan the QR Code on your Proxy form and follow the prompts.

Custodian Voting: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Questions on this Scheme Booklet

Excelsior Shareholders with any questions in relation to the Scheme, should call the Company Secretary of Excelsior on +61 (08) 9335 7770 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 Excelsior Directors recommend that Excelsior Shareholders 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 Excelsior Directors unanimously recommend that Excelsior Shareholders 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 Excelsior, the Excelsior Directors considered:

- the challenges facing Excelsior's ability to fund its KNGP as a standalone project;
- the ongoing review of possible corporate options to facilitate the development of KNGP; and
- the potential for alternative Superior Proposals to arise after the announcement of the Merger between Excelsior and Spitfire. No Superior Proposal has emerged as at the Date of this Scheme Booklet.

The Excelsior 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 Excelsior Directors unanimously recommend that, in the absence of a Superior Proposal, Excelsior Shareholders vote in favour of the Scheme.

The decision of the Excelsior Directors to recommend the Merger follows an assessment of strategic options for the Company over the past 6 months in regard to various corporate, asset and financial options available to Excelsior to enhance value for Excelsior Shareholders. The Excelsior Directors consider that the Scheme will deliver greater benefits to Excelsior Shareholders than any other alternative currently available, including Excelsior continuing as a standalone entity.

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

1.2 Merger ratio is consistent with the respective contributions to the resource inventory of the Merger Group and the relative market capitalisations for the two companies prior to the announcement of the Merger

The Scheme Consideration of 1 New Spitfire Share for every 2.208 Excelsior Shares held implies a value of approximately \$0.044 per Scheme Share (based on the 30 day VWAP for Spitfire Shares up to and including 22 June 2018, being the last trading day prior to the Announcement Date), compared to:

- the closing price on ASX of Excelsior Shares on 22 June 2018 of \$0.04;
- the 5 day VWAP on ASX of Excelsior Shares up to and including 22 June 2018 of \$0.041; and
- the 30 day VWAP on ASX of Excelsior Shares up to and including 22 June 2018 of \$0.044.

On the Last Practicable Date, the closing price of Spitfire Shares on ASX was \$0.075 and the closing price of Excelsior Shares on ASX was \$0.034, such that the Scheme Consideration represents a discount of 0.1% to the closing price of Excelsior Shares at that date. The implied value of the Scheme Consideration will continue to fluctuate depending upon the price at which Spitfire Shares trade on ASX.

Although no significant premium is associated with this Scheme, the Excelsior Directors believe this to be a merger of equals where:

- Spitfire brings approximately 60% and Excelsior brings approximately 40% of the combined total ounces in the resource inventory of the Merged Group;
- Spitfire's brings approximately 60% and Excelsior brings approximately 40% of the combined market capitalisation to the Merged Group;²
- existing Spitfire Shareholders will hold approximately 60%, and existing Excelsior Shareholders will hold approximately 40%, of the issued shares in the Merged Group; and
- the proposed Board for the Merged Group has three directors from each company with the Managing Director from Spitfire and the Non-Executive Chairman from Excelsior.

The Excelsior Directors believe that no other single deal within economically attractive trucking distance will allow Excelsior to take maximum advantage of the resources currently defined within Excelsior's projects in an acceptable timeframe.

1.3 The Merger creates a company with an advanced exploration and development project portfolio with considerable exploration upside delivering an immediate growth and diversification opportunities

The Merger of Excelsior and Spitfire will create a significant emerging ASX-listed Australian gold company with exposure to a large and diversified gold exploration and development project 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:

- KNGP is located 30 to 55km north of Kalgoorlie in the Eastern Goldfields of Western Australia, which has a long history of exploration and resource estimation from the late 1890's to early 1900's. Excelsior's current 2012 JORC Compliant Mineral Resource estimate completed in May 2018 comprises Indicated and Inferred Resources at the Zoroastrian Gold Deposit Open Pit of 4.78Mt at 2.0g/t (Au) for a total of 314,000 ounces and Underground 351Kt at 4.0g/t for a total of 45,000 ounces (with 77% of the Mineral Resource reporting to the higher confidence Indicated Category) and Indicated and Inferred Resources at the Excelsior Gold Deposit of 6.25Mt at 1.4g/t (Au) for 273,000 ounces (84% of the Mineral Resource reporting to the higher confidence Indicated category)³ (refer to Section 6.2 for further detail) (refer: Excelsior ASX Announcement dated 22 May 2018 – KNGP Mineral Resource Update (**Excelsior JORC Resource**)).
- 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. Spitfire's current 2012 JORC Compliant Mineral Resource estimate completed in May 2017 as part of a Pre-

² Based on the respective VWAPs for Excelsior and Spitfire Shares for the 30 day period up to and including 22 June 2018, being the last trading day prior to the Announcement Date.

³ This does not include the Mineral Resource estimate for Talbot North, which was prepared under the 2004 JORC Code.

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: Spitfire ASX Announcement dated 25 January 2018 – “Completion of merger and statement of 1.3Moz JORC Resource for Aphrodite Gold Project”) (**Aphrodite JORC Resource**).

- 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 Excelsior’s KNGP, Spitfire’s advanced gold opportunity at the Aphrodite Gold Project, Spitfire’s emerging gold discovery at the Mulwarrie Gold Project as well as the 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 Excelsior 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. Excelsior Shareholders will collectively hold approximately 41.62% of the Merged Group immediately following the successful implementation of the Scheme.⁴

1.4 The Merged Group will have increased market presence, greater liquidity and enhanced financial strength enabling it to better develop its existing projects, pursue a continued gold consolidation strategy and assess further opportunities in the 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 Excelsior Shares on a stand-alone basis.

Based on the closing price of Excelsior 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 \$88.89 million⁵. 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 lead to a positive re-rating of the Merged Group.

⁴ Assuming there are no Ineligible Foreign Shareholders and Electing Small Shareholders and that Spitfire does not acquire any Excelsior Shares outside of the Scheme.

⁵ Based on 909,695,101 Spitfire Shares on issue post-Merger, and using the VWAP for Spitfire Shares for the 30 day period up to and including 22 June 2018, being the last trading day prior to the Announcement Date.

Increased financial strength

KNGP offers strong synergies with Spitfire's Aphrodite Gold and Mulwarrie Gold Projects 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 projects via a new central production hub located at the historical Bardoc mine site 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 all projects. In addition, the potential increase in scale of the Merged Group's operations in the 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 pursue additional opportunities in the area that would benefit from the same synergies created by the Merger.

Excelsior has recently completed its multi-faceted, fully-funded drilling program at its 100%-owned KNGP which included an update to the Excelsior JORC Resource definition. Excelsior has now established a high confidence resource foundation, primarily at the adjacent Zoroastrian and Excelsior deposits, which will form an integral part of an ultimate stand-alone mine plan. Having satisfied itself of the robustness of the Mineral Resources at the Zoroastrian and Excelsior deposits, Excelsior has now progressed to a concerted exploration campaign to test its highly prospective landholding for new gold deposits.

The combination of Excelsior with Spitfire will create a Merged Group that has a balance sheet with pro forma cash as at 31 May 2018 of approximately \$6,466,000 and no debt, other than under the Franco Nevada royalty agreement that applies to the Aphrodite Gold Project (refer to Sections 7.2 and 7.4 for further details). Together with the greater scale and diversity of the Merged Group's operations, this is expected to result in:

- the ability to quickly move to complete a Pre-Feasibility Study (**PFS**) of the combined Aphrodite Gold Project and KNGP, providing the foundation for a Definitive Feasibility Study (**DFS**) aimed at fast-tracking the creation of a substantial new WA gold production hub near Kalgoorlie, 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 Excelsior.

Excelsior Shareholders may also benefit from the potential re-rating of Excelsior's assets in the Merged Group, as the funding risks associated with the development of KNGP are likely to be reduced for the Merged Group as opposed to if Excelsior sought to progress the development of that project on a stand-alone basis (for the reasons outlined in this Section 1.4, as well as the fact that the Excelsior Board considers that the Spitfire management team has a proven track record in the discovery, financing and development of significant resource projects (refer to Section 1.5 below).

1.5 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 Excelsior and Spitfire.

The Merged Group will be managed by John Young as Managing Director with the assistance of experienced Executive Directors Mr Neil Biddle and Mr Rowan Johnston and supported by Non-Executive Chairman Mr David Hatch and Non-Executive directors Mr Peter Buttigieg and Mr Sebastiano (Sam) Randazzo. The combination of the highly skilled Spitfire Board Members John Young and Neil Biddle (who founded the highly successful Australian lithium developer, Pilbara Minerals Limited (ASX: PLS)) and Peter Buttigieg with current Excelsior Board Members David Hatch, Rowan Johnston and Sam Randazzo who have a proven track

record in the discovery, financing, development and operations of significant resource projects, provides for a strong Board for the Merged Group.

The Merged Group's management team will also be strengthened by the addition of the geological team from Excelsior. 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 Excelsior 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 KNGP and Aphrodite Gold Projects 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.

1.6 The Independent Expert has concluded that, in the absence of a superior proposal, the Scheme is in the best interests of Excelsior Shareholders as the Scheme is not fair but reasonable to Excelsior Shareholders

BDO Corporate Finance (WA) Pty Ltd, as Independent Expert, has considered the terms of the Scheme and has concluded that, in the absence of a superior proposal, the Scheme is in the best interests of Excelsior Shareholders as the Scheme is not fair but reasonable to Excelsior Shareholders.

The Independent Expert has concluded that the Scheme is not 'fair' because it has determined that the preferred value of 1 share in the Merged Group to be received by Excelsior Shareholders as Scheme Consideration (being \$0.0483)⁶ is less than the preferred value of 2.208 Excelsior Shares prior to the implementation of the Scheme (being \$0.0513).⁷

However, the Independent Expert concluded that while the Scheme is not 'fair', in the absence of a superior proposal it is 'reasonable', after considering the significant advantages of the Scheme, including the advantages highlighted in Sections 1.3 to 1.5 above.

The Independent Expert noted that the valuation ranges determined by the Independent Expert for:

- 1 share in the Merged Group to be received by Excelsior Shareholders as Scheme Consideration (being a low of \$0.0366 and a high of \$0.0703)⁸; and
- 2.208 Excelsior Shares prior to the implementation of the Scheme (being a low of \$0.0382 and a high of \$0.0744),⁹

indicates that the value of a share in the Merged Group is broadly equivalent to the value of 2.208 shares in Excelsior prior to the implementation of the Scheme over the entire valuation range. This is consistent with the view of the Excelsior Directors that this is a merger of equals (see Section 1.2 above).

The Independent Expert also noted that if the value contributed to the Merged Group by Spitfire is at the higher end of the valuation range and the value contributed by Excelsior is at the lower end then the Scheme would be fair. This is a possible outcome.

⁶ Value of a share on a minority interest basis (refer to section 10 of the Independent Expert's Report for further details on the valuation approach adopted).

⁷ Value of a share on a minority interest basis (refer to section 10 of the Independent Expert's Report for further details on the valuation approach adopted).

⁸ Value of a share on a minority interest basis (refer to section 10 of the Independent Expert's Report for further details on the valuation approach adopted).

⁹ Value of a share on a minority interest basis (refer to section 10 of the Independent Expert's Report for further details on the valuation approach adopted).

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

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

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

1.8 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 Excelsior Shareholders if the Scheme becomes Effective and the Merger occurs.

The Excelsior 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 Excelsior Shareholders.

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 Excelsior Directors

Notwithstanding the unanimous recommendation by the Excelsior Directors, and the conclusion reached by the Independent Expert that, in the absence of a superior proposal, the Scheme is in the best interests of Excelsior Shareholders as it is not fair but reasonable to Excelsior 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 Excelsior

Although the Merger is expected to provide additional value through the combination of the two businesses, given the proportional shareholding of Excelsior Shareholders in the Merged Group (approximately 41.62%),¹⁰ the larger 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 Excelsior Shareholders.

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

The risk profile and risk of investment for Excelsior 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 Excelsior business, to be a disadvantage relative to that of Excelsior as a standalone entity.

The operations and financial performance of Excelsior, Spitfire and/or the Merged Group and the change of a Scheme Participant's ownership of Excelsior 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 Excelsior, Spitfire and/or the Merged Group.

2.4 You may consider that there is the potential for a Superior Proposal to emerge for Excelsior 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 Excelsior 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 proposal Superior Proposal has been received, nor are the Excelsior Directors aware of any such intention of a party to make such a proposal.

¹⁰ The 41.62% figure assumes the Merged Group has a total of 909,695,101 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 Excelsior Shares outside of the Scheme.

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 Excelsior 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 2.208 Excelsior Shares. This exposes Excelsior Shareholders to the risk that the effective value they receive for their Excelsior 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 Excelsior 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 (refer to 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 Excelsior Shares. Please refer to Section 11 for further information on the tax implications.

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

3. Implications if the Scheme is not implemented

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

3.1 You will not receive the Scheme Consideration

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

3.2 Future capital requirements to fund development of Excelsior's projects

If the Scheme is not implemented, then in order for Excelsior to develop or enhance its project portfolio, it would need to raise additional funds, which may include an equity issue. There can be no assurance that such funding will be available on satisfactory terms, or at all.

3.3 Excelsior will remain listed on ASX and continue to operate as a standalone entity

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

3.4 Transaction costs will be incurred

If the Scheme is not implemented, Excelsior's transaction costs of approximately \$275,500 will be borne by Excelsior.

3.5 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 Excelsior operations, even if the Scheme does not proceed.

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

4. Frequently asked questions

This Section provides summary answers to some basic questions that Excelsior 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 Excelsior is asking Excelsior Shareholders to consider and vote on a proposal that Spitfire will acquire all the Excelsior Shares held by Excelsior Shareholders as at the Record Date (5.00pm on Wednesday, 26 September 2018). <i>Refer to Sections 5 and 12 for further information.</i>
What is the effect of the Scheme?	If the Scheme becomes Effective: • all Excelsior Shares will be transferred to Spitfire; • Excelsior will become a wholly-owned subsidiary of Spitfire and will be delisted from the 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 Excelsior Shareholders as the Scheme is not fair but is 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 Excelsior Directors recommend?	The Excelsior Directors unanimously recommend that, in the absence of a Superior Proposal, Excelsior Shareholders vote in favour of the Scheme. Each Excelsior Director who holds or controls Excelsior 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 Excelsior Directors' recommendation.</i>
Who is entitled to participate in the Scheme?	Excelsior Shareholders on the Excelsior 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 the fact that it is the proponent of the Scheme. As at the date of the Scheme Booklet, neither Spitfire nor any of its Associates hold any Excelsior Shares. <i>Refer to Sections 5.2, 5.7 and 5.8 for further information.</i>
What happens to Excelsior Options?	Pursuant to the Option Cancellation Deed, all existing Excelsior Options will be cancelled in exchange for the grant of New Spitfire Options at a ratio of 1 New Spitfire Option for every 2.208 Excelsior Options held. <i>Refer to Section 5.10 for further information.</i>

What happens to Excelsior Performance Rights?	Pursuant to the Performance Rights Cancellation Deed: - all existing vested Excelsior Performance Rights will be exercised with conversion occurring prior to the Record Date so that the Excelsior Shares issued on exercise will be exchanged for New Spitfire Shares under the Scheme; and - all existing unvested Excelsior Performance Rights will be cancelled for no consideration. <i>Refer to Section 5.11 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 Excelsior and Excelsior Shareholders at the Record Date. As set out above, 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 Excelsior and Spitfire. If the Scheme is approved and implemented, Excelsior Shareholders (other than Ineligible Foreign Shareholders and Electing Small Shareholders) will receive one New Spitfire Share for every 2.208 Excelsior 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 at 11.00am on Wednesday, 19 September 2018. If Excelsior Shareholders approve the Scheme and Court approval is obtained, the Merger is expected to be implemented on 3 October 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 Excelsior or Spitfire terminate the transaction?	The Merger Implementation Agreement provides for situations where either Excelsior or Spitfire have the right to terminate it and the Merger. These include the Scheme not being approved by the Requisite Majority of Excelsior 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 Excelsior 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 11.00am (Perth time) on Wednesday, 19 September 2018, at the offices of BDO, 38 Station Street, Subiaco, Western Australia. <i>Refer to the Notice of Scheme Meeting set out in Annexure D of this Scheme Booklet for further information.</i>
Who is entitled to vote on the Scheme?	Excelsior Shareholders who are recorded as members on the Excelsior Share Register as at 5pm (Perth time) on Monday, 17 September 2018, 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. Excelsior Shareholders are strongly encouraged to vote. Excelsior Shareholders 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 D of this Scheme Booklet. <i>Refer to the meeting details and how to vote Section on page 10 and 11 of this Scheme Booklet for further information.</i>
What voting majority is required to approve the Scheme?	For the Scheme to be approved by Excelsior Shareholders, votes in favour of the Scheme must be received from: • a majority in number (more than 50%) of Excelsior Shareholders present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Excelsior Shareholders, by corporate representative); and • Excelsior Shareholders 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 Excelsior 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 Excelsior 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 Excelsior 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?	Excelsior 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 Excelsior 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 3 October 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 Excelsior Shares now?	Excelsior Shareholders may sell their Excelsior 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 Friday, 21 September 2018. If Excelsior Shareholders sell their Excelsior Shares before the Effective Date of the Scheme (the last day of trading in Excelsior Shares before suspension) they will not receive New Spitfire Shares. <i>Refer to the Scheme of Arrangement set out in Annexure B 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 Monday, 24 September 2018. Trading on ASX of New Spitfire Shares is expected to commence on a normal settlement basis on Wednesday, 3 October 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 Excelsior 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 Excelsior and Spitfire to form the Merged Group?	The benefits of merging Excelsior and Spitfire to form the Merged Group include potential synergies at both a corporate and project level. At a corporate level, those synergies are expected to result from the elimination of duplicated corporate and administrative costs. At a project level, Excelsior's KNGP offers strong synergies with Spitfire's Aphrodite Gold and Mulwarrie Gold Projects 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 projects via a new central production hub located at the historical Bardoc mine site 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 all projects. In addition, the potential increase in scale of the Merged Group's operations in the 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 pursue additional opportunities in the area that would benefit from the same synergies created by the Merger. <i>Refer to Section 1 for the reasons why Excelsior 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 Excelsior 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 Merger will allow the two companies to realise the strong synergies that exist between their neighbouring North Kalgoorlie gold projects, located 35-70km north of Kalgoorlie in Western Australia along the highly prospective Bardoc Tectonic Zone within an almost contiguous land-holding of ~200km². The potential synergies primarily relate to the potential for the adjacent and consecutive development of these three projects via a new central production hub located at the historical Bardoc mine site 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 all projects. In addition, the potential increase in scale of the Merged Group's operations in the 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 pursue additional opportunities in the area that would benefit from the same synergies created by the Merger. The Merged Group plans to embark immediately on a PFS of the combined Aphrodite Gold Project and KNGP, providing the foundation for a DFS aimed at fast-tracking the creation of a substantial new WA gold production hub near Kalgoorlie. The combined projects with Spitfire's emerging gold discovery at the Mulwarrie Gold Project as well the 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. <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 Excelsior will be a wholly owned subsidiary of Spitfire. <i>Refer to Section 9.1 for further information.</i>
Who will be the Chairman of the Merged Group?	Excelsior's Non-Executive Chairman, David Hatch, will be the Non-Executive 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 David Hatch, Rowan Johnston, Sam Randazzo, John Young, Neil Biddle and Peter Buttigieg. <i>Refer to Section 9.3 for further information.</i>
Are there expected to be any changes to staffing as a result of the Merger?	The integration of the boards and management teams of Excelsior 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 KNGP and 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 Excelsior 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 Excelsior, Ms Amanda Sparks, on +61 (08) 9335 7770 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 Excelsior Shareholders may approve the Merger of Excelsior and Spitfire.

If implemented, the Scheme will have the following effect:

- (a) all Excelsior Shares will be transferred from existing Excelsior Shareholders to Spitfire in return for the Scheme Consideration;
- (b) Excelsior will become a wholly-owned subsidiary of Spitfire, and Excelsior 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 Excelsior's existing projects will be determined by the newly appointed, post-merger 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 Excelsior Shareholders 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 2.208 Excelsior 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 3 October 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 August 2018, the Court ordered that the Scheme Meeting be convened in accordance with the Notice of Scheme Meeting.

The Scheme Meeting will be held at 11.00am (Perth time) on Wednesday, 19 September 2018 at the offices of BDO, 38 Station Street, Subiaco, Western Australia.

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 Excelsior Shareholders should vote at the Scheme Meeting. On these matters, Excelsior Shareholders must make their own decision.

5.4 Unanimous recommendation of the Excelsior Directors

The Excelsior 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 Excelsior Shareholders, Excelsior Shareholders vote in favour of the Scheme at the Scheme Meeting.

The Excelsior Directors believe that the reasons for Excelsior Shareholders to vote in favour of the Scheme outweigh the potential disadvantages and reasons to vote against the Scheme. Each Excelsior Director who holds Excelsior Shares or on whose behalf Excelsior 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 Excelsior 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 Excelsior Shareholders; and
- (d) the alternative arrangements to the Scheme that might have otherwise been available to Excelsior.

5.5 Independent Expert's conclusion

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

The Independent Expert has concluded that, in the absence of a superior proposal, the Scheme is in the best interests of Excelsior Shareholders as the Scheme is not fair but reasonable to Excelsior Shareholders.

The Independent Expert has concluded that the Scheme is not 'fair' because it has determined that the preferred value of 1 share in the Merged Group to be received by Excelsior Shareholders as Scheme Consideration (being \$0.0483)¹¹ is less than the preferred value of 2.208 Excelsior Shares prior to the implementation of the Scheme (being \$0.0513).¹²

However, the Independent Expert concluded that while the Scheme is not 'fair', in the absence of a superior proposal it is 'reasonable', after considering the significant advantages of the Scheme, including the advantages highlighted in Sections 1.3 to 1.5 above).

¹¹ Value of a share on a minority interest basis (refer to section 10 of the Independent Expert's Report for further details on the valuation approach adopted).

¹² Value of a share on a minority interest basis (refer to section 10 of the Independent Expert's Report for further details on the valuation approach adopted).

The Independent Expert noted that the valuation ranges determined by the Independent Expert for:

- 1 share in the Merged Group to be received by Excelsior Shareholders as Scheme Consideration (being a low of \$0.0366 and a high of \$0.0703);¹³ and
- 2.208 Excelsior Shares prior to the implementation of the Scheme (being a low of \$0.0382 and a high of \$0.0744);¹⁴

indicates that the value of a share in the Merged Group is broadly equivalent to the value of 2.208 shares in Excelsior prior to the implementation of the Scheme over the entire valuation range. This is consistent with the view of the Excelsior Directors that this is a merger of equals (see Section 1.2 above).

The Independent Expert also noted that if the value contributed to the Merged Group by Spitfire is at the higher end of the valuation range and the value contributed by Excelsior is at the lower end then the Scheme would be fair. This is a possible outcome.

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

5.6 Tax consequences of the Scheme and trading and holding New Spitfire Shares for Australian resident Excelsior 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 Excelsior Shareholder whose address in the Excelsior 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 Excelsior 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.

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

¹³ Value of a share on a minority interest basis (refer to section 10 of the Independent Expert's Report for further details on the valuation approach adopted).

¹⁴ Value of a share on a minority interest basis (refer to section 10 of the Independent Expert's Report for further details on the valuation approach adopted).

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 Excelsior Shareholders who hold 11,040 Excelsior Shares or less at the time for determining Excelsior Shareholders entitled to be sent a copy of the Scheme Booklet. Small Shareholders may also obtain a copy from Excelsior'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 Excelsior'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 Excelsior as their agent to receive any financial services guide or other notice given by the Sale Agent. Copies of any document Excelsior receives from the Sale Agent as agent for the Ineligible Foreign Shareholders and Electing Small Shareholders can be obtained by contacting Excelsior's Company Secretary.

Excelsior, 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 Excelsior Options

Under the Merger Implementation Agreement, Spitfire and Excelsior entered into the Option Cancellation Deed with the Excelsior Optionholder, pursuant to which the Excelsior Optionholder has agreed to the cancellation of their Excelsior Options in exchange for Spitfire granting New Spitfire Options to the Excelsior Optionholder at the ratio of 1 New Spitfire Option for every 2.208 Excelsior Options held. This will result in 6,340,580 New Spitfire Options, each exercisable at \$0.1104 and expiring on 24 November 2018, being granted to the Excelsior Optionholder (or its nominees) (assuming that no Excelsior Options are exercised before the Record Date).

5.11 Treatment of Excelsior Performance Rights

Under the Merger Implementation Agreement, Excelsior has entered into the Performance Rights Cancellation Deed with the Excelsior Performance Rights Holder (being parties related to Excelsior Managing Director, Mr Rowan Johnston) under which the Excelsior Performance Rights Holder has agreed:

- (a) to exercise all existing vested Excelsior Performance Rights with conversion occurring prior to the Record Date so that the Excelsior Shares issued on exercise will be exchanged for New Spitfire Shares under the Scheme; and
- (b) all unvested Excelsior Performance Rights will, subject to the Scheme becoming Effective, be cancelled for no consideration.

5.12 Treatment of Excelsior Loan Share Plans

Under the Merger Implementation Agreement, Spitfire and Excelsior have entered into a deed with each holder of Excelsior Shares issued under the Excelsior Loan Share Plans, under which it has been agreed that:

- (a) all existing Excelsior Shares held by participants in the Excelsior Loan Share Plans will be exchanged for New Spitfire Shares under the Scheme;
- (b) the corresponding loan made under the Excelsior Loan Share Plan will be replaced with a loan for the same amount owing to Spitfire;
- (c) a holding lock will be placed on the New Spitfire Shares until the applicable loan has been repaid to Spitfire; and
- (d) the loan will be on the same terms as the loan from Excelsior under the applicable Excelsior Loan Share Plan, including limited in recourse to the applicable Spitfire

Shares and repayable 5 years from issue of the relevant Excelsior Shares under the applicable Excelsior Loan Share Plan. However, the early repayment trigger on ceasing to be an eligible participant under the applicable Excelsior Loan Share Plan will not apply.

5.13 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.

5.14 Warning against Excelsior 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 5.13, 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.

5.15 Warranties given by Excelsior Shareholders

If the Scheme is implemented, each Excelsior Shareholder is deemed to have warranted to Spitfire, and appointed and authorised Excelsior as its attorney and agent to warrant to Spitfire, that all their Excelsior 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 Excelsior Shares under the Scheme.

5.16 If the Scheme does not proceed

If the Scheme does not proceed, Excelsior Shareholders will continue to hold Excelsior Shares. In the absence of any Superior Proposal to the Scheme, Excelsior will continue as a standalone entity. Excelsior Shareholders will be exposed to the risks relating to Excelsior's business set out in Section 6.11. Excelsior Shareholders 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 Excelsior or Spitfire may be liable to pay a break fee of \$300,000 to the other party. The Break Fee is not payable if the Scheme does not proceed merely because Excelsior 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.

Excelsior will also be liable to pay certain transaction costs in relation to the Scheme, regardless of whether or not the Scheme is implemented. If the Scheme does proceed, additional costs will be incurred.

6. Profile of Excelsior

This Section of the Scheme Booklet contains information in relation to Excelsior 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

Excelsior Gold Limited (ASX:EXG) is an ASX listed gold development and exploration company formed in February 2007 (previously Atom Energy Ltd) with a core focus on its 100% owned KNGP, located in Western Australia. Excelsior was listed on the ASX on 26 June 2007.

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

6.2 Overview of Project

KNGP (refer to figure 1 below) is a contiguous land holding covering 96 square kilometres comprising granted mining leases and prospecting licences extending over 25 kilometres strike length of the Bardoc Tectonic Zone greenstone belt.

KNGP consists of 46 mining leases and 32 prospecting licenses covering a total area of approximately 95.7km². The Zoroastrian and Excelsior mineralised systems are located in the central northern part of the project within ten granted mining leases covering 205ha held by GPM Resources Pty Ltd, a wholly owned subsidiary of EXG. These tenements have expiry dates ranging from 2022 – 2029.

PROJECT	TENEMENT	AREA	EXPIRY DATE
Bardoc Central	M 24/121	36.95 ha	02/11/2029
Bardoc Central	M 24/135	17.75 ha	10/06/2029
Bardoc Central	M 24/83	110.65 ha	02/04/2028
Bardoc Central	M 24/854	2.61 ha	03/04/2022
Bardoc Central	M 24/869	7.16 ha	21/10/2024
Bardoc Central	M 24/870	7.04 ha	21/10/2024
Bardoc Central	M 24/871	9.71 ha	21/10/2024
Bardoc Central	M 24/886	8.25 ha	22/04/2025
Bardoc Central	M 24/887	4.15 ha	22/04/2025
Bardoc Central	M 24/888	1.22 ha	22/04/2025

(refer to section 3.2 of the Independent Technical Report for further information on the mining tenements which comprise KNGP).

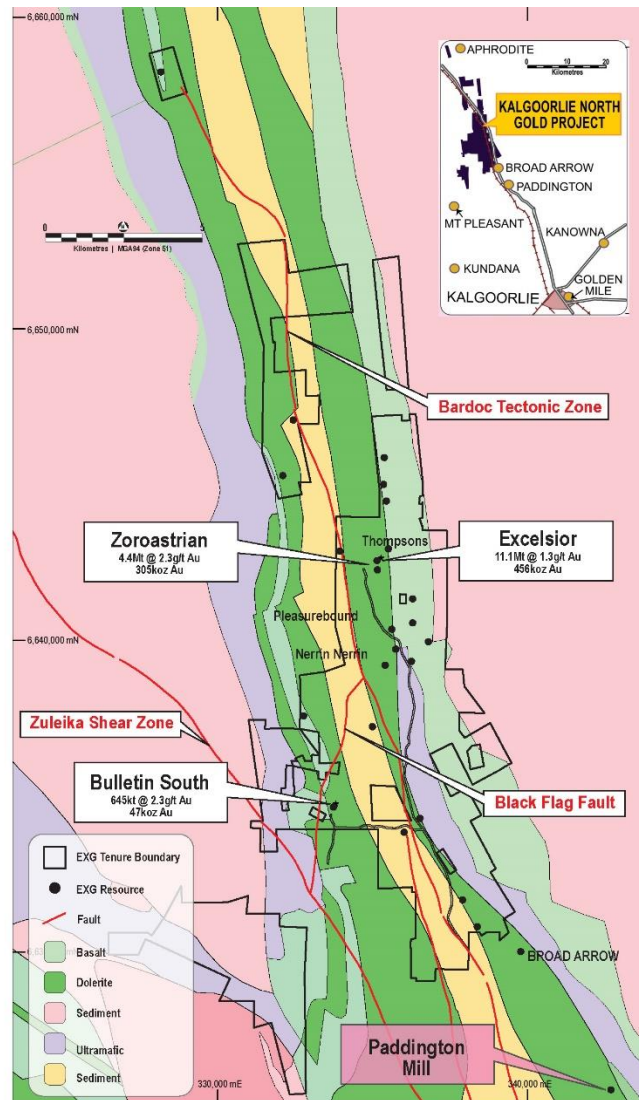


Figure 1 – Kalgoorlie North Regional and Tenement Map

Since acquiring KNGP in 2009, Excelsior has conducted an ongoing program of review utilising an extensive historic drilling database and targeted reverse circulation and diamond drilling campaigns aimed at expending and updating gold resources. Excelsior recently completed mining of the Zoroastrian Central pit which provided the necessary funds to repay all debt and liabilities and allow for a detailed drilled out of additional resources, and ongoing exploration. The close proximity of Excelsior's deposits to the Paddington treatment facility and other process plants in the region enabled Excelsior to progress the development of several open pits with associated toll treatment, thereby providing actual data for metallurgy, mining and geology to be applied to ongoing analysis.

On 22 May 2018, Excelsior updated its Mineral Resources update for the Zoroastrian and Excelsior deposits following completion of the fully-funded resource drilling program at its KNGP (refer to Excelsior ASX Announcement dated 22 May 2018 – KNGP Mineral Resource Update). Since the completion of open pit mining and ore processing of Zoroastrian Central open pit in late 2017 and repayment of all outstanding debt and hedging commitments, Excelsior has been focused on improving geological confidence of the Zoroastrian and Excelsior deposits, with approximately 5,800m of infill reverse circulation (RC) and 2,500m of infill diamond core (DD) drilling completed

at the Zoroastrian deposit. In addition, Excelsior has conducted some co-funded strategic exploration drilling and has commenced testing its ground for new gold deposits.

The updated open pit Mineral Resource estimates for both the Zoroastrian and Excelsior deposits are reported above a 0.6g/t Au cut-off and are constrained within an A\$2,700/oz optimisation shell (refer to Table 1a below and Excelsior's ASX Announcement dated 22 May 2018 – KNGP Mineral Resource Update for further details).

Table 1: Kalgoorlie North Mineral Resource statement as at May 2018

KALGOORLIE NORTH GOLD RESOURCES		MEASURED			INDICATED			INFERRED			TOTAL RESOURCES			Original ASX
Deposit	Cut-Off (g/t Au)	Tonnes (.000t)	Grade (g/t Au)	Ounces (.000oz)	Tonnes (.000t)	Grade (g/t Au)	Ounces (.000oz)	Tonnes (.000t)	Grade (g/t Au)	Ounces (.000oz)	Tonnes (.000t)	Grade (g/t Au)	Ounces (.000oz)	
Excelsior	0.6				5,144	1.39	230	1,103	1.2	43	6,247	1.4	273	22-May-18
Zoroastrian (O/P)	0.6				3,590	2.1	242	1,196	1.9	71	4,786	2.0	314	22-May-18
Zoroastrian (U/G)	2.5				100	4.1	13	251	4.0	32	351	4.0	45	22-May-18
Zoroastrian (Total)					3,690	2.2	255.5	1,447	2.2	103	5,137	2.2	359	
Lochinvar	0.6				448	1.7	25	60	1.7	3	508	1.7	28	19-Feb-14
Nerrin Nerrin	0.6				74	2.4	6	107	2.4	8	181	2.4	14	15-Nov-13
Ophir	0.6							75	1.9	5	75	1.9	5	11-Dec-13
Vettersburg South	0.6							552	1.5	26	552	1.5	26	11-Dec-13
Eldorado	0.6				362	1.6	19	31	1.4	1	393	1.6	20	9-May-13
Talbot North *	0.6							662	1.7	36	662	1.7	36	31-Mar-10
Bulletin South	0.6	38	1.9	2	482	2.3	35	125	2.4	10	645	2.3	47	23-Jan-17
Windanya	0.6							360	1.5	17	360	1.5	17	11-Dec-13
Total Other Resources		38	1.9	2.3	1,366	1.9	85	1,971	1.7	106	3,375	1.8	193	
TOTAL RESOURCES		38	1.9	2	10,200	1.7	570	4,521	1.7	252	14,759	1.7	825	

* The Talbot North Mineral Resource estimate was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

- Differences may occur due to rounding.
- The Zoroastrian and Excelsior open pit resources are reported within an A\$2,700 per ounce gold price pit shell. The Bulletin South Open Pit resource is reported within an A\$2,750 per ounce gold price pit shell.
- Other resources are reported above applicable depths below surface.
- Other resources are reported above applicable depths below surface. The Company confirms that it is not aware of any new information or data that materially affects the resource estimates and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

Table 1b: Kalgoorlie North Reserves statement as at May 2018

KALGOORLIE NORTH GOLD RESERVES		PROVEN			PROBABLE			TOTAL RESERVES			Original ASX report date
Deposit		Tonnes (.000t)	Grade (g/t Au)	Ounces (.000oz)	Tonnes (.000t)	Grade (g/t Au)	Ounces (.000oz)	Tonnes (.000t)	Grade (g/t Au)	Ounces (.000oz)	
Zoroastrian South (OP)					210	2.1	14	210	2.1	14	23-Mar-17
Bulletin South (OP)					250	2.8	23	250	2.8	23	23-Mar-17
TOTAL RESERVES		0	0.0	0	460	2.5	37	460	2.5	37	

- Differences may occur due to rounding.
- The Company confirms that it is not aware of any new information or data that materially affects the reserve estimates and that all material assumptions and technical parameters underpinning

the estimates in the relevant market announcement continue to apply and have not materially changed.

Further, as more recently announced on 6 June 2018, Excelsior has now established a high confidence resource foundation, primarily at the adjacent Zoroastrian and Excelsior deposits, which will form an integral part of an ultimate stand-alone mine plan. Having satisfied itself of the robustness of the KNGP resources at the Zoroastrian and Excelsior deposits, Excelsior has progressed to a concerted exploration campaign to test its highly prospective landholding for new gold deposits.

The objective of the current and pending field activities is to identify new gold mineralisation which can add to the current resources and strengthen Excelsior's position as it seeks to develop a stand-alone gold mine.

Activities are focussed on drill testing along and in the vicinity of the two major fault structures, namely the Bardoc Tectonic Zone (a northern continuation of the Boulder-Lefroy Fault) and the intersecting Black Flag Fault Zone (see figure 1), which are believed to be the substantial structural controls in the area.

Excelsior has also successfully sought third party complementary funding from the WA State Government to test for mineralisation controls in the vicinity of the Zoroastrian dolerite unit which may not have been recognised or understood historically.

6.3 Directors of Excelsior

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

**David Hatch
(Non-Executive
Chairman)**

Assoc Dip Mining Engineering, Dip Mineral Economics

Mr Hatch is a mining engineer with extensive senior management experience in Australia, Papua New Guinea, Indonesia and Ghana. He has seven years' experience as Managing Director of ASX listed gold companies and was appointed to the Excelsior Board on 21 September 2016.

**Rowan Johnston
(Managing Director)**

BSc (Mining Engineering), first class mine managers certificate

Mr Johnston is a mining engineer and experienced executive director, most recently being the Acting CEO and Executive Director of Operations for ASX listed Mutiny Gold Limited prior to the takeover by Doray Minerals Limited. Mr Johnston was previously an executive director of Integra Mining. Mr Johnston was appointed to the Excelsior Board on 21 September 2016.

**Jonathan West
(Non-Executive Director)**

BSc(Hons) MSc PhD

Dr Jonathan West has worked across a variety of resource and energy development and management areas, in both the private and public sector for over 40 years, both in Australia and overseas. He has extensive senior executive management experience with a particular focus on strategic planning, policy development, resource development and management, and corporate and organisational change management. Dr West was appointed to the Excelsior Board on 21 September 2016.

**Jimmy Kong Leng Lee
(Non-Executive Director)**

*BSc (Min Tech); First Class Mine Managers Certificate of Competency;
Quarry Managers Certificate of Competency*

Mr Lee is a mining engineer with more than 30 years of industry experience and is a member of AusIMM. He has successfully worked with a number of major Australian mining companies and has held senior positions with Hamersley Iron Ltd, Dominion Mining Ltd, Christmas Island Phosphates, North Ltd and Carey Mining Ltd. Mr Lee provides mining and corporate advisory services to the mining industry and was formerly a founding director of Terrain Minerals Limited. In addition, he has a successful track record with contract negotiations and company investment strategies. Mr Lee was appointed to the Excelsior Board on 20 June 2016.

**Sam Randazzo
(Non-Executive Director)**

Mr Randazzo has over 20 years of international experience in public company management (including Chairman, Chief Operating Officer, Company Secretary and Chief Financial Officer roles). He has exposure to ASX, TSX and AIM stock markets and successful capital raisings in Australia, USA, Canada, UK, Europe and the Middle East. Mr Randazzo's operational management experience is in Australia, South America, USA, Canada and the UK. He has also been involved in project evaluation and feasibility studies, and project identification, acquisitions and disposals. He was appointed to the Excelsior Board on 24 October 2016.

6.4 Financial information

The following information has been extracted from:

- (a) the audit reviewed financial statements of Excelsior for the half year ended 31 December 2017; and
- (b) the audited financial statements of Excelsior for the financial years ended 30 June 2017 and 30 June 2016.

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 31 December 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 Excelsior, 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:

- (a) an increase in the provision for rehabilitation from \$2,960,251 to \$3,839,216, with a corresponding reduction in the profit before tax for the half year by \$978,965; and
- (b) as otherwise disclosed in the 31 December 2017 financial statements and subsequent filings on ASX.

Copies of Excelsior's:

- (a) audit reviewed financial statements for the half year ended 31 December 2017; and
- (b) audited financial statements for the years ended 30 June 2017 and 2016,

are available on the on the Excelsior website (www.excelsiorgold.com.au). The audited financial statements for 30 June 2017 also contain an explanation of the restatement of 30 June 2016 financial statements due to correction of a prior year error. Copies will also be provided by Excelsior, free of charge, to any Excelsior Shareholder who requests it before the Scheme Meeting.

(a) Statement of financial position

Set out below is Excelsior's statement of financial position as at 31 December 2017 and 30 June 2017 and 2016.

	31 Dec 2017	30 June 2017	30 June 2016
	Reviewed	Audited	Restated/Audited
	\$	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6,943,562	1,133,932	1,965,647
Trade and other receivables	350,090	1,650,217	5,660,560
Inventories	30,000	3,944,828	182,084
Other assets	1,080	1,080	-
Total current assets	7,324,732	6,730,057	7,808,291
Non-Current Assets			
Other financial assets	72,454	72,454	72,454
Mine Development:			
Site rehabilitation asset	-	-	7,293,263
Mine Properties	-	248,789	1,299,574
Deferred Stripping costs	-	472,216	3,955,625
Property, plant and equipment	210,779	209,330	129,034
Total non-current assets	283,233	1,002,789	12,749,950
TOTAL ASSETS	7,607,965	7,732,846	20,558,241
LIABILITIES			
Current Liabilities			
Trade and other payables	549,193	6,736,758	9,307,425
Provisions	71,890	140,271	194,777
Borrowings	-	-	4,004,271
Derivative financial instruments	-	-	4,422,957
Total current liabilities	621,083	6,877,029	17,929,430
Non-Current Liabilities			
Provisions	2,960,251	6,243,453	8,797,961
Derivative financial instruments	-	-	8,602,752
Total non-current liabilities	2,960,251	6,243,453	17,400,713
TOTAL LIABILITIES	3,581,334	13,120,482	35,330,143
NET ASSETS/(DEFICIENCY)	4,026,630	(5,387,636)	(14,771,902)
EQUITY			
Contributed Equity	53,395,608	53,370,461	44,000,750
Reserves	276,147	219,115	586,408
Accumulated losses	(49,645,124)	(58,977,212)	(59,359,060)
TOTAL EQUITY	4,026,631	(5,387,636)	(14,771,902)

(b) **Statement of comprehensive income**

Set out below is Excelsior's statement of comprehensive income for the half year ended 31 December 2017 and the financial years ended 30 June 2017 and 2016.

	Half-Year ended 31 Dec 2017	Year ended 30 June 2017	Year ended 30 June 2016
	Reviewed	Audited	Restated/Audited
	\$	\$	\$
Revenue from continuing operations	22,488,780	51,046,255	19,634,502
Costs of production	(12,608,849)	(42,368,754)	(20,184,160)
Gross profit/(loss) before amortisation	9,879,931	8,677,501	(549,658)
Amortisation relating to gold sales	(721,005)	(11,149,555)	(2,499,540)
Gross profit/(loss) from operations	9,158,926	(2,472,054)	(3,049,198)
Other income	10,242	50,280	3,529,433
Other expenses	(420,940)	(264,691)	(374,229)
Gain from reduction of rehabilitation obligation	3,202,015	-	-
Exploration expenditure	(1,736,203)	(1,750,808)	(1,904,062)
Administration and other corporate expenses	(851,655)	(2,029,255)	(2,082,043)
Depreciation of non-mine assets	(42,627)	(34,291)	(34,583)
Realised losses on derivatives – gold hedges	-	(5,898,619)	(955,438)
Fair value adjustment of derivatives – gold hedges	-	13,025,709	(13,025,709)
Finance costs	(27,616)	(731,253)	(1,000,947)
Profit/(loss) before income tax	9,292,142	(104,982)	(18,896,776)
Income tax benefit	-	-	-
Profit/(loss) for the year attributable to the members of Excelsior Gold Limited	9,292,142	(104,982)	(18,896,776)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Other	-	-	-
Total other comprehensive income for the year net of tax	-	-	-
Total comprehensive profit/(loss) for the year attributable to the owners of Excelsior Gold Limited	9,292,142	(104,982)	(18,896,776)

(c) **Statement cash flows**

Set out below is Excelsior's statement of cash flows for the half year ended 31 December 2017 and the financial years ended 30 June 2017 and 2016.

	Half-Year ended 31 Dec 2017	Year ended 30 June 2017	Year ended 30 June 2016
	Reviewed	Audited	Audited
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Revenue received	22,593,972	58,938,405	14,350,929
Site costs	(15,977,081)	(53,526,245)	(11,903,642)
Payments for administration	(903,022)	(2,288,175)	(1,691,587)
Payments for exploration and evaluation	(1,448,630)	(1,739,081)	(1,904,062)
Other receipts/(payments) – GST	1,614,923	965,149	(253,640)
Hedging costs paid	-	(2,519,640)	(955,438)
Other income	-	-	3,360,900
R&D tax refund	-	-	108,437
Interest received	10,242	50,280	60,096
Finance costs	(27,616)	(639,861)	(986,930)
Net cash inflow/(outflow) from operating activities	5,862,788	(759,168)	185,063
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for development - deferred stripping costs	-	(1,376,606)	(4,740,550)
Payments for development – mine properties	-	-	(1,557,452)
Payments for plant and equipment	(46,305)	(114,587)	-
Proceeds from sale of investments	-	-	47,325
Payment of security deposits	-	(1,080)	-
Net cash outflow from investing activities	(46,305)	(1,492,273)	(6,250,677)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	-	8,716,564	4,550,000
Costs associated with share issue	(6,853)	(346,853)	(348,609)
Payment of borrowings	-	(3,571,006)	(3,998,471)
Proceeds from borrowings	-	-	4,071,005
Close out of call options	-	(3,378,979)	-
Net cash inflow/(outflow) from financing activities	(6,853)	1,419,726	4,273,925
Net increase/(decrease) in cash and cash equivalents	5,809,630	(831,715)	(1,791,689)
Cash and cash equivalents at the beginning of the year	1,133,932	1,965,647	3,757,336
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6,943,562	1,133,932	1,965,647

6.5 Excelsior's issued securities

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

- (a) 832,677,561 Excelsior Shares;
- (b) 14,000,000 unquoted Excelsior Options each exercisable at \$0.05 and expiring on 24 November 2018; and
- (c) 9,829,268 unquoted Excelsior Performance Rights, with various vesting conditions and expiry dates. Of these, 3,329,268 have vested but remain unexercised.

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

See Sections 5.10 and 5.11 for details of the treatment of the Excelsior Options and the Excelsior Performance Rights (respectively) under the Scheme.

6.6 Excelsior's substantial shareholders

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

Excelsior Shareholder	Number of Excelsior Shares Held	Percentage of Issued Excelsior Shares
Farrah Group	77,950,579	9.36%
Dr Christopher Kong Leng Shun and Mrs Sook Leng Choy	44,783,196	5.38%

6.7 Excelsior Loan Share Plans

Excelsior has put in place the Excelsior Loan Share Plans to attract and retain suitably qualified and motivated directors and employees, and also align their interests with Excelsior Shareholders. There are currently 23,200,000 Excelsior Shares on issue under the Excelsior Loan Share Plans, with loans totalling \$1,219,483 outstanding. None of the Excelsior Shares currently on issue under the Excelsior Loan Share Plans are held by Directors of Excelsior.

Under the Merger Implementation Agreement, Spitfire and Excelsior have entered into a deed with each holder of Excelsior Shares issued under the Excelsior Loan Share Plans, under which it has been agreed that:

- (a) all existing Excelsior Shares held by participants in the Excelsior Loan Share Plans will be exchanged for New Spitfire Shares under the Scheme;
- (b) the corresponding loan made under the Excelsior Loan Share Plan will be replaced with a loan for the same amount owing to Spitfire;
- (c) a holding lock will be placed on the New Spitfire Shares until the applicable loan has been repaid to Spitfire; and
- (d) the loan will be on the same terms as the loan from Excelsior under the applicable Excelsior Loan Share Plan, including limited in recourse to the applicable Spitfire Shares and repayable 5 years from issue of the relevant Excelsior Shares under the applicable Excelsior Loan Share Plan. However, the early repayment trigger on ceasing to be an eligible participant under the applicable Excelsior Loan Share Plan will not apply.

6.8 Interests of Excelsior Directors and Spitfire Directors in Excelsior securities

The Excelsior Directors have Relevant Interests in the following Excelsior Securities.

Director	Excelsior Shares	Excelsior Performance Rights
David Hatch	1,766,667	-
Rowan Johnston	900,000	9,829,268*
Jonathan West	1,104,000	-
Jimmy Kong Leng Lee	321,156	-
Sam Randazzo	1,000,000	-
Total	5,091,823	-

* 3,329,268 of these Performance Rights have vested and the others remain unvested. See Section 5.11 for details of how these Performance Rights will be treated under the Scheme.

Other than as disclosed in Section 14.3, no Spitfire Director has a Relevant Interest in any Excelsior Securities.

6.9 Excelsior Share trading history

The last recorded sale price of Excelsior Shares traded on ASX before the announcement of the proposed Merger on 22 June 2018 was \$0.04.

On the Last Practicable Date, the closing price of Excelsior Shares on ASX was \$0.034.

During the three month period up to and including the Last Practicable Date, the highest and lowest recorded sale prices of Excelsior Shares on ASX were, respectively, \$0.046 on 24 May 2018 and \$0.031 on 8 August 2018.

Set out below is the volume weighted average price (**VWAP**) of Excelsior Shares for various periods up to and including the Last Practicable Date:

	10 Days	20 days	30 days	90 days
VWAP	\$0.0337	\$0.0356	\$0.0362	\$0.0418

6.10 Excelsior announcements and reports

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

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

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

Excelsior 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 Excelsior website (www.excelsiorgold.com.au):

- (a) the half yearly financial report of Excelsior for the half year ended 31 December 2017 (being the financial report most recently lodged with ASIC by Excelsior before lodgement of a copy of this Scheme Booklet with ASIC for registration); and
- (b) the annual financial report of Excelsior for the year ended 30 June 2017 (being the annual financial report most recently lodged with ASIC by Excelsior before lodgement of a copy of this Scheme Booklet with ASIC for registration); and
- (c) any continuous disclosure announcements made by Excelsior after the date of the lodgement of the half yearly 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 Excelsior to ASX since 28 February 2018 (being the date of lodgement of the half yearly financial report referred to in paragraph (a)).

Date Lodged	Description of Document (ASX announcement header)
07/03/2018	Drilling Update and Timing of Resources/Reserves Conversion
09/04/2018	Appendix 3B Director Shares in lieu of Remuneration
10/04/2018	Appendix 3Y - Change of Director's Interest Notice - J Lee
17/04/2018	KNGP Progress Update
23/04/2018	Investor Presentation - 121 Mining Investment Hong Kong
23/04/2018	Quarterly Activities Report - March 2018
23/04/2018	Quarterly Cashflow Report - March 2018
07/05/2018	KNGP Progress Update
09/05/2018	RIU Sydney Resources Round-Up Presentation
17/05/2018	Investor Presentation - 121 Mining Investment London
22/05/2018	Kalgoorlie North Gold Project Mineral Resource Update
24/05/2018	Investor Presentation - 121 Mining Investment Singapore
05/06/2018	Change of Registry
07/06/2018	KNGP Field Activities now focused on exploration
12/06/2018	Appendix 3C - Buy-back of Previous Employee Shares
25/06/2018	Merger Implementation agreement
25/06/2018	Spitfire and Excelsior to Merge
28/06/2018	Appendix 3F and Form 484 - Cancellation of Shares
29/06/2018	Appendix 3B Director Shares in lieu of Remuneration
02/07/2018	Appendix 3Y - Change of Director's Interest Notice - J West
09/07/2018	Spitfire/Excelsior Merger Presentation
09/07/2018	SPI: Merger Presentation
25/07/2018	Quarterly Cashflow Report – June 2018
25/07/2018	Quarterly Activities Report – June 2018

Date Lodged	Description of Document (ASX announcement header)
01/08/2018	Spitfire/Excelsior Merger Presentation
10/08/2018	Results of First Court Hearing - Merger

6.11 Risk factors

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

6.12 Material events since 31 December 2017

Within the knowledge of the Excelsior 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 Excelsior since 31 December 2017.

Upon implementation of the Scheme, Rowan Johnston will be made redundant from his position as Managing Director of Excelsior. As a result of his redundancy Mr Johnston will be paid approximately \$182,000 (including estimated leave entitlements) which he is entitled to under the terms of his contract with Excelsior.

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 recently acquired Aphrodite by way of scheme of arrangement. Aphrodite was 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. The merger of Aphrodite and Spitfire created a significant emerging ASX-listed Australian gold company with exposure to a large and diversified gold exploration and development project 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.

Spitfire also owns the following projects:

- (a) 100% of the strategically located high-grade Mulwarrie Gold Project, located near Kalgoorlie in Western Australia (Spitfire announced completion of the acquisition of the 49% interest in the Mulwarrie Gold Project that it did not own on 29 June 2018);
- (b) a joint venture interest in the highly prospective Alice River Gold Project in Northern Queensland;
- (c) the England Gold Project in the Laverton district of Western Australia and the Yoda Gold Project in the Northern Territory; and
- (d) the South Woodie Woodie Manganese Project in Western Australia.

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

7.2 Overview of Projects

Aphrodite Gold Project

The Aphrodite Gold Project is located 65km north of Kalgoorlie in the Eastern Goldfields of Western Australia (refer to 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 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 to Spitfire's ASX Announcement dated 25 January 2018). On 29 May 2018, Spitfire announced that drilling had resumed at the Aphrodite Gold Project and that latest assays had confirmed continuity of high-grade underground resource at the Aphrodite Gold Project. These results confirm that Aphrodite is a significant emerging gold asset with the potential to be the cornerstone of a long-term gold operation for Spitfire in the North Kalgoorlie region (refer to Spitfire's ASX Announcements dated 29 May 2018 – "Drilling Resumes at Aphrodite", 3 July 2018 – "Latest Results from Aphrodite" and 30 July 2018 – "Outstanding Initial High-Grade Hits from Aphrodite Drilling").

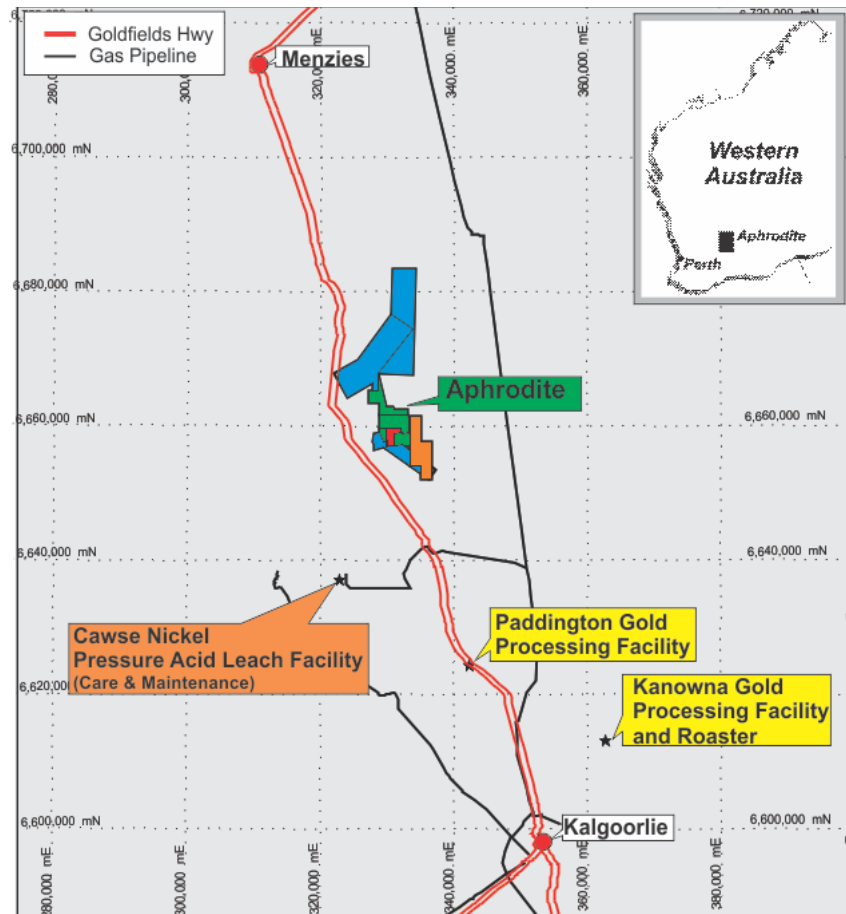


Figure 2 - Aphrodite Regional Location Map

The Aphrodite Gold Project is covered by five contiguous mining leases which are 100% owned by Aphrodite, Spitfire's wholly owned subsidiary. All five tenements have been granted a 21-year life, with the earliest expiry date in 2028. Aphrodite Gold Limited has also has been granted one exploration licence, two prospecting licences and three miscellaneous licences within proximity to the mining leases. Refer also to section 4.2 of the Independent Technical Report for further information on the mining tenements which comprise the Aphrodite Gold Project.

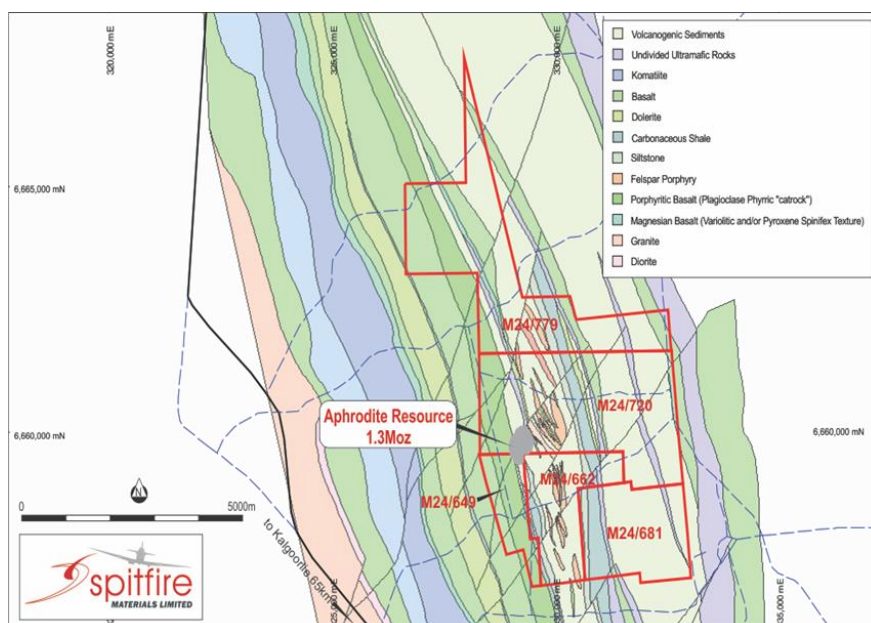


Figure 3 - Aphrodite Gold Project, Geology and Location Plan

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.

APHRODITE GOLD PROJECT	Indicated			Inferred			Indicated + Inferred		
	Tonnes	Gold		Tonnes	Gold		Tonnes	Gold	
Domain	(Mt)	(g/t)	(koz)	(Mt)	(g/t)	(koz)	(Mt)	(g/t)	(koz)
OP (0.5g/t cut-off)	6.2	2.1	411	4	1.5	187	10.2	1.8	598
UG (3.0g/t cut-off)	1.6	6.6	330	1.4	7.5	332	2.9	7	663
TOTAL RESOURCE	7.8	3	741	5.3	3	520	13.1	3	1,261

The resource estimate was classified in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC Code 2012) – Refer ASX Release 25 January 2018.

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 (refer to figure 6 below). 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.

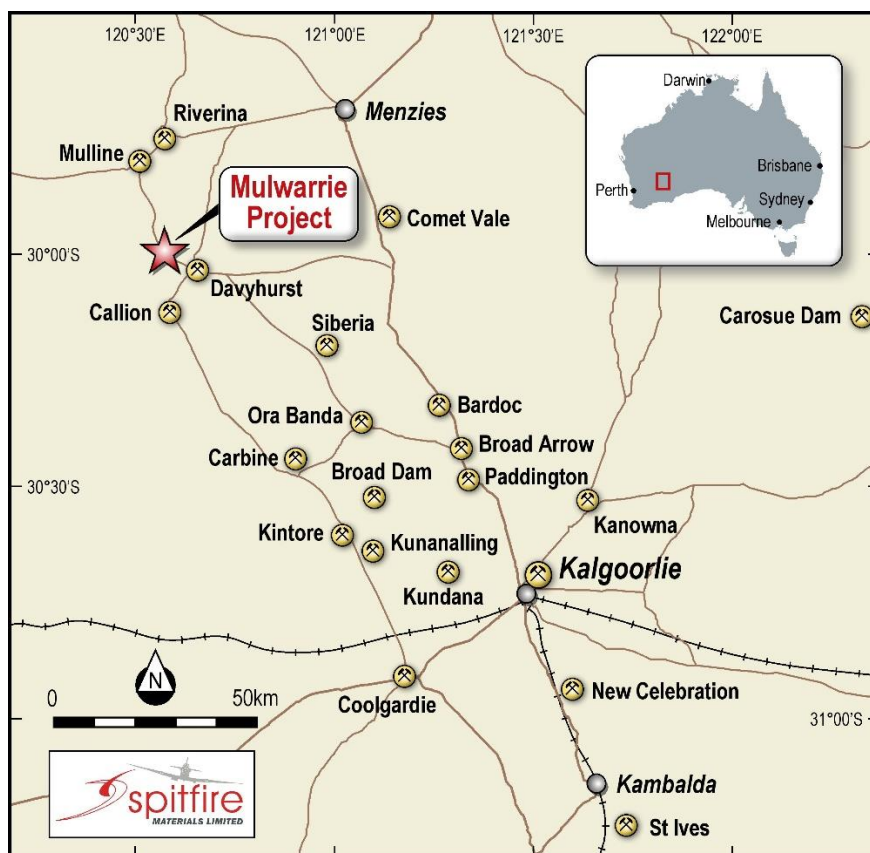


Figure 4 – Location, Mulwarrie Gold Project

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.

Drilling programs at the Mulwarrie Gold Project have 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, 27 September 2017 and 30 January 2018 for full results).

No JORC resource has been delineated for the Mulwarrie Gold Project.

On 29 June 2018, Spitfire announced that it had completed its acquisition of the remaining 49% of the Mulwarrie Gold Project and, as consideration for the acquisition, had issued 10,000,000 Spitfire Shares (voluntary escrowed for 12 months) and made a \$100,000 cash payment to the vendors of the Mulwarrie Gold Project.

Refer to section 4.5 of the Independent Technical Report for further information on the mining tenements which comprise the Mulwarrie Gold Project.

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 (refer to figure 5). The Alice River Gold Project encompasses six granted exploration permits for minerals and eight granted mining leases for a total of 445km. 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.

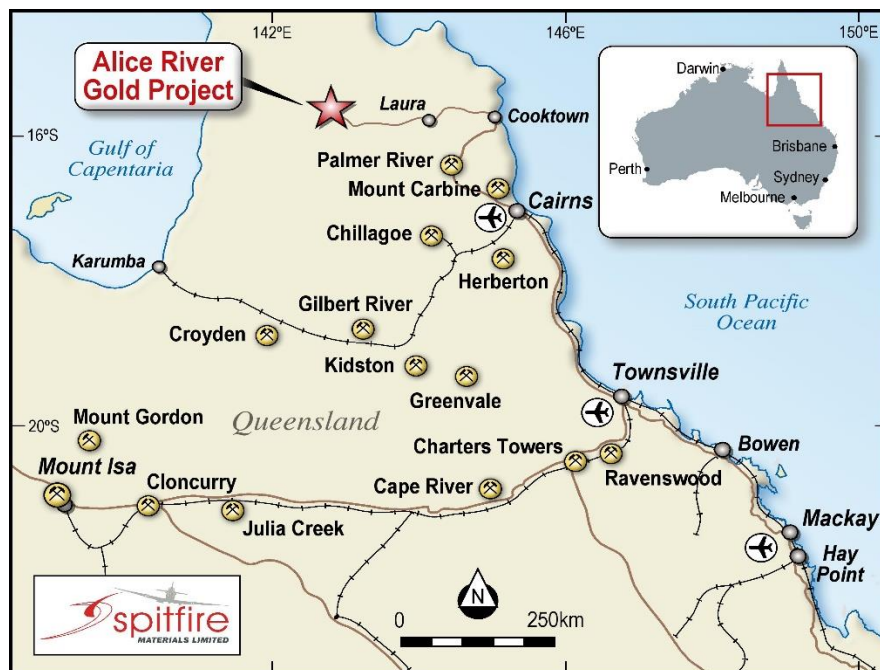


Figure 5 - Location, Alice River Gold Project

Refer to section 4.4 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 Alice River Gold Project.

During October 2017, Spitfire undertook its maiden drilling program at the Alice River Gold Project which comprised 14 holes for approximately 397m and was successful in validating the historical RC and diamond drilling results reported in 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.

In 2017, 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. Exploration on granted EPM 26266 has been postponed as Spitfire 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 6 - Alice Queen open pit, Alice River Gold Project

No JORC resource has been delineated for the Alice River Gold Project.

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. No JORC resource has been delineated for the England Gold Project.

Refer to section 4.6 of the Independent Technical Report for further information on the mining tenements which comprise the England Gold Project.

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 recent exploration activities have been undertaken.

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.

No JORC Resource has been delineated for the Yoda Gold Project.

Refer to section 4.7 of the Independent Technical Report for further information on the mining tenements which comprise the Yoda Gold 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.

The tenements lie within the Balfour Downs sub-basin and cover a portion of the Hamersley Group based by the Fortescue sediments and Archaean granite-greenstone basement. The target areas are the manganese seams hosted by the Carawine Dolomite, upper member of the Hamersley group. Spitfire discovered and defined three deposits, namely Tally Ho, Contact and Contact North. A JORC 2004 compliant Inferred Resource was delineated during the 2010 and 2011 field seasons announced in March 2012 and no resource drilling has been completed since 2011.

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

Table 2: Combined Inferred JORC Resource* at the South Woodie Woodie Project.

JORC Resource Inferred	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
Tally-Ho	2.9	7.1	6.7	9.1	62.9	0.043	7.95
Total	14.2	13.3	4.2	13.9	46.7	0.053	

*The Inferred JORC resources for the Tally-Ho and the Contact/Contact North deposits has not changed since their initial release in 2010 and 2012 respectively. They were reported under the 2004 JORC code and due to no additional work being performed since there has been no reason to update these deposits to the 2012 JORC requirements. (See ASX Release 13 May 2010 and 14 March 2012).

Further information can be found at www.spitfirematerials.com and in the Independent Expert's Report. In particular, please refer to section 4.8 of the Independent Technical Report for further information on the South Woodie Woodie Manganese Project.

7.3 Directors of Spitfire

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

**Peter Buttigieg
(Non-Executive
Chairman)**

Mr Buttigieg brings a wealth of business management skills and business connections to the Spitfire Board as founder and managing director of the RMS (Aust) information technology group, a business

which designs IT systems for the global hospitality, mining, defence and shopping centre industries. Mr Buttigieg holds a Bachelor of Applied Science (Information Technology) and graduated with Distinction from Monash University.

**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, was appointed Technical Director in September 2015, and transitioned to a Non-Executive Director in July 2017 until his resignation in April 2018. 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.

**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.

7.4 Material contracts

Franco Nevada Royalty Agreement

In November 2012, the Australian arm of the world's largest buyer of gold royalties and stream, Canadian based Franco Nevada Corporation, advanced Aphrodite (now a 100% subsidiary of Spitfire) \$2,500,000 against a future royalty of 2.5% over production from the Aphrodite Gold Project. The advance bears no interest and required no repayments for the first 5 years. As production has not yet commenced on the Aphrodite Gold Project, from 1 November 2017, Spitfire has been required to pay Franco Nevada \$250,000 per annum as an advance minimum royalty until production commences. The annual payments of \$250,000 are able to be offset against any royalty that becomes payable each year if the Aphrodite Gold Project commences production. Aphrodite has granted security over all of its assets (including mining mortgages registered against the mining tenements which comprise the Aphrodite Gold Project to secure payment by Aphrodite of the royalty and performance of its obligations under the royalty deed).

Loan Agreements

Spitfire has entered into loan facility agreements (**Loan Agreements**) with each of entities associated with Mr Peter Buttigieg and Mr Neil Biddle (**Lenders**) pursuant to which the Lenders have agreed to provide loan facilities of up to \$1,000,000 to Spitfire (refer: Spitfire ASX Announcement dated 20 July 2018 – Director Loan Facility Agreements).

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 Year 1 Expenditure Requirement) by 14 March 2019; and
 - (iii) completing a scoping study by 14 March 2019,
 (together, the **Stage 1 Requirements**).

Admiral has satisfied the Year 1 Expenditure Requirement and spent a total of approximately \$1,800,000 up to the date of this Scheme Booklet. 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 in consideration for a 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).

7.5 Litigation

Spitfire, through its wholly owned subsidiary Aphrodite, is defending an unfair dismissal claim. On 22 January 2018, the Supreme Court of Western Australia ordered that:

- (a) Wayne Ryder (**First Plaintiff**) claims against Aphrodite to be dismissed;
- (b) there be judgement for Leon Reisgys (**Second Plaintiff**) against Aphrodite in the sum of \$139,763 inclusive of interest (less any applicable tax which Aphrodite is required by law to remit in respect of that amount);
- (c) there be judgement on the counterclaim for Aphrodite against the First Plaintiff and Second Plaintiff in the sum of \$12,814 inclusive of interest;
- (d) there be no order as to the costs of the counterclaim and no order as to costs thrown away by reason of any amendments to the counterclaim; and
- (e) payment under orders (b) and (c) is stayed pending further order of the Court.

A subsequent hearing on costs was held on 6th June 2018 with all parties making submissions on costs. As at the date of this Scheme Booklet, the decision on costs has not yet been delivered.

7.6 Historical financial information

The following information has been extracted from the audited consolidated financial statements of Spitfire and its controlled entities for the half year ended 31 December 2017 and the financial years ended 30 June 2017 and 2016. 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 31 December 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:

- (a) audit reviewed consolidated financial statements for the half year ended 31 December 2017; and
- (b) audited consolidated financial statements for the years ended 30 June 2017 and 2016,

are available on Spitfire's website (www.spitfirematerials.com). Copies will also be provided by Spitfire, free of charge, to any Excelsior 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 as at 31 December 2017, 30 June 2017 and 30 June 2016.

	31 December 2017 Reviewed \$000	30 June 2017 Audited \$000	30 June 2016 Audited \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1,729	5,557	2,053
Trade and other receivables	520	115	63
TOTAL CURRENT ASSETS	2,249	5,672	2,116
NON-CURRENT ASSETS			
Property, plant and equipment	237	170	7
TOTAL NON-CURRENT ASSETS	237	170	7
TOTAL ASSETS	2,486	5,842	2,123
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	926	375	180
Provisions	637	4	-
Borrowings	500	-	-
TOTAL CURRENT LIABILITIES	2,063	379	180
NON-CURRENT LIABILITIES			
Borrowings	2,000	-	-
TOTAL NON-CURRENT LIABILITIES	2,000	-	-
TOTAL LIABILITIES	4,063	379	180
NET ASSETS/(LIABILITIES)	(1,577)	5,463	1,943
EQUITY			
Issued capital	67,302	40,772	28,483
Reserves	3,082	755	445
Accumulated losses	(71,961)	(36,064)	(26,985)
TOTAL EQUITY	(1,577)	5,463	1,943

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

Set out below is Spitfire's consolidated statement of comprehensive income for the half-year ended 31 December 2017 and the financial years ended 30 June 2017 and 30 June 2016.

	Half-Year ended 31 December 2017 Reviewed \$000	Year ended 30 June 2017 Audited \$000	Year ended 30 June 2016 Audited \$000
Continuing Operations			
Interest received	26	31	45
Other income	1	9	-
Gross profit/(loss)	27	40	45
Depreciation expense	(26)	(5)	(20)
Consulting expenses	(194)	(315)	(805)
Occupancy costs	(38)	(92)	(52)
Travel expenses	(35)	(16)	(119)
Exploration and evaluation costs expensed	(1,970)	(255)	(174)
Acquisition premium/goodwill expensed	(18,982)	-	-
Exploration and evaluation assets expensed	(12,500)	(7,675)	-
Share Based Payment	(1,622)	(335)	(103)
Merger Costs	(346)	-	-
Administrative expenses	(330)	(387)	(540)
Loss before income tax	(36,016)	(9,040)	(1,768)
Income tax (expense)/revenue	-	-	-
Profit/(Loss) from continuing operations	(36,016)	(9,040)	(1,768)
Discontinued Operations			
Loss from discontinued operations after tax	-	(39)	(2,525)
Loss for the year	(36,016)	(9,079)	(4,293)
Other comprehensive income	10	(25)	15
Total comprehensive income/(loss) for the period	10	(25)	15
Total comprehensive income/(loss) attributable to the members of Spitfire	(36,006)	(9,104)	(4,278)

(c) **Consolidated statement cash flows**

Set out below is Spitfire's consolidated statement of cash flows for the half year ended 31 December 2017 and the financial years ended 30 June 2017 and 30 June 2016.

	Half-Year ended 31 December 2017 Reviewed \$000	Year ended 30 June 2017 Audited \$000	Year ended 30 June 2016 Audited \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash paid to suppliers and employees	(654)	(838)	(1,535)
Payments for exploration and evaluation	(1,800)	(254)	(439)
Income tax benefit– Research and Development	-	-	43
Other revenue	-	8	-
Interest received	25	30	56
Other (Merger Costs)	(204)	-	-
Net cash used in operating activities	(2,633)	(1,054)	(1,875)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment	(54)	(33)	(7)
Tenements	-	(5)	-
Payments for Investments (Aphrodite Gold Pty Ltd)	(1,192)	-	-
Other – Net cash inflow from acquisition of subsidiary	51	96	-
Net cash (used in)/from investing activities	(1,195)	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	(3,828)	3,504	(682)
Cash and cash equivalents at the beginning of the period	5,557	2,053	2,735
Cash and cash equivalents at the end of the period	1,729	5,557	2,053

7.7 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
Aphrodite	Australia	100%
Admiral Gold Pty Ltd	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%

7.8 Spitfire's issued securities

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

- (a) 531,068,820 Spitfire Shares;
- (b) 43,362,635 Spitfire Options (refer to the table below for further details); and
- (c) 23,300,000 Spitfire Performance Rights (comprising 10,000,000 Class A Performance Rights, 10,000,000 Class B Performance Rights, 1,650,000 Class C Performance Rights and 1,650,000 Class D Performance Rights).

The Spitfire Options are comprised of the following:

Number	Exercise Price	Expiry Date
13,812,635	\$0.1158	19 August 2019
650,000	\$0.45	28 November 2019
3,000,000	\$0.16	31 May 2020
18,000,000	\$0.16	30 March 2021
7,900,000	\$0.16	31 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 Class A Spitfire Performance Rights and Class B Spitfire Performance Rights have vested.

The Class C Spitfire Performance Rights and Class D Spitfire Performance Rights will vest upon satisfaction of the following milestones, (subject to the terms and conditions of the Plan (as defined in Section 7.10 below)).

Class C Spitfire Performance Rights (1,650,000)

Class C Spitfire 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 the grant on 8 February 2018.

Class D Spitfire Performance Rights (1,650,000)

Class D Spitfire Performance Rights held by the holder shall vest upon:

- (a) Spitfire's 5-day VWAP being greater than \$0.25 per 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 24 months from the date of the grant on 8 February 2018.

Further information about Spitfire Shares is provided in Section 14.5.

If the Scheme becomes Effective:

- (a) a further 378,626,281 Spitfire Shares will be issued as Scheme Consideration in respect of the Excelsior Shares to be acquired under the Scheme (ignoring the effects of rounding and assuming that no Excelsior Options are exercised before the Record Date); and
- (b) 6,340,580 Spitfire Options will be issued pursuant to the Option Cancellation Deed to cancel the existing Excelsior Options on issue (assuming that no Excelsior Options are exercised before the Record Date).

7.9 Spitfire's substantial shareholders

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

Spitfire Shareholder	Number of Spitfire Shares Held	Percentage of Issued Spitfire Shares
Peter Buttigieg / RMS Australia Pty Ltd	70,398,887	13.51%

7.10 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
650,000	\$0.45	28 November 2019
18,000,000	\$0.16	30 March 2021
7,900,000	\$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
C	1,650,000	8 February 2022
D	1,650,000	8 February 2022

*Vesting conditions are detailed in Section 7.8 above.

7.11 Interests of Spitfire Directors and Excelsior Directors in Spitfire's securities

The Spitfire Directors have a Relevant Interest in the following Spitfire securities.

Director/Company	Spitfire Shares	Spitfire Options	Spitfire Performance Rights
Peter Buttigieg	70,398,887	Nil	Nil
John Young	20,000,000	Nil	5,000,000
Neil Biddle	17,715,925	Nil	5,000,000
Roger Mitchell	272,618	Nil	Nil
Total	108,387,430	Nil	10,000,000

No Excelsior Director has a Relevant Interest in any Spitfire Securities.

7.12 Spitfire Share trading history

The closing price for Spitfire Shares on ASX on 22 June 2018 (being the last trading day prior to the Announcement Date) was \$0.09.

On the Last Practicable Date, the closing price of Spitfire Shares on ASX was \$0.075.

During the three-month period up to and including the Last Practicable Date, the highest and lowest recorded sale prices of Spitfire Shares on ASX were, respectively, \$0.105 on 10 May 2018 and \$0.073 on 9 August 2018.

Set out below is the volume weighted average price (VWAP) of Spitfire Shares for various periods up to and including the Last Practicable Date:

	10 Days	20 days	30 days	90 days
VWAP	\$0.0781	\$0.0791	\$0.0808	\$0.0952

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.

7.13 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.

7.14 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 the Last Practicable Date);
- (b) the half year report of Spitfire for the half year ended 31 December 2017 (being the half year financial report most recently lodged with ASIC by Spitfire before lodgement of a copy of this Scheme Booklet with ASIC for registration); and
- (c) 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 7 March 2018 (being the date of lodgement of the half yearly financial report referred to in paragraph (a)).

Date Lodged	Description of Document (ASX announcement header)
28/03/2018	Results of Meeting
28/03/2018	Appendix 3B
05/04/2018	Change of Director's Interest Notice
09/04/2018	Change of Director's Interest Notice
16/04/2018	Strong Initial Assays at Aphrodite Project
24/04/2018	Quarterly Activities Report
24/04/2018	Quarterly Cashflow Report
16/05/2018	Exploration update and new drilling program at Aphrodite
16/05/2018	Investor Presentation – 121 Mining Investment Series
24/05/2018	Acquisition of 100% of Mulwarrie Gold project
29/05/2018	Aphrodite Latest assays and drilling resumes
29/05/2018	Investor presentation – Resource Rising Star
14/06/2018	Release from Escrow
25/06/2018	Spitfire and Excelsior to Merge

25/06/2018	Merger Implementation agreement
29/06/2018	Spitfire completes acquisition of 100% of Mulwarrie Project
29/06/2018	Appendix 3B
09/07/2018	Merger Presentation
20/07/2018	Director Loan Facility Agreements
25/07/2018	Quarterly Activities Report
25/07/2018	Quarterly Cashflow Report
30/07/2018	OUTSTANDING INITIAL HIGH-GRADE HITS FROM APHRODITE DRILLING
01/08/2018	Spitfire/Excelsior Merger Presentation
01/08/2018	Updated Spitfire/Excelsior Merger Presentation
06/08/2018	Change of Director's Interest Notice
10/08/2018	EXG – Results of First Court Hearing - Merger

7.15 Risk factors

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

7.16 Material events since 31 December 2017

Except as disclosed elsewhere in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Spitfire Directors, at the date of this Scheme Booklet which has not previously been disclosed to Excelsior Shareholders.

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

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

- KNGP is located 30 to 55km north of Kalgoorlie in the Eastern Goldfields of Western Australia, which has a long history of exploration and resource estimation from the late 1890's to early 1900's. Excelsior's current 2012 JORC Compliant Mineral Resource estimate completed in May 2018 comprises Indicated and Inferred Resources at the Zoroastrian Gold Deposit Open Pit of 4.78Mt at 2.0g/t (Au) for a total of 314,000 ounces and Underground 351Kt at 4.0g/t for a total of 45,000 ounces (with 77% of the Mineral Resource reporting to the higher confidence Indicated Category) and Indicated and Inferred Resources at the Excelsior Gold Deposit of 6.25Mt at 1.4g/t (Au) for 273,000 ounces (84% of the Mineral Resource reporting to the higher confidence Indicated category) (refer to Section 6.2 for further detail) (refer: Excelsior ASX Announcement dated 22 May 2018 – KNGP Mineral Resource Update).
- 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: Spitfire ASX Announcement dated 25 January 2018 – "Completion of merger and statement of 1.3Moz JORC Resource for Aphrodite Gold Project").
- 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 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.
- 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 combination of the advanced gold opportunity at the Aphrodite Gold Project, along with Excelsior's KNGP brings together two advanced development projects with strong synergies providing the scale required to accelerate potential development options. The Merger further consolidates a highly prospective and strategic exploration portfolio in the Eastern Goldfields of Western Australia.

The Merged Group will have a combined Indicated and Inferred Mineral Resource inventory in excess of 2.1Moz (see Section 1.3 for full details) – providing the scale required to accelerate development plans with the aim of becoming a recognised mid-tier gold producer.

The Merger will allow the two companies to realise the strong synergies that exist between their neighbouring North Kalgoorlie gold projects, located 35-70km north of Kalgoorlie in Western Australia along the highly prospective Bardoc Tectonic Zone within an almost contiguous land-holding of ~200km².

The combined projects with Spitfire's emerging gold discovery at the Mulwarrie Gold Project as well as the Alice River Gold 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 Spitfire and Excelsior 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 potential synergies primarily relate to the potential for the adjacent and consecutive development of these projects via a new central production hub 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 prospects of development of all projects. In addition, the potential increase in scale of the Merged Group's operations in the Eastern Goldfields, and the opportunity to pursue a near-term development strategy, may enable the Merged Group to pursue additional opportunities in the area that would benefit from the same synergies created by the Merger.

The Merged Group will have an enhanced capital markets profile, a strengthened investor base and a strong growth pipeline of assets – positioning it to become a significant new ASX-listed gold developer at a favourable period in the market cycle for Australian gold companies.

8.1 Capital structure

Spitfire's capital structure is described in Section 7.8. If the Scheme becomes Effective:

- (a) approximately 378,626,281 Spitfire Shares will be issued as Scheme Consideration in respect of the Excelsior Shares to be acquired under the Scheme (ignoring the effects of rounding and assuming that no further Excelsior Shares are issued before the Record Date); and
- (b) 6,340,580 New Spitfire Options will be granted in exchange for the cancellation of all existing Excelsior Options at a ratio of 1 Spitfire Option for every 2.208 Excelsior Options pursuant to the Option Cancellation Deed (assuming that no Excelsior Options are exercised before the Record Date).

Spitfire will have approximately 909,695,101 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 41.62% 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 Excelsior substantial shareholders), and assuming that:

- (a) the substantial shareholders of Spitfire and Excelsior as at the date of this Scheme Booklet continue to hold their existing holdings in Spitfire and Excelsior (respectively);
- (b) none of those substantial shareholders hold shares in both Spitfire and Excelsior; and

- (c) no further Spitfire Shares or Excelsior 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 / RMS Australia Pty Ltd	70,398,887	7.74%

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 31 May 2018 which is based on:

- (a) Spitfire's internally prepared and unaudited consolidated Statement of Financial Position as at 31 May 2018; and
- (b) Excelsior's internally prepared and unaudited consolidated Statement of Financial Position as at 31 May 2018.

The pro forma historical financial information is provided for illustrative purposes and is prepared on the assumption that the Scheme had been implemented on 31 May 2018 and Excelsior becomes a wholly owned subsidiary of Spitfire.

The Merged Group pro forma historical financial information has been prepared by the management of Spitfire with input from the management of Excelsior. The information is based on Spitfire and Excelsior's internally prepared and unaudited financial statements as

at 31 May 2018 which after due consideration by Spitfire and Excelsior were considered to be the most appropriate basis for the preparation of the pro forma historical financial information. The pro forma historical financial information has been prepared 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 Spitfire's half yearly report for the half year ended 31 December 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 Excelsior.

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 a business combination in accordance with AASB 3 Business Combinations.

The value of the consideration for the acquisition of the Excelsior 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 \$0.09 per New Spitfire Share has been assumed, being the ASX closing price of Spitfire Shares on 22 June 2018 (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 – 31 May 2018

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:

	Spitfire	Excelsior	Pro forma adjustments	Note	Pro forma Merged Group
	\$000	\$000	\$000		Group \$000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	3,192	4,973	(1,699)	1	6,466
Trade and other receivables	455	18	-		473
Other assets	-	20	-		20
TOTAL CURRENT ASSETS	3,647	5,011	(1,699)		6,959
NON-CURRENT ASSETS					
Receivables	-	72			72
Property, plant and equipment	255	187	-		442
TOTAL NON-CURRENT ASSETS	255	259	-		514
TOTAL ASSETS	3,902	5,270	(1,699)		7,473

LIABILITIES**CURRENT LIABILITIES**

Trade and other payables	584	185	-	769
Provisions	690	90	-	780
Borrowings	250	-	-	250

TOTAL CURRENT LIABILITIES	1,524	275	-	1,799

NON-CURRENT LIABILITIES

Provisions	-	3,839	-	3,839
Borrowings	2,000	-	-	2,000

TOTAL NON-CURRENT LIABILITIES	2,000	3,839	-	5,839

TOTAL LIABILITIES	3,524	4,114	-	7,638

NET ASSETS	378	1,156	(1,699)	(165)

EQUITY

Issued capital	73,467	53,411	(19,335)	2	107,543
Reserves	3,492	283	(184)	3	3,591
Accumulated losses	(76,581)	(52,538)	17,820	4	(111,299)

TOTAL EQUITY	378	1,156	(1,699)		(165)

Notes to pro-forma Consolidated Statement of Financial Position**Note 1: Cash and Cash Equivalents**

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 \$1.7 million, comprising advisory, legal, accounting, expert, planned redundancy and landholder (stamp) duty costs. Landholder stamp duty is estimated at \$1.1 million using the preferred value of Excelsior's assets in the Technical Experts valuation, being \$21.7 million.

	\$000
The inclusion of transaction costs associated with the Merger, thus reducing the overall cash balance of the Merged Group (see Section 14.26 for further details)	(363)
Planned redundancy costs (see Section 9.3 for further details)	(225)
Landholder Stamp Duty estimate	(1,111)
Total Cash Adjustments	(1,699)

Note 2: Issued Capital

The value of the Scheme Consideration paid to Excelsior Shareholders through the issuance of 1 New Spitfire Share for every 2.208 Excelsior Shares (being a total of approximately of 378,626,281 New Spitfire Shares) at a deemed issue price of \$0.09 per New Spitfire Share at the last trading day prior to the Announcement Date with a calculated value of \$34.07 million. In addition, the valuation (using a Black Scholes option pricing model) for the issue of 6,340,580 New Spitfire Options in consideration for the cancellation of the existing

Excelsior Options as described in Sections 5.10 and 12.6(f) has a deemed total value of \$98,913 which is recognised in the Reserves.

	\$000
Issue of 378,626,281 New Spitfire Shares under the Merger at a deemed issue price of \$0.09	34,076
Elimination of Excelsior's issued capital	(53,411)
Total Issued Capital Adjustments	(19,335)

Note 3: Reserves

	\$000
Elimination of Excelsior's share based payment reserve account	(283)
Recognition of the issue of New Spitfire Options in an Option Reserve account	99
Total Reserves Adjustments	184

Note 4: Accumulated losses

Spitfire's accounting policy is that Exploration and Evaluation costs (including acquisition costs) are written off in the year they are incurred. The full amount of the Merger consideration is expensed in the year incurred and is reflected in the pro-forma adjustments to Accumulated losses.

	\$000
Elimination of Excelsior's accumulated losses	52,538
Recognition of transaction costs associated with the Merger	(1,699)
Acquisition cost of Excelsior (including merger consideration, premium and intangibles)	(33,019)
Total Accumulated Losses Adjustments	17,820

8.7 Financial outlook of the Merged Group

Spitfire and Excelsior 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 Excelsior 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 Excelsior 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 Excelsior Shareholders.

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

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 the Merged Group, assuming the Scheme is implemented. The statements set out in this Section are formed on the basis of publicly 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 Excelsior 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 Excelsior 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 projects of the Merged Group are described in Section 8.

The Merger will allow the two companies to realise the strong synergies that exist between their neighbouring North Kalgoorlie gold projects, located 35-70km north of Kalgoorlie in Western Australia along the highly prospective Bardoc Tectonic Zone within an almost contiguous land-holding of ~200km².

The potential synergies primarily relate to the potential for the adjacent and consecutive development of these three projects via a new central production hub located at the historical Bardoc mine site 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 all projects. In addition, the potential increase in scale of the Merged Group's operations in the 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 pursue additional opportunities in the area that would benefit from the same synergies created by the Merger.

The Merged Group plans to embark immediately on a PFS of the combined Aphrodite Gold Project and KNGP, providing the foundation for a DFS aimed at fast-tracking the creation of a substantial new WA gold production hub near Kalgoorlie.

The combined projects with Spitfire's emerging gold discovery at the Mulwarrie Gold Project as well as the 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.

9.3 Directors, management and employees of the Merged Group

If the Scheme is implemented, the board of the Merged Group will comprise six directors which will include current Spitfire Directors Neil Biddle, John Young and Peter Buttigieg and Excelsior Directors David Hatch, Rowan Johnston and Sam Randazzo.

John Young, Neil Biddle and Peter Buttigieg are currently Managing Director, Executive Director and Non-Executive Chairman of Spitfire respectively. Profiles of John Young, Neil Biddle and Peter Buttigieg are set out in Section 7.3. Roger Mitchell will resign from the Spitfire Board on implementation of the Scheme.

Current Excelsior Directors David Hatch (Non-Executive Chairman), Rowan Johnston (Managing Director) and Sam Randazzo (Non-Executive Director) will join the board of the Merged Group. Profiles of David Hatch, Rowan Johnston and Sam Randazzo 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 Excelsior geological employees with the existing Spitfire geological team. Sean Richardson will continue as Chief Operating Officer and Russell Hardwick will continue as Chief Financial Officer and Company Secretary of the Merged Group.

Upon implementation of the Scheme, Rowan Johnston will be made redundant from his position as Managing Director of Excelsior. As a result of his redundancy Mr Johnston will be paid approximately \$182,000 (including estimated leave entitlements) which he is entitled to under the terms of his contract with Excelsior.

In addition to Mr Johnston, it is expected that one other member of Excelsior staff will be made redundant, which will lead to total estimated planned redundancy costs of approximately \$225,000 (including estimated leave entitlements and including the amount payable to Mr Johnston referred to above).

9.4 Corporate matters in relation to Excelsior

Following implementation of the Scheme, it is intended that:

- (a) Excelsior be removed from the official list of ASX;
- (b) Jimmy Kong Leng Lee and Jonathan West will both resign from the Excelsior Board; and
- (c) as Excelsior will be a wholly owned subsidiary of Spitfire, the Excelsior Board will 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 Excelsior;
- (b) not to make any major changes to the business of Excelsior;
- (c) not to redeploy any of the major fixed assets of Excelsior; and
- (d) to maintain the employment of the majority of Excelsior'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 Excelsior Shareholders if the Scheme does not proceed;
- (c) general risks that are common to the existing Excelsior 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 Excelsior, 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 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 Excelsior Shareholders if the Scheme does not proceed

Excelsior Shareholders should be aware that if the Scheme does not proceed, Excelsior Shareholders will retain their Excelsior Securities and will not receive any form of Scheme Consideration. Excelsior Shareholders 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 Excelsior is received, the Excelsior Directors will consider a number of alternative strategies for the operation and ownership of Excelsior'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 Excelsior to develop or enhance its project portfolio, it would need to raise additional funds, which may include an equity issue. There can be no assurance that such funding will be available on satisfactory terms, or at all.

If the Merger does not proceed, Excelsior will continue to operate its current businesses as a stand-alone entity. Each Excelsior Shareholder will retain their Excelsior Shares and will not receive any New Spitfire Shares. Excelsior will still incur a relative proportion of the transaction and other costs of the Merger. In those circumstances, it is likely that Excelsior's management would seek to continue to progress activities on the Excelsior's projects and continue to maximise value for Excelsior Shareholders. Excelsior 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 Excelsior's growth prospects are lower in the absence of the Merger.

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

The operating and financial performance of Excelsior, 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 Excelsior Shares and Spitfire Shares will trade on ASX can be affected by a range of external factors over which neither Excelsior, 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 maintaining 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 resource 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, three of the eight mining leases comprising Spitfire's Alice River Project are currently pending renewal.

The Excelsior Board considers that as part of Excelsior's due diligence process Excelsior 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 in. Where native title exists, 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. As noted in Section 7.2, native title rights have been determined to exist over parts of the Alice River Project tenure.

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. As noted in Section 7.2, significant heritage sites have been identified in Spitfire's Yoda Project area.

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

Excelsior 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. See Section 7.5 for information regarding an unfair dismissal claim which Spitfire, through its wholly owned subsidiary Aphrodite, is defending in the Supreme Court of Western Australia.

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 Excelsior 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 Excelsior Shareholders are exposed. Excelsior Shareholders are currently exposed to various risks as a result of their investment in Excelsior. If the Scheme is approved, Excelsior will merge its business with that of Spitfire and Excelsior Shareholders will receive New Spitfire Shares.

As a consequence, Excelsior 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 Excelsior Shareholders. The change in risk profile may be seen to be a disadvantage by some Excelsior 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 Excelsior 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 Excelsior, including, but not limited to, approval of the Scheme by the Requisite Majority of Excelsior Shareholders and required regulatory and third party approvals and consents (refer to 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 Excelsior Shares may be adversely affected.

Termination rights

Excelsior 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, Excelsior can provide no assurances that another party would be willing to offer the same or greater price for Excelsior 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, Excelsior Shareholders will receive one New Spitfire Share for every 2.208 Excelsior Shares they hold at the Record Date. The exact value of this Scheme Consideration that would be realised by individual Excelsior 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. Excelsior 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 \$1,699,000 (exclusive of GST) (see Section 8.6 (Note 1 to pro forma balance sheet) and Section 14.26 for further details), comprising landholder duty (estimated at \$1.11 million), adviser, legal, accounting, expert fees, planned redundancy costs and various other costs.

Contract risk

The Scheme may be deemed under contracts to which Excelsior or Spitfire or their Subsidiaries are a party, to result in a change of share ownership event in respect of Excelsior 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 pursuant to the relevant farm-in agreement, this project will be conducted under a joint venture agreement with Tinpitch Pty Ltd. 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 Excelsior's assets, liabilities and contingent liabilities, which will include the identification and valuation of mineral rights. 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 Excelsior may yet emerge

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

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

Since the Announcement Date, no alternative proposal has emerged and the Excelsior 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. Refer to 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 Excelsior and Spitfire, a liquidated amount (or break fee) of \$300,000 may become payable by one party to the other in certain circumstances (refer to Section 13.4 for further details). The Merger Implementation Agreement also sets out various other rights and obligations of Excelsior and Spitfire in relation to the Merger.

Other risks

Additional risks and uncertainties not currently known to Excelsior or Spitfire may also have a material adverse effect on Excelsior 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 Excelsior, Spitfire or the Merged Group.

11. Australian tax implications

This Section has been prepared by BDO Corporate Tax (WA) 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 Excelsior 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 Excelsior 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 Excelsior Shares on 'capital' account (e.g. held on 'revenue' account, as trading stock or as part of certain employment arrangements) or Excelsior 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 BDO Corporate Tax (WA) 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 Excelsior Shares according to their own particular circumstances.

BDO Corporate Tax (WA) Pty Ltd, a registered tax agent, has provided the tax comments in this Section. BDO Corporate Tax (WA) 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 Excelsior, 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 BDO Corporate Tax (WA) Pty Ltd by Excelsior).

(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 Excelsior Shares

CGT event

The disposal of Excelsior 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 Excelsior Shares under the Scheme, which should be the Implementation Date. However, as discussed further below, CGT rollover relief may be available for a 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 Excelsior Shares and a capital loss if the capital proceeds are less than the Scheme Participant's reduced cost base for the Excelsior 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 Excelsior 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 Excelsior Shares should generally include the historical amount paid by the Scheme Participant to acquire the Excelsior 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 Excelsior 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 Excelsior 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 Excelsior 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 Excelsior 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 Excelsior 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 Excelsior 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 Excelsior Shares for at least 12 months at the time of the disposal of its Excelsior 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 Excelsior 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 Excelsior Shares it exchanges for the Spitfire Shares.

In the absence of any contrary indication of the value of the Excelsior 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 Excelsior 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 Excelsior Shares

Foreign tax resident Scheme Participants that hold their Excelsior Shares on capital account and do not hold their Excelsior 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 Excelsior Shares unless the Excelsior Shares are an

“indirect Australian real property interest” or an option to acquire a share that is 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 Excelsior 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 Excelsior’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 Excelsior owns real property in Australia that represents more than 50% of its assets by market value, it is expected that the Excelsior Shares should represent an indirect Australian real property interest. However, it is expected that no foreign tax resident Scheme Participant held / holds at least 10% of Excelsior 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%.

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 Excelsior 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 Excelsior 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 Excelsior 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 Excelsior and Spitfire

Excelsior and Spitfire entered into the Merger Implementation Agreement on 24 June 2018 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 was released on ASX on 25 June 2018, and is available on Excelsior's website (www.excelsiorgold.com.au). Since signing the Merger Implementation Agreement, Excelsior and Spitfire have undertaken the following activities to progress the implementation of the Scheme.

(a) Appointment of Independent Expert

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

The Independent Expert has concluded that, in the absence of a superior proposal, the Scheme is in the best interests of Excelsior Shareholders as the Scheme is not fair but reasonable to Excelsior Shareholders.

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

(b) Execution of Deed Poll by Spitfire

On 6 August 2018, Spitfire executed the Deed Poll in favour of each Excelsior Shareholder, 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 Excelsior Shareholder, despite the fact that they are not a party to it, and each Excelsior Shareholder appoints Excelsior 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 C of this Scheme Booklet.

(c) Execution of Option Cancellation Deed

Under the Merger Implementation Agreement, Spitfire and Excelsior entered into the Option Cancellation Deed with the Excelsior Optionholder, pursuant to which the Excelsior Optionholder has agreed to the cancellation of their Excelsior Options in exchange for Spitfire granting New Spitfire Options to the Excelsior Optionholder at ratio of 1 New Spitfire Option for every 2.208 Excelsior Options held. This will result in 6,340,580 New Spitfire Options being granted to the Excelsior Optionholder (or its nominees) (assuming that no Excelsior Options are exercised before the Record Date).

The grant of New Spitfire Options to the Excelsior Optionholder is subject to the Scheme having become Effective.

Excelsior has obtained a waiver from ASX of the requirements of Listing Rule 6.23.2 to permit the Excelsior Options to be cancelled for consideration without requiring Excelsior Shareholder approval to be obtained. Refer to Section 14.19(a) for further details.

(d) Execution of Performance Rights Cancellation Deed

Under the Merger Implementation Agreement, Excelsior has entered into the Performance Rights Cancellation Deed with the Excelsior Performance Rights Holder (being parties related to Excelsior Managing Director, Mr Rowan Johnston) under which the Excelsior Performance Rights Holder has agreed that:

- (i) it will exercise all vested Excelsior Performance Rights with conversion occurring prior to the Record Date so that, subject to the Scheme becoming Effective, the Excelsior Shares issued on exercise will be exchanged for New Spitfire Shares under the Scheme; and
- (ii) all unvested Excelsior Performance Rights will, subject to the Scheme becoming Effective, be cancelled for no consideration.

(e) Execution of Deeds Relating to Excelsior Loan Share Plans

Under the Merger Implementation Agreement, Spitfire and Excelsior have entered into a deed with each holder of Excelsior Shares issued under the Excelsior Loan Share Plans, under which it has been agreed that:

- (i) all existing Excelsior Shares held by participants in the Excelsior Loan Share Plans will be exchanged for New Spitfire Shares under the Scheme;
- (ii) the corresponding loan made under the Excelsior Loan Share Plan will be replaced with a loan for the same amount owing to Spitfire;
- (iii) a holding lock will be placed on the New Spitfire Shares until the applicable loan has been repaid to Spitfire; and
- (iv) the loan will be on the same terms as the loan from Excelsior under the applicable Excelsior Loan Share Plan, including limited in recourse to the applicable Spitfire shares and repayable 5 years from issue of the relevant Excelsior Shares under the applicable Excelsior Loan Share Plan. However, the early repayment trigger on ceasing to be an eligible participant under the applicable Excelsior Loan Share Plan will not apply.

(f) Lodgement of draft Scheme Booklet with ASIC

On 20 July 2018, Excelsior lodged a draft of this Scheme Booklet with ASIC pursuant to section 411(2)(b) of the Corporations Act. On 13 August 2018, ASIC registered the Scheme Booklet for the purposes of section 412(6) of the Corporations Act.

Excelsior 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.

Excelsior 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.

(g) First Court Hearing

On 10 August 2018, the Federal Court of Australia ordered Excelsior to convene a meeting of Excelsior Shareholders to consider and vote on the Scheme.

The Scheme Meeting to consider the Scheme will be held at the offices of BDO, 38 Station Street, Subiaco, Western Australia on Wednesday, 19 September 2018. The Scheme Meeting will commence at 11.00am (Perth 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 D of this Scheme Booklet.

The fact that under section 411(1) of the Corporations Act the Court ordered on 10 August 2018 that a meeting of Excelsior Shareholders be convened by Excelsior 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 Excelsior Shareholders should vote (on this matter, Excelsior 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 B) and clause 3.1 and schedule 3 of the Merger Implementation Agreement.

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 Excelsior and Spitfire (both acting reasonably); (b) all other consents, waivers and approvals of a Regulatory Authority which Spitfire and Excelsior, 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 Excelsior 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

Scheme Condition	
	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 Excelsior).
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 Excelsior 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 Excelsior 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 Excelsior 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 Excelsior Prescribed Event	No Excelsior Prescribed Event occurs between the date of the Merger Implementation Agreement and 8.00am on the Second Court Date.
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 Excelsior Material Adverse Change	No Material Adverse Change in relation to Excelsior 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. Excelsior representations and warranties	Excelsior'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.

Scheme Condition
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, Excelsior is not aware of any circumstances that would cause the Scheme Conditions to not be satisfied. Excelsior Shareholders will receive an update on the status of the Scheme Conditions at the Scheme Meeting.

Excelsior 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 Excelsior's continuous disclosure obligations. These details will be published on ASX's website (www.asx.com.au) and will also appear on Excelsior's website (www.excelsiorgold.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, Excelsior intends to apply to the Court on the Second Court Date (expected to be Friday, 21 September 2018) 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 Excelsior Shareholders.

Each Excelsior Shareholder has the right to appear at Court at the hearing of the application by Excelsior for orders approving the Scheme. Any Excelsior Shareholder 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 Friday, 21 September 2018. 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 Excelsior Shareholders at the Scheme Meeting.

12.4 Scheme Meeting

The Scheme Meeting to consider the Scheme is scheduled to be held at the offices of BDO, 38 Station Street, Subiaco, Western Australia on Wednesday, 19 September 2018. The Scheme Meeting will commence at 11.00am (Perth time).

The Court has ordered that Excelsior convene the Scheme Meeting for the purposes of the Excelsior Shareholders 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 Excelsior Shareholders 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 Excelsior Shareholders 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 Excelsior Shareholders.

12.5 Steps after approval of the Scheme by Excelsior Shareholders at the Scheme Meeting but before the Second Court Date

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

12.6 Steps after Court approval at the Second Court Hearing

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

(a) Record Date

Excelsior Shareholders will be entitled to receive the Scheme Consideration under the Scheme if they are registered as holders of Excelsior Shares at 5.00pm on the Record Date. The Record Date is expected to be 26 September 2018.

As from the Record Date (and other than for Spitfire following the Implementation Date), the Excelsior Share Register will close for transfers and all share certificates and holding statements for Excelsior Shares will cease to have effect as documents of title. Each entry on the Excelsior 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, Excelsior will (pursuant to section 411(10) of the Corporations Act) lodge with ASIC the office copy of the Court order approving the Scheme. Excelsior intends to lodge the office copy of the Court order with ASIC on the Effective Date, which is expected to be 21 September 2018.

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 24 December 2018, or such later date as Excelsior and Spitfire agree in writing, the Scheme will lapse and be of no further force or effect.

(c) Suspension of trading of Excelsior Shares

Excelsior will apply to ASX for suspension of trading of Excelsior 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 Excelsior notifies ASX of the Scheme becoming Effective.

(d) **Transfer of Excelsior Shares**

If the Scheme becomes Effective, on the Implementation Date:

- (i) all Excelsior Shares held by Scheme Participants will be transferred to Spitfire without any further action required by Scheme Participants;
- (ii) Excelsior will enter the name of Spitfire into the Excelsior Share Register in respect of the Excelsior Shares; and
- (iii) Excelsior will then become a wholly-owned subsidiary of Spitfire and the current Excelsior Board will resign (other than Messrs David Hatch, Rowan Johnston and Sam Randazzo 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 24 September 2018 and thereafter on a normal settlement basis from Wednesday, 3 October 2018.

For further information regarding the New Spitfire Shares to be issued, refer to 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 Excelsior Optionholder pursuant to the Option Cancellation Deed and the existing Excelsior 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 Excelsior**

After the Implementation Date, Excelsior will apply for termination of the official quotation of Excelsior 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 refer to 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 Excelsior, both in its own right and for the benefit of Spitfire, that their Excelsior 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 B.

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 Excelsior 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 Monday, 24 September 2018 and thereafter on a normal settlement basis from Wednesday, 3 October 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, Excelsior, 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 Excelsior, Spitfire, Computershare, a broker or otherwise.

13. Key terms of the Merger Implementation Agreement

Excelsior and Spitfire entered into the Merger Implementation Agreement on 24 June 2018.

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

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

In making the above statement, the Excelsior Directors note that Excelsior 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. Refer to 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 Excelsior or Spitfire) or termination of the Merger Implementation Agreement (**Exclusivity Period**).

During the Exclusivity Period, Excelsior 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 Excelsior 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, Excelsior 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 Excelsior 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 Excelsior 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 Excelsior 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), Excelsior 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 Excelsior 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 Excelsior

Excelsior has agreed to pay Spitfire a Break Fee of \$300,000 as compensation for costs and expenses incurred by Spitfire if:

- on or before the End Date, a Competing Transaction in relation to Excelsior is announced or is open for acceptance and is reasonably capable of being completed and is more favourable to Scheme Participants;
- any Excelsior 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 Excelsior;
- Excelsior 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 Excelsior enters into a legally binding agreement to undertake a Superior Proposal;
- a member of the Excelsior Board disposes, or causes the disposal, of any Excelsior 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 Excelsior Prescribed Event or a Excelsior 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 Excelsior Prescribed Event or the Excelsior Material Adverse Change:
 - the prevention of the event or change was within the control of Excelsior; 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
 - Excelsior has failed to rectify the event or change pursuant to the Merger Implementation Agreement.

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

- an Excelsior 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 Excelsior 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);
- Excelsior is entitled to terminate Merger Implementation Agreement for a material breach of Spitfire; or
- Excelsior is entitled to terminate Merger Implementation Agreement as a result of a Spitfire Prescribed Event or a Material Adverse Change in relation to SPI.

(b) Payment of Break Fee by Spitfire

Spitfire has agreed to pay Excelsior a Break Fee of \$300,000 as compensation for costs and expenses incurred by Excelsior 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;
- Excelsior 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 Excelsior 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 Excelsior 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 Excelsior, 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 Excelsior Director who was an Excelsior 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 Excelsior if the resolution submitted to the Scheme Meeting is not approved by the Requisite Majority;
- (d) by either Spitfire or Excelsior 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 Excelsior Shareholder) has a Relevant Interest in more than 20% of Excelsior Shares;
- (f) by Excelsior, if Spitfire acquires an entity (other than Excelsior or a member of the Excelsior 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 Excelsior 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;

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

In addition to the right of termination under the Merger Implementation Agreement, where there is no appropriate remedy for breach of the Merger Implementation 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. 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

Excelsior 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 Excelsior 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 Excelsior 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 Excelsior Shareholders pursuant to the Corporations Act and the Corporations Regulations, together with other information that may be of interest to Excelsior Shareholders.

14.2 Interests of Excelsior Directors

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

- (a) Excelsior Directors held interests in marketable securities of Excelsior as set out in Section 6.8; and
- (b) no Excelsior Director held an interest in marketable securities of Spitfire (as set out in Section 7.11).

In the four month period ending on the date immediately before the date of this Scheme Booklet, Excelsior issued 60,319 Excelsior Shares to Director Jonathan West on 29 June 2018, under Excelsior's Director salary sacrifice plan at a price of \$0.043 per share (based on the then 90 day VWAP for Excelsior Shares).

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

Excelsior 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 7.11; and
- (b) John Young, Managing Director of Spitfire, had a Relevant Interest in 153,125 Excelsior Shares but disposed of the entirety of this Relevant Interest on 16 July 2018 at a sale price of \$0.039 per Excelsior Share held. None of the other Spitfire Directors has any interest in marketable securities of Excelsior (as set out in Section 6.8).

In the four month period ending on the date immediately before the date of this Scheme Booklet, Neil Biddle (an Executive Director of Spitfire) acquired 500,000 Spitfire Shares on 2 August 2018, on market for \$40,123.99 (being, at a price of approximately \$0.08 per Spitfire Share).

With the exception of Neil Biddle's acquisition on 2 August 2018, 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 Excelsior

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

- (a) Neither Excelsior nor any of its Associates has a Relevant Interest in any Spitfire Shares or any other marketable securities of Spitfire; and

- (b) John Young, Managing Director of Spitfire had a Relevant Interest in 153,125 Excelsior Shares, but disposed of the entirety of this Relevant Interest on 16 July 2018 at a sale price of \$0.039 per Excelsior Share held. Otherwise, neither Spitfire nor any of its Associates has a Relevant Interest in any Excelsior Shares or any other marketable securities of Excelsior.

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

With the exception of John Young's disposal on 16 July 2018, 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 Excelsior 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 Excelsior Shares which benefit is not offered to all Excelsior 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 2.208 Excelsior 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 Monday, 24 September 2018. It is the responsibility of each Excelsior 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 Wednesday, 3 October 2018.

(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 Excelsior officers in connection with retirement from office

Upon implementation of the Scheme, Rowan Johnston will be made redundant from his position as Managing Director of Excelsior. As a result of his redundancy Mr Johnston will be paid approximately \$182,000 (including estimated leave entitlements) which he is entitled to under the terms of his contract with Excelsior.

There are no other current proposals for any payments or other benefit to be made or given to a director, secretary or executive officer of Excelsior or any Related Body Corporate of Excelsior as compensation for the loss of, or as consideration for or in connection with his or her retirement from office in Excelsior or any Related Body Corporate of Excelsior 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) David Hatch as the Non-Executive Chairman of Spitfire;
- (b) Rowan Johnston as an Executive Director of Spitfire; and
- (c) Sam Randazzo as a Non-Executive Director of Spitfire.

It has been agreed that Mr David Hatch, Rowan Johnston and Sam Randazzo will be paid directors fees of \$55,000, \$140,000 (on a part time basis) and \$36,000 per annum for their roles as Non-Executive Chairman, Executive Director and Non-Executive Director of Spitfire (respectively), in line with current directors fees paid by Spitfire. Messrs Hatch, Johnston and Randazzo will also be entitled to receive travel allowances and reimbursement of incidental expenses from Spitfire in connection with their appointments.

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

14.8 Excelsior Directors' interests in Spitfire contracts

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

14.9 Remuneration of Excelsior Directors

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

Excelsior Director	FY 2017	FY2018
David Hatch	\$51,266	\$64,058
Rowan Johnston*	\$372,447	\$429,665
Jonathan West	\$41,013	\$47,222
Jimmy Kong Leng Lee	\$54,351	\$47,222
Sam Randazzo	\$36,082	\$47,222

* Rowan Johnston's remuneration includes \$113,049 (2017: \$75,310) of non-cash share based payments relating to the grant of Excelsior Performance Rights. Also included is \$21,183 (2017: \$18,182) of unpaid accrued annual leave.

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 Excelsior Directors, secretaries and executive officers

No Excelsior Director, secretary or executive officer of Excelsior (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 Excelsior 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) Excelsior Director or proposed director of Excelsior;
- (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 Excelsior 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 Excelsior

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

Excelsior 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 Excelsior Options

Excelsior has a total of 14,000,000 Excelsior Options on issue.

As set out in Section 12.1(c), pursuant to the Option Cancellation Deed the Excelsior Optionholder has agreed to cancel their Excelsior Options in exchange for Spitfire granting New Spitfire Options to them at a ratio of one Spitfire Option for every 2.208 Excelsior Options held. This will result in 6,340,580 New Spitfire Options being granted to the Excelsior Optionholder (or its nominees) (assuming that no Excelsior Options are exercised before the Record Date).

Each New Spitfire Option will have an exercise price of \$0.1104 and an expiry date of 24 November 2018 and will otherwise be on terms materially the same as the terms of the existing Excelsior Options being cancelled pursuant to the Option Cancellation Deed.

14.16 Treatment of Performance Rights

Under the Merger Implementation Agreement, Excelsior has entered into the Performance Rights Cancellation Deed with the Excelsior Performance Rights Holder (being parties related to Excelsior Managing Director, Mr Rowan Johnston) under which the Excelsior Performance Rights Holder has agreed that:

- (a) it will exercise all vested Excelsior Performance Rights with conversion occurring prior to the Record Date so that, subject to the Scheme becoming Effective, the Excelsior Shares issued on exercise will be exchanged for New Spitfire Shares under the Scheme; and
- (b) all unvested Excelsior Performance Rights will, subject to the Scheme becoming Effective, be cancelled for no consideration.

14.17 Treatment of Excelsior Loan Share Plans

Under the Merger Implementation Agreement, Spitfire and Excelsior have entered into a deed with each holder of Excelsior Shares issued under the Excelsior Loan Share Plans, under which it has been agreed that:

- (a) all existing Excelsior Shares held by participants in the Excelsior Loan Share Plans will be exchanged for New Spitfire Shares under the Scheme;
- (b) the corresponding loan made under the Excelsior Loan Share Plan will be replaced with a loan for the same amount owing to Spitfire;
- (c) a holding lock will be placed on the New Spitfire Shares until the applicable loan has been repaid to Spitfire; and
- (d) the loan will be on the same terms as the loan from Excelsior under the applicable Excelsior Loan Share Plan, including limited in recourse to the applicable Spitfire shares and repayable 5 years from issue of the relevant Excelsior Shares under the applicable Excelsior Loan Share Plan. However, the early repayment trigger on ceasing to be an eligible participant under the applicable Excelsior Loan Share Plan will not apply.

14.18 Right to inspect and obtain copies of the Excelsior Share Register

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

14.19 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. Excelsior has been granted a waiver of ASX Listing Rule 6.23.2 to permit the Excelsior Options to be cancelled without requiring the approval of Excelsior Shareholders, subject to the Scheme being approved by the Requisite Majority of Excelsior Shareholders and the Court. The waiver application was made on the basis that Excelsior Shareholders are provided with information of the proposed treatment of Excelsior 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 Excelsior Options.

(b) **ASIC relief**

Regulation 8302(h) of Schedule 8 of the *Corporations Regulations 2001* (Cth) requires this Scheme Booklet to disclose the extent to which, within the knowledge of the Excelsior Board, the financial position of Excelsior has materially changed since the date of the last balance sheet laid before Excelsior Shareholders in general meeting (being its financial statements for the financial year ending on 30 June 2017).

ASIC has given formal relief to Excelsior to confine its disclosure to all material changes to Excelsior's financial position between 31 December 2017 and the date of lodgement of this Scheme Booklet for registration by ASIC.

Excelsior will give a copy of the financial statements for the half-year ended 31 December 2017 free of charge to anyone who asks for them before the Scheme is

approved by the Court. Copies can be requested by contacting the Company Secretary of Excelsior on +61 (08) 9335 7770 between 9.00am and 5.00pm, Monday to Friday.

14.20 No administrator

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

14.21 No relevant restrictions in the constitution of Excelsior

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

14.22 No unacceptable circumstances

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

14.23 Excelsior 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 Excelsior Shareholder whose address as shown in the Excelsior 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 Excelsior Shareholder in respect of whom Spitfire is satisfied that the laws of that holder's country of residence (as shown in the Excelsior 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.

14.24 Privacy and personal information

Excelsior 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 security holdings of Excelsior Shareholders, and the names of individuals appointed by Excelsior 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 Excelsior's and Spitfire's share and option registries and investor relations advisers, to securities brokers and to print and mail service providers.

Excelsior 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 Computershare on 1300 850 505 (within Australia) or +61 (03) 9415 4000 (outside Australia) in the first instance if they wish to request access to that personal information.

Excelsior 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.

14.25 Supplementary information

Excelsior 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 Excelsior Shareholder will depend on the nature and timing of the new or changed circumstances. Any such supplementary document will be made available on Excelsior's website (www.excelsiorgold.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).

14.26 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	\$30,000
Jewell Dunbar Pty Ltd t/a Dunbar Resource Management	Technical Expert	\$25,000
Steinepreis Paganin	Legal adviser to Excelsior	\$150,000
Counsel's fees	Excelsior's barrister	\$20,000
DLA Piper	Legal adviser to Spitfire	\$75,000
Computershare	Excelsior's share registry	\$4,500
Computershare	Spitfire's share registry	\$12,500
BDO Corporate Tax (WA) Pty Ltd	Tax adviser to Excelsior	\$2,000

(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 Excelsior 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.

BDO Audit (WA) Pty Ltd has consented to the inclusion in the Scheme Booklet of references to the audit reviewed financial statements of Excelsior as at 31 December 2017, and the audited financial statements of Excelsior as at 30 June 2017 and 30 June 2016 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 audit reviewed financial statements of Spitfire as at 31 December 2017, and the audited financial statements of Spitfire as at 30 June 2017 and 30 June 2016 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.

BDO Corporate Tax (WA) 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 14.26(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 14.26(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 14.26(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 14.26(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 14.26(a).

14.27 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.

14.28 Data in charts, graphs and tables

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Last Practicable Date. 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.

14.29 Competent persons information

(a) Excelsior

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

- the Excelsior Ore Reserves is extracted from Excelsior's announcement made to ASX entitled "Ore Reserves and Operations Update" dated 23 March 2017; and
- the Excelsior JORC Resource is extracted from Excelsior's announcement made to ASX entitled "KNGP Mineral Resource Update" dated 22 May 2018

and is available to view on Excelsior's website.

Excelsior confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements referred to above and that, in the case of Ore Reserves and Minerals Resources, all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Excelsior confirms that the form and context in which the relevant 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 KNGP (other than for the Bulletin South deposit) is based on and fairly represents information compiled by Mr Ross Whittle-Herbert, who is a full time employee of Excelsior, a "Competent Person" as defined in the JORC Code 2012, who is a Member of the Australian Institute of Geoscientists. Mr Whittle-Herbert 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 Whittle-Herbert 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 Resource estimates in relation to the Bulletin South deposit (forming part of KNGP) is based on and fairly represents information compiled by Mr Patrick Adams, Director of Cube Consulting Pty Ltd, a "Competent Person" as defined in the JORC Code 2012, who is a Fellow of The Australian Institute of Mining and Metallurgy (CP) and a Member of the Australian Institute of Geoscientists. Mr Adams 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 Adams 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 Ore Reserves in relation to KNGP is based on and fairly represents information compiled by Mr Randell Ford, Excelsior Gold’s Registered Mine Manager, a “Competent Person” as defined in the JORC Code 2012, who is a Member of The Australian Institute of Mining and Metallurgy. Mr Ford 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 Ford 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 and Exploration Results in relation to KNGP, is based on information compiled by Mr Bradley Toms, Exploration Manager for Excelsior, a “Competent Person” as defined in the JORC Code 2012 and who is a Member of the Australian Institute of Geoscientists. Mr Toms 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 Toms 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 Aphrodite Gold Project is extracted from Spitfire’s announcement made to ASX entitled “Completion of merger and statement of 1.3Moz JORC Resource for Aphrodite Gold Project” dated 25 January 2018;
- 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 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 relating to Exploration Targets, Exploration Results and Mineral Resources on Spitfire’s Projects (other than the Aphrodite JORC Resource) is based on information compiled by Spitfire’s Managing Director, Mr John Young, 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 Excelsior 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.

14.30 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 Excelsior Shareholder whether or not to vote in favour of the Scheme, being information that is within the knowledge of any Excelsior Directors or of a Related Body Corporate of Excelsior and which has not previously been disclosed to Excelsior 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	25 June 2018, being the date of announcement of the proposed Merger between Spitfire and Excelsior.
Aphrodite	Aphrodite Gold Pty Ltd (ACN 138 879 928).
Aphrodite JORC Resource	Has the meaning in Section 1.3.
ASIC	The Australian Securities and Investments Commission.
Associate	Has the meaning given to it in section 12 of 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 Perth, Western Australia.
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 Excelsior 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 security registry for Spitfire and Excelsior.
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 6 August 2018 executed by Spitfire whereby, among other things, Spitfire covenants to carry out its obligations under the Scheme, as set out in Annexure C.
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 Excelsior share registry.

End Date	24 December 2018 or such other date as Spitfire and Excelsior may agree.
ESS	Employee Share Scheme.
ESS Share	A share issued under the ESS.
Excelsior or Company	Excelsior Gold Limited (ACN 123 629 863).
Excelsior Board	The board of Excelsior Directors as at the date of this Scheme Booklet.
Excelsior Directors	The directors of Excelsior.
Excelsior Group	Excelsior and its subsidiaries.
Excelsior JORC Resource	Has the meaning in Section 1.3.
Excelsior Loan Share Plan	(a) the Excelsior Gold Incentive Scheme approved by Excelsior Shareholders in 2014; and/or (b) the Excelsior Gold Incentive Scheme approved by Excelsior Shareholders in 2017, (as applicable).
Excelsior Option	An option to subscribe for an Excelsior Share.
Excelsior Option Register	The register of Excelsior Optionholders maintained by Computershare in accordance with the Corporations Act.
Excelsior Optionholder	Each person who is registered in the Excelsior Option Register from time to time as the holder of an Excelsior Option.
Excelsior Performance Right	A right to subscribe for an Excelsior Share on satisfaction of specified performance milestones.
Excelsior Performance Rights Holder	The person who is registered as being the holder of an Excelsior Performance Right.
Excelsior Prescribed Event	Has the meaning given to the term “EXG Prescribed Event” in clause 1.1 of the Merger Implementation Agreement.
Excelsior Security	Excelsior Share or Excelsior Option.
Excelsior Share	A fully paid ordinary share in the capital of Excelsior.
Excelsior Share Register	The register of Excelsior Shareholders maintained by Computershare in accordance with the Corporations Act.
Excelsior Shareholder	Each person who is registered in the Excelsior Share Register from time to time as the holder of an Excelsior Share.
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 Appendix 4 of the Independent Expert's Report.
Ineligible Foreign Shareholder	An Excelsior Shareholder whose address as shown in the Excelsior 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 Excelsior Shareholder's country of residence (as shown in the Excelsior 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.
Last Practicable Date	10 August 2018, being the last practicable date before the finalisation of this Scheme Booklet.
Material Adverse Change	Has the meaning given to that term in clause 1.1 of the Merger Implementation Agreement.
Merged Group	The corporate group comprising Spitfire and its subsidiaries, including Excelsior, 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 Excelsior on the terms and conditions in this Scheme Booklet.
Merger Implementation Agreement or MIA	The merger implementation agreement dated 24 June 2018 between Excelsior and Spitfire relating to the implementation of the Scheme.
Mineral Resource	Has the meaning given in the ASX Listing Rules.
New Spitfire Option	Those Spitfire Options each exercisable at \$0.1104 on or before 24 November 2018 to be issued to the Excelsior Optionholder in consideration for the cancellation of their Excelsior 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 deed between Excelsior, Spitfire and the Excelsior Optionholder dated on or about 24 June 2018 relating to the cancellation of Excelsior Options in exchange for the grant of New Spitfire Options at a ratio of 1 New Spitfire Option for every 2.208 Excelsior Options held.
Ore Reserve	Has the meaning given in the ASX Listing Rules.

Performance Rights Cancellation Deed	The deed between Excelsior and the holder of the Excelsior Performance Rights dated on or about 17 July 2018 relating to: (a) the timing for the exercise of the vested Excelsior Performance Rights; and (b) the cancellation of the unvested Excelsior Performance Rights for no consideration.
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 Excelsior Shareholders 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 Excelsior Shareholders.
Sale Agent	Hartleys Limited ACN 104 195 057 and 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.
Scheme Booklet	This booklet that comprises the explanatory statement in respect of the Scheme to be approved by the Court and despatched to Excelsior 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 Excelsior and the Scheme Participants as described in clause 4 of the Merger Implementation Agreement and set out in Annexure B.
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 Excelsior Shares or the Cash Proceeds equivalent to be paid under the Sale Facility.
Scheme Meeting	The meeting of Excelsior Shareholders to be held at 11.00am on Wednesday, 19 September 2018 to consider and vote on the Scheme. The notice convening the Scheme Meeting is set out in Annexure D.
Scheme Participant	Each person who is registered in the Excelsior Share Register as the holder of an Excelsior 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 D.
Scheme Shareholder	Each person who is an Excelsior 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 Excelsior 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.

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 Excelsior 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 Excelsior 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

EXCELSIOR GOLD LIMITED
Independent Expert's Report

17 July 2018



Financial Services Guide

17 July 2018

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Excelsior Gold Limited ('Excelsior') to provide an independent expert's report on the proposed merger between Excelsior and Spitfire Materials Limited ('Spitfire'), whereby Spitfire has agreed to acquire all of the issued capital of Excelsior 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 Excelsior.

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 \$30,000.

We have previously provided independent expert report services for Aphrodite Gold Limited in relation to its Scheme of Arrangement with Spitfire in 2017 for a fee of approximately \$40,000.

We also performed an option valuation for Excelsior Gold Limited in 2017 for a fee of \$1,500.

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.

BDO Audit (WA) Pty Ltd is the appointed Auditor of Excelsior. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

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 Excelsior 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
Free call: 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

Appendix 2 - Valuation Methodologies

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Appendix 4 - Independent Valuation Report prepared by DRM

17 July 2018

The Directors
Excelsior Gold Limited
Unit 2, 124 Stirling Highway
North Fremantle, WA 6159

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 25 June 2018, Excelsior Gold Limited (**'Excelsior'** or **'the Company'**) announced that it had signed a merger implementation agreement (**'MIA'**) with Spitfire Materials Limited (**'Spitfire'**), pursuant to which Spitfire has agreed to acquire all of the issued capital of Excelsior that it does not already own, by way of a scheme of arrangement (**'the Scheme'**). The shareholders of Excelsior (**'Shareholders'**) will receive one share in Spitfire representing the combined entity of Spitfire and Excelsior following the Scheme (**'Proposed Merged Entity'**) for every 2.208 Excelsior shares held. We note that Spitfire does not hold any shares in Excelsior.

Also on 25 June 2018, the Company announced that Excelsior 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 Requirement for the report

The directors of Excelsior 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 fair and reasonable and 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 2.208 shares in Excelsior 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 Excelsior;
- 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 our Report and have concluded that, in the absence of an alternative offer, the Scheme is not fair but 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

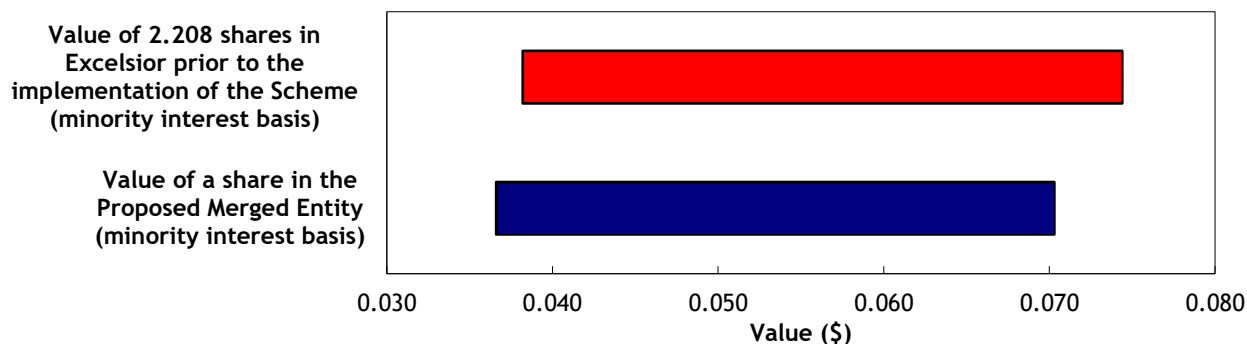
In Section 13 we determined that the value of 2.208 shares in Excelsior prior to the implementation of the Scheme, on a minority interest basis, compares to the value of a share in the Proposed Merged Entity to be received by Shareholders as consideration under the Scheme, on a minority interest basis, as detailed below.

Fairness assessment	Ref	Low \$	Preferred \$	High \$
Value of 2.208 shares in Excelsior prior to the implementation of the Scheme (minority interest basis)	11	0.0382	0.0513	0.0744
Value of a share in the Proposed Merged Entity (minority interest basis)	12	0.0366	0.0483	0.0703

Source: BDO analysis

The above valuation ranges are graphically presented below:

Valuation Summary



The above pricing indicates that the value of a share in the Proposed Merged Entity is broadly equivalent to the value of 2.208 shares in Excelsior prior to the implementation of the Scheme over the entire valuation range. If the value contributed to the Proposed Merged Entity by Spitfire is at the higher end of the valuation range and the value contributed by Excelsior is at the lower end then the Scheme would be fair. This is a possible outcome. However, at the respective preferred values the value of a share in the Proposed Merged Entity is lower than the value of 2.208 shares in Excelsior prior to the Scheme. As such in our opinion the Scheme is not 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 alternative 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	Provides Shareholders with immediate exposure to a portfolio of diversified assets	14.2.1	The Scheme will result in the dilution of existing Shareholders' interests
14.1.2	The Proposed Merged Entity may benefit from potential synergies	14.2.2	Risk profile of the Proposed Merged Entity will be different to current risk profile of Excelsior
14.1.3	Creation of a combined group with a stronger financial position		

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
14.1.4	The Proposed Merged Entity will have a larger market presence, which may result in improved liquidity and an increased ability to raise capital		
14.1.5	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	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 interests 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 Excelsior and Spitfire nor is there any other party to the Scheme that holds 30% or more of the scheme company. Accordingly, there is no statutory 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 Excelsior 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 Excelsior are justified in recommending the Scheme in the absence of an alternative 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 which 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 when control of the merged entity will be shared equally between the bidder and the target” (**‘Merger of Equals’**). 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 Excelsior and Spitfire to the assets and liabilities of the Proposed Merged Entity;
- the comparative trading performance of Excelsior’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 41.6% of the Proposed Merged Entity’s issued capital on an undiluted basis with Spitfire shareholders retaining approximately 58.4% on an undiluted basis.

We note that on 22 June 2018, being the last full trading day prior to the announcement of the Scheme, Excelsior had a market capitalisation of \$33.42 million and Spitfire had a market capitalisation of \$46.38 million. Furthermore, the trading performance of Excelsior’s and Spitfire’s securities on the Australian Securities Exchange (**‘ASX’**) are broadly similar with 6.45% and 10.23% of Excelsior’s and Spitfire’s issued capital being traded in the 90-day period prior to the announcement of the Scheme, respectively.

The board of the Proposed Merged Entity will have six members, with three from each of Excelsior and Spitfire. It is the intention of this board that the business of Excelsior will be integrated with 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 Excelsior 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 Excelsior'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 2.208 shares in Excelsior 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 (RG111.20). If a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders (RG 111.21). If a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders (RG111.22).

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 25 June 2018, Excelsior announced that it had signed a MIA with Spitfire, pursuant to which Spitfire has agreed to acquire all of the issued capital of Excelsior that it does not already hold, by way of the Scheme.

Under the Scheme, Excelsior shareholders will receive one fully-paid Spitfire share for every 2.208 Excelsior shares held at the record date.

Spitfire will procure that shares issued to Excelsior shareholders as consideration for the Scheme will be validly issued, fully paid, unencumbered and rank equally with Spitfire's other fully paid ordinary shares from their date of issue.

The share exchange and resulting number of shares in the Proposed Merged Entity are summarised in the table below which shows that Excelsior shareholders will hold 41.6% in Spitfire while Spitfire shareholders will hold the remaining 58.4%.

Share structure following the Scheme - Spitfire shares	Number of shares	Percentage of Issued Shares
Number of Excelsior shares on issue prior to the Scheme	836,006,829	
Number of Excelsior shares per Spitfire share exchange	2.208	
Number of Spitfire shares to be issued to Excelsior shareholders	378,626,281	41.6%
Number of Spitfire shares currently on issue	531,068,820	58.4%
Total ordinary shares on Issue following the Scheme	909,695,101	100.00%

*assuming all vested options and performance rights will be exercised

Source: Excelsior's share structure, Spitfire's share structure, MIA and BDO analysis

The MIA contains provisions that state that the directors of Excelsior will recommend the Scheme and intend to vote in favour of the transaction resolutions and any general meeting resolutions in relation to their personal shareholding in Excelsior.

Any existing Excelsior option holder will be eligible for a transfer or cancellation of their existing unexpired options in exchange for Spitfire options being granted. The ratio of option transfer will be that the option holder will receive 1 Spitfire option for every 2.208 Excelsior options held.

Any existing Excelsior performance rights holder can elect to exercise all vested Excelsior performance rights, with such conversion occurring prior to the record date. Any unvested performance rights will subsequently be cancelled with no consideration.

Any Excelsior shareholders with loan share plans in place will either have the loan amount owing to Excelsior deemed to be forgiven or deemed to be repaid and replaced by a loan for the same amount owing to Spitfire. A holding lock will be placed on the new Spitfire shares issued to the holder under the Scheme until the applicable loan has been repaid to Spitfire.

During the Exclusivity Period, Excelsior is unable to enter into any legally binding agreement to undertake a competing transaction. Excelsior has agreed to pay Spitfire \$300,000 if on or before the Scheme end date, a competing transaction is announced or is open for acceptance and is more than capable of being completed.

Excelsior and Spitfire are both public companies listed on the ASX. Upon implementation, Excelsior will become a subsidiary of Spitfire.

The Scheme is subject to certain terms and conditions, which are contained in the MIA, and include:

- Receipt of all regulatory, shareholder and other approvals including the approval of the ASX and any necessary approvals, waivers or modifications of the Corporations Act from ASIC;
- Excelsior shareholders' approval of the Scheme;
- Court approval of the Scheme; and
- all necessary ASIC and ASX consents, waivers or approvals, as are necessary or desirable to complete the Scheme, being obtained.

Further disclosure of the conditions precedent to the Scheme is included in the Scheme Booklet.

5. Profile of Excelsior

5.1 Overview

Excelsior is an Australian gold exploration and development company that listed on the ASX in June 2007. Excelsior's main focus is on its 100% owned Kalgoorlie North Gold Project ('KNGP'), located 55km north of Kalgoorlie in Western Australia.

The Company's current board members and senior management are listed below:

- Mr Rowan Johnston: Managing Director;
- Mr David Hatch: Non-Executive Chairman;
- Mr Jimmy Lee: Non-Executive Director;
- Dr Jonathan West: Non-Executive Director;
- Mr Sam Randazzo: Non-Executive Director; and
- Ms Amanda Sparks: Company Secretary.

5.2 Recent Corporate Events

On 28 June 2017, the Company announced that it had repaid the \$2.25 million loan and convertible note provided by GWR Group Limited in full. On 28 August 2017, the Company announced that cash generated from mining the Zoroastrian Central open pit had allowed the Company to repay all debt and repay all liabilities and it was now debt free.

In December 2017, the Company announced that it had been successful in a co-funding application under the WA State Government's Exploration Incentive Scheme for the KNGP.

5.3 KNGP

The KNGP is 100% owned by Excelsior and is located approximately 55km north of Kalgoorlie in Western Australia. Excelsior acquired the KNGP from Kalgoorlie Mining Associates Pty Ltd in July 2009. The KNGP consists of 46 mining leases and prospecting licences. The Zoroastrian and Excelsior mineralised systems are located in the central northern region of the project.

The KNGP covers 96 square km of granted mining leases and prospecting licenses. Over 90 gold occurrences have been recorded to date within the KNGP, with the mineralisation mostly localised in favourable rock units at the interaction of the north-northwest trending Bardoc Tectonic Zone and the northeast trending Black Flag Fault structures.

Targeted drilling campaigns conducted by Excelsior Gold have successfully delineated 825,000 ounces in gold resources on the KNGP to date, with 570,000 ounces being indicated, 252,000 ounces being inferred and 2,000 ounces being measured, with the majority of these resources concentrated in two large deposits, Zoroastrian and Excelsior, in the central portion of the KNGP.

Exploration work completed to date by Excelsior Gold has delineated a number of priority areas including 22 defined resource areas and over 60 advanced prospects or zones with significant drill intercepts, which present further resource expansion opportunities.

The pre-feasibility study for the KNGP was completed in March 2014, with open pit mining commencing in November 2015. Mining at the KNGP commenced in November at several smaller pits. It was completed in March 2016 and in April 2016 mining commenced at the Zoroastrian Central Open Pit, with the mining

being completed in August 2017 to a depth of 125 meters below the surface and produced 52,600 ounces. The Zoroastrian South Open Pit was the next pit scheduled to be mined following the Zoroastrian Central Open Pit, however ongoing, unresolved discussions regarding the temporary relocation of the Cawse gas pipeline has resulted in the temporary suspension of mining.

5.4 Historical Balance Sheet

Statement of Financial Position	Reviewed as at 31-Dec-17	Audited as at 30-Jun-17
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	6,943,562	1,133,932
Trade and other receivables	350,090	1,650,217
Inventories	30,000	3,944,828
Other assets	1,080	1,080
TOTAL CURRENT ASSETS	7,324,732	6,730,057
NON-CURRENT ASSETS		
Receivables	72,454	72,454
Mine development		
Site rehabilitation	-	-
Mine properties	-	248,789
Deferred stripping costs	-	472,216
Property, plant and equipment	210,779	209,330
TOTAL NON-CURRENT ASSETS	283,233	1,002,789
TOTAL ASSETS	7,607,965	7,732,846
CURRENT LIABILITIES		
Trade and other payables	549,193	6,736,758
Provisions	71,890	140,271
Borrowings	-	-
Derivative financial instruments	-	-
TOTAL CURRENT LIABILITIES	621,083	6,877,029
NON-CURRENT LIABILITIES		
Provisions	2,960,251	6,243,453
Derivative financial instruments	-	-
TOTAL NON-CURRENT LIABILITIES	2,960,251	6,243,453
TOTAL LIABILITIES	3,581,334	13,120,482
NET ASSETS	4,026,631	(5,387,636)
EQUITY		
Contributed equity	53,395,608	53,370,461
Reserves	276,147	219,115
Accumulated losses	(49,645,124)	(58,977,212)
TOTAL EQUITY	4,026,631	(5,387,636)

Source: Excelsior's audited financial statements for the year ended 30 June 2017 and reviewed financial statements for the half-year ended 31 December 2017.

The Company's auditor issued an unqualified opinion for the year ended 30 June 2017 and an unqualified review opinion for the period ended 31 December 2017.

Commentary on Excelsior's Historical Consolidated Statements of Financial Position

- Cash and cash equivalents increased to \$6.94 million at 31 December 2017. This increase was due to a positive cash flow from operations of \$5.8 million for the six months to 31 December 2017.
- Trade and other receivables at 31 December 2017 of \$0.35 million consisted of \$0.28 million in trade receivables, \$0.03 million in prepaid insurance, \$0.03 million in GST receivable and a \$0.001 million security bond.
- Inventories at 31 December 2017 of \$0.03 million consisted of Bullion on Hand, which was sold in May 2018.
- Non-current receivable of \$0.07 million relates to security deposits held with financial institutions as security for rehabilitation obligations.
- Mine properties are accumulated separately for each area of interest in which economically recoverable reserves have been identified. Once mining of an area of interest can commence, the aggregated capitalised costs are classified under non-current assets as mines in production. Until production commences they are classified as mine properties in development.
- Trade and other payables at 31 December 2017 of \$0.55 million consisted of \$0.39 million in trade creditors, \$0.08 million in accrued expenses, \$0.04 million in super payable, \$0.03 million in PAYG and salary sacrifice shares of \$0.01 million.
- Excelsior had no borrowings at 31 December 2017.
- Non-current provisions at 31 December 2017 of \$2.96 million is wholly made up of the rehabilitation provision. The Company has subsequently re-estimated the provision to be \$3.84 million. This results in an increase in the liability provision of \$0.88 million and a corresponding adjustment to accumulated losses.
- Excelsior had no derivative financial instruments at 31 December 2017. This is because production at the Zoroastrian Central Pit was completed in September 2017 and therefore no hedging was required for future movements in price.

5.5 Historical Statement of Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half-year ended 31-Dec-17	Audited for the year ended 30-Jun-17	Audited for the year ended 30-Jun-16
	\$	\$	\$
Revenue from continuing operations	22,488,780	51,046,255	19,634,502
Costs of production	(12,608,849)	(42,368,754)	(20,184,160)
Gross profit/(loss) before amortisation	9,879,931	8,677,501	(549,658)
Amortisation	(721,005)	(11,149,555)	(2,499,540)
Gross profit/(loss) from operations	9,158,926	(2,472,054)	(3,049,198)
Other income	10,242	50,280	3,529,433
Gain from reduction of rehabilitation obligation	3,202,015	-	-
Other expenses	(420,940)	(264,691)	(374,229)
Exploration expenditure	(1,736,203)	(1,750,808)	(1,904,062)
Administration and other corporate expenses	(851,655)	(2,029,255)	(2,082,043)
Depreciation of non-mine assets	(42,627)	(34,291)	(34,583)
Realised losses on derivatives-gold hedges	-	(5,898,619)	(955,438)
Fair value adjustment of derivatives- gold hedges	-	13,025,709	(13,025,709)
Finance costs	(27,616)	(731,253)	(1,000,947)
Profit/(loss) before income tax	9,292,142	(104,982)	(18,896,776)
Income tax benefit	-	-	-
Other comprehensive income/(loss)	-	-	-
Total comprehensive loss for the year	9,292,142	(104,982)	(18,896,776)

Source: Excelsior's audited financial statements for the years ended 30 June 2016, 30 June 2017 and reviewed financial statements for the half-year ended 31 December 2017.

Commentary on Excelsior's Historical Consolidated Statements of Comprehensive Income

- Revenue from continuing operations of \$22.49 million for the half-year ended 31 December 2017 consisted of gold sales. As mentioned above, production at the Zoroastrian Central Pit was completed in September 2017, resulting in decreased gold sales revenue in the subsequent months to 31 December 2017.
- Amortisation of \$0.7 million for the half-year ended 31 December 2017 was in relation to amortisation of mine properties and stripping costs during July and August 2017, the mine properties were fully amortised in September 2017 when production concluded.
- The gain from reduction of rehabilitation obligation of \$3.2 million for the half-year ended 31 December 2017 is related to the provision for rehabilitation. This provision is prepared independently by an expert for Excelsior. Excelsior records the provision based on an after-mining basis, however in some instances rehabilitation can be completed during mining, which significantly reduces costs and results in a gain from reduction of rehabilitation. As mentioned above, subsequent to the reviewed financial statements for 31 December 2017 the rehabilitation

provision has been re-estimated and the gain is expected to be \$2.4 million for the year to 30 June 2018.

5.6 Capital Structure

The share structure of Excelsior as at 13 July 2018 is outlined below:

	Number
Total ordinary shares on issue	832,677,561
Top 20 shareholders	455,829,871
Top 20 shareholders - % of shares on issue	54.74%

Source: Excelsior's share register

The range of shares held in Excelsior as at 13 July 2018 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	121	21,519	0.00%
1,001 - 5,000	107	338,892	0.04%
5,001 - 10,000	258	2,058,845	0.25%
10,001 - 100,000	634	24,749,467	2.97%
100,001 - and over	379	805,508,838	96.74%
TOTAL	1,499	832,677,561	100.00%

Source: Excelsior's share register

The ordinary shares held by the top four listed shareholders on Excelsior's share register as at 13 July 2018 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
National Nominees Limited	126,635,847	15.15%
Dr Christopher Kong Leng Shun + Mrs Sook Leng Choy	44,783,196	5.38%
Edlyn Developments Pty Ltd <Farrah Gold Super Fund A/C>	34,830,605	4.18%
Rigi Investments Pty Limited <The Cape A/C>	23,550,000	2.83%
Subtotal	229,799,648	27.60%
Others	602,877,913	72.40%
Total ordinary shares on Issue	832,677,561	100.00%

Source: Excelsior's share register

The ordinary shares held by the most significant shareholders as at 10 July 2018 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Farrah Group	77,950,579	9.36%
Dr Christopher Kong Leng Shun + Mrs Sook Leng Choy	44,783,196	5.38%

Source: Scheme Booklet

The following performance rights were on issue as at 10 July 2018:

Name	Number of Rights	Description
Mr Robert Rowan Andrew Johnston & Mrs Pia Johnston (Johnston Family Account)	9,829,268	3,329,268 of the Rights have vested but have not been exercised. The remaining tranches vest based on a VWAP performance condition. All unvested Rights will be cancelled upon implementation of the Scheme.
Performance Rights Issued	9,829,268	

Source: Excelsior's share register

The following options were on issue as at 10 July 2018:

Name	Number of Options	Exercise Price	Expiry Date
Farrah Property Securities Pty Limited	14,000,000	\$0.05	24 November 2018
Options Issued			

Source: Excelsior'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 4 January 2018, Spitfire completed its acquisition of Aphrodite Gold Limited ('Aphrodite') by way of a scheme of arrangement, and with it acquired Aphrodite's sole exploration project, the Aphrodite Project, which offered synergies to Spitfire's Mulwarrie Gold Project. Under the terms of that Scheme of Arrangement, Spitfire agreed to acquire all of the issued capital of Aphrodite and both Spitfire and Aphrodite shareholders each held approximately 50% of Spitfire following the completion of the transaction.

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 Peter Buttigieg - Non-Executive Chairman;
- Mr John Young - Managing Director;
- Mr Neil Biddle - Executive Director; and
- Mr Roger Mitchell - Non-Executive Director
- Mr Russell Hardwick - Company Secretary
- Mr Sean Richardson - Chief Operating Officer

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%
Aphrodite Gold Pty Ltd	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: Scheme Booklet

6.3 Recent Corporate Events

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 each. 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.

On 18 January 2018, Spitfire announced that it had raised \$5.33 million through the issue of 53.3 million shares at an issue price of \$0.10 per share. The funds raised to be used primarily for extensional and fill in drill program at the Aphrodite Project but also to progress development studies at the Aphrodite Project, to undertake further drilling at the Mulwarrie Project, to meet costs associated with the merger with Aphrodite and for general working capital.

6.4 Current Projects

Aphrodite Project

The Aphrodite Project is 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 Spitfire 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.

Since the Aphrodite Project was completed Spitfire has undertaken two diamond drilling programs together with several studies into the mineralogy and structural setting of the mineralisation at Aphrodite along with several mining studies.

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.

The Directors of Spitfire have confirmed that currently approximately \$3.2 million of expenditure is still required for the Company to earn its initial 51% interest.

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.

Spitfire has stated that it may not be able to meet its agreed exploration spend to earn its interest in the Alice River Gold Project and that early stage negotiations have been held with Tinpitch to reduce the proposed exploration spend and/ or extend the term. No agreement has been reached but the Board of Spitfire is confident that an extension will be granted.

Mulwarrie Project (Gold)

On 29 June 2018, Spitfire announced that it had completed the acquisition of the remaining 49% of the Mulwarrie Project and now owns 100%. The acquisition of the remaining 49% was achieved through payment of \$100,000 in cash and the issue of 10 million Spitfire shares.

The Mulwarrie Project is a prospective gold project which Spitfire acquired through the acquisition of Admiral. Located 150km north west of Kalgoorlie in Western Australia, the Mulwarrie Project encompasses two adjoining tenements located 10km north west of the Davyhurt mining centre in the Ullaring 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 had entered into a binding terms sheet with Goldfield Argonaut Pty Ltd, pursuant to which Admiral had the right, subject to earn-in stages, to acquire up to a 70% interest in the Mulwarrie Project. The details of this term sheet are now redundant with Spitfire having recently acquired 100% of the Mulwarrie Project.

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 Balance Sheet

Statement of Financial Position	Reviewed as at 31-Dec-17 \$ 000's	Audited as at 30-Jun-17 \$ 000's
CURRENT ASSETS		
Cash and cash equivalents	1,729	5,557
Trade and other receivables	520	115
TOTAL CURRENT ASSETS	2,249	5,672
NON-CURRENT ASSETS		
Property, plant and equipment	237	170
TOTAL NON-CURRENT ASSETS	237	170
TOTAL ASSETS	2,486	5,842
CURRENT LIABILITIES		
Trade and other payables	926	375
Provisions	637	4
Borrowings	500	-
TOTAL CURRENT LIABILITIES	2,063	379
NON-CURRENT LIABILITIES		
Borrowings	2,000	-
TOTAL NON-CURRENT LIABILITIES	2,000	-
TOTAL LIABILITIES	4,063	379
NET ASSETS	(1,577)	5,463
EQUITY		
Issued capital	67,302	40,772
Reserves	3,082	755
Accumulated losses	(71,961)	(36,064)
TOTAL EQUITY	(1,577)	5,463

Source: Spitfire's audited financial statements for the year ended 30 June 2017 and reviewed financial statements for the half-year ended 31 December 2017.

The Company's auditor issued an unqualified opinion for the year ended 30 June 2017 and an unqualified review opinion for the period ended 31 December 2017.

Commentary on Spitfire's Historical Consolidated Statements of Financial Position

- Cash and cash equivalents decreased to \$1.73 million at 31 December 2017. This decrease was due to a negative cash flow from operations of \$2.63 million and a negative cash flow from investing activities of \$1.20 million for the six months to 31 December 2017.
- Trade and other receivables of \$0.52 million at 31 December 2017 consisted of \$0.30 million in other debtors related to Aphrodite Gold, \$0.18 million in GST receivables, \$0.02 million in pre-payments, a \$0.01 million deposit and \$0.004 million in accrued interest.

- Trade and other payables of \$0.93 million at 31 December 2017 consisted of \$0.81 million in trade creditors, \$0.08 million in other creditors, \$0.01 million in PAYG, \$0.01 million in superannuation payables and \$0.01 million in credit card debt.
- Provisions of \$0.64 million at 31 December 2017 consisted of a provision for stamp duty in relation to the Aphrodite Gold acquisition.
- Current borrowings of \$0.50 million at 31 December 2017 were related to a minimum annual payment in relation to the Franco Nevada Royalty advance received by Spitfire.
- Non-current borrowings of \$2.00 million at 31 December 2017 were related to the aforementioned Franco Nevada Royalty advance received by Spitfire.

We note that Spitfire is currently arranging a loan facility with its directors for funding up to \$1,000,000 as set out in Section 7.4 of the Scheme Booklet.

6.6 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Reviewed for the year ended 31- Dec-17 \$ 000's	Audited for the year ended 30- Jun-17 \$ 000's	Audited for the year ended 30- Jun-16 \$ 000's
Continuing Operations			
Interest received	26	31	45
Other income	1	9	-
Gross profit/(loss)	27	40	45
Depreciation expense	(26)	(5)	(20)
Consulting expenses	(194)	(315)	(805)
Occupancy costs	(38)	(92)	(52)
Travel expenses	(35)	(16)	(119)
Exploration and evaluation expenditure	(1,970)	-	-
Acquisition premium/goodwill expensed	(18,982)	(255)	(174)
Exploration and evaluation assets expensed	(12,500)	(7,675)	-
Share based payments	(1,622)	(335)	(103)
Merger costs	(346)	-	-
Administrative expenses	(330)	(387)	(540)
Loss before income tax	(36,016)	(9,040)	(1,768)
Income tax (expense)/revenue	-	-	-
Profit/(loss) from continuing operations	(36,016)	(9,040)	(1,768)
Loss from discontinued operations after tax	-	(39)	(2,525)
Other comprehensive income/(expense)	10	(25)	15
Total comprehensive profit/(loss) attributable to the members of the Company	(36,006)	(9,104)	(4,278)

Source: Spitfire's audited financial statements for the years ended 30 June 2016, 30 June 2017 and reviewed financial statements for the half-year ended 31 December 2017.

Commentary on Spitfire's Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income

- 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.
- Exploration and evaluation expenditure of \$1.97 million for the half-year ended 31 December 2017 is related to gold exploration during the period, with the balance primarily being made up of \$1.04 million in expenditure incurred at Alice River and \$0.69 million incurred at Mulwarrie.
- The \$18.98 million acquisition premium for the half-year ended 31 December 2017 has been calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets acquired, as part of the Aphrodite Gold acquisition.
- The \$12.5 million in exploration and evaluation assets expensed for the half-year ended 31 December 2017 is in relation to the Aphrodite Gold acquisition.
- Share based payments for the half-year ended 31 December 2017 of \$1.62 million were comprised of \$1.52 million in Directors performance rights expenses and \$0.10 million in consultants share options expenses.

6.7 Capital Structure

The share structure of Spitfire as at 13 July 2018 is outlined below:

	Number
Total ordinary shares on issue	531,068,820
Top 20 shareholders	208,323,186
Top 20 shareholders - % of shares on issue	39.23%

Source: Spitfire's share register

The range of shares held in Spitfire as at 10 July 2018 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	227	106,619	0.02%
1,001 - 5,000	314	917,246	0.17%
5,001 - 10,000	276	2,136,594	0.40%
10,001 - 100,000	760	30,976,183	5.83%
100,001 - and over	474	496,932,178	93.570%
TOTAL	2,051	531,068,820	100.00%

Source: Spitfire's share register

The ordinary shares held by the top four listed shareholders on Spitfire's share register as at 10 July 2018 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
RMS (Aust) Pty Ltd	49,928,394	9.40%
P & J Buttigieg Nominees Pty Ltd <Buttigieg Super Fund A/C>	18,388,066	3.46%
J P Morgan Nominees Australia Limited	13,543,196	2.55%
Biddle Partners Pty Ltd <Biddle Super Fund A/C>	12,717,483	2.39%
Subtotal	94,577,139	17.81%
Others	436,491,681	82.19%
Total ordinary shares on Issue	531,068,820	100.00%

Source: Spitfire's share register

The ordinary shares held by the most significant shareholders as at 10 July 2018 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Peter Buttigieg/ RMS Australia Pty Ltd	70,398,887	13.51%

Source: Scheme Booklet

The following performance rights were on issue as at 10 July 2018:

Name	Number of Rights	Description
Dubios Group Pty Ltd	5,000,000	Even split between Class A and Class B Rights. Vested on 20 December 2017. Have not been exercised.
John Young	5,000,000	Even split between Class A and Class B Rights. Vested on 20 December 2017. Have not been exercised.
Neil Biddle	5,000,000	Even split between Class A and Class B Rights. Vested on 20 December 2017. Have not been exercised.
Russel Hardwick	5,000,000	Even split between Class A and Class B Rights. Vested on 20 December 2017. Have not been exercised.
Sean Richardson	2,000,000	Even split between Class C and Class D Rights. Have not vested.
Catherine Jones	600,000	Even split between Class C and Class D Rights. Have not vested.
Marsha Pogolian	400,000	Even split between Class C and Class D Rights. Have not vested.
Amanda Bohan	300,000	Even split between Class C and Class D Rights. Have not vested.
Performance Rights Issued	23,300,000	

Source: Spitfire's performance rights register

The following options were on issue as at 10 July 2018:

Name	Number of Options	Exercise Price	Expiry Date
James Hamilton	300,000	\$0.45	28 Nov 2019
Russell Hardwick	200,000	\$0.45	28 Nov 2019
Ian Huitson	150,000	\$0.45	28 Nov 2019
Melissa Sturgess	2,500,000	\$0.16	30 March 2021
Maximillian Vermorken	5,000,000	\$0.16	30 March 2021
James Hamilton ATF Hamilton Family Trust	6,000,000	\$0.16	30 March 2021
Russell Hardwick <Hardwick Family A/C>	3,000,000	\$0.16	30 March 2021
Eva Nere Dinggal	1,500,000	\$0.16	30 March 2021
Euroswiss Capital Partners Inc	1,000,000	\$0.16	31 May 2020
Scott Douglas Amos as Trustee for the SDA Discretionary Trust	2,000,000	\$0.16	31 May 2020
Bell Potter Securities Limited	13,812,635	\$0.1158	19 August 2019
Matthew White	400,000	\$0.16	31 March 2021
Trepainer Pty Ltd	500,000	\$0.16	31 March 2021
Read Corporate Pty Ltd	1,000,000	\$0.16	31 March 2021
Kalonda Pty Ltd	3,000,000	\$0.16	31 March 2021
Scott Amos As Trustee for the SDA Discretionary Trust	3,000,000	\$0.16	31 March 2021
Options Issued	43,362,635		

Source: Spitfire's option register

7. Profile of Proposed Merged Entity

Upon implementation of the Scheme, the Proposed Merged Entity will represent the combined assets of Spitfire and Excelsior.

7.1 Key assets

The key combined assets of the Proposed Merged Entity will be:

Asset	Location	Ownership	Stage	Commodity
Aphrodite Project	Western Australia	100%	Development and exploration	Gold
KNGP	Western Australia	100%	Development and exploration	Gold
Mulwarrie Project	Western Australia	100%	Exploration	Gold
Alice River Project	Queensland	51%*	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 75% 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: Excelsior's and Spitfire's Financial Reports for the year ended 30 June 2017 and the six months to 31 December 2017

7.2 Board of Directors

The board of Directors of the Proposed Merged Entity will comprise:

- David Hatch- Non-Executive Chairman (Excelsior); and
- John Young - Managing Director (Spitfire);
- Neil Biddle - Executive Director (Spitfire);
- Rowan Johnston- Executive Director (Excelsior);
- Peter Buttigieg - Non-Executive Director (Spitfire);
- Sam Randazzo- Non-Executive Director (Excelsior).

7.3 Capital structure

Under the Scheme Spitfire has agreed to acquire all of the issued capital of Excelsior by the issue of 1 new Spitfire share for every 2.208 Excelsior shares held by Excelsior shareholders. Spitfire shareholders will hold approximately 58.4% of the merged entity, whilst Excelsior shareholders will hold approximately 41.6% of the Proposed Merged Entity.

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.

8. Economic analysis

8.1 Global

Conditions in the global economy remain positive. Available information suggests the global economy has continued to expand into the March quarter of 2018. A number of advanced economies are growing at an above-trend rate and unemployment rates are low. Growth picked up in the Asian economies in 2017, partly supported by increased international trade.

Growth in China was strong through 2017, however it has eased slightly in the recent quarter, reflecting the Chinese authorities' objective of more sustainable growth. In March 2018, the Chinese Government released a gross domestic product ('GDP') growth target of approximately 6.5 percent for 2018, down from its published GDP growth rate of 6.9% in 2017, suggesting some tolerance for a gradual slowing of growth. Investment in infrastructure and residential property remains strong, with demand from these sectors supporting modest growth in crude steel production, which in turn has supported demand for iron ore and coking coal.

The pick-up in the global economy has contributed to a rise in oil and other commodity prices over the past year. Even so, Australia's terms of trade are expected to decline over the next few years, but remain at a relatively high level.

Globally, inflation remains low, although it has increased in some economies and further increases are imminent given the tight labour markets. As conditions have improved in the global economy, a number of central banks have withdrawn some monetary stimulus and further steps in this direction are to be expected.

Both Chinese and United States of America authorities recently announced trade protectionist measures. The US increased import tariffs on certain items including steel and aluminium. The effect of the US tariffs on other economies is expected to be small, with many countries being granted temporary exemptions. The Chinese economy will be little affected as steel and aluminium exports to the US are only a small share of Chinese production. In response to the US tariffs on steel and aluminium, the Chinese authorities imposed tariffs on US\$3 billion of US goods. With both countries foreshadowing further tariffs, there is a risk that trade protectionism could escalate, harming global growth significantly. Rising geopolitical risks, including tensions in the Korean Peninsula could also dampen confidence and create bouts of financial market volatility.

8.2 Australia

Domestic growth

The Australian economy grew by 2.4 per cent over 2017. The Reserve Bank of Australia ('RBA') is expecting faster growth in the next couple of years, with forecasts suggesting that average growth in 2018 and 2019 will be above 3%. Business conditions are positive, with overall business investment expected to continue growing over the next few years, as non-mining business investment increases. Mining investment is expected to slightly decline as construction on large liquefied natural gas projects concludes. Public spending is also supporting domestic economic activity. Public consumption has been growing strongly, in part supported by spending on the National Disability Insurance Scheme. Stronger growth in exports is expected after temporary weakness at the end of 2017. Household spending picked up in the December Quarter of 2017, and recent indicators suggest that household consumption growth has remained steady into early 2018, however low growth in household income and high debt levels remains a key risk to the outlook for household consumption.

Unemployment

Employment grew by 3.5% over the past year, with employment figures rising in all states. The strong growth in employment has been accompanied by a significant rise in labour force participation, particularly by women and older Australians. Indicators of labour demand, including job vacancies, continue to point to above average growth in employment over the next six months. The unemployment rate has declined slightly over recent years, but from mid-2017 has remained relatively unchanged, at around 5.5%. Conventional measures of full employment suggest the current unemployment rate is around 0.5% above full employment, implying spare capacity in the labour market. The various forward-looking indicators continue to point to strong growth in employment in the period ahead, with a further gradual reduction in the unemployment rate expected. Wages growth has picked up slightly, but remains low. The RBA cites spare capacity in the labour market, low inflation and continuing adjustments to the economy following the mining investment boom, as reasons for low wages growth. Low wages growth is likely to continue for a while yet, although the stronger economy should see some lift in wage growth over time.

Inflation

Inflation remains low and stable. Headline inflation and underlying inflation were both close to 0.5% for the March quarter 2018, and around 2% over the year. Inflation is likely to remain low for some time, reflecting spare capacity in the economy, low wages growth and strong competition in retailing. Inflation is expected to be around 2.25% over the next year, and long term inflation expected to be around 2.5%.

Currency movements

Since the start of the year, the Australian dollar has depreciated against the US dollar and on a trade weighted basis, however it remains within its narrow range of the past two years. The decline was a result of lower bulk commodity prices and narrowing interest rate differentials. An appreciating exchange rate would be expected to result in a slower pick-up in economic activity and inflation.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 5 June 2018, Statement on Monetary Policy - June 2018

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 therefore 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 to 2017 is provided in the table below:

Gold supply (tonnes)	2011	2012	2013	2014	2015	2016	2017
Mine production	2,846	2,911	3,073	3,148	3,220	3,263	3,269
Net producer hedging	23	(45)	(28)	105	13	33	(30)
Recycled gold	1,667	1,691	1,262	1,189	1,120	1,295	1,160
Total supply	4,536	4,557	4,307	4,442	4,353	4,591	4,399

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 slow economic growth. However, as the world economy stabilises following uncertainty surrounding the United States ('US') Presidential Election and the United Kingdom's exit from the European Union, Industry revenue is projected to stagnate.

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. According to IBIS World, the global price for gold is forecast to decrease over the next five years.

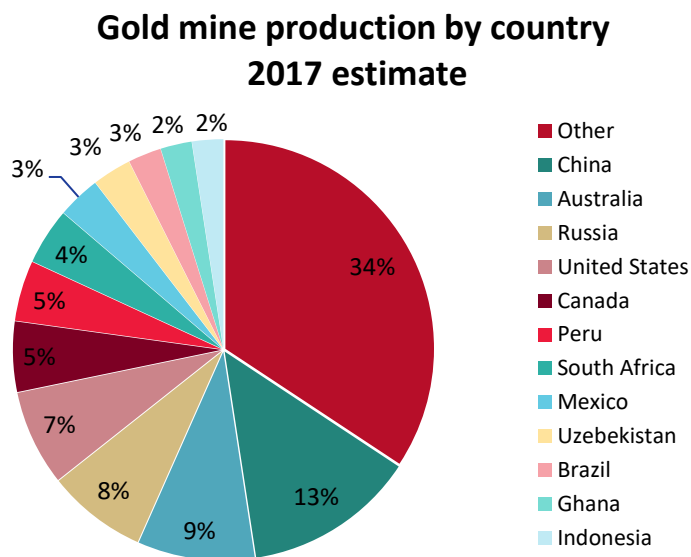
The global gold price is denominated in US dollars ('USD' or 'US\$') and therefore, the exchange rate directly affects the returns received by local Industry operators. A weaker Australian Dollar ('AUD') benefits the domestic industry by reducing prices in export markets and pushing up domestic prices, likely resulting in higher volumes. In 2017-18, IBIS World predicts the AUD will depreciate.

Global demand for gold is also inversely related to global economic performance. As gold is regarded as a store of value and is particularly sought after during periods of economic uncertainty, demand follows a counter cyclical pattern. Strong global gross domestic product ('GDP') growth can therefore have a negative impact on gold demand and the Industry. According to IBIS World, global economic performance is expected to improve in 2017-18, reducing 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 reserves 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 production.

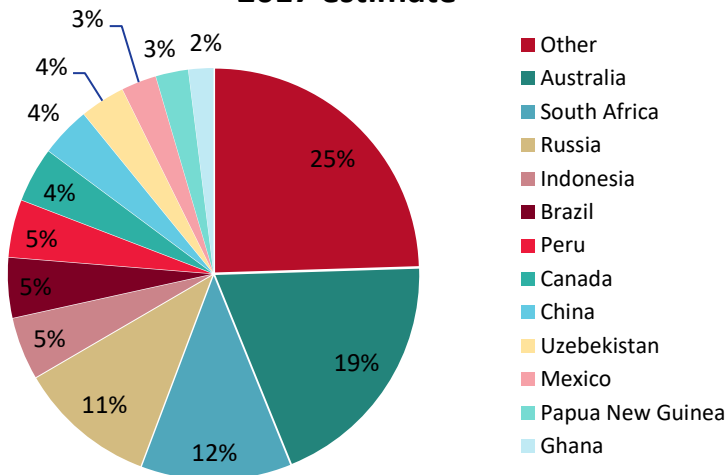
Until the late 1980s, South Africa produced approximately half of the total gold ore mined globally. More recently however, the Industry has diversified geographically and China and Australia now dominate global gold production. According to the United States Geological Survey for January 2018, total estimated global gold ore mined for 2017 was approximately 3,150 metric tonnes. The chart below illustrates the estimated global gold production by country for 2017.



Source: United States Geological Survey and BDO analysis

Despite China leading global gold production in 2017, accounting for approximately 13%, Australia, South Africa and Russia hold the largest known gold reserves globally. As depicted below, collectively these three countries account for approximately 42% of global gold reserves.

Gold reserves by country 2017 estimate



Source: United States Geological Survey and BDO analysis

According to the 2017 US Geological Survey, Australia holds 9,800 tonnes of gold, representing 19% of global reserves and the largest percentage held by any country. In 2017-18, IBIS World predicts domestic Industry revenue will increase by 2.7% to reach \$16.6 million, boosted by increased domestic production. Over the five years through 2022-23 however, it is forecast that revenue will decline by an annualised 1.8%, influenced by a stronger AUD and reduced global demand.

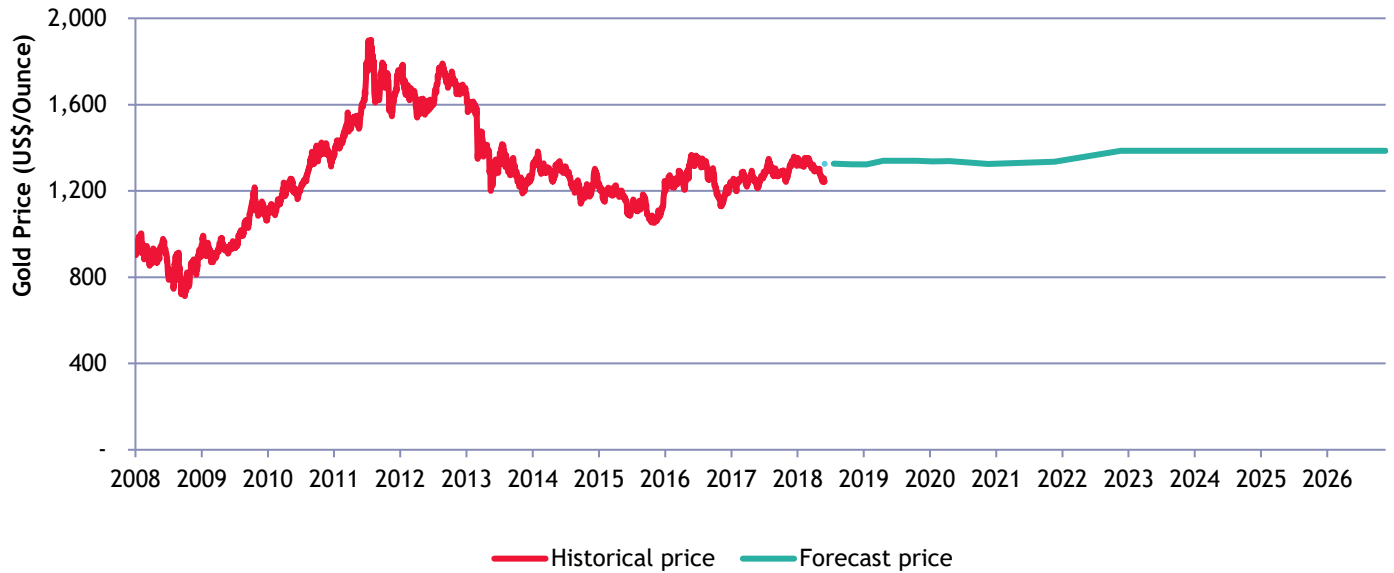
Gold Prices

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 investors opt for the stability offered by 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 to US\$1,300 throughout 2017. In January 2018, the gold price reached a six-month high of US\$1,358. The gold spot price since 2008 and forecast prices through to 2023 are depicted in the graph below:

Gold Spot and Forecast Price



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 Excelsior'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 Excelsior prior to the Scheme

In our assessment of the value of Excelsior 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 Excelsior is an exploration and development 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 Excelsior's other assets and liabilities on a NAV basis;
- We consider the QMP methodology to be relevant because Excelsior's shares are listed on the ASX. This means that there is a regulated and observable market where Excelsior'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 indicates that there is not a deep market for Excelsior's shares, therefore we have only relied on QMP as a cross check to our NAV;

- Pursuant to RG111 and Information Sheet 214, we do not consider that we would have reasonable grounds to rely on forecast cash flows for Excelsior 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 Excelsior does not have a consistent 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 Excelsior, 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 Excelsior 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 value of Spitfire's other assets and liabilities (considering whether their book values materially represent their market values); 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 Excelsior prior to the Scheme

11.1 Net Asset Valuation of Excelsior

The value of Excelsior'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	Reviewed as at 31-Dec-17 \$	Low value \$	Preferred value \$	High value \$
CURRENT ASSETS					
Cash and cash equivalents	a	6,943,562	4,549,562	4,549,562	4,549,562
Trade and other receivables		350,090	350,090	350,090	350,090
Inventories	b	30,000	-	-	-
Other assets		1,080	1,080	1,080	1,080
TOTAL CURRENT ASSETS		7,324,732	4,900,732	4,900,732	4,900,732
NON-CURRENT ASSETS					
Receivables		72,454	72,454	72,454	72,454
Exploration and evaluation	c	-	15,800,000	21,700,000	32,000,000
Property, plant and equipment	d	210,779	210,779	210,779	210,779
TOTAL NON-CURRENT ASSETS		283,233	16,083,233	21,983,233	32,283,233
TOTAL ASSETS		7,607,965	20,983,965	26,883,965	37,183,965
CURRENT LIABILITIES					
Trade and other payables		549,193	549,193	549,193	549,193
Provisions		71,890	71,890	71,890	71,890
TOTAL CURRENT LIABILITIES		621,083	621,083	621,083	621,083
NON-CURRENT LIABILITIES					
Provisions	e	2,960,251	-	-	-
TOTAL NON-CURRENT LIABILITIES		2,960,251	-	-	-
TOTAL LIABILITIES		3,581,334	621,083	621,083	621,083
NET ASSETS (controlling interest basis)		4,026,631	20,362,882	26,262,882	36,562,882
Discount for minority interest (%)	f		29%	26%	23%
Value of Excelsior (minority interest basis)			14,457,646	19,434,533	28,153,419
Number of share on issue	g		836,006,829	836,006,829	836,006,829
Value per share (minority interest basis)			0.0173	0.0232	0.0337
Value per 2.208 shares (minority interest basis)			0.0382	0.0513	0.0744

Source: Excelsior's reviewed financial statements at 31 December 2017 and BDO analysis

The table above indicates the net asset value of an Excelsior share prior to the implementation of the Scheme is between \$0.0173 and \$0.0337, with a preferred value of \$0.0232. For the purposes of assessing whether the Scheme is fair for Shareholders, the relevant valuation to consider is the value of 2.208 shares in Excelsior. We have assessed the value of 2.208 shares in Excelsior to be between \$0.0382 and \$0.0744 with a preferred value of \$0.0513.

We have been advised that there has not been a significant change in the net assets of Excelsior since 31 December 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 Excelsior at 31 December 2017, to account for movements since 31 December 2017. The adjusted cash and cash equivalents is summarised in the table below:

Adjusted Cash and cash equivalents	\$
Cash and cash equivalents at 31-Dec-17	6,943,562
Add: Receipts from customers	362,000
Add: Interest received	37,000
Less: Exploration & evaluation expenditure	(1,843,000)
Less: Production costs	(38,000)
Less: Staff costs	(624,000)
Less: Administration and corporate costs	(283,000)
Less: Property, plant and equipment payments	(3,000)
Less: Transaction costs related to share issues	(2,000)
Adjusted Cash and cash equivalents as at 30 June 2018	4,549,562

Source: Excelsior management

We have been provided with bank statements supporting the above balance.

With the exception of (non-material) property, plant and equipment payments, 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 \$1.843 million during the period since 31 December 2017 is reflected in the valuation of Excelsior's mineral assets by DRM - refer note c) below.

Note b) Inventory

We have adjusted the value of inventory to \$nil based on the management accounts of Excelsior.

Note c) Exploration and evaluation

We instructed DRM to provide an independent market valuation of the mineral assets held by Excelsior. DRM considered a number of different valuation methods when valuing the mineral assets of Excelsior. DRM elected to apply the following methodologies:

- Market based assessment - comparable transaction analysis; and
- Yardstick methodology; and
- Geoscientific/Kilburn methodologies.

We consider these methodologies to be appropriate given the stage of development for the Kalgoorlie North Project. Further information regarding DRM's valuation of Excelsior's mineral assets is included in DRM's report contained in Appendix 4.

The range of values for Excelsior's mineral assets, as assessed by DRM, is set out below:

Summary of the Valuations completed for Spitfire Materials and Excelsior Gold.

Valuation of the KNGP	Low value \$	Preferred value \$	High value \$
DRM valuation	15,800,000	21,700,000	32,000,000

Source: Independent Technical Report

Note d) Property, plant and equipment

We have not adjusted property, plant and equipment of \$0.211 million at 31 December 2017, to account for the non-material \$3,000 investment during the six months ended 30 June 2018. We note that the balance at 31 December 2017 represents the book value of plant and equipment and is not included in DRM's independent market valuation of the mineral assets held by Spitfire. The value of property, plant and equipment has not changed materially since 31 December 2017.

Note e) Non-current Provision

The non-current provision at 31 December 2017 relates to the rehabilitation provision for KNGP. We have not included the required rehabilitation provision in our assessment of the other assets and liabilities since DRM, as independent technical expert, has assessed the value of KNGP net of the required provision for rehabilitation.

Note f) Discount for minority interest

The net asset value of Excelsior 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 Excelsior'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:

$$\text{Minority interest discount} = 1 - (1 / (1 + \text{control premium}))$$

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 Excelsior, we have taken the following into consideration:

- Excelsior has already generated revenue from operations; and
- Excelsior has a single mineral resource being the KNGP.

Based on our analysis, we consider an appropriate control premium for Excelsior to be between 30% and 40%, giving rise to a minority interest discount in the range of 23% to 29%.

Note f) Shares on issue

The number of shares on issue is 836,006,829 being the 832,677,561 shares currently on issue plus the 3,329,268 shares to be issued on (free) exercise of the performance rights which have already vested.

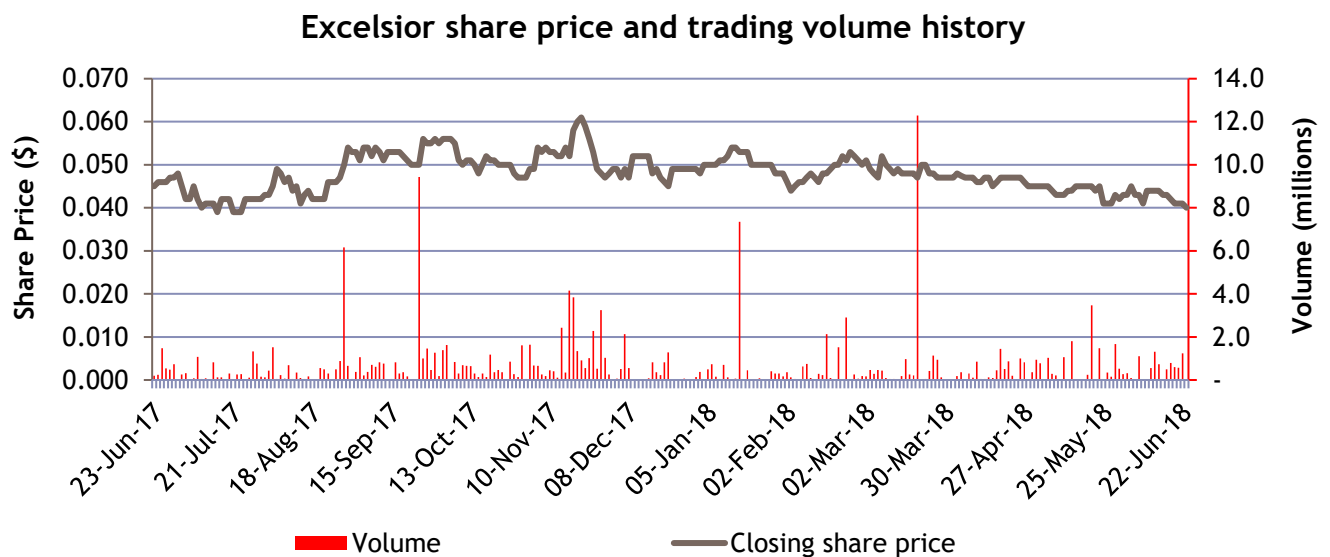
11.2 Quoted Market Prices for Excelsior Securities

To provide a comparison to the valuation of Excelsior in Section 11.1, we have also assessed the quoted market price for an Excelsior 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 Excelsior share is based on the pricing prior to the announcement of the Scheme. This is because the value of an Excelsior 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 Excelsior share following the announcement when we have considered reasonableness in Section 14.

Information on the Scheme was announced to the market on 25 June 2018. Therefore, the following chart provides a summary of the share price movement over the 12 months to 22 June 2018, which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Excelsior shares from 22 June 2017 to 22 June 2018 has ranged from a low of \$0.0390 on 25 July 2017 to a high of \$0.0610 on 20 November 2017.

During this period 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)		
07/06/2018	KNGP Field Activities Now Focused on Exploration	0.041	▼	4.7%	0.044	▲	7.3%
22/05/2018	KNGP Mineral Resource Update	0.044	▼	2.2%	0.041	▼	6.8%
07/05/2018	KNGP Progress Update	0.044	▼	2.2%	0.043	▼	2.3%
23/04/2018	Quarterly Activities Report - March 2018	0.047	►	0.0%	0.046	▼	2.1%
17/04/2018	KNGP Progress Update	0.046	▲	2.2%	0.047	▲	2.2%
07/03/2018	Drilling Update and Timing for Resources/Reserves Conversion	0.052	▲	10.6%	0.048	▼	7.7%
24/01/2018	Quarterly Activities Report - December 2017	0.050	►	0.0%	0.048	▼	4.0%
08/01/2018	Ongoing Drilling Success at Zoroastrian	0.050	►	0.0%	0.052	▲	4.0%
18/12/2017	Government Co-Funded Drilling Approved	0.049	▲	2.1%	0.045	▼	8.2%
06/12/2017	Drilling Results Continue to Enhance Underground Potential	0.049	▲	4.3%	0.052	▲	6.1%
21/11/2017	Zoroastrian Deep Drilling Supports Underground Potential	0.061	▲	1.7%	0.053	▼	13.1%
01/11/2017	Zoroastrian Mineral Resource Ounces Upgraded by 37%	0.047	►	0.0%	0.054	▲	14.9%
18/10/2017	Quarterly Activities Report - September 2017	0.052	▲	4.0%	0.050	▼	3.8%
04/10/2017	Operations Update	0.056	►	0.0%	0.051	▼	8.9%
13/09/2017	Positive Start to 33,000m Drill Program	0.053	▲	3.9%	0.053	►	0.0%
28/08/2017	Debt Fully Repaid/Res Def & Exploration Drilling Underway	0.047	▲	2.2%	0.053	▲	12.8%
07/08/2017	Drilling Commences	0.048	▼	2.0%	0.044	▼	8.3%
17/07/2017	Quarterly Activities Report - June 2017	0.042	▲	7.7%	0.039	▼	7.1%

Source: Excelsior's ASX Announcements

On 7 June 2018, the Company announced that field activities at Kalgoorlie North are now focussed on exploration to test its landholding for new gold deposits. On the date of the announcement, Excelsior's share price decreased by 4.75% to \$0.041. However, over the subsequent three trading days the share price increased by 7.3% to \$0.044.

On 22 May 2018, the Company provided a mineral resources update for Kalgoorlie North that reflected a high degree of geological confidence. On the date of the announcement, Excelsior's share price decreased by 2.2% to \$0.044. Over the subsequent three trading days the share price decreased by a further 6.8% to \$0.041.

On 7 May 2018, the Company provided a progress update on drilling activities at Kalgoorlie North. On the date of the announcement, Excelsior's share price decreased by 2.2% to \$0.044. Over the subsequent three trading days the share price decreased by a further 2.3% to \$0.043.

On 23 April 2018, the Company released its Quarterly Activities Report for the quarter ending 31 March 2018. The report detailed drilling activities at Kalgoorlie North, as well as a cash flow statement for the quarter which outlined a declining cash balance. On the date of the announcements the share price remained unchanged. However, over the subsequent three trading days the share price decreased by 2.1% to \$0.046.

On 17 April 2018, the Company provided an update on drilling results at Kalgoorlie North. On the date of the announcement, Excelsior's share price increased by 2.2% to \$0.046. Over the subsequent three trading days the share price increased by a further 2.2% to \$0.047.

On 7 March 2018, the Company provided an update on drilling results at Kalgoorlie North. On the date of the announcement, Excelsior's share price increased by 10.6% to \$0.052. However, over the subsequent three trading days the share price decreased by 7.7% to \$0.048.

On 24 January 2018, the Company released its Quarterly Activities Report for the quarter ended 31 December 2017. The report provided details around drilling activity at Kalgoorlie North, as well as identifying an increase in the cash balance. On the date of the announcement, Excelsior's share price remained unchanged. However, over the subsequent three trading days the share price decreased by 4% to \$0.048.

On 8 January 2018, the Company released a statement outlining successful drilling at the Zoroastrian deposit. On the date of the announcement, Excelsior's share price remained unchanged. However, over the subsequent three trading days the share price increased by 4% to \$0.052.

On 18 December 2017, the Company announced that approval had been received for co-funding as part of the WA State Government's Exploration Incentive Scheme at Kalgoorlie North. On the date of the announcement, Excelsior's share price increased by 2.1% to \$0.049. However, over the subsequent three trading days the share price decreased by 8.2% to \$0.045.

On 6 December 2017, the Company announced that positive drilling results had been received at the Zoroastrian deposit. On the date of the announcement, Excelsior's share price increased by 4.3% to \$0.049. Over the subsequent three trading days the share price increased by a further 6.1% to \$0.052.

On 21 November 2017, the Company provided a drilling update for the Zoroastrian deposit. On the date of the announcement, Excelsior's share price increased by 1.7% to \$0.061. However, over the subsequent three trading days the share price decreased by 13.1% to \$0.053.

On 1 November 2017, the Company announced that mineral resource ounces at the Zoroastrian had been upgraded by 37%. On the date of the announcement, Excelsior's share price remained unchanged. However, over the subsequent three trading days the share price increased by 14.9% to \$0.054.

On 18 October 2017, the Company released its Quarterly Activities Report for the quarter ended 30 September 2017, detailing drilling activities at Kalgoorlie North and outlined an increasing cash balance. On the date of the announcement, Excelsior's share price increased by 4% to \$0.052. However, over the subsequent three trading days the share price decreased by 3.8% to \$0.050.

On 4 October 2017, the Company provided an operations update on the Zoroastrian deposit. On the date of the announcement, Excelsior's share price remained unchanged. However, over the subsequent three trading days the share price decreased by 8.9% to \$0.051.

On 13 September 2017, the Company provided an update on drilling at the Nerrin Nerrin deposit. On the date of the announcement, Excelsior's share price increased by 3.9% to \$0.053. Over the subsequent three trading days the share price remained unchanged.

On 28 August 2017, the Company announced that it had fully paid off its \$2.25 million loan and convertible note provided by GWR Group Limited in full and was now debt free. On the date of the announcement, Excelsior's share price increased by 2.2% to \$0.047. Over the subsequent three trading days the share price increased by a further 12.8% to \$0.053.

On 7 August 2017, the Company announced that drilling had commenced at the Thompsons Prospect. On the date of the announcement, Excelsior's share price decreased by 2% to \$0.048. Over the subsequent three trading days the share price decreased by a further 8.3% to \$0.044.

On 17 July 2017, the Company released its Quarterly Activities Report for the quarter ended 30 June 2017. The report detailed operations at Kalgoorlie North and outlined a declining cash balance. On the date of the announcement, Excelsior's share price increased by 7.7% to \$0.042. However, over the subsequent three trading days the share price decreased by 7.1% to \$0.039.

To provide further analysis of the market prices for an Excelsior share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 22 June 2018.

Share Price per unit	22-Jun-18	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.040				
Volume weighted average price (VWAP)		\$0.042	\$0.042	\$0.044	\$0.046

Source: Bloomberg, BDO analysis

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 Excelsior shares that has occurred since the Scheme was announced.

An analysis of the volume of trading in Excelsior shares for the twelve months to 22 June 2018 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.040	\$0.041	1,245,752	0.15%
10 Days	\$0.040	\$0.045	6,336,827	0.76%
30 Days	\$0.040	\$0.046	17,866,271	2.15%
60 Days	\$0.040	\$0.051	30,019,101	3.61%
90 Days	\$0.040	\$0.053	53,684,169	6.45%
180 Days	\$0.040	\$0.062	109,626,200	13.17%
1 Year	\$0.039	\$0.062	159,898,542	19.20%

Source: Bloomberg, BDO analysis

This table indicates that Excelsior's shares display a low level of liquidity, with 19.20% of the Company's current issued capital being traded in a twelve months period. 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 Excelsior, we consider there to be an illiquid and inactive market for the Company's shares as a result of only 19.20% of the Company's current issued capital being traded over the twelve months period prior to the announcement of the Scheme.

Our assessment is that the range of value for Excelsior's shares based on market pricing, after disregarding post-announcement pricing, is between \$0.040 and \$0.050. 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 2.208 shares in Excelsior. Based on the quoted market price method, the value of 2.208 shares in Excelsior is between \$0.088 and \$0.110, with a midpoint value of \$0.099. The results of our QMP analysis of Excelsior are summarised in the table below:

QMP of Excelsior	Low value \$	Midpoint value \$	High value \$
Assessed QMP per share	0.040	0.045	0.050
Value of 2.208 shares	0.088	0.099	0.110

Source: BDO analysis

11.3 Assessment of the value of Excelsior prior to the Scheme

The results of our valuation of 2.208 Excelsior shares prior to the Scheme are summarised in the table below:

Valuation of 2.208 Excelsior shares prior to the Scheme (minority interest basis)	Ref	Low value \$	Preferred value \$	High value \$
Net assets value (minority interest basis)	11.1	0.0382	0.0513	0.0744
Quoted market price (minority interest basis)	11.2	0.088	0.099	0.110

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:

- our NAV valuation includes an independent valuation of Excelsior's mineral assets performed by DRM. DRM have relied on a combination of valuation methodologies, which reflect the market

value of the Kalgoorlie North 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;

- the QMP value reflects investors' perception of the future prospects of the Kalgoorlie North 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 6.45% of the Company's issued capital was traded in the 90-day period prior to the announcement of the Scheme. This represents a low level of liquidity and therefore, in the absence of an informed market, the quoted market price of Excelsior 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 Excelsior prior to the implementation of the Scheme. In particular, our NAV methodology includes valuations of Excelsior'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 Excelsior's assets. Furthermore, given that we do not consider there to be a liquid and active market for Excelsior's shares, we do not consider it appropriate to rely on the QMP methodology.

Based on the results above, we consider the value of 2.208 Excelsior shares prior to the implementation of the Scheme, on a minority interest basis, to be between \$0.0382 and \$0.0744, with a preferred value of \$0.0513.

We have considered whether the diluted value should be addressed based on the exercise of Excelsior options currently on issue. Based on the exercise price of \$0.05 per Excelsior share and our assessed value range per Excelsior share, the options are not 'in the money' so we have not calculated a diluted value.

We have also considered the possible dilutive impact of the Performance Rights which have not vested. As these Performance Rights will only vest based on VWAP conditions which have not been achieved and these Performance Rights will be cancelled on implementation of the Scheme we have not calculated a diluted value based on their exercise.

12. Valuation of 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 Excelsior 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 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 Excelsior prior to the Scheme (controlling interest basis)	11.1	20,362,882	26,262,882	36,562,882
Add: Value of Spitfire's mineral assets (controlling interest basis)	12.2	30,300,000	36,900,000	50,200,000
Deduct: Expenditure required to reach 51% interest in Alice River Project	12.2	(3,200,000)	(3,200,000)	(3,200,000)
Add: Value of Spitfire's other assets and liabilities (controlling interest basis)	12.3	(556,000)	(556,000)	(556,000)
Value of the Proposed Merged Entity (controlling interest basis)		46,906,882	59,406,882	83,006,882
Discount for minority interest (%)	12.4	29%	26%	23%
Value of the Proposed Merged Entity (minority interest basis)		33,303,886	43,961,093	63,915,299
Number of shares on issue in the Proposed Merged Entity	12.5	909,695,101	909,695,101	909,695,101
Value per share (minority interest basis)		0.0366	0.0483	0.0703

Source: BDO analysis

We have assessed the value of a share in the Proposed Merged Entity to be between \$0.0366 and \$0.0703 with a preferred value of \$0.0483.

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 individually by DRM, is set out below:

Valuation of Spitfire's mineral assets	Low value \$m	Preferred value \$m	High value \$m
Aphrodite Project	18.4	28.7	45.6
Alice River Project (51% interest)	3.2	5.9	8.7
Mulwarrie Project (100% interest)	1.1	1.7	2.2
England Project (100% interest)	0.2	0.4	0.6
South Woodie Woodie Project (100% interest)	0.1	0.3	0.5

Source: Independent Technical Report by DRM

The table below indicates the overall value of Spitfire's mineral assets, as assessed by DRM, is between \$30.3 million and \$50.2 million, with a preferred value of \$36.9 million.

Overall Valuation of Spitfire's mineral assets	Low value \$m	Preferred value \$m	High value \$m
Value of Spitfire's mineral assets as a whole	30.3	36.9	50.2

Source: Independent Technical Report by DRM

We note that DRM has assessed:

- the low end of the range of values for Spitfire's mineral assets as a whole of \$30.3 million by combining its assessed low value for the Aphrodite Project resource with its high value for the Aphrodite Project exploration upside and its high values for the Alice River Project, the Mulwarrie Project, the England Project and the South Woodie Woodie Project; and similarly
- the high end of the range of values for Spitfire's mineral assets as a whole of \$50.2 million by combining its assessed high value for the Aphrodite Project resource with its low value for the Aphrodite Project exploration upside and its low values for the Alice River Project, the Mulwarrie Project, the England Project and the South Woodie Woodie Project.

DRM's rationale for this approach is set out in full in its report, attached as Appendix Four.

12.2.1. Deduction for additional expenditure required to earn 51% interest in Alice River Project

We note that DRM has assessed the value of a 51% interest in the Alice River Project on the assumption that Spitfire has already spent sufficient allowable expenditure to earn that 51% interest. Currently additional expenditure, estimated at \$3.2 million, is required for Spitfire to earn the 51% interest, so we have deducted that amount from the assessed value of Spitfire's mineral assets.

We consider that the cash balance of \$2.7 million together with the undertaking of the directors of Spitfire to provide loan facility arrangements (as set out in section 7.4 of the Scheme Booklet) is sufficient to cover this further expenditure (to occur up to March 2019) without further adjustment to the valuation.

12.3 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	Reviewed as at 31 Dec 2017 \$	Adjusted value \$
CURRENT ASSETS			
Cash and cash equivalents	a	1,729,000	2,723,000
Trade and other receivables		520,000	520,000
TOTAL CURRENT ASSETS		2,249,000	3,243,000
NON-CURRENT ASSETS			
Property, plant and equipment	b	237,000	264,000
TOTAL NON-CURRENT ASSETS		237,000	264,000
TOTAL ASSETS		2,486,000	3,507,000
CURRENT LIABILITIES			
Trade and other payables		926,000	926,000
Provisions		637,000	637,000
Borrowings		500,000	500,000
TOTAL CURRENT LIABILITIES		2,063,000	2,063,000
NON-CURRENT LIABILITIES			
Borrowings		2,000,000	2,000,000
TOTAL NON-CURRENT LIABILITIES		2,000,000	2,000,000
TOTAL LIABILITIES		4,063,000	4,063,000
NET (LIABILITIES)/ASSETS (controlling interest basis)		(1,577,000)	(556,000)

Source: Spitfire's reviewed financial statements for the six months ended 31 December 2017 and BDO analysis

The table above indicates the net asset value of Spitfire's other assets and liabilities (that is excluding its mineral assets) prior to the implementation of the Scheme is a deficiency of \$0.556 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 31 December 2017, to account for movements to 30 June 2018. The adjusted cash and cash equivalents is summarised in the table below:

Adjusted cash and cash equivalents		\$
Cash and cash equivalents at 31-Dec-17		1,729,000
Add: Proceeds from issue of shares		5,330,000
Add: Interest received		26,000
Less: Transaction costs re issue of shares		(35,000)
Less: Repayment of borrowings		(250,000)
Less: Exploration & evaluation expenditure		(3,018,000)
Less: Other merger costs		(157,000)
Less: Staff costs		(257,000)
Less: Administration and corporate costs		(518,000)
Less: Property, plant and equipment payments		(27,000)
Less: Investment - Mulwarrie Gold Project		(100,000)
Adjusted cash and cash equivalents at 30 June 2018		2,723,000

Source: Spitfire management accounts and BDO analysis

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 \$3.018 million during the period to 30 June 2018 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.

We note that Spitfire is currently arranging a loan facility with its directors for funding up to \$1,000,000 as set out in Section 7.4 of the Scheme Booklet. This will increase both cash and liabilities and will not impact on the net asset value of Spitfire.

Note b) Property, plant and equipment

We have adjusted property, plant and equipment of \$0.237 million at 31 December 2017, to account for the \$27,000 investment during the six months ended 30 June 2018. However, we did not make any further adjustments as the balance at 31 December 2017 represents the book value of plant and equipment and is not included in DRM's independent market valuation of the mineral assets held by Spitfire. The value of property, plant and equipment has not changed materially since 31 December 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.

12.4 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 $1 - (1/1 + \text{control premium})$. Based on our analysis, set out in detail in Appendix 3, we consider an appropriate control premium for the Proposed Merged Entity to be between 30% and 40%, giving rise to a minority interest discount in the range of 23% to 29%.

12.5 Total number of shares on issue in the Proposed Merged Entity

Following the implementation of the Scheme, the Proposed Merged Entity will have a total of 909,695,101 shares on issue on an undiluted basis, as detailed in the table below:

Number of shares on issue in the Proposed Merged Entity		High
Number of Spitfire shares on issue prior to the Scheme (at the date of our Report)		531,068,820
Total number of Proposed Merged Entity shares to be issued to Shareholders under the Scheme		378,626,281
Total number of shares on issue in the Proposed Merged Entity on completion of the Scheme (undiluted basis)		909,695,101

Source: Scheme Booklet and BDO analysis

The number of shares to be issued to existing (Excelsior) Shareholders is calculated as:

Shares	Existing number	Conversion factor	Shares in Proposed Merged Entity
Shares on issue	832,677,561		
Performance rights which have already vested	3,329,268		
Total	836,006,829	2.208	378,626,281

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.

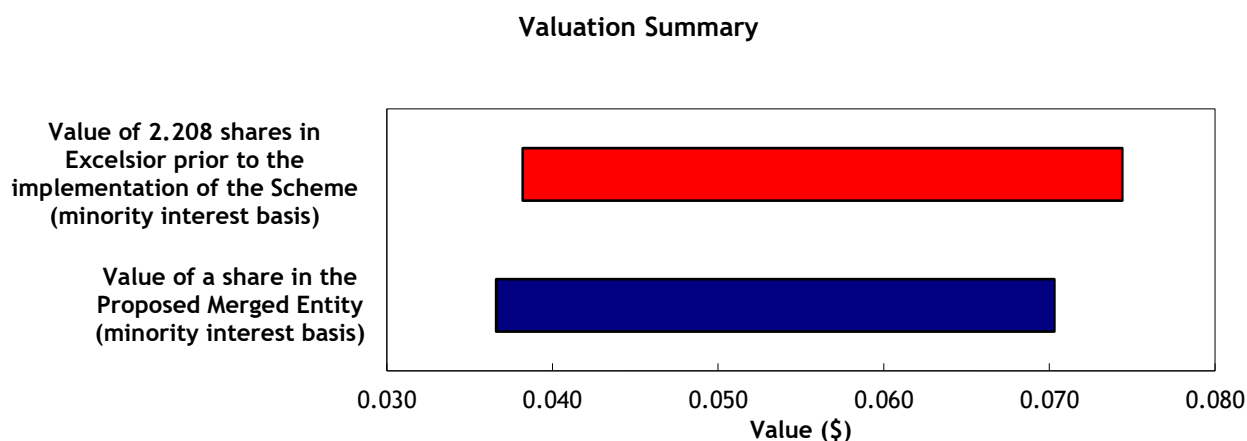
13. Is the Scheme fair?

A comparison of the value of 2.208 shares in Excelsior 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 2.208 shares in Excelsior prior to the implementation of the Scheme (minority interest basis)	11.3	0.0382	0.0513	0.0744
Value of a share in the Proposed Merged Entity (minority interest basis)	12.1	0.0366	0.0483	0.0703

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that the value of a share in the Proposed Merged Entity is broadly equivalent to the value of 2.208 shares in Excelsior prior to the implementation of the Scheme over the entire valuation range. If the value contributed to the Proposed Merged Entity by Spitfire is at the higher end of the valuation range and the value contributed by Excelsior is at the lower end then the Scheme would be fair. This is a possible outcome. However, at the respective preferred values the value of a share in the Proposed Merged Entity is lower than the value of 2.208 shares in Excelsior prior to the Scheme. As such in our opinion the Scheme is not 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. 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 listed gold exploration and development company with an asset base including several major projects.

The Proposed Merged Entity's diversified assets include Spitfire's gold exploration projects located in Western Australia, Queensland and the Northern Territory. These projects include the Aphrodite Gold Project, a greenfield exploration opportunity at Alice River in Queensland, and the emerging discovery opportunity at Mulwarrie in Western Australia. 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 Kalgoorlie North Project in Western Australia.

14.1.2. The Proposed Merged Entity may benefit from potential synergies

If the Scheme is implemented there is the potential for synergies between the KNGP and Spitfire's Aphrodite Gold and Mulwarrie Gold Projects arising from the consecutive and adjacent development of these projects. We have not been able to quantify or value any such synergies. Had we been able to reasonably estimate the value of such synergies to the Proposed Merged Entity we would have been able to add that value to our valuation of the Proposed Merged Entity which may have an impact on our fairness opinion.

The potential synergies primarily relate to the potential for the development of these projects via a new central production hub located at the historical Bardoc mine site near Kalgoorlie. This has the potential to significantly reduce both infrastructure capital costs and operating costs thereby increasing the chance of development of all projects.

In addition, the potential increase in scale of the Proposed Merged Entity'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 Proposed Merged Entity will be able to attract additional opportunities in the area that would benefit from the same synergies created by the Scheme.

14.1.3. 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 Excelsior. The implementation of the Scheme will result in the Proposed Merged Entity having a stronger financial position with a combined market capitalisation based on ASX closing prices of the two companies of \$79.8 million.

14.1.4. 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 Excelsior'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 Excelsior on a standalone basis, due to its greater scale, liquidity, portfolio of diversified assets and enhanced management team.

If the Scheme is implemented, it may place the Proposed Merged Entity in a better position to finance the development of its projects in addition to funding exploration of its other mineral assets and pursuing future growth opportunities.

14.1.5. 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, three of the current Excelsior directors will join three 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 Director (Spitfire);
- David Hatch - Non-Executive Chairman (Excelsior);
- Rowan Johnston - Executive Director (Excelsior); and
- Sam Randazzo - Non-Executive Director (Excelsior).

The Proposed Merged Entity will be led by an experienced management team, including John Young as Managing Director and Neil Biddle as Executive 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 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.

The implementation of the Scheme will allow Excelsior to leverage Spitfire's management team and their experience in developing and operating mining projects.

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 41.6% of the Proposed Merged Entity whilst Spitfire shareholders will hold approximately 58.4% of the Proposed Merged Entity, on an undiluted basis.

This will dilute Shareholders' collective 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. Risk profile of the Proposed Merged Entity will be different to current risk profile of Excelsior

Shareholders may consider that risk profile of the Proposed Merged Entity to be less suitable for their individual investment portfolios than the existing risk profile arising from their Excelsior shareholding. The different risk profile may arise due to differences in operational profile, capital structure, size, share liquidity, exchange listing and geographic exposures between Excelsior prior to the implementation of the Scheme and the Proposed Merged Entity. We do not consider the risk of holding a share in the Proposed Merged Entity to be greater than the risk of holding shares in Excelsior.

14.3 Other considerations

14.3.1. Alternative proposal

We are unaware of any alternative proposal that might offer the Shareholders of Excelsior 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 in the Proposed Merged Entity on an undiluted basis of approximately 41.6% and 58.4% respectively.

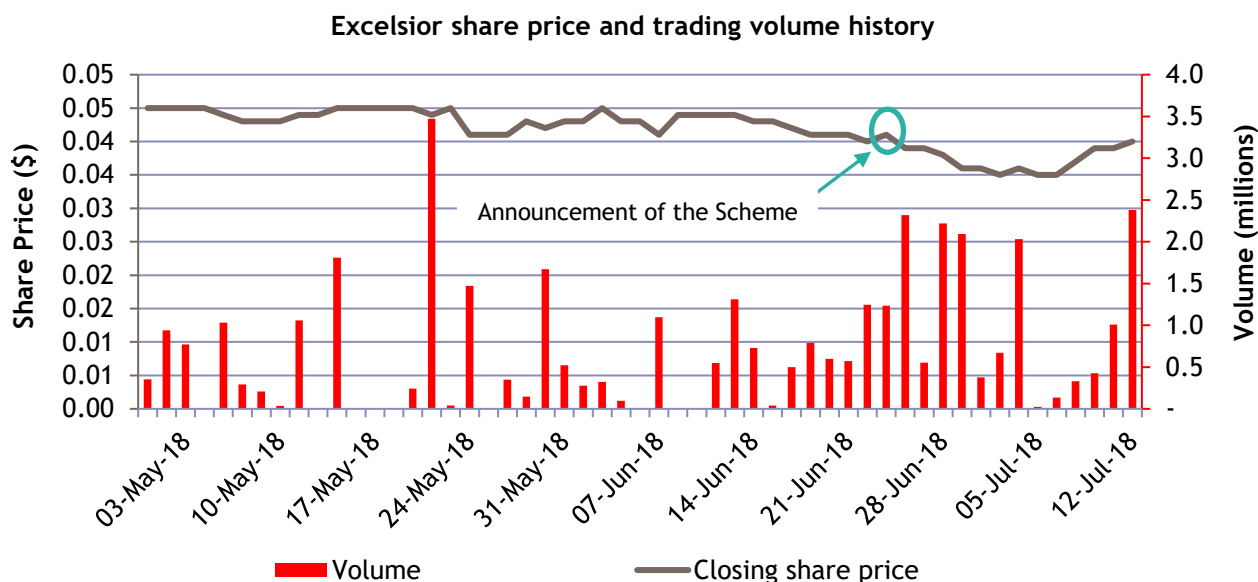
As detailed in Section 3.3, we do not consider the Scheme to be a control transaction because if the Scheme is implemented, both Shareholders and Spitfire shareholders do not forego the opportunity to receive a control premium in the future. As such, there are no direct control implications resulting 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 three members from each of Excelsior and Spitfire. This may be a relevant consideration for Shareholders if they hold a particular view of the current directors of Excelsior 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 Excelsior's share price since the Scheme was announced. A graph of Excelsior's share price since the announcement is set out below.



The daily price of Excelsior's shares from 1 May 2018 to 12 July 2018 ranged from \$0.035 on 6 July 2018 to \$0.045 on 13 June 2018. Subsequent to the announcement of the Scheme, 2.32 million shares were traded on 26 June 2018. This represents 0.28% of the Company's total issued capital.

Based on the above analysis, it appears that the market is neutral to the Scheme. Therefore, we do not consider it likely that the approval or rejection of the Scheme would have a material impact on the Company's share price.

14.3.4. 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 capital account are acquired for the purposes of deriving dividend income and long term appreciation of value; whereas
- shares held on revenue account, or as trading stock, are acquired for resale at a profit in the short term.

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 Excelsior 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 Excelsior shares for shares 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 not fair but 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 dated on or about the date of this report;
- Scheme merger implementation agreement dated 25 June 2018;
- Audited financial statements of Excelsior for the years ended 30 June 2016 and 30 June 2017 and reviewed financial statements of Excelsior for the six months ended 31 December 2017
- Management accounts for Excelsior for the period to 31 May 2018
- Audited financial statements of Spitfire for the years ended 30 June 2016 and 30 June 2017 and reviewed financial statements of Spitfire for the six months ended 31 December 2017
- Management accounts for Spitfire for the period to 31 May 2018
- Independent Technical Report prepared by DRM dated 17 July 2018;
- Share registry information of Excelsior and Spitfire;
- Bloomberg;
- S&P Capital IQ;
- Consensus Economics;
- IBIS World; and
- Discussions with directors and management of Excelsior and Spitfire.

17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of approximately \$30,000 (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 Excelsior in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Excelsior, 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 Excelsior, 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 Excelsior, Spitfire and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of Excelsior.

A draft of this Report was provided to Excelsior 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 Stuart Moore 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 Global Natural Resources Leader for BDO.

Stuart Moore is a member of Chartered Accountants Australia and New Zealand. Stuart's career spans over 25 years in corporate finance and audit. Stuart 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 Excelsior for inclusion in the Scheme Booklet, which will be sent to all Excelsior Shareholders. Excelsior 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 Excelsior 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.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

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 Excelsior, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Excelsior 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 blue ink, appearing to read 'Sherif Andrawes', with a long horizontal flourish extending to the right.

Sherif Andrawes
Director

A handwritten signature in blue ink, appearing to read 'Stuart Moore', with a stylized, cursive script.

Stuart Moore
Associate Director

Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
Admiral	Admiral Gold Limited
Alice River	Alice River Gold Project
Alice River Minimum Commitment	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
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
Aphrodite	Aphrodite Gold Limited
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian Dollar
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Excelsior 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
Excelsior	Excelsior Gold Limited
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FWB	Frankfurt Stock Exchange
GDP	Gross Domestic Product

Independent Technical Report	The Independent Valuation Report prepared by DRM
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
KNGP	The Kalgoorlie North Gold Project
Km	Kilometers
MOU	Memorandum of Understanding
Merger of Equals	Merger of entities of equivalent value when control of the merged entity will be shared equally between the bidder and the target
MIA	Merger Implementation Agreement
Mulwarrie Minimum Commitment	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 Project	Mulwarrie Gold Project
NAV	Net Asset Value
Poseidon	Poseidon Nickel Limited
The Proposed Merged Entity	The combined entity of Spitfire and Excelsior following the Scheme
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
RG 60	Schemes of arrangement (September 2011)
RG 74	Acquisitions approved by Members (December 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
The Scheme	Spitfire has agreed to acquire all of the issued capital of Excelsior that it does not already own, by way of a scheme of arrangement
Scheme Booklet	Scheme booklet to be produced in connection with the Scheme
Section 411	Section 411 of the Corporations Act

Section 611	Section 611 of the Corporations Act
Shareholders	Shareholders of Excelsior not associated with 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
The Transaction	The proposal to issue XX shares in to the vendors of
US	United States of America
USD	US Dollars
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
WACC	Weighted Average Cost of Capital
Yoda Project	Yoda Gold Project

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The Directors
BDO Corporate Finance (WA) Pty Ltd
38 Station Street
SUBIACO, WA 6008
Australia

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.

Appendix 3 - Control Premium Assessment

Control Premium

The quoted market price per share reflects the value to minority interest shareholders. In order to value an Excelsior share on a control basis, we have added a control premium that is based on our analysis set out below.

We have reviewed the control premiums on completed transactions, paid by acquirers of both gold mining companies and all ASX-listed companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium).

We have summarised our findings below:

All ASX listed companies

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2018	16	2152.48	46.36
2017	26	1089.67	45.10
2016	40	753.74	48.70
2015	28	999.75	35.21
2014	42	535.71	40.67
2013	37	140.92	49.44
2012	52	472.10	51.68
2011	65	739.79	43.98
2010	50	591.60	46.52
Mean		705.12	45.67
Median		117.94	36.18

Source: Bloomberg, BDO analysis

Gold mining companies

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2018	2	26.63	77.32
2017	3	13.74	41.04
2016	6	20.27	39.87
2015	5	48.20	53.80
2014	7	141.00	50.46
2013	8	144.87	58.13
2012	9	131.70	57.98
2011	5	1032.94	41.35

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2010	9	1124.19	52.53
	Mean	382.58	51.73
	Median	35.58	45.96

Source: Bloomberg, BDO analysis

The mean and median of the entire data sets comprising control transactions from 2010 onwards for gold mining companies and all ASX listed companies, respectively, is set out below.

Entire data set metrics	Gold mining companies		All ASX listed companies	
	Deal value (AU\$m)	Control premium (%)	Deal value (AU\$m)	Control premium (%)
Mean	382.58	51.73	541.3	45.2
Median	35.58	45.96	85.5	36.0

Source: Bloomberg, BDO analysis

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 trading of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre transaction or proceeded to hold a controlling interest post transaction in the target company.

The table above indicates that the long term average control premium paid by acquirers of gold mining companies and all ASX listed companies is approximately 51.7% and 45.2%, respectively. However, in assessing the transactions included in the table, we noted transactions that appear to be extreme outliers. These outliers included 4 gold mining transactions and 24 all ASX listed company transactions in which the announced premium was in excess of 100%.

In a population 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 premium over the last ten years was approximately 46% for gold mining companies and 36% for all ASX listed companies.

Based on the above analysis, we consider an appropriate premium for control to be applied is between 30% and 40%, with a midpoint of 35%.

Appendix 4 - Independent Valuation Report prepared by DRM

DUNBAR RESOURCE MANAGEMENT

Consultants in Economic
Geology & Management

INDEPENDENT TECHNICAL SPECIALISTS REPORT & VALUATION

**EXCELSIOR GOLD LIMITED &
SPITFIRE MATERIALS LIMITED
MINERAL ASSETS**

Final

July 2018

Report Commissioned by BDO Corporate Finance

Valuation Date: 25 June 2018
Report Date: 17 July 2018
Primary Author: Paul Dunbar

Distribution:
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Contributors	Paul Payne F AusIMM Shaun Searle M AusIMM, M AIG	
Valuation Date	25 June 2018	

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 ITAR) of the mineral assets of Spitfire Materials Limited (ASX: SPI) (Spitfire) and Excelsior Gold Limited (ASX: EXG) (Excelsior).

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. Due to the changed management focus by Spitfire on the development options for the Aphrodite Gold Deposit and recent exploration activities DRM has disregarded the November 2017 ITAR prepared for BDO in assessing a scheme of arrangement between Aphrodite Gold and Spitfire.

This report is a technical review of the Aphrodite, Alice River, England and Mulwarrie Gold Projects and the Woodie Woodie South Manganese project all located in Australia all owned by Spitfire Materials Limited and the Kalgoorlie North Gold Project owned by Excelsior Gold 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 Excelsior Gold Limited or Spitfire Materials Limited but rather a valuation of the Mineral Assets owned by both companies.

This valuation is current as of 25 June 2018, being the date that the proposed transaction was announced. As commodity prices, exchange rates and cost inputs fluctuate over time this valuation is subject to change. The valuation derived by DRM is based on information provided by Excelsior 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. A range of likely values for the various mineral assets is provided with that range providing an indication of the accuracy of the valuation.

Kalgoorlie North Gold Project

The Kalgoorlie North Gold Project consists of 46 mining leases and 32 prospecting licences that cover a total of 95.7km². In addition to these tenements there are five Miscellaneous licences that don’t allow exploitation or exploration which cover 55.25km². Within the project are eleven Mineral Resources which total 14.76Mt at 1.7g/t Au for 825,000oz of gold. The more significant resources are at the Excelsior, Zoroastrian and Bulletin South resources and seven smaller resources. Of these mineral resources ten are JORC 2012 Mineral Resource Estimates with only one JORC 2004 resource. The area has had several phases of mining activities including recent mining at the Zoroastrian deposit by Excelsior which was completed in 2017.

Aphrodite Gold Project

The Aphrodite Gold Deposit within the larger Aphrodite Gold Project is an advanced exploration to development project owned 100% by Spitfire, located 65km north – northwest of Kalgoorlie, Western Australia. The 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.

The Aphrodite gold deposit, discovered in the mid 1990's has a recent 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 with a low cut-off grade 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, in DRM's opinion, 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 Aphrodite Gold Project.

A pre-feasibility study was completed in 2017 and reported to the ASX by the then owner, Aphrodite Gold, on 27 June 2017. That study investigated the viability of only 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 PFS did not investigate an underground development. Since Spitfire has managed the exploration activities at Aphrodite there has been a change in focus to delineation of additional resources along with undertaking mining studies that exploit the entire resource via a combination of open pit and underground mining.

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 gold project. There has been minimal modern exploration within the tenements with recent drill intersections by Spitfire, 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. Access to and heritage agreements are currently being negotiated by Spitfire and the traditional owners of the area.

Conclusions

The Kalgoorlie North Gold Project contains a significant resource base in a total of 11 separate resources. Several of these resources are expected to expand with ongoing exploration while there are several high priority exploration targets within the project that require additional exploration.

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 in 2017 however that was limited to the open pit portion of the resource. There is a significant higher grade portion of the resource below the open pit which may be amenable to underground mining with studies into the underground potential 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. Drill intersections from 2017 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.

Until late 2017 there has been minimal exploration at the Alice River project with the 2017 RC drilling resulting in multiple significant drill intersections. The project requires additional exploration.

During the preparation of this report and while reviewing all the technical documents associated with the mineral assets of both Spitfire and Excelsior 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 mineral assets owned by Spitfire Materials have a fair market value of between \$30.3 million to \$50.2 million with a preferred total mineral asset value of \$36.9 million.

The Kalgoorlie North Gold Project owned by Excelsior Gold is considered to be valued between \$15.8 million and \$32.0 million with a preferred valuation of \$21.7 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 (ITAR) on the mineral assets of Spitfire Materials Limited and Excelsior Gold Limited. The mineral assets include the Kalgoorlie North, Aphrodite, Alice River, Mulwarrie and England gold projects and the South Woodie Woodie manganese project all located in Australia.

DRM understands that this ITAR will be included in the Independent Experts Report being prepared by BDO to determine the merit of the proposed transaction and also in the Scheme of Arrangement booklet to be distributed to the shareholders of both companies.

On 25 June 2018 Spitfire Materials Limited and Excelsior Gold Limited announced their intention to merge via a scheme of arrangement with Spitfire Materials being the surviving entity. This transaction follows a similar merger via a scheme of arrangement between Spitfire Materials and Aphrodite Gold Limited which was approved by Aphrodite shareholders on 18 December 2017, the Federal Court of Australia on 20 December 2017 and implemented on 4 January 2018. DRM assisted BDO in the mineral asset valuation and provided an ITAR to BDO as a part of that transaction.

1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

The ITAR 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 ITAR 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 Excelsior Gold Limited to the Competent Persons listed as signatories to this ITAR 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 ITAR based upon the principle of reviewing and interrogating both the work of Excelsior, Spitfire and independent specialists who have contributed to the technical information available for the projects. This report is a summary of the work conducted, completed and reported to the various companies to 25 June 2018 and is based on information supplied to DRM by Excelsior 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 North Kalgoorlie, 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.

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 Excelsior 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 Excelsior by Spitfire which would result in a merger of Excelsior 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 Excelsior 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, other than being engaged to undertake an Independent Technical Assessment Report for the Scheme of Arrangement between Spitfire Materials and Aphrodite Gold in 2017, had any direct association with Excelsior or Spitfire, its individual employees, or any interest in the securities of EXG or SPI, which could be regarded as affecting the ability to give an independent, objective and unbiased opinion. In addition to the ITAR for the Aphrodite – Spitfire merger Mr Dunbar through DRM, also provided independent 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. DRM was independently engaged by the auditors and not by Aphrodite Gold. 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 \$25,000.

Additional specialists have been engaged by DRM to undertake specific sections of this report, being a review of the Resource Estimates for the Aphrodite and North Kalgoorlie Gold Projects. Mr Shaun Searle was engaged in 2017 to undertake the review for the Mineral Resource Estimates within the Aphrodite Gold Project as a part of the Aphrodite – Spitfire merger while Mr Paul Payne was engaged to review the Mineral Resource Estimates for the North Kalgoorlie Gold Project. Both Mr Searle and Mr Payne have confirmed that they are independent of both Spitfire and Excelsior, they have had no other association with Excelsior or Spitfire, its individual employees, or any interest in the securities of EXG or SPI, which could be regarded as affecting their 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 Paul Payne and 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 Australasian 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

Mr Paul Payne, Principal of Payne Geological Services Pty Ltd, was engaged by DRM to review the reasonableness of the Mineral Resource Estimates of Excelsior Gold. Mr. Payne has not verified the underlying geological dataset, nor has he re-reported the Mineral Resources at the date of this report he is the principal author of section 3.4. Mr Payne

is a Fellow of the Australasian Institute of Mining and Metallurgy 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 Payne consents to the inclusion in this report of these matters based on information in the form and context in which it appears.

Mr Shaun Searle, Senior Consultant Geologist with Ashmore Advisory Pty Ltd, was engaged in 2017 by DRM 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 4.2.5. 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 Spitfire's projects DRM has relied upon the following reports and information;

- Information obtained during the Site Visit of 2 October 2017 and 3 July 2018
- A review of the Aphrodite Mineral Resource Estimates by Mr S Searle 2017
- Various ASX releases, publicly available information and regional datasets.
- Aphrodite Exploration results ASX release 16 April 2018 and 3 July 2018.
- 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 and 30 January 2018
- 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

For Excelsior's Kalgoorlie North Gold Project DRM has relied on the following reports and information;

- Mineral Resource Estimate ASX releases including
 - Zoroastrian and Excelsior - 22 May 2018
 - Bulletin South – 23 January 2017
 - Lochinvar – 19 February 2014
 - Ophir, Vettersburg South, Eldorado and Windanya – 11 December 2013
 - Nerrin Nerrin – 15 November 2013
 - Talbot North – 31 March 2010 (JORC 2004)
- Resource Reports and Independent Resource Review / Audits for
- Zoroastrian 2018
- Excelsior 2018
- Bulletin South 2017
- A review of the Zoroastrian, Excelsior and Bulletin South Mineral Resource Estimates by Mr P Payne 2018
- The site visit to the Kalgoorlie North Project on 3 July 2018
- Excelsior Gold Quarterly Reports and Annual Reports and other ASX releases.

1.6. Sources of Information

All information and conclusions within this report are based on information made available to DRM and the specialists engaged to assist with this report by Excelsior and Spitfire and other relevant publicly available data to 25 June 2018. 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 Excelsior and Spitfire as detailed in the reference list. A draft of this report has been provided to Excelsior and Spitfire (via BDO) 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

On Tuesday 3 July 2018 a site visit to both the Kalgoorlie North Gold Project, owned by Excelsior and Aphrodite Gold Project owned by Spitfire was conducted by Paul Dunbar of DRM and Rowan Johnston and Bradley Toms of Excelsior Gold. During the visit to the Aphrodite project the Spitfire site geologists assisted with providing access to the site and various drill holes. In preparation for the previous ITAR prepared by DRM a site visit to Mulwarrie and Aphrodite was undertaken on 2 October 2017.

2. Mineral Assets

The mineral assets that are included in this review are the Aphrodite, Mulwarrie, Alice River, England and Yoda gold projects and the South Woodie Woodie Manganese Project of Spitfire Materials Limited and the Kalgoorlie North Gold Project of Excelsior Gold Limited.

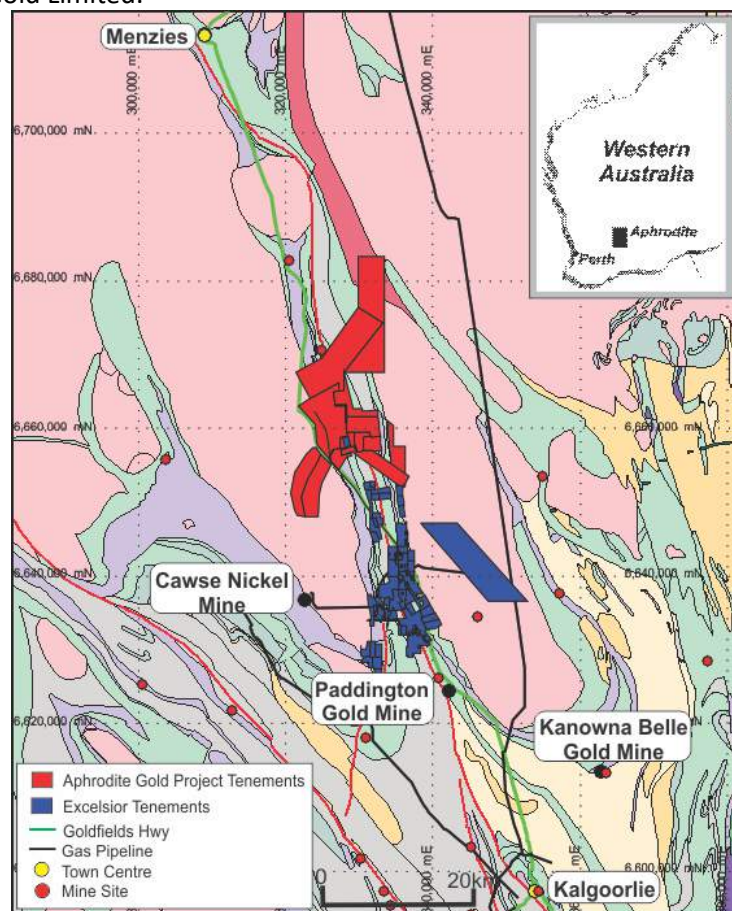


Figure 1 Location of Excelsior Gold's Kalgoorlie North and Spitfire Materials Aphrodite Gold Projects

3. Excelsior Gold - Kalgoorlie North Gold Project

The main mineral asset owned by Excelsior Gold is the Kalgoorlie North Gold Project consisting of ten separate deposits which is located north northeast of Kalgoorlie in Western Australia. This report reviews the location, geology, exploration potential and valuation of this project.

The Kalgoorlie North Gold Project is a semi contiguous block of 46 mining leases and 32 prospecting licences that cover a total of 95.7km². In addition to these tenements there are five Miscellaneous licences that don't allow exploitation or exploration which cover 55.25km². There are eleven Mineral Resources which total 14.76Mt at 1.7g/t Au for 825,000oz of gold. The more significant resources are at the Excelsior, Zoroastrian (open pit and underground) and Bulletin South resources and seven smaller resources. Of these mineral resources ten are JORC 2012 Mineral Resource Estimates with only the Talbot North Mineral Resource Estimate being a JORC 2004 estimate. The area has had several phases of mining activities including recent mining at the Zoroastrian deposit by Excelsior which was completed in 2017.

3.1. Location and Access

The Kalgoorlie North Project, as the name suggests is located approximately 700km East Northeast of Perth and 50km to the north of Kalgoorlie, Western Australia. It is 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.

Adjacent to the Kalgoorlie – Menzies road is a functional standard gauge rail line that connects Leonora to Kalgoorlie and then either to Esperance, Perth or the eastern states of Australia. The rail line is immediately adjacent to the Excelsior deposit and will require relocating should the project be developed. Additionally, there is a natural gas pipeline that connects the Goldfields gas pipeline and the Cause Nickel processing facility. This gas pipeline and the Cause processing facility has been on care and maintenance for over 10 years and it is covered by a miscellaneous licence application. The pipeline buffer appears to be poorly maintained with significant vegetation growing on or adjacent to the pipeline. It is uncertain if the pipeline would be suitable for or able to be reinstated as an active pipeline. Should the southern extension of the Zoroastrian deposit be mined then the pipeline would either need to be relocated or decommissioned.

Figure 2 shows the location of the Kalgoorlie North Gold Project in relation to the major regional centre of Kalgoorlie and other significant gold deposits of the region.

3.2. Mineral Tenure

The Kalgoorlie North Gold Project consists of a contiguous block of granted Mining Leases and prospecting licences and several prospecting licence applications. There are no competing applications to the prospecting licence applications and as such are expected to progress toward grant under the standard procedure. The miscellaneous licences do 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 and haulage / access roads. Table 1 documents the tenements while Figure 2 shows the location of the tenements and a figure of the individual tenements is not considered viable due to the number of tenements and the scale of any diagrams that shows each of the tenements. The tenement outline has been checked and is correct in the various figures within this report.

DRM has interrogated the Western Australian Department of Mines, Industry Regulation and Safety (DMIRS) website that confirmed that the tenements are listed in Table 1 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. The after the valuation date the extension of term for two small prospecting licences was rejected and these tenements expired. The area of these licences is not considered highly prospective and would not have a material impact on any valuations. 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.

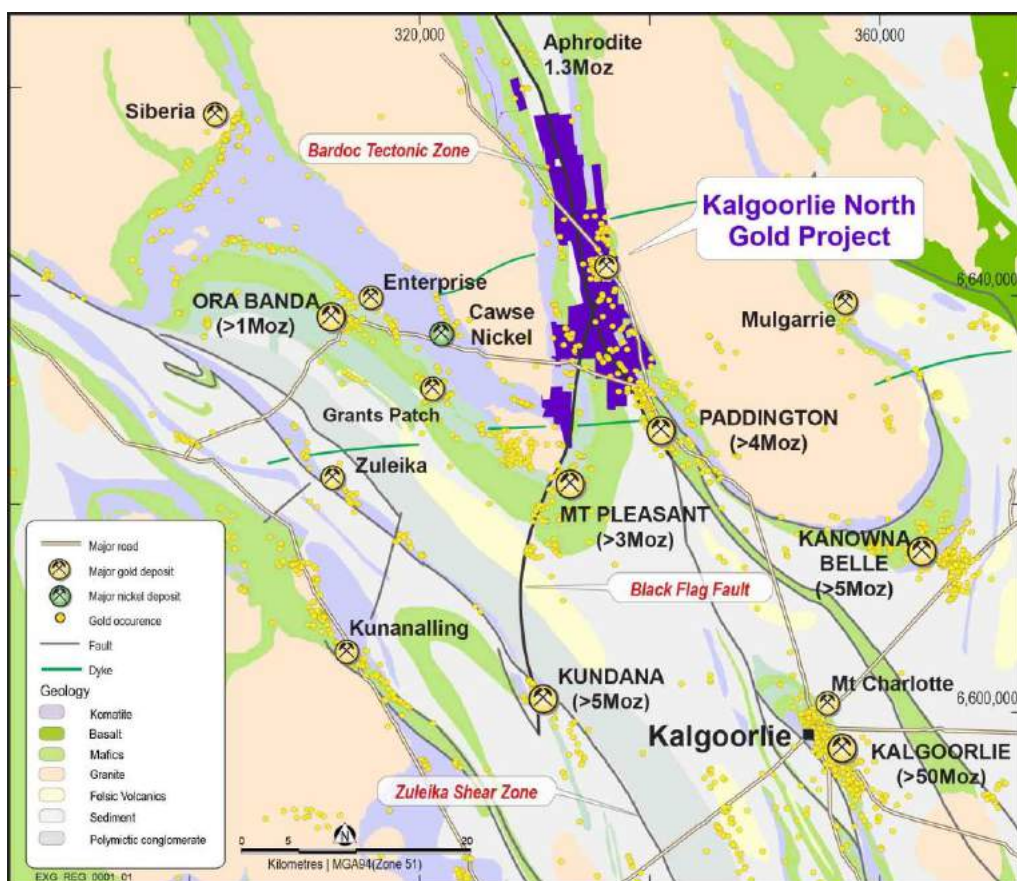


Figure 2 Location of the Kalgoorlie North Gold Project

Table 1 Excelsior Gold Kalgoorlie North Project Tenement Schedule

TENEMENT	GRANT	EXPIRY	AREA	RENT	Exploration	RATES	Status
L 24/148	21/11/1991	20/11/2021	33.40 ha	530.40	N/A	N/A	Granted
M 24/11	24/03/1983	23/03/2025	1.80 ha	35.20	5,000	461.00	Granted
M 24/43	16/10/1984	15/10/2026	9.28 ha	176.00	10,000	461.00	Granted
M 24/83	03/04/1986	02/04/2028	110.65 ha	1,953.60	11,100	1,782.17	Granted
M 24/99	03/12/1986	02/12/2028	190.75 ha	3,361.60	19,100	3,012.66	Granted
M 24/121	03/11/1987	02/11/2029	36.95 ha	651.20	10,000	644.06	Granted
M 24/122	22/01/1988	21/01/2030	0.22 ha	17.60	5,000	461.00	Granted
M 24/135	11/06/1987	10/06/2029	17.75 ha	316.80	10,000	461.00	Granted
M 24/244	08/09/1988	07/09/2030	425.70 ha	7,497.60	42,600	6,627.28	Granted
M 24/326	15/08/1989	14/08/2031	6.86 ha	123.20	10,000	461.00	Granted
M 24/854	04/04/2001	03/04/2022	2.61 ha	52.80	5,000	461.00	Granted
M 24/869	22/10/2003	21/10/2024	7.16 ha	140.80	10,000	461.00	Granted
M 24/870	22/10/2003	21/10/2024	7.04 ha	140.80	10,000	461.00	Granted
M 24/871	22/10/2003	21/10/2024	9.71 ha	176.00	10,000	461.00	Granted
M 24/886	23/04/2004	22/04/2025	8.25 ha	158.40	10,000	461.00	Granted
M 24/887	23/04/2004	22/04/2025	4.15 ha	88.00	5,000	461.00	Granted
M 24/888	23/04/2004	22/04/2025	1.22 ha	35.20	5,000	461.00	Granted
M 24/364b	28/03/1990	27/03/2032	84.50 ha	1,496.00	10,000	1,280.15	Granted
M 24/951	17/04/2015	16/04/1936	190.10 ha	3,361.60	19,100	3,012.66	Granted
L 24/202	16/02/2015	15/02/1936	9.60 ha	156.00	N/A	N/A	Granted
L 24/203	16/02/2015	15/02/1936	0.50 ha	15.60	N/A	N/A	Granted
L 24/209	16/01/2015	15/01/1936	5389.88 ha	2,695.00	N/A	N/A	Granted
L 24/223	29/01/2016	28/01/1937	91.73 ha	1,435.20	N/A	N/A	Granted
M 24/133f	30/12/1987	29/12/2029	692.85 ha	12,196.80	69,300	10,734.09	Granted
M 24/134f	30/12/1987	29/12/2029	796.90 ha	14,027.20	79,700	12,333.73	Granted
M 24/348f	11/01/1990	10/01/2032	610.50 ha	10,753.60	61,100	9,472.74	Granted
M 24/471f	26/05/1999	25/05/2020	405.70 ha	7,145.60	40,600	6,319.66	Granted
M 24/491f	21/05/1999	20/05/2020	318.90 ha	5,614.40	31,900	4,981.45	Granted
M 24/532f	21/05/1999	20/05/2020	9.69 ha	176.00	10,000	461.00	Granted
M 24/889f+d	05/08/2005	04/08/2026	63.28 ha	1,126.40	10,000	1,059.39	Granted
M 24/890f	05/08/2005	04/08/2026	17.46 ha	316.80	10,000	461.00	Granted

TENEMENT	GRANT	EXPIRY	AREA	RENT	Exploration	RATES	Status
M 24/891f	05/08/2005	04/08/2026	13.49 ha	246.40	10,000	461.00	Granted
M 24/892f	05/08/2005	04/08/2026	38.59 ha	686.40	10,000	674.73	Granted
M 24/952f	16/09/2015	15/09/1936	92.050 ha	1,636.80	10,000	1,505.40	Granted
P 24/4587	14/03/2012	13/03/2020	20.00 ha	52.00	2,000	277.00	Granted
P 24/4816	30/01/2015	29/01/2019	4.79 ha	26.00	2,000	N/A	Granted
M 24/942f	15/01/2013	14/01/1934	19.38 ha	352.00	10,000	461.00	Granted
M 24/943f	15/01/2013	14/01/1934	9.28 ha	176.00	10,000	461.00	Granted
M 24/955f+c	07/07/2016	06/07/1937	4.85 ha	88.00	5,000	461.00	Granted
M 24/96e	08/10/1986	07/10/2028	9.98 ha	176.00	10,000	461.00	Granted
M 24/146b	22/04/1988	21/04/2030	132.75 ha	2,340.80	13,300	2,120.65	Granted
M 24/395	20/10/1992	19/10/2034	90.385 ha	1,601.60	10,000	1,474.55	Granted
M 24/405a	04/02/1993	03/02/2035	8.895 ha	158.40	10,000	461.00	Granted
M 24/420	20/10/1993	19/10/2035	9.71 ha	176.00	10,000	461.00	Granted
M 24/469a	15/03/1995	14/03/2037	307.05 ha	5,420.80	30,800	4,812.39	Granted
M 24/487	21/05/1999	20/05/2020	69.575 ha	1,232.00	10,000	1,151.59	Granted
M 24/498a	21/05/1999	20/05/2020	68.28 ha	1,214.40	10,000	1,136.25	Granted
M 24/510a	21/05/1999	20/05/2020	122.60 ha	2,164.80	12,300	1,966.75	Granted
M 24/512a	21/05/1999	20/05/2020	530.30 ha	9,345.60	53,100	8,242.25	Granted
P 24/5060	06/09/2016	05/09/2020	9.21 ha	26.00	2,000	N/A	Granted
P 24/5061	28/12/2016	27/12/2020	20.10 ha	54.60	2,000	277.00	Granted
P 24/4832	23/01/2015	22/01/2019	114.92 ha	299.00	4,600	277.00	Granted
P 24/4833	23/01/2015	22/01/2019	107.43 ha	280.80	4,320	277.00	Granted
P 24/4840	30/01/2015	29/01/2019	107.00 ha	278.20	4,280	277.00	Granted
M 24/950	04/11/2014	03/11/2035	39.15 ha	704.00	10,000	690.25	Granted
P 24/4447	31/03/2011	30/03/2019	177.00 ha	460.20	7,080	399.04	Granted
P 24/5252	Pending	N/A	4.24 ha	26.00	2,000	N/A	Pending
P 24/5253	Pending	N/A	107.90 ha	280.80	4,320	N/A	Pending
P 24/5254	Pending	N/A	9.71 ha	26.00	2,000	N/A	Pending
M 24/956	31/05/2016	30/05/1937	126.35 ha	2,235.20	12,700	1,982.26	Granted
P 24/4887	10/06/2015	09/06/2019	55.65 ha	145.60	2,240	277.00	Granted
P 24/4857	29/04/2015	28/04/2019	121.00 ha	314.60	4,840	277.00	Granted
P 24/4858	30/04/2015	29/04/2019	86.00 ha	223.60	3,440	277.00	Granted
P 24/4859	30/04/2015	29/04/2019	174.00 ha	452.40	6,960	392.37	Granted
P 24/4860	30/04/2015	29/04/2019	99.00 ha	257.40	3,960	277.00	Granted
P 24/4861	30/04/2015	29/04/2019	182.00 ha	473.20	7,280	410.41	Granted
P 24/4886	10/06/2015	09/06/2019	50.00 ha	130.00	2,000	277.00	Granted
M 24/400	09/12/1992	08/12/2034	57.53 ha	1,020.80	10,000	967.02	Granted
M 24/429	15/02/1995	14/02/2037	188.95 ha	3,326.40	18,900	2,967.31	Granted
P 24/5109a	23/02/2017	22/02/2021	148.97 ha	387.40	5,960	335.90	Granted
P 24/4821	15/12/2014	14/12/2018	159.25 ha	416.00	6,400	360.80	Granted
P 24/4822	15/12/2014	14/12/2018	132.46 ha	345.80	5,320	299.82	Granted
P 24/4823	15/12/2014	14/12/2018	174.44 ha	455.00	7,000	394.53	Granted
P 24/4824	15/12/2014	14/12/2018	151.43 ha	395.20	6,080	342.76	Granted
P 24/4825	15/12/2014	14/12/2018	155.30 ha	405.60	6,240	351.78	Granted
P 24/4826	15/12/2014	14/12/2018	175.12 ha	457.60	7,040	396.88	Granted
P 24/5261	Pending	N/A	152.90 ha	397.80	6,120	N/A	Pending
P 24/5262	Pending	N/A	193.00 ha	501.80	7,720	N/A	Pending
P 24/5263	Pending	N/A	81.90 ha	213.20	2,000	N/A	Pending
P 24/5264	Pending	N/A	135.29 ha	353.60	5,440	N/A	Pending
P 24/4626	04/10/2012	03/10/2020	138.00 ha	358.80	5,520	311.19	Granted
P 24/4627	04/10/2012	03/10/2020	155.00 ha	403.00	6,200	349.43	Granted
P 24/4628	04/10/2012	03/10/2020	200.00 ha	520.00	8,000	451.00	Granted

Notes:

- the tenement schedule is based on the Excelsior March 2018 Quarterly Report and validated by checking the Department of Mines, Industry Regulation and Safety (DMIRS) Mineral Titles online database.
- The following royalties exist over various tenements
 - \$1.5/t of ore removed – Auora Gold (W.A.) Pty Ltd
 - \$2.0/t of ore removed – Homestake Gold of Australia Pty Ltd 66.6% and Herald Resources 33.3%
 - \$1.0/t of ore treated – Mr M.W. Fleay
 - \$1.5/t of ore removed – Mr R. M. Lindsay
 - \$1.5/t of ore removed – Lindsay Stockdale
 - First right to treat – Paddington Gold Pty Ltd

3.3. Geology

The Kalgoorlie North Gold Project is located in the Bardoc Tectonic zone a major structural component of the northern of the Kalgoorlie Terrane, Yilgarn Craton. The Bardoc tectonic zone consists of intense shearing that extends for approximately 80km and is up to 12km wide. To the east of the project is the Scotia – Kanowna dome, which is dominated by pre to syn tectonic granites. To the west is the regionally significant Goongarrie – Mt Pleasant Dome. The Bardoc Tectonic Zone hosts several significant gold deposits including Paddington, approximately 8km to the south of the Kalgoorlie North Project tenements. The shear system extends along strike and is a splay off the Boulder – Lefroy Shear which hosts the Golden Mile gold deposits.

Each of the gold deposits within the project are hosted in subtly different geological environments. The Zoroastrian deposit is hosted predominantly within a differentiated dolerite with two distinct mineralised orientations, one being steep west dipping mineralised structures trending N to NNW with a second orientation being a shallowly dipping mineralisation between the steeper structures. There are several sub parallel lodes that constitute the Zoroastrian deposit, these are (from west to east) Birthday Dream, Royal Mint, Bluey's and Zoroastrian, to the south of a NE orientated structure that divides the deposit there are subtly different names for these lodes. Located to the east of the Zoroastrian deposit is the Excelsior deposit which is hosted in highly sheared sediments, basalts, talc – chlorite schists, quartz sericite schists, felsic porphyrys and interflow sediments. The major structural feature of the Excelsior deposit is north-south strike slip shear. Due to the highly sheared nature of the mineralisation at Excelsior the stratigraphy is very deeply weathered.

Other deposits, while all subtly different and having a different geological and structural setting, are broadly associated with either the Bardoc Tectonic Zone or the Black Flag Fault or associated splays from these regionally significant structures.

Figure 3 shows the broad regional geology and the Kalgoorlie North Gold Project in relation the regional centre of Kalgoorlie and the nearest gold processing facility at the Paddington Gold Mine while Figure 4 is the local geology of the Zoroastrian – Excelsior area.

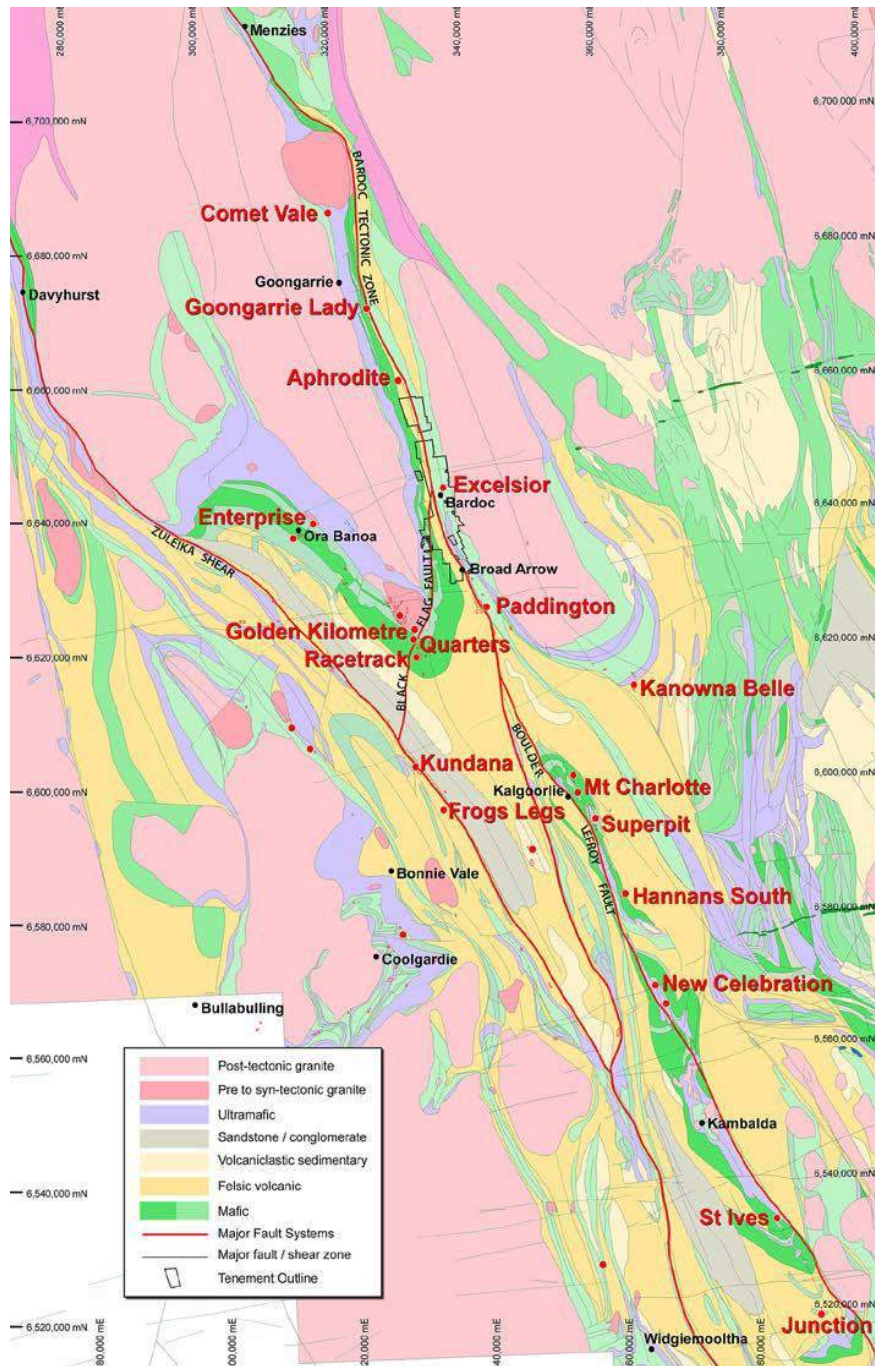


Figure 3 Regional Geology and Location of the Kalgoorlie North Gold project

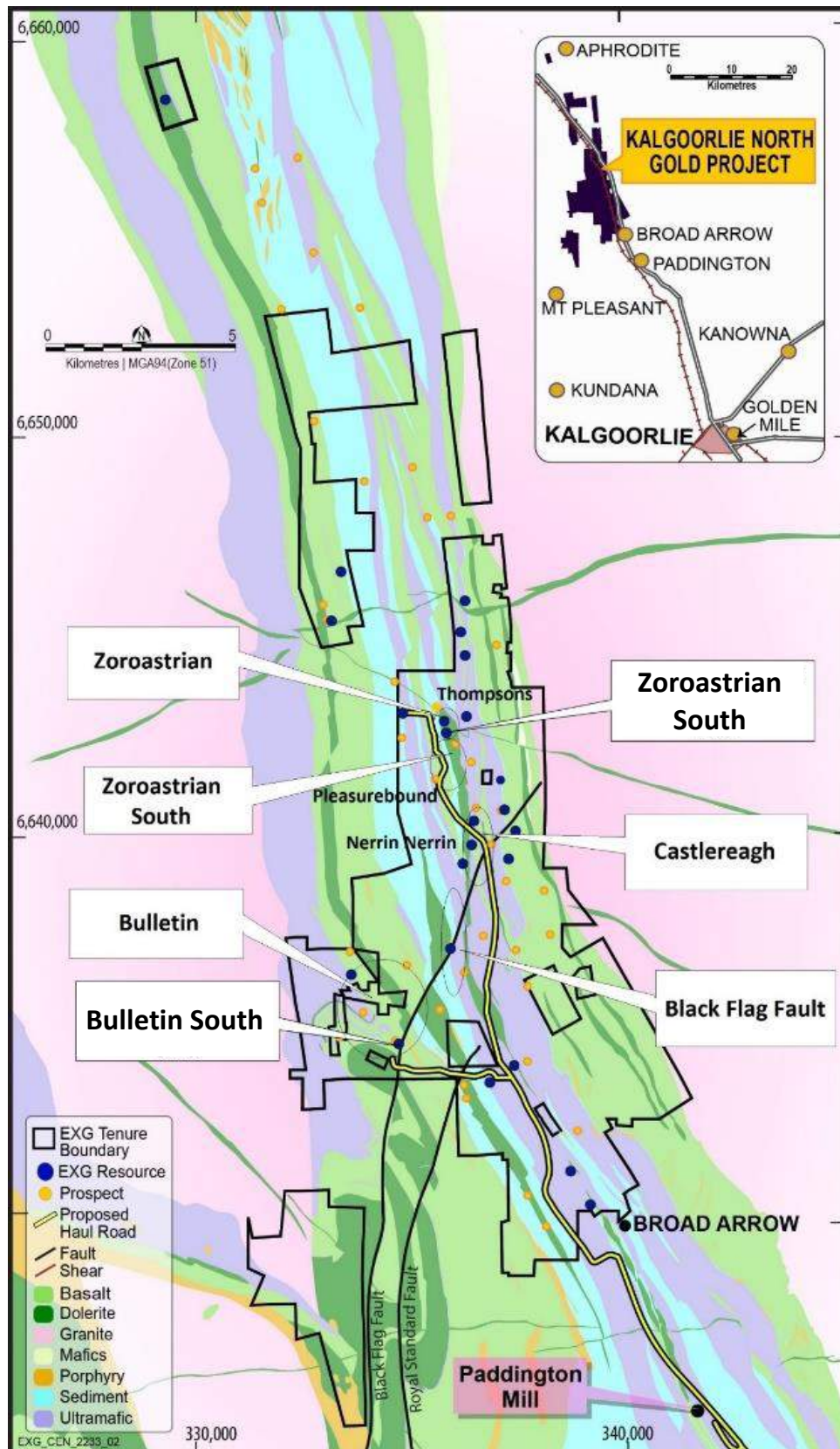


Figure 4 Detailed Geology of the central Kalgoorlie North Gold Project.

3.4. Resources

While there are eleven Mineral Resource Estimates for ten deposits within the Kalgoorlie North Gold Project. This report has investigated the largest three deposits, being the Zoroastrian, Excelsior and Bulletin South Resources and undertaken an analysis of the reasonableness of the assumptions and underlying information and methods. This reasonableness check was undertaken by reviewing the Resource Reports provided to DRM and PayneGeo by Excelsior along with reviewing the JORC Table 1 associated with each of the ASX Releases where these Resources were first reported. Mr Paul Payne of PayneGeo, a specialist engaged by DRM to undertake this review is the primary author of Section 3.5.

DRM does not consider that a full review of each of the resources is critical as the three largest deposits account for over 82% of the reported resources. The other resources individually contain between 0.075Mt and 0.6Mt at between 1.5g/t Au and 2.4g/t Au containing between 5,000 and 36,000oz of gold

Table 2 Excelsior Gold Kalgoorlie North Gold Project Resource Table

Deposit		Measured			Indicated			Inferred			Total		
	Cut-Off (g/t)	Tonnes (kt)	Grade (g/t)	Oz (koz)	Tonnes (kt)	Grade (g/t)	Oz (koz)	Tonnes (kt)	Grade (g/t)	Oz (koz)	Tonnes (kt)	Grade (g/t)	Oz (koz)
Zoroastrian (O/P)*1	0.6				3590	2.1	242	1196	1.9	71	4,786	2.0	314
Zoroastrian (U/G)*1	2.5				100	4.1	13	251	4.0	32	351	4.0	45
Zoroastrian (Total)*					3,690	2.2	255	1,447	2.2	103	5,137	2.2	359
Excelsior*1	0.6				5,144	1.4	230	1,103	1.2	43	6,247	1.4	273
Lochinvar*3	0.6				448	1.7	25	60	1.7	3	508	1.7	28
Nerrin Nerrin*5	0.6				74	2.4	6	107	2.4	8	181	2.4	14
Ophir*4	0.6							75	1.9	5	75	1.9	5
Vettersburg South*4	0.6							552	1.5	26	552	1.5	26
Eldorado*6	0.6				362	1.6	19	31	1.4	1	393	1.6	20
Talbot North*7	0.6							662	1.7	36	662	1.7	36
Bulletin South*2	0.6	38	1.9	2	482	2.3	35	125	2.4	10	645	2.3	47
Windanya*4	0.6							360	1.5	17	360	1.5	17
TOTAL		38	1.9	2	10,200	1.7	570	4,521	1.7	252	14,759	1.7	825

*1 ASX release 22 May 2018

*2 ASX Release 23 January 2017

*3 ASX Release 19 February 2014

*4 ASX Release 11 December 2013

*5 ASX Release 15 November 2013

*6 ASX Release 12 November 2013

*7 ASX Release 31 March 2010 - JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Differences may occur due to rounding

The Zoroastrian and Excelsior Open Pit resources are reported within a A\$2,700 per ounce gold price pit shell. The Bulletin South open pit resource is reported within a A\$2,750 per ounce gold price pit shell. Other resources are reported above applicable depths below surface

3.4.1. Zoroastrian Mineral Resource

Previous Estimates

Open pit and underground mining has been carried out in the past at the project. Historic underground mining is reported to have produced 56,000oz. Open pit mining between 1986 and 1989 produced 204kt at 2.44g/t Au for 16,000oz. More recent open pit mining by EXG produced 807kt at 2.0g/t Au for 52,600oz.

Mineral Resources have been previously estimated for the deposit. The results of the January 2017 estimate were provided in the EXG report. The estimate was completed by EXG and reported at a 0.6g/t Au cut-off. The 2017 estimate is summarised in Table 3.

Table 3 Previous Mineral Resource Estimate for the Zoroastrian Deposit

Company	Year	Classification	Cut-off g/t	Type	Tonnage Mt	Au g/t	Metal kOz
EXG	2017	Mes, Ind & Inf	0.6	Pit	3.83	1.86	229.6
EXG	2017	Mes, Ind & Inf	2.5	U/G	0.58	4.08	75.9
Total 2017 Mineral resource					4.4	2.2	305,000

Current Estimate

The current estimate for the deposit was completed by EXG in April 2018. The 2018 estimate was reported to JORC (2012) reporting standards at a 0.6g/t Au cut-off grade, as shown in Table 4. This estimate was completed using ordinary kriging followed by Localised Uniform Conditioning (“LUC”).

Table 4 Current April 2018 Zoroastrian Open Pit Mineral Resource Estimate

Type	Indicated			Inferred			Total		
	kt	g/t	kOz	Kt	g/t	kOz	kt	g/t	kOz
Oxide	372	1.54	18.4	35	1.4	1.6	408	1.53	20.0
Transitional	577	1.89	35.0	76	1.8	4.4	653	1.88	39.5
Fresh	2,641	2.22	188.5	1,084	1.9	65.2	3,725	2.12	254.1
Total	3,590	2.1	242.4	1,196	1.9	71.1	4,786	2.04	313.7

PayneGeo Comment

The 0.6g/t Au cut-off reflects the potential of the deposit for open pit mining. There has been no rounding applied to the Mineral Resource table in the original report. The numbers require rounding to reflect the level of confidence. Resource numbers publicly reported show appropriate rounding.

Geology and Mineralisation (Sourced from EXG, 2018)

The Project mineralisation is situated in the Kalgoorlie Terrane of the Yilgarn Craton and within the Bardoc Tectonic Zone (“BTZ”), 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 syn-tectonic intrusive granite bodies. The BTZ is structurally defined by shears and fault structures striking predominantly north-south, although prominent cross cutting structures are known to exist.

The gold mineralisation at Zoroastrian is associated primarily with steep westerly-dipping lodes, oriented approximately north-south and associated with zones of intense shearing. Secondary lodes occur mostly in the footwall of these shear zones and dip gently at ~30°. Mineralisation is generally associated with quartz veining.

Primary gold mineralisation is associated with hydrothermal alteration which occurs pervasively or as veins that cross-cut the Zoroastrian dolerite host rock. Arsenopyrite is the dominant sulphide within high-grade gold zones and can make up to 10% of the host-rock.

Informing Data and QA/QC (Sourced from Cube, 2017)

Drilling and Sampling

Drill hole data used in the estimated is a combination of historical (pre-2009) and EXG drilling. The historic drilling consists of 19 DD holes and 420 RC holes. EXG drilling consists of 12 DD holes, 22 RCD holes, 579 RC holes and 1,800 RC GC holes.

Details of drilling and sampling procedures used in historic drilling were not documented.

For EXG drilling, holes were surveyed by licenced contract or company surveyors using DGPS. Details for historical drilling were not recorded. The topographic surface was based on a Lidar survey completed in 2012. EXG has compared the drill hole collar surveys to the Lidar surface and no material deviations were identified.

The majority of historic holes did not have down hole surveys. For EXG drilling down hole surveys for each RC and DD drill hole were completed using either digital electronic multi-shot tool or north seeking gyro.

For EXG drilling, the majority of RC chips were sampled at 1m intervals using either a rotary cone or riffle splitter on site to produce 2.5-3.5kg samples. RC samples were visually assessed for sample recovery.

Diamond core was sampled at 1m intervals or to geological contacts using a core saw. Holes were sampled continuously.

For EXG drilling, the entire RC samples were pulverised. Diamond core was crushed to <10mm then a 3.5kg sample selected and pulverised.

Analysis

No details of analysis were available for historical drilling.

For EXG drilling, a 40g fire assay with AAS analysis was used. Kalgoorlie based laboratories were used which included SGS Australia and Bureau Veritas Australia.

Due to the presence of coarse gold and arsenopyrite some 150 samples were subjected to a 400g LeachWell® technique with a standard fire assay on the tail. This demonstrated that some of the gold is nuggetty in nature and that normal fire assay techniques may underestimate the grade. It also demonstrated that the mineralisation is non-refractory in nature.

QA/QC

For historical drilling, no details on QA/QC were available.

For EXG drilling, a QA/QC program was utilised including field duplicates, certified reference material ("CRM"), and blanks. The results of the majority of the field duplicates, standards and blanks were not included in the current MRE report. In its Zoroastrian resource review report, Cube reviewed the QA/QC from the 2017 and 2018 drilling and identified a number of issues with the QA/QC protocol and results however Cube concluded that the results confirmed the suitability of the assay data for use in the resource estimate.

Bulk Density Measurements

Bulk density values have been determined from bulk density measurements taken during mining and from drill core. Measurements were taken from mineralisation within dolerite only and at various elevations which equate to the different oxidation zones. Other density determinations were carried out by EXG in 2012 and 2013 and included gamma probe and gravimetric sampling.

All data was spatially located then separated into weathering profiles using interpreted weathering surfaces. Average density values for the different domains were determined and applied separately to both mineralised and unmineralised domains as shown in Table 5.

Table 5 Zoroastrian Bulk Density Values Applied to Mineral Resource

Material Type	Waste Density t/m³	Ore Density t/m³
Oxidised	1.9	2.0
Transitional	2.4	2.5
Fresh	2.75	2.8

Data Verification

Data management and verification was completed by EXG. EXG procedures involve data capture in the field, minimising potential for error. EXG reports that all data have been validated by the EXG Database Administrator and geological management prior to use in the resource estimate.

PayneGeo Comment

The majority of informing data for the Mineral Resource estimate was from drilling completed by EXG since 2009. Procedures and protocols used by EXG appear to conform to standard industry practices. The quality of the historic drilling could not be ascertained, the historic drilling now represents a minority of the total data, and is likely to be substantially within previously mined areas with reduced influence on the reported Mineral Resource.

A substantial database of bulk density measurements was available. The values applied to the Mineral Resource were consistent with expected values for the weathering types and lithologies present and there is a low risk that applied block model densities are inaccurate.

Mineral Resource Estimate

EXG utilised detailed geological logging to define a series of mineralised lodes as either flat or steep. A mineralisation threshold of 0.3g/t Au was used to define the margins of the interpreted lodes. A total of 102 individual lodes were interpreted across six main shear systems. The steep structures hosted the majority of the mineralisation.

Assay data from the RC and DD holes within the lodes was composited to even 1m intervals. Statistical analysis carried out on the composited data by EXG determined that high grade cuts were required. These were determined separately for individual lodes, with high grade cut values ranging from as low as 3g/t Au to a maximum of 35g/t Au.

Variography was carried out using Gaussian transforms of the cut data to generate kriging parameters. Data from one main flat lode and one main steep lodes were analysed and the results from those applied to all lodes in the deposit. These showed high nugget variance (48% steep, 41% flat) and that approximately 70% of total variance occurred at a range of 12m. The maximum range determined was 145m for steep lodes in a shallow northerly plunge direction and 90m for flat lodes in a 40° west dipping plane.

A selective mining unit (“SMU”) block size of 2mE by 5mN by 2.5mRL was chosen for the block model. This block size corresponds to the proposed block size for grade control modelling, conforms to the mining flitch height and is elongated in the same direction (north-south axis) as the trend of the lodes at Zoroastrian.

Grade estimation was carried out using Localised Uniform Conditioning (“LUC”). This involved the use of ordinary kriging (“OK”) for grade estimation into panel sized blocks (8mE by 15mN by 10mRL). Kriging neighbourhood analysis was carried out to determine appropriate parameters for the OK estimation. Search ranges were generally equivalent to the variogram ranges in the three directions.

A change of support and LUC was then applied to the OK estimate derive gold grades in each SMU block. Minestis software was used for estimation and change of support.

EXG conducted model validation using statistical comparison, swath plots and visual validation against sample data. These showed comparable trends between the composite data and the block grades although high variability was evident.

EXG also prepared a GC model for the portion of the model drilled at close GC spacings. This model was interpolated firstly using all data using OK, then using only exploration data using LUC and the results compared to determine how well the method could estimate SMU blocks based on broad spaced data. Results were not presented but EXG notes in the JORC table 1 that the model was within 9% of the GC model.

EXG engaged Cube to review the Zoroastrian Mineral Resource. Cube concluded that the estimate was not materially flawed and generally concurred with the methodology used by EXG.

PayneGeo Comment

Deposit interpretation, statistical analysis and spatial data analysis have all used procedures typical of lode style gold deposits. Variable high grade cuts to a maximum of 35g/t have been applied with a substantial reduction in mean grade in many lodes. This demonstrates the nuggety nature of the mineralisation and the corresponding uncertainty of local grade estimates.

LUC estimation is not a commonly used estimation method, however EXG has carried out extensive validation procedures to verify the results. Comparison of an exploration only model with the GC model reported up to 9% difference gold in the exploration model. PayneGeo concludes that this overcall could apply to the entire Mineral Resource and the impact of that should be considered in any evaluation of the deposit.

Mineral Resource Classification and Reporting

The Mineral Resource was classified as Indicated and Inferred Mineral Resource based on drill hole spacing and confidence in geology. The Indicated Mineral Resource is defined by areas of the deposit with a drill spacing of up to approximately 35mE by 35mN and with reasonable confidence in the geology. The Inferred Mineral Resource has been applied to those areas of the deposit with a drill spacing of up to greater than 35mE by 35mN. In general, unmined flat lodes have been classified as Inferred Mineral Resource as they are generally narrow and discontinuous and are difficult to mine.

The reported Mineral Resource was constrained by an optimised pit shell prepared using a gold price of \$2,700/oz as the limiting basis for reasonable expectations of the estimated blocks being within a viable open pit option at some time in the future.

Detailed mine survey data was used to deplete the model for open pit mining and only the unmined portion of the deposit was reported as Mineral Resource. Historic underground mining was also accounted for using the transformed position of historic plans of workings.

The selected reporting cut-off grade of 0.6g/t Au was reported to reflect actual costs incurred in mining the Central pit at Zoroastrian.

The EXG ASX release dated 22 May 2018 included reference to an underground resource at Zoroastrian. The EXG technical report did not discuss the reported underground resource, but the JORC Table 1 included in the ASX release noted that it was reported using a 2.5g/t Au cut-off grade below 290mRL. The \$2700 pit shell extends to 290mRL. The underground resource is material the material outside the \$2700 pit shell and above 2.5g/t Au.

PayneGeo Comment

PayneGeo considers that the classification criteria used by EXG is likely to be appropriate. However, no plans or diagrams were provided to show the spatial distribution of the classification so the appropriateness could not be confirmed.

The use of a pit optimisation at an elevated gold price is a standard method of defining the reporting limits for Mineral Resources and appears appropriate in this case, although no cost or slope parameters used in the optimisation were disclosed.

The reporting cut-off grade of 0.6g/t Au was reported to be based on operating costs. However, there was no indication of whether that applied to fresh rock or oxide mineralisation. 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.

Formal reporting of the Zoroastrian underground resource was not provided. An upper elevation constraint at 290mRL was reported to have been used, but this may overlap with the \$2,700/oz pit shell used to limit the open pit resource. Clarification is required to ensure that double counting of resource blocks has not occurred in the reported Mineral Resources.

JORC Table 1 Appropriateness – PayneGeo Comment

Overall the data presented in the JORC Table 1 is adequate, although more discussion on outcomes is recommended. Some additional information that should be added includes:

Further information on data quality, in particular quantifying the proportion of the Mineral Resource defined by the historic drilling of unknown quality;

Further information on justification of reporting cut-off grades and reporting limits of open pit and underground Mineral Resources.

3.4.2. Excelsior Mineral Resource

Previous Estimates

Open pit and underground mining has been carried out in the past at the project. Historic underground mining is reported to have occurred during the early 1900's. Open pit mining between 1985 and 1989 produced 2.02Mt at 1.5g/t Au for 97,400oz. Subsequent to completion of open pit mining, the pit was used as a tailings storage facility.

Mineral Resources have been previously estimated for the deposit. The results of the January 2012 estimate were provided in the EXG report. The estimate was completed by EXG and reported at a 0.6g/t Au cut-off. The 2012 estimate is summarised in Table 6.

Table 6 Previous Mineral Resource Estimate for the Excelsior Deposit

Company	Year	Classification	Cut-off g/t	Type	Tonnage Mt	Au g/t	Metal kOz
EXG	2012	Mes, Ind & Inf	0.6	Pit	11.1	1.3	456

Current Estimate

The current estimate for the deposit was completed by EXG in April 2018. The 2018 estimate was reported to JORC (2012) reporting standards at a 0.6g/t Au cut-off grade, as shown in Table 7. This estimate was completed using ordinary kriging followed by Localised Uniform Conditioning ("LUC").

Table 7 Current April 2018 Excelsior Open Pit Mineral Resource Estimate

Type	Indicated			Inferred			Total		
	kt	g/t	kOz	kt	g/t	kOz	kt	g/t	kOz
Oxide	1,089	1.44	50	19	1.0	1	1,107	1.43	51
Transitional	1,249	1.49	60	19	1.2	1	1,268	1.49	61
Fresh	2,806	1.33	120	1,065	1.2	42	3,871	1.3	162
Total	5,144	1.39	230	1,103	1.2	43	6,246	1.36	273

PayneGeo Comment

The 0.6g/t Au cut-off reflects the potential of the deposit for open pit mining. There has been no rounding applied to the Mineral Resource table in the original report. The numbers require rounding to reflect the level of confidence. Resource numbers publicly reported show appropriate rounding.

Geology and Mineralisation (Sourced from EXG, 2018)

The Project mineralisation is situated in the Kalgoorlie Terrane of the Yilgarn Craton and within the Bardoc Tectonic Zone ("BTZ"), 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 syn-tectonic intrusive granite bodies. The BTZ is structurally defined by shears and fault structures striking predominantly north-south, although prominent cross cutting structures are known to exist.

The local stratigraphy comprises of a package of sediments, mafics and ultramafics which strike consistently north-south with generally steep dips. Excelsior mineralisation is hosted by a sequence of tuffaceous and pelitic sediments and minor intercalated volcanics and intrusives that mark a thin (150 metres) interflow horizon bounded by massive komatiitic flow rocks.

The sequence is dominated by a series of north-south shear zones termed the Western Contact Shear, the 10,00E Shear and the Excelsior Shear. The shears control the distribution and nature of mineralisation within the deposit and has resulted in deep weathering (up to 140m depth) in the vicinity of the shear zones.

Two major styles of gold mineralisation are present at Excelsior. The majority of gold is hosted by schist within the 10,00E Shear. The schist is altered with a quartz-carbonate-fuchsite-sulphide assemblage and gold is associated

with pyrite and arsenopyrite. Quartz vein stockwork mineralisation also occurs at Excelsior. Veining varies from millimetre scale to metre scale and gold is associated with pyrite and arsenopyrite.

Informing Data and QA/QC (Sourced from Cube, 2017)

Drilling and Sampling

Drill hole data used in the estimated is a combination of historical (pre-2009) and EXG drilling. The historic drilling comprises the majority of the drilling and consists of 9 DD holes and 257 RC holes. EXG drilling consists of 21 DD holes and 70 RC holes.

Historical RC drilling typically used a blade or roller bit with samples collected at 1m intervals via a riffle splitter or a cone splitter. Holes were reported to have been generally dry.

Historic diamond drilling used NQ sized core or NQ3 in oxidised ground. Core recovery was excellent in fresh rock and good in oxide rock. Half core samples were submitted for analysis.

For EXG RC drilling a face sampling bit was used. RC chips were sampled at 1m intervals using a rotary cone splitter on site to produce 2.5-3.5kg samples. Diamond core was NQ2 size and was sampled at 1m intervals or to geological contacts using a core saw. Holes were sampled continuously.

For historic drilling, samples were fine crushed then a 200g split was pulverised. For EXG drilling, the entire RC samples were pulverised. Diamond core was crushed to <10mm then a 3.5kg sample selected and pulverised.

For EXG drilling, holes were surveyed by licenced contract or company surveyors using DGPS. Location details for historical drilling were not recorded. The topographic surface was based on a Lidar survey completed in 2012. EXG has compared the drill hole collar surveys to the Lidar surface and no material deviations were identified.

The majority of historic RC holes recorded down hole surveys at 30m intervals. For EXG drilling down hole surveys for each RC and DD drill hole were completed using either digital electronic multi-shot tool or north seeking gyro.

Analysis

Historic drilling was assayed initially by aqua regia digest, but the majority of samples were assayed using a 50g fire assay.

For EXG drilling, a 50g fire assay with AAS analysis was used. Kalgoorlie based laboratories were used which included SGS Australia and Bureau Veritas Australia.

Due to the presence of coarse gold and arsenopyrite, 410 samples were subjected to a 400g LeachWell® technique with a standard fire assay on the tail. Only a small number of leachwell analyses were located within the mineralised intervals.

QA/QC

Historical drilling incorporated QA/QC protocols including laboratory duplicates, outside laboratory checks, pulp re-assays and field duplicates. Results were not provided but EXG considered that sample preparation was adequate and repeatability was good.

For EXG drilling, a QA/QC program was utilised including certified reference material ("CRM"), and blanks. Field duplicates were routinely collected but the majority were not analysed. The results of the QA/QC analyses were compiled in the EXG report and were generally satisfactory.

Bulk Density Measurements

Bulk density values have been determined from bulk density measurements from drill core and rock samples. Data was available from historic drilling but the majority was from fresh samples from EXG drill core. Measurements were recorded by commercial laboratories using gravimetric techniques as well as by EXG staff using immersion methods.

All data was spatially located then separated into weathering profiles using interpreted weathering surfaces. Average density values for the different domains were determined and applied separately to both mineralised and unmineralised domains as shown in Table 8.

Table 8 Excelsior Bulk Density Values Applied to Mineral Resource

Material Type	Waste Density t/m³	Ore Density t/m³
Oxidised	1.87	1.87
Transitional	2.44	2.44
Fresh	2.78	2.78

Data Verification

Data management and verification was completed by EXG. Historic drilling was validated against original records and data sourced from WAMEX reports. EXG procedures involve data capture in the field, minimising potential for error. EXG reports that all data have been validated by the EXG Database Administrator and geological management prior to use in the resource estimate.

PayneGeo Comment

The majority of informing data for the Mineral Resource estimate was from historic drilling completed before 1989. Although QA/QC protocols were in place for much of that work, the RC sampling systems from that era were often unsatisfactory. Procedures and protocols used by EXG appear to conform to standard industry practices. Quantitative comparison of historic and recent drilling should be undertaken to assess the quality of the historic work.

A reasonable database of bulk density measurements was available. The values applied to the Mineral Resource were consistent with expected values for the weathering types and lithologies present and there is a low risk that applied block model densities are inaccurate.

Mineral Resource Estimate

EXG utilised a mineralisation threshold of 0.3g/t Au to define the margins of the interpreted lodes. Quartz veining intensity was also used to guide the interpretations and resulted a total of 11 individual steep dipping, north-south trending lodes being interpreted. These comprised one major lode and 10 minor lodes.

Assay data from the RC and DD holes within the lodes was composited to even 2m intervals in the larger lodes, and 1m intervals in the minor lodes. Statistical analysis carried out on the composited data by EXG determined that high grade cuts were required. These were determined separately for individual lodes, with high grade cut values ranging from as low as 9g/t Au to a maximum of 22g/t Au. Only 22 composites were cut suggesting that nuggety gold was not an issue at Excelsior.

Variography was carried out using Gaussian transforms of the cut data to generate kriging parameters. Data from the main lode were analysed and the results to all lodes in the deposit. These showed high nugget variance (47% 2m composites, 45% 1m composites) and that approximately 90% of total variance occurred within a range of 26m. The maximum range determined was 80m. The major direction was determined to be a steep south plunge in a -80° east dipping plane.

A selective mining unit ("SMU") block size of 4mE by 8mN by 2.5mRL was chosen for the block model. This block size corresponds to the proposed block size for grade control modelling based on likely large-scale mining.

Grade estimation was carried out using Localised Uniform Conditioning ("LUC"). This involved the use of ordinary kriging ("OK") for grade estimation into panel sized blocks (8mE by 16mN by 10mRL). Kriging neighbourhood analysis was carried out to determine appropriate parameters for the OK estimation. Search ranges were generally equivalent to the variogram ranges in the three directions.

A change of support and LUC was then applied to the OK estimate derive gold grades in each SMU block. Minestis software was used for estimation and change of support.

EXG conducted model validation using statistical comparison, swath plots and visual validation against sample data. These showed comparable trends between the composite data and the block grades although high variability was evident.

EXG prepared a comparison of the 2012 model to the 2018 model. No additional drilling was available for the 2018 model, however it showed a reduction in modelled tonnes of 24% which EXG attributes to changes in interpretation, with a more conservative approach used in the current estimate.

EXG engaged Cube to review the Excelsior Mineral Resource. Cube concluded that the estimate was not materially flawed and generally concurred with the methodology used by EXG.

PayneGeo Comment

Deposit interpretation, statistical analysis and spatial data analysis have all used procedures typical of lode style gold deposits. Variable high grade cuts to a maximum of 22g/t have been applied with a substantial reduction in mean grade in many lodes although only a small number of values were cut.

LUC estimation is not a commonly used estimation method, however EXG has carried out extensive validation procedures to verify the results.

Constraining the resource to a \$2700/oz pit shell and a change in the interpretation of lodes has resulted in a 24% reduction in modelled tonnes, although the reported Mineral Resource has reduced by 45% with no additional data being used.

Mineral Resource Classification and Reporting

The Mineral Resource was classified as Indicated and Inferred Mineral Resource based on drill hole spacing, estimation quality and confidence in geology. The Indicated Mineral Resource is defined by areas of the deposit with a drill spacing of up to approximately 30mE by 30mN and with reasonable confidence in the geology. The Inferred Mineral Resource has been applied to those areas of the deposit with a drill spacing of greater than 30mE by 30mN.

The reported Mineral Resource was constrained by an optimised pit shell prepared using a gold price of \$2,700/oz as the limiting basis for reasonable expectations of the estimated blocks being within a viable open pit option at some time in the future.

Detailed mine survey data was used to deplete the model for open pit mining and only the unmined portion of the deposit was reported as Mineral Resource. Historic underground mining was not accounted for.

The selected reporting cut-off grade of 0.6g/t Au was reported to reflect actual costs incurred in mining the Central pit at Zoroastrian during recent mining operations.

PayneGeo Comment

PayneGeo considers that the classification criteria used by EXG is appropriate. The spatial distribution of the classification was shown in long section and confirmed that the Indicated portion coincided with the upper, well drilled portion of the deposit.

The use of a pit optimisation at an elevated gold price is a standard method of defining the reporting limits for Mineral Resources and appears appropriate in this case.

The reporting cut-off grade of 0.6g/t Au was reported to be based on operating costs. However, there was no indication of whether that applied to fresh rock or oxide mineralisation. Under JORC (2012) guidelines, supporting documentation to demonstrate prospects for eventual economic extraction is required..

JORC Table 1 Appropriateness – PayneGeo Comment

Overall the data presented in the JORC Table 1 is adequate.

3.4.1. Bulletin South Mineral Resource

Previous Estimates

Open pit mining has been carried out at the project with reported production of 67kt at 2.76g/t Au for 5,900oz.

Mineral Resources have been previously estimated for the deposit. The results of the January 2015 estimate were provided in the Cube report. The 2015 estimate was completed by EXG and reported at a 0.6g/t Au cut-off. The 2015 estimate is summarised in Table 9.

Table 9 Previous Mineral Resource Estimate for the Bulletin South Deposit

Company	Year	Classification	Cut-off g/t	Tonnage Mt	Au g/t	Metal kOz
EXG	2015	Ind & Inf	0.6	0.76	2.02	49.7

Current Estimate

The current estimate for the deposit was completed by Cube for EXG in January 2017. The 2017 estimate was reported to JORC (2012) reporting standards at a 0.6g/t Au cut-off grade, as shown in Table 10. This estimate was completed using ordinary kriging followed by Localised Uniform Conditioning (“LUC”).

Table 10 Current Bulletin South 2017 Mineral Resource Estimate

Classification	Tonnes (Mt)	Grade g/t Au	Ounces (000' oz)
Measured	0.04	1.19	2.4
Indicated	0.48	2.26	35
Inferred	0.12	2.4	9
Total	0.65	2.27	47.0

PayneGeo Comment

The 0.6g/t Au cut-off reflects the potential of the deposit for open pit mining. Numbers have been reported at different levels of precision to reflect confidence levels and classification.

Geology and Mineralisation (Sourced from Cube, 2017)

The Project mineralisation is situated in the Kalgoorlie Terrane of the Yilgarn Craton and within the Bardoc Tectonic Zone (“BTZ”), 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 syn-tectonic intrusive granite bodies. The BTZ is structurally defined by shears and fault structures striking predominantly north-south, although prominent cross cutting structures are known to exist.

At the Bulletin South deposit, primary gold mineralisation is associated with a quartz stockwork system within or adjacent to a felsic porphyry unit and may represent gold mineralisation along splay structures emanating from the regionally extensive Black Flag Fault. The stockwork mineralisation ranges from 10 to 30m wide in the porphyry and averages 15m true width.

Informing Data and QA/QC (Sourced from Cube, 2017)

Drilling and Sampling

Drill hole data used in the estimated is a combination of historical and EXG drilling. Historical drilling dates back to 1984 and EXG drilling has been conducted since 2011. The historic drilling consists of 831 holes for 21,007m of which 710 holes are rotary air blast (“RAB”) and 121 holes are reverse circulation (“RC”). EXG has drilled 42 RC holes and 4 diamond holes (“DD”). It is not clear which holes were used in the Mineral Resource estimate but it appears that RAB drilling was excluded.

Details of drilling and sampling procedures used in historic drilling were not documented.

For EXG drilling, holes were surveyed by licenced contract surveyors. Details for historical drilling were not recorded. The topographic surface was based on a Lidar survey completed in 2012. Cube has compared the drill hole collar surveys to the Lidar surface and no material deviations were identified.

The majority of historic holes did not have down hole surveys. For EXG drilling down hole surveys for each RC and DD drill hole were completed using either digital electronic multi-shot tool or north seeking gyro.

For EXG drilling, the majority of RC chips were sampled at 1m intervals using either a rotary cone or riffle splitter on site. A small proportion of samples comprised 4m composites. RC samples were visually assessed for sample recovery.

Diamond core was sampled at 1m intervals or to geological contacts using a core saw. Holes were sampled continuously below the unmineralised overburden.

For EXG drilling, the entire RC samples were pulverised. Diamond core was crushed to <10mm then a 3.5kg sample selected and pulverised.

Analysis

No details of analysis were available for historical drilling.

For EXG drilling, a 50g fire assay with AAS analysis was used. Kalgoorlie based laboratories were used which included SGS Australia and Bureau Veritas Australia.

QA/QC

For historical drilling, no details on QA/QC were available.

For EXG drilling, a QA/QC program was utilised including field duplicates, certified reference material ("CRM"), and blanks. The results of the field duplicates, standards and blanks were reviewed by Cube. Cube noted that only drilling from 2016 had duplicate samples and limited CRM samples were available from drilling before 2016. Cube concluded that the results from the small number of duplicates were within the acceptable range for gold.

Bulk Density Measurements

Cube notes that density determinations were sourced from 5 DD holes, mostly from drilling completed prior to 2015. Details of the determinations were not provided and Cube concluded that there are sufficient data to allow the assignment of average values to the MRE block model but not enough to allow a spatially representative estimation of bulk density. Cube has used assumed bulk density values based on the interpreted weathering surfaces and assigned the following values to both mineralised and unmineralised domains:

Oxide	2.0t/m ³
Transitional	2.2t/m ³ and 2.5t/m ³
Fresh	2.7t/m ³

Data Verification

The final database used for this resource estimation was exported from Datashed to MS Access format on 30 November 2016 with a final assay update provided on 23 December 2016.

Data management and verification was completed by EXG. Cube considers the data management processes in place to be adequate and to industry standard.

PayneGeo Comment

The majority of informing data (67%) for the Mineral Resource estimate was from historic drilling, with 33% of the data from EXG drilling. The historic drilling was largely shallow RC dating back as far as 1984. At that time sampling quality of RC drilling was below currently accepted standards.

QA/QC protocols were not documented for historic drilling and appear to be below industry standard for most of the EXG drilling. As a consequence, data quality for the majority of drilling is not verified. Quantitative comparisons between historic and EXG drilling should be conducted to ascertain the likely quality of the historic data.

Bulk density measurements were based on a small number of holes. However the values applied to the Mineral Resource were consistent with expected values for the weathering types and lithologies present and there is a low risk that applied block model densities are inaccurate.

Mineral Resource Estimate

Cube prepared a wireframe of the mineralised shear zone. It was based on previous interpretations as well as a gold grade threshold of 0.2g/t Au. A separate waste domain was also prepared. The shear zone formed a single, continuous wireframe within which grade control ("GC") and exploration data was separately composited into 1m intervals.

Statistical analysis carried out by Cube determined that high grade cuts of 90g/t were applicable to the mineralised zone and 7g/t to the waste domain. Variography was carried out using Gaussian transforms of the cut data to generate kriging parameters. These showed high nugget variance (35%) and that approximately 70% of total variance occurred at a range of 5m. The maximum range determined was 23m.

A selective mining unit ("SMU") block size of 2mE by 5mN by 2.5mRL was chosen for the block model. This block size corresponds to the proposed block size for grade control modelling, conforms to the mining flitch height and is elongated in the same direction (north-south axis) as the trend of the lodes at Bulletin South.

Grade estimation was carried out using Localised Uniform Conditioning ("LUC"). This involved the use of ordinary kriging ("OK") for grade estimation into panel sized blocks (6mE by 10mN by 5mRL). Kriging neighbourhood analysis was carried out to determine appropriate parameters for the OK estimation.

A change of support and LUC was then applied to the OK estimate derive gold grades in each SMU block. Isatis software was used for estimation and change of support.

Cube conducted model validation using statistical comparison, swath plots and visual validation against sample data. Cube also prepared a GC model for the portion of the model drilled at close GC spacings. This model was interpolated firstly using all data using OK, then using only exploration data using LUC and the results compared to determine how well the method could estimate SMU blocks based on broad spaced data. The model using exploration data only reported less tonnes at higher grade for between 9% and 10% more metal than the model using GC data. Cube considered that this provided some comfort that the methodology could predict the grade of SMU sized blocks at the deposit.

PayneGeo Comment

Deposit interpretation, statistical analysis and spatial data analysis have all used procedures typical of lode style gold deposits. The selected high grade cut of 90g/t has not significantly reduced the CV and is likely to be too high for the data analysed.

Cross section plots included in the Cube report show distinct higher grade domains within the overall shear zone mineralisation. If there is continuity to these domains, consideration should be given to defining and estimating these with hard boundaries.

LUC estimation is not a commonly used estimation method, however Cube has carried out extensive validation procedures to verify the results. Comparison of an exploration only model with the GC model reported up to 10%

more gold in the exploration model. PayneGeo concludes that this overcall could apply to the entire Mineral Resource and the impact of that should be considered in any evaluation of the deposit.

Mineral Resource Classification and Reporting

The Bulletin South Mineral Resource was classified as Measured, Indicated and Inferred Mineral Resource based on drill hole spacing, lode continuity and estimation quality parameters. The Measured Mineral Resource has been based on that material defined by close spaced grade control drilling, most of which has been mined. These blocks were informed on average by 30 composite values, within an average distance of 7m from the block centre, resulting in an average slope of regression parameter of 0.71. The Indicated Mineral Resource has been estimated on average by 30 composite values, and these were an average distance of 13m from the block centre, resulting in an average slope of regression parameter of 0.44. The Inferred Mineral Resource has been estimated on average by 30 composite data, within an average distance of 23m from the block centre, resulting in an average slope of regression parameter of 0.14.

The reported Mineral Resource was constrained by an optimised pit shell prepared using a gold price of \$2,750/oz as the limiting basis for reasonable expectations of the estimated blocks being within a viable open pit option at some time in the future.

Detailed mine survey data was used to deplete the model for historical mining and only the unmined portion of the deposit was reported as Mineral Resource.

The selected reporting cut-off grade of 0.6g/t Au was not justified. However, this would be a typical cut-off grade for a low cost open pit gold mining operation envisaged for the Project.

PayneGeo Comment

PayneGeo considers that the classification criteria used by Cube is appropriate. The grade control drill spacing used to define previous mining shapes appears adequate to define Measured Mineral Resource. The Indicated Mineral Resource also has a high confidence level with an average distance to informing samples of 13m. The use of a pit optimisation at an elevated gold price is a standard method of defining the reporting limits for Mineral Resources and appears appropriate in this case, although no cost or slope parameters used in the optimisation were disclosed.

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.

In PayneGeo's opinion, the cut-off grade should be constrained to the particular material type assigned to the Mineral Resource. The processing costs are generally higher and recoveries lower for transitional and fresh material compared to oxide mineralisation. PayneGeo recommends applying different cut-offs to the Bulletin South mineralisation types.

JORC Table 1 Appropriateness – PayneGeo Comment

Overall the data presented in the JORC Table 1 is adequate, although more discussion on outcomes is recommended. Some additional information that should be added includes:

Further information on data quality, in particular quantifying the proportion of the Mineral Resource defined by the historic drilling of unknown quality;

Further information on justification of reporting cut-off grades;

3.5. Kalgoorlie North Gold Project Mining Studies

While there have been preliminary studies into the various development options for the deposits within the Kalgoorlie North Gold Project there are no published feasibility studies into the various development options. DRM has been informed that there have been several studies and evaluation of the deposits with several studies

including geotechnical assessments, hydrology, metallurgy, environmental studies and investigations into possible infrastructure solutions including the relocation of both the adjacent rail line, the Kalgoorlie – Menzies road and the currently inactive natural gas pipeline. While relocating the existing infrastructure will add to any development capital costs these costs are not considered prohibitive to a potential development.

It is expected that any development would involve a combination of open pit and underground mining with ore being sourced from multiple sources. Processing options would include a standalone facility if sufficient resources were delineated with a second option being to toll treat any mineralisation through third party facilities. Given the relatively low resource grade it is expected that any processing facility would need to be proximal to the existing resources.

3.5.1. Ore Reserves

There are small Ore Reserves within the Kalgoorlie North Gold Project at the Zoroastrian South and Bulletin South deposits.

These Reserves were announced on 23 March 2017 and total 37,000oz of gold. DRM has not reviewed these Ore Reserve Estimates as they are considered too small to be of significant commercial value. The more significant mineralisation in the overall valuation of the project and the potential economic drivers to the project viability the resources as outlined above.

4. Spitfire Materials

Spitfire Materials' mineral assets include the Aphrodite, Mulwarrie and England gold projects in the Eastern Goldfields of Western Australia, the Alice River Gold project in Northern Queensland, 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. As DRM completed an ITAR that was included in the BDO Independent Experts Report associated with the Aphrodite Gold Limited and Spitfire Materials Limited scheme or arrangement much of section 4 of this report is an revision and update of the previous ITAR due to the additional exploration work conducted by Spitfire since the merger was completed.

4.1. Mineral Tenure

Details of the Spitfire Materials tenements are included in Table 11. 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 however tenement plans for each of the projects are included in the technical descriptions of the projects below.

Table 11 Spitfire Materials tenement schedule as at 25 June 2018.

Tenement	Location	Project	Status	Grant	Expiry	Area		Rent (\$)	Expend (\$)	Equity
						Bl	Ha			
E24/186	WA	Aphrodite	Live	14/2/2017	13/2/2019	7		1,456	30,000	100%
L29/114	WA	Aphrodite	Live	17/4/2014	16/04/2035		5334	2,667	N/A	100%
L29/115	WA	Aphrodite	Live	15/4/2014	14/4/2035		4558	2,279	N/A	100%
L24/204	WA	Aphrodite	Live	15/4/2014	14/4/2035		1635	818	N/A	100%
L24/225	WA	Aphrodite	Pending	N/A	N/A		1600	800	N/A	100%
L24/226	WA	Aphrodite	Pending	N/A	N/A		1650	825	N/A	100%
L24/227	WA	Aphrodite	Pending	N/A	N/A		3854	1,928	N/A	100%
M24/720	WA	Aphrodite	Live	21/8/2007	20/8/2028		995.45	17,530	99,600	100%
M24/779	WA	Aphrodite	Live	21/8/2007	20/8/2028		944	16,614	94,400	100%
M24/649	WA	Aphrodite	Live	10/8/2007	9/8/2028		181	3,186	18,100	100%
M24/681	WA	Aphrodite	Live	10/8/2007	9/8/2028		446.36	7,867	44,700	100%
M24/662	WA	Aphrodite	Live	28/6/2007	27/6/2028		363.31	6,406	36,400	100%
P24/5014	WA	Aphrodite	Live	7/7/2016	6/7/2020		141.55	369	5,680	100%
P24/5014	WA	Aphrodite	Live	7/7/2016	6/7/2020		27.44	73	2,000	100%
E38/2869	WA	England	LIVE	26/11/2014	25/11/2019	6		804	20000	100%

Tenement	Location	Project	Status	Grant	Expiry	Area		Rent (\$)	Expend (\$)	Equity
						Bl	Ha			
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	100%*
M30/0145	WA	Mulwarrie	LIVE	12/01/2007	11/01/2028		112	1971	11200	100%*
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%*
EPM14313	Queensland	Alice River	GRANTED	13-Jul-05	12-Jul-19	10		1558	15652	51%*
EPM15359	Queensland	Alice River	GRANTED	24-May-07	7-May-20	20		3895	38152	51%*
EPM15360	Queensland	Alice River	GRANTED	23-Aug-07	22-Aug-20	8		3895	38152	51%*
EPM15409	Queensland	Alice River	GRANTED	24-May-07	23-May-20	10		3739	36652	51%*
EPM16301	Queensland	Alice River	GRANTED	14-Oct-08	13-Oct-21	6		4518	44152	51%*
EPM26266	Queensland	Alice River	GRANTED	8-May-17	7-May-22	81		12619	122152	51%*
EL30834	Northern	Yoda	GRANTED	11/12/2015	10/12/2021	9			11350	100%

Notes:

1. * as Spitfire has the right to earn up to 51% in Alice River the equity is listed as 51% however, Spitfire has yet to earn any equity in the project. At the valuation date Spitfire had announced (but not completed) the purchase of the Mulwarrie project however subsequent to the valuation date the purchase was completed. This report assumes that Spitfire owns 100% of the Mulwarrie project.
2. the tenement schedule is based on the Spitfire March 2018 Quarterly Report and validated by checking the Department of Mines, Industry Regulation and Safety (DMIRS) Mineral Titles online database and the government databases for the Northern Territory and Queensland. Since the March quarterly report there have been several tenement reductions and two tenements surrendered from the Alice River project.
3. The area of the Miscellaneous licences for the Aphrodite project are rounded to the nearest hectare.
4. Franco Nevada holds a 2.5% NSR Royalty on the Aphrodite Project Tenements

For the tenements in Western Australia DRM has interrogated the Western Australian Department of Mines, Industry Regulation and Safety (DMIRS) website which has shown 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.

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.

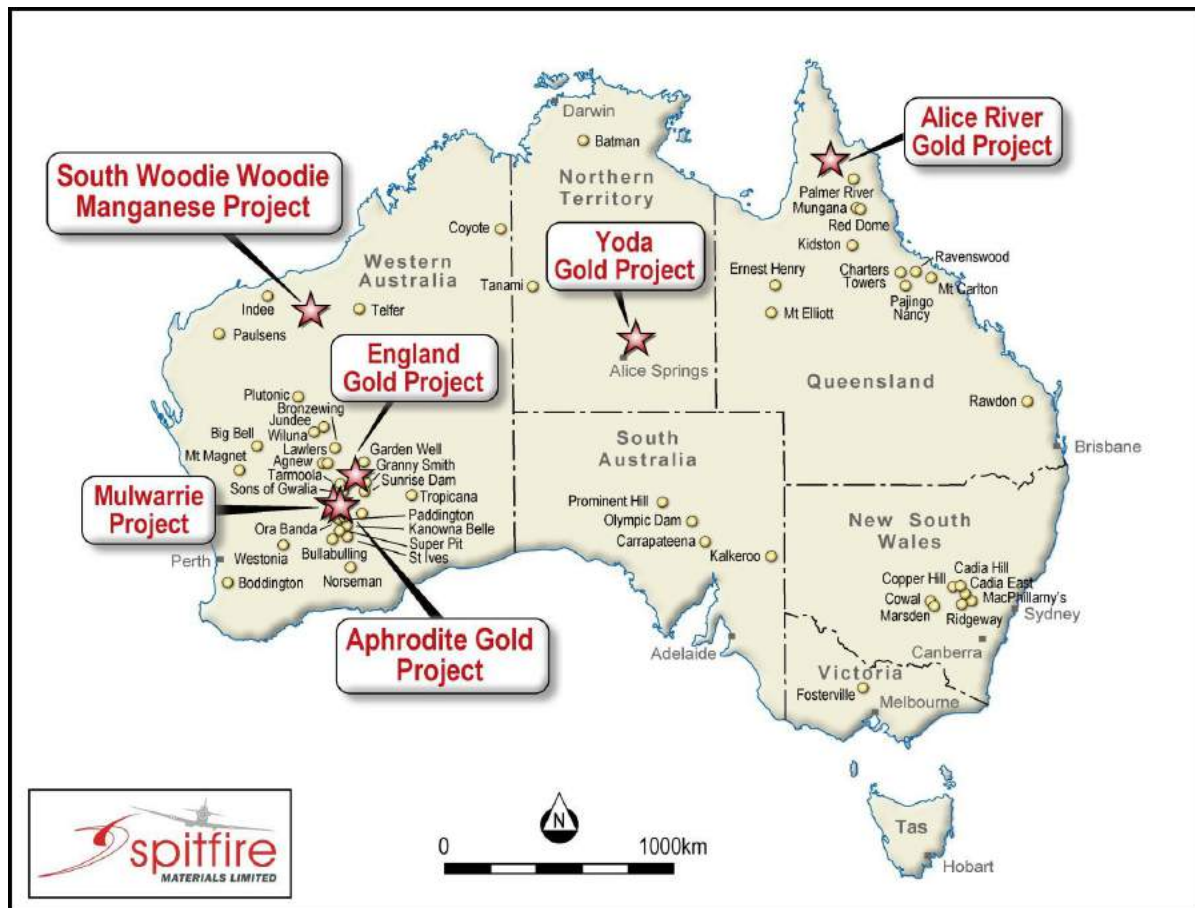


Figure 5 Spitfire Materials Project Location Plan.

4.2. 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.

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 as detailed in Table 11. 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. Figure 6 shows the location of the tenements and Figure 7 shows the detailed tenement plan.

4.2.1. 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 6 shows the location of the Aphrodite Gold Project in relation to the major regional centre of Kalgoorlie.

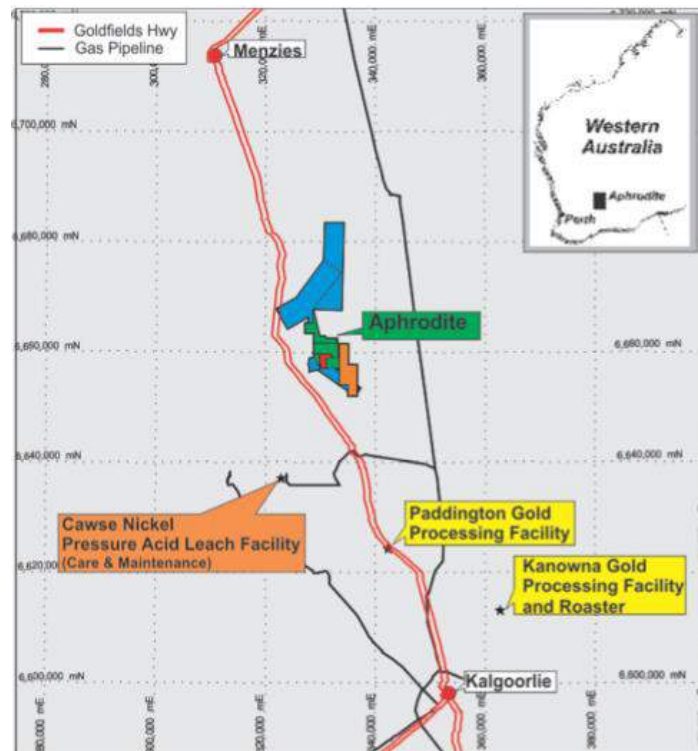


Figure 6 Location of the Aphrodite Gold Project

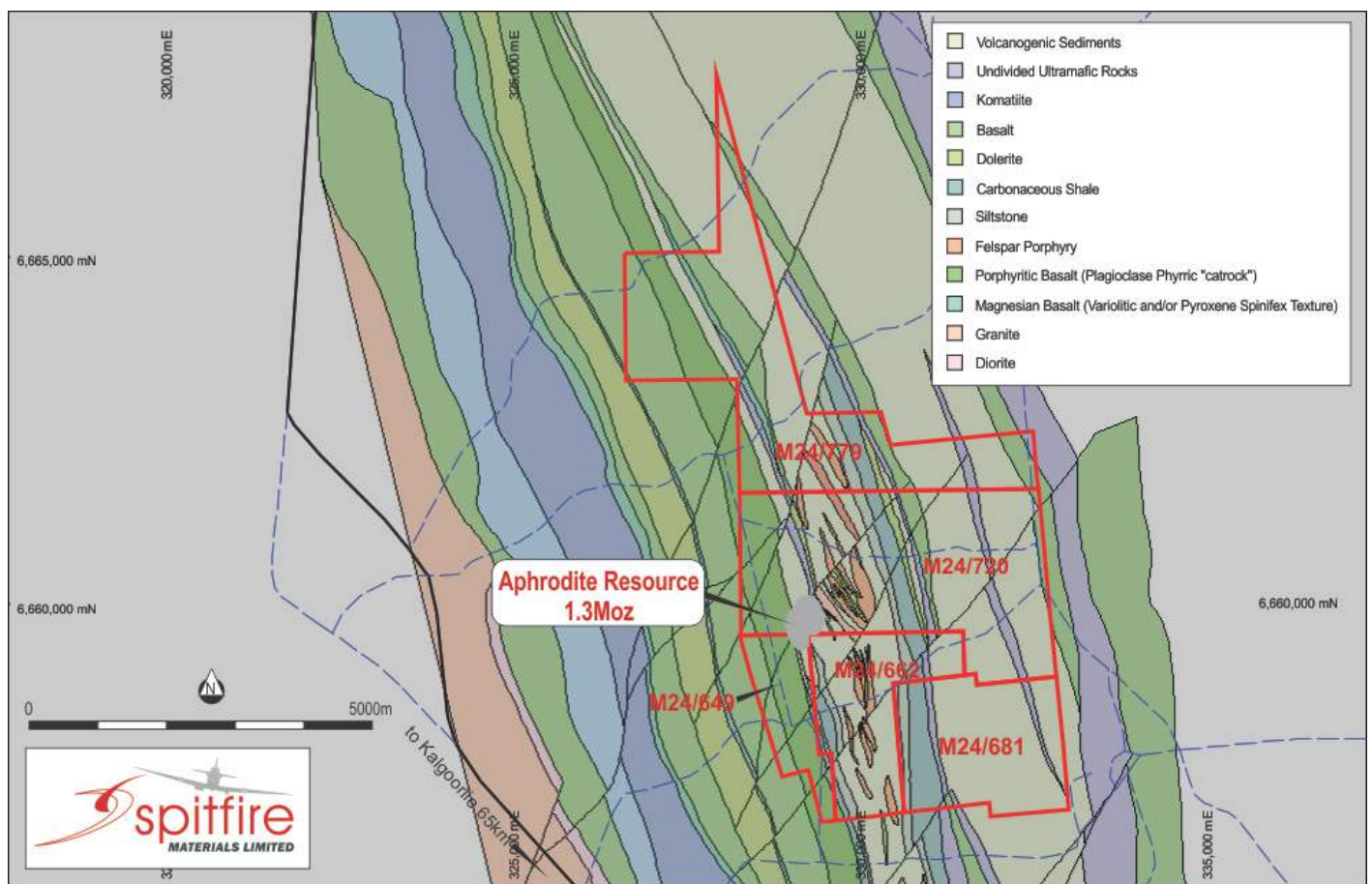


Figure 7 Aphrodite Gold Project Tenements

4.2.2. 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.

There is no significant recorded historical gold production from the area of the Aphrodite Project.

4.2.3. 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-phyric 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 9 shows the detailed geology of the Aphrodite Gold project while Figure 8 shows the regional geology of the project.

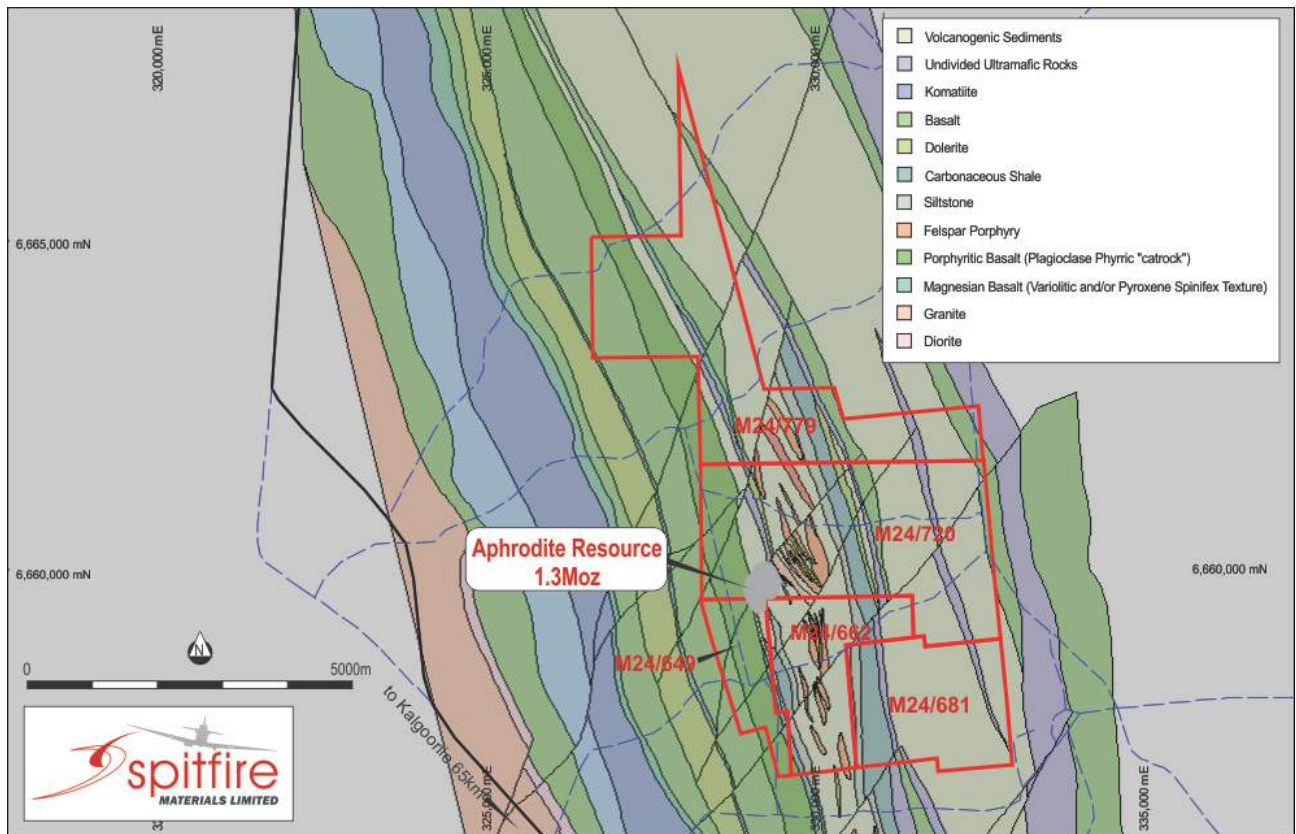


Figure 8 Regional Geology and Location of the Aphrodite Gold project

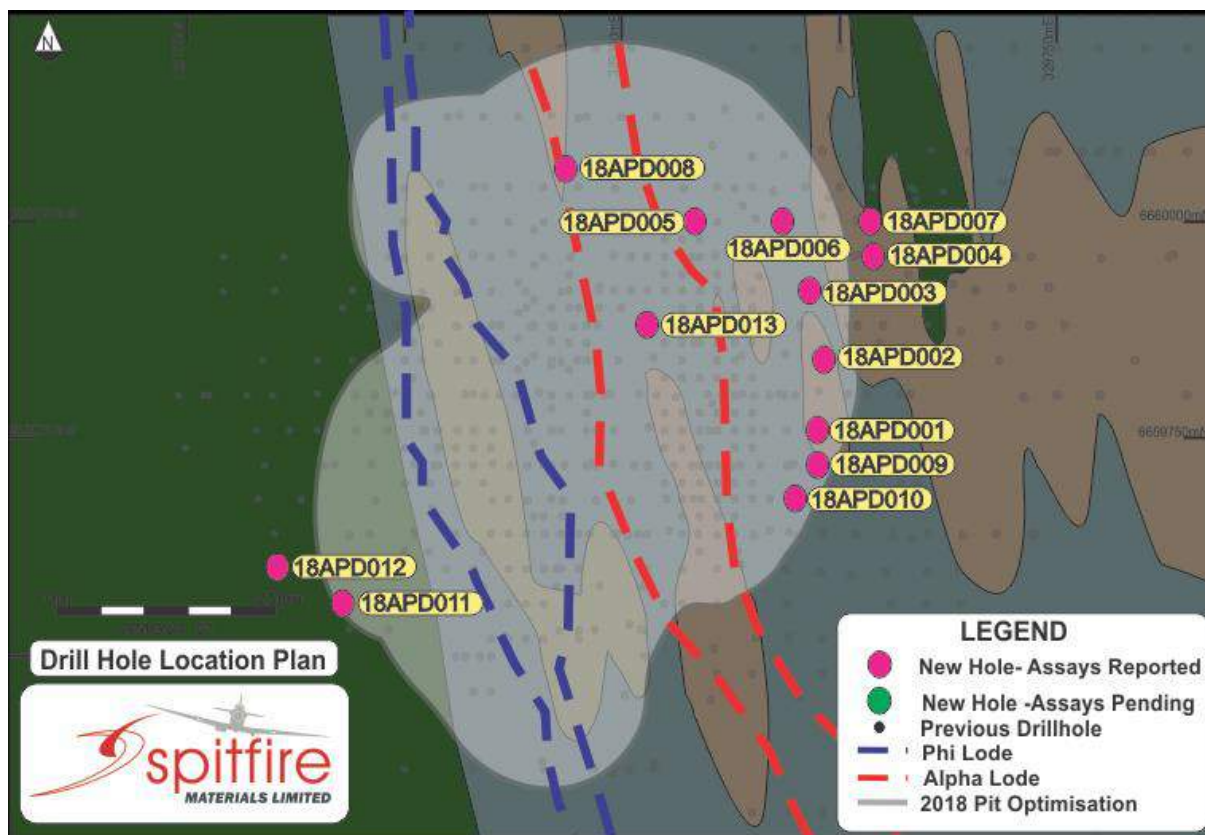


Figure 9 Detailed Geology of the Aphrodite Gold deposit showing the two main zones of mineralisation and the collar location of the 2018 drilling.

4.2.4. Recent Exploration Activities

Since the acquisition of the Aphrodite project was completed Spitfire has undertaken an aggressive diamond drilling program along with several studies into the mineralogy and structural setting of the mineralisation at Aphrodite along with several mining studies.

Some of the more significant drill intersections included in the 26 April 2018 Spitfire ASX release are;

18APD001	17m @ 2.67 g/t Au from 322m, including 3m @ 4.21g/t Au from 325m;
18APD002	3m @ 6.02g/t Au from 336m 2m @ 4.09 g/t Au from 373m
18APD003	16m @ 2.65 g/t Au from 322m, including 4m @ 5.13 g/t Au from 322m and 5m @ 3.21g/t Au from 330m; and 4m @ 4.38 g/t Au from 355m; and 12m @ 11.53 g/t Au from 377m
18APD006	2m @ 5.83 g/t Au from 45m; and 10m @ 3.99 g/t Au from 377m, including 3m @ 6.69 g/t Au from 383m 22m @ 6.28 g/t Au from 391m, including 10m @ 11.57 g/t Au from 393m

Figure 10 and Figure 11 are long sections for the Alpha and Phi lodes and show the depth potential and extensions to the current mineralisation.

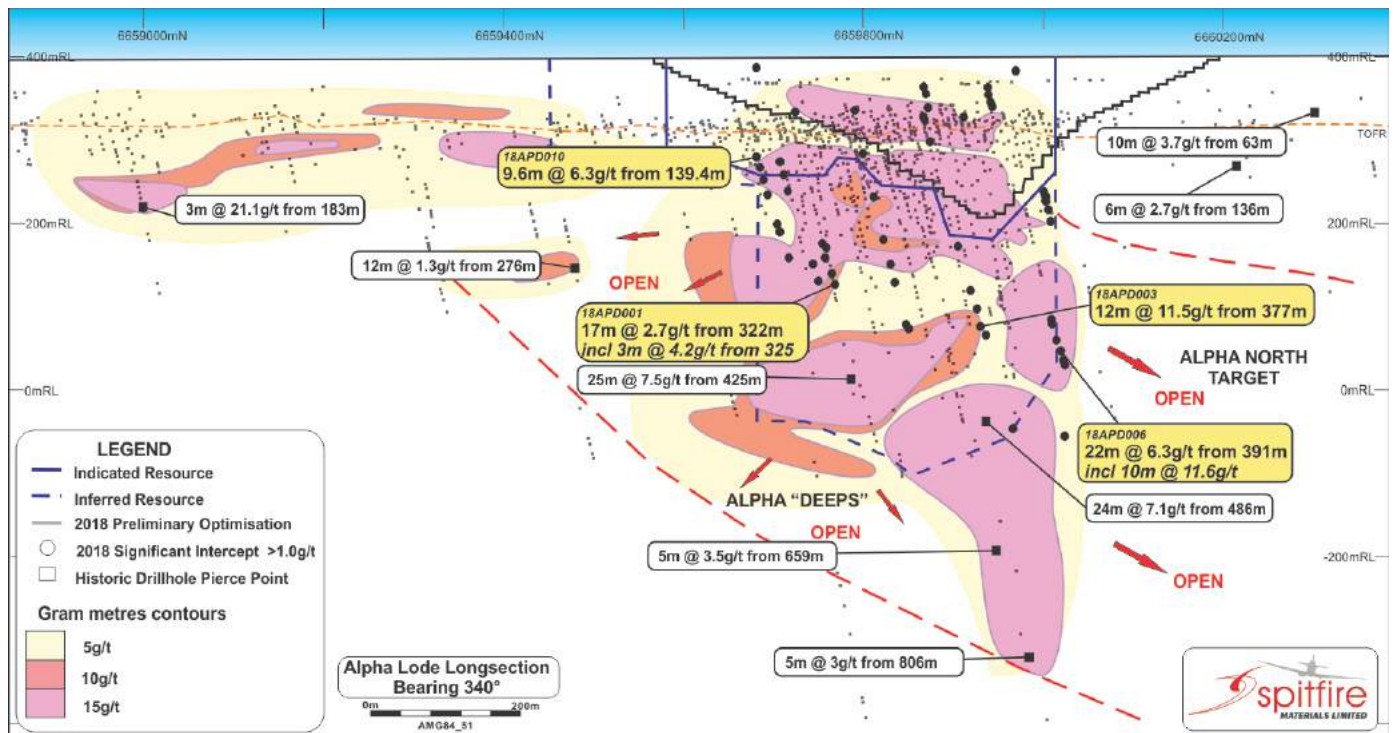


Figure 10 Alpha Lode Long Section with recent drill intersections.

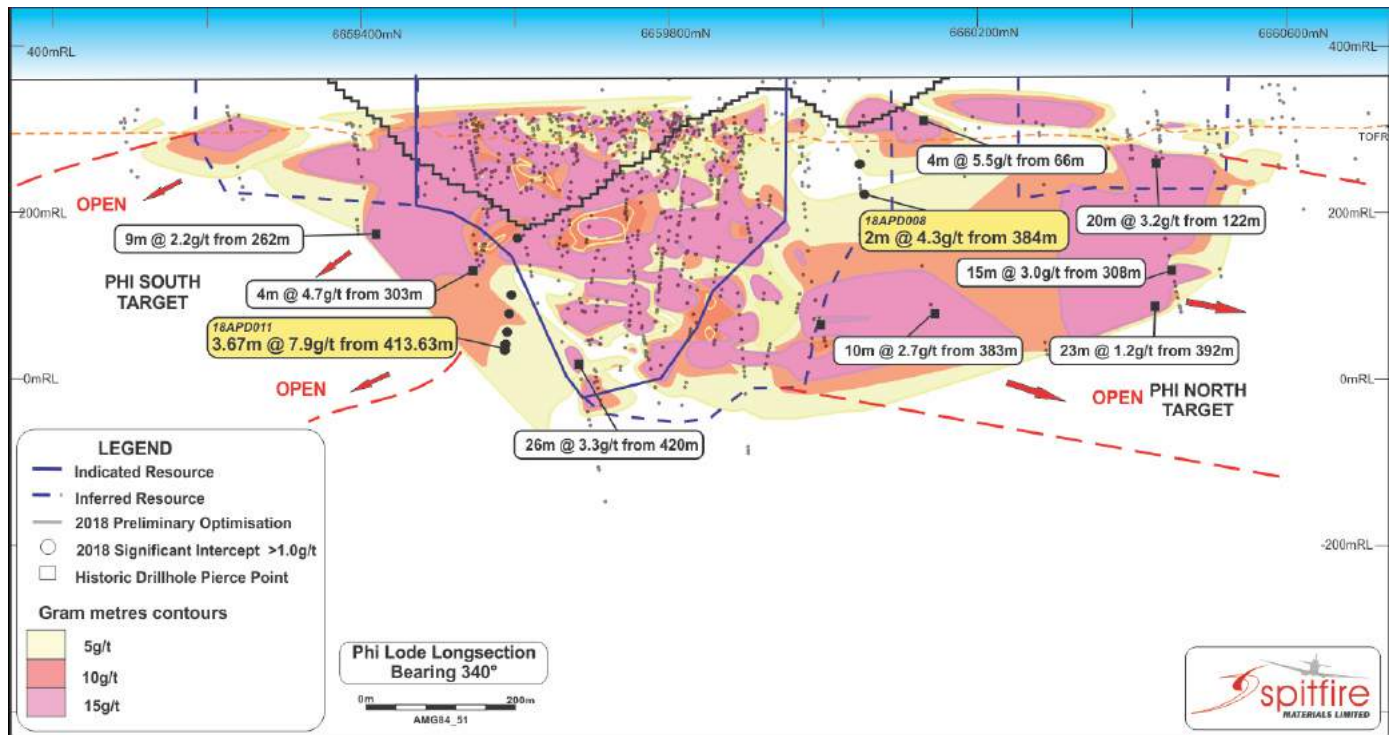


Figure 11 Phi Lode Long Section with recent drill intersections.

4.2.5. 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 12 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 12 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	811
			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	4.28	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
TetraTech	2013	Block – OK	Total Underground		3.00	6.34	612
			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
MS	2015	Block – RF	Underground – Epsilon	Ind & Inf	65	41.0	9
			Total Underground		3.31	4.55	485
			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 13. 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 13 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 14.

Table 14 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.

4.3. Aphrodite Gold Mining Studies

In June 2017 Aphrodite Gold released the results of a Pre-Feasibility Study into the viability of undertaking only an open pit mining operation at Aphrodite (ASX release 27 June 2017). While all the technical assumptions from that Pre-Feasibility study remain valid and 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 the study failed to exploit the entire resource and as such since the Aphrodite – Spitfire merger Spitfire has focussed on expanding the resource and evaluation of the controls on mineralisation along with investigating different processing alternatives. Spitfire summarised the status of their mining studies in the March 2018 quarterly report (ASX release 24 April 2018). The main mining studies that have been undertaken include geotechnical studies into both an open pit and underground mining operation, hydrology and metallurgy. All these studies have identified improvements to the assumptions and previous studies. These mining studies are ongoing.

Prior to the merger between Aphrodite Gold (ASX: AQQ) and Spitfire in 2017 Aphrodite Gold entered into a Non-Binding Memorandum of Understanding (MOU) with Poseidon Nickel (ASX: POS) that involved a potential processing option for the refractory gold mineralisation from the Aphrodite deposit. The details of the MOU were detailed in the AQQ and POS ASX releases of 10 July 2017 and 4 September 2017. There was an extensive due diligence period associated with the MOU with that due diligence period extended once Spitfire achieved control of Aphrodite. The Non-Binding MOU has not progressed to executed agreements and therefore this report and associated valuation has not been modified to account for a potential future agreement associated with this Non-Binding MOU.

4.3.1. Ore Reserves

No Ore Reserves have been estimated for the Aphrodite Gold Project.

4.4. Alice River Gold Project

Much of the Alice River potential, geological descriptions and information is obtained from the 26 May 2017 and 28 November 2017 ASX releases by Spitfire. The 2012 JORC code Table 1 is contained in both the releases and details the drilling, assays and previous exploration along with the justification of the exploration target within the project.

4.4.1. 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 six Exploration Permits for Minerals (EPMs) and eight granted Mining Leases (MLs), for a total of 445km² (see Table 11 and Figure 12). The tenements are held by Tinpitch Pty Ltd. DRM notes that EPM 14312 and EPM15410 have been surrendered and several of the tenements have been reduced in size compared to Figure 12.

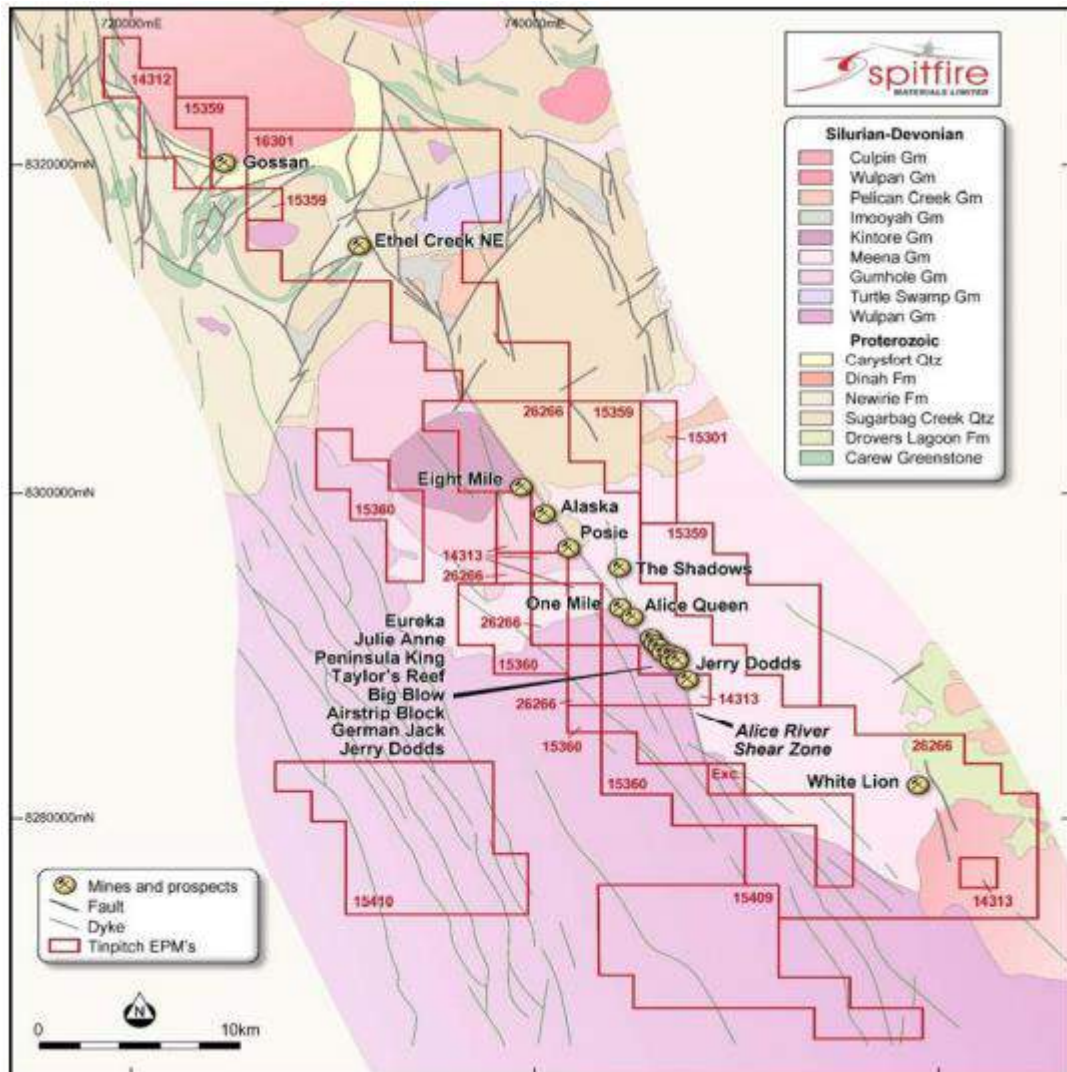


Figure 12 Alice River Gold Project - Location

4.4.2. Alice River Joint Venture Terms

Prior to Admiral Gold being acquired by Spitfire Materials Admiral entered into a joint venture with Tinpitch Pty Ltd (Tinpitch) 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.

4.4.3. 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 Holyrold 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 Holyrold 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.

4.4.4. 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 15 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 15 Significant historical 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 16 showing all drilling in the area and Figure 18

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 15 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 13 and Figure 19(page 54)), 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.

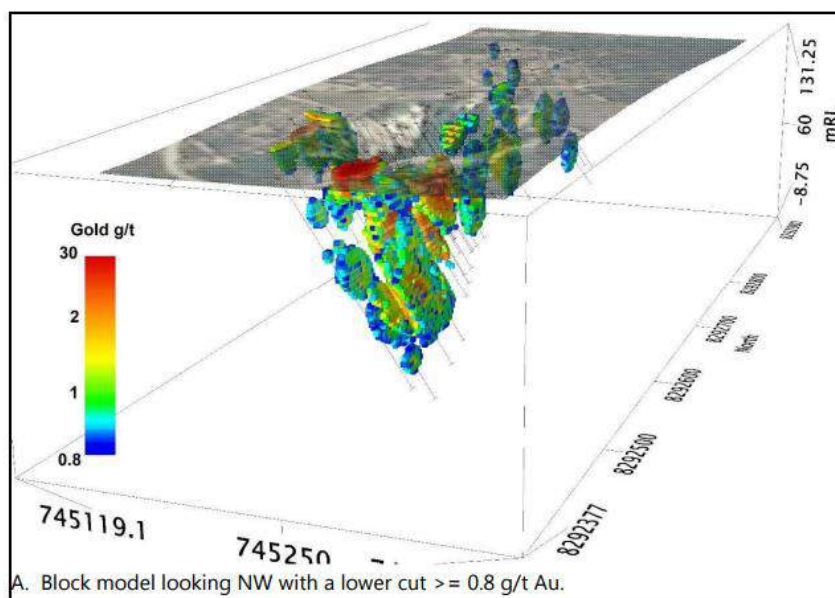


Figure 13 Oblique view of the Alice Queen – One Mile Block Model from historic RC and Diamond Drilling

Peninsula King – Big Blow – German Jack Gold Prospects

The Peninsula King – Big Blow – German Jack Gold model, Figure 14, 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° 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 14). 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.

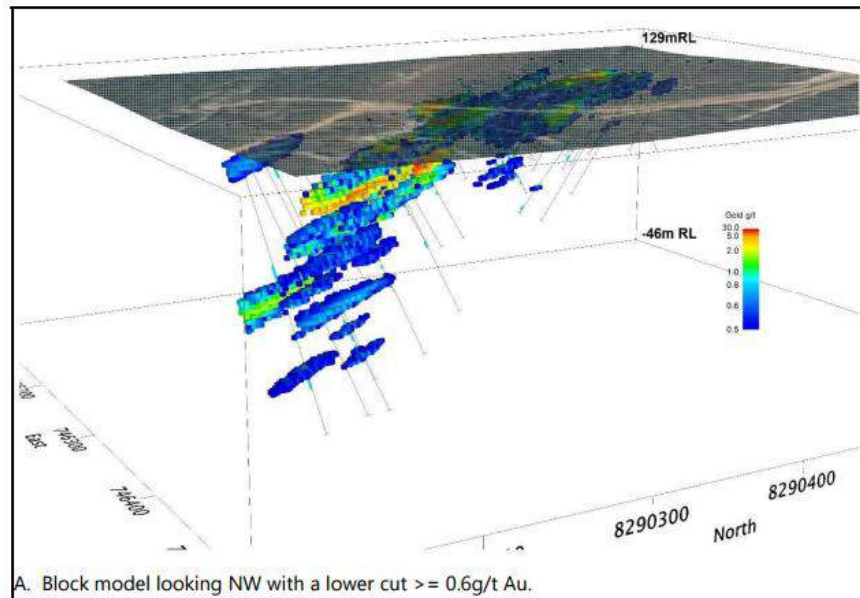


Figure 14 Oblique View of the Block Model for the Peninsular King – Big Blow – German Jack prospect

Julie Anne Prospect Model

The Julie Anne model was built using 36 drill holes (Figure 15). 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.

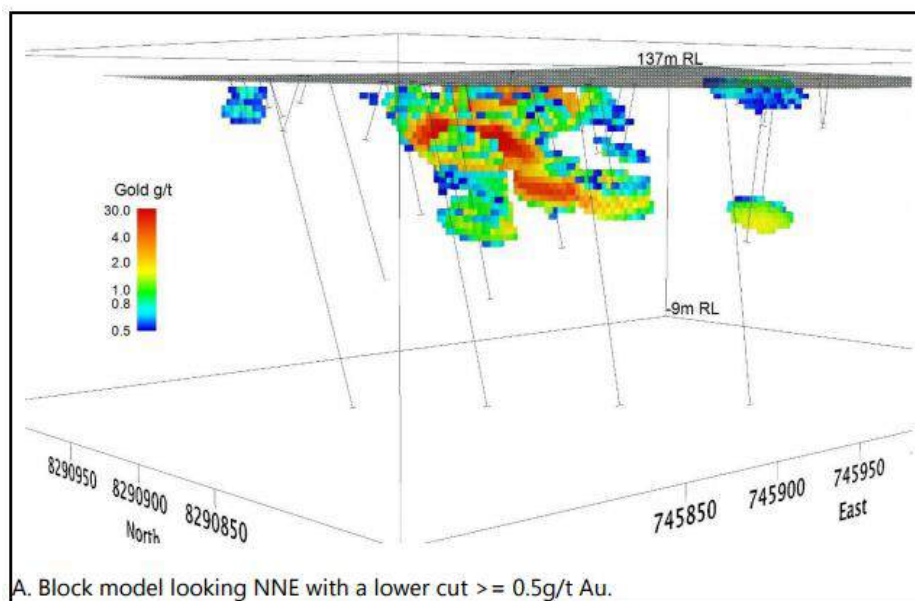


Figure 15 Oblique Block Model of the Julie Anne prospect.

There are several other prospects including Posie, Jerry Dodds, The Shadows, Eureka, Airstrip and Taylors which have sporadic shallow drilling that require additional work.

4.4.1. 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. Spitfire has been actively negotiating with the Olkola Corporation over an access agreement covering the granted exploration tenure but was unable to reach agreement with Olkola. DRM has been informed that some of the limits to advancing the exploration has been obtaining heritage clearances to commence drilling on the exploration permits however drilling within the mining leases can progress 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.

RC drilling by Spitfire in late 2017 at the One Mile and Alice Queen prospects returned several significant intersections (ASX release 28 November 2017) with the more significant intersections listed below;

Hole 17ARRC001	- 16 m @ 0.70 g/t Au from 163 m, including 1 m @ 2.48 g/t Au - 11 m @ 0.91 g/t Au from 182 m, including 4 m @ 1.24 g/t Au
Hole 17ARRC002	- 14 m @ 1.59 g/t Au from 51 m, including 4 m @ 2.30 g/t Au
Hole 17ARRC004	- 5 m @ 2.67 g/t Au from 112 m - 7 m @ 1.57 g/t Au from 139 m
Hole 17ARRC005	- 2 m @ 25.03 g/t Au from 89 m, including 1 m @ 48.2 g/t Au - 13 m @ 1.50 g/t Au from 111 m, including 3 m @ 2.69 g/t Au
Hole 17ARRC006	- 7 m @ 0.9 g/t Au from 30 m, including 2 m @ 1.68 g/t Au - 4 m @ 0.99 g/t Au from 202 m, including 1 m @ 1.62 g/t Au
Hole 17ARRC007	- 14 m @ 5.47 g/t Au from 71 m, including 5 m @ 12.85 g/t Au, incl. 1 m @ 33.0 g/t Au - 9 m @ 1.18 g/t Au from 100 m
Hole 17ARRC008	- 17 m @ 1.59 g/t Au from 106 m, including 8 m @ 2.45 g/t Au.
Hole 17ARRC009	- 17 m @ 3.26 g/t Au from 89 m, incl. 5 m @ 8.45 g/t Au, incl. 1 m @ 15.4 g/t Au - 4 m @ 3.54 g/t Au from 120 m
Hole 17ARRC011	- 17 m @ 1.54 g/t Au from 26 m, including 2 m @ 6.455 g/t Au
Hole 17ARRC014	- 3 m @ 1.56 g/t Au from 36 m - 3 m @ 2.05 g/t Au from 46 m - 5 m @ 1.69 g/t Au from 55 m, incl. 1 m @ 3.75 g/t Au - 1 m @ 13.35 g/t Au from 65 m - 3 m @ 4.37 g/t Au from 73 m, incl. 1 m @ 8.49 g/t Au - 1 m @ 16.1 g/t Au from 96 m

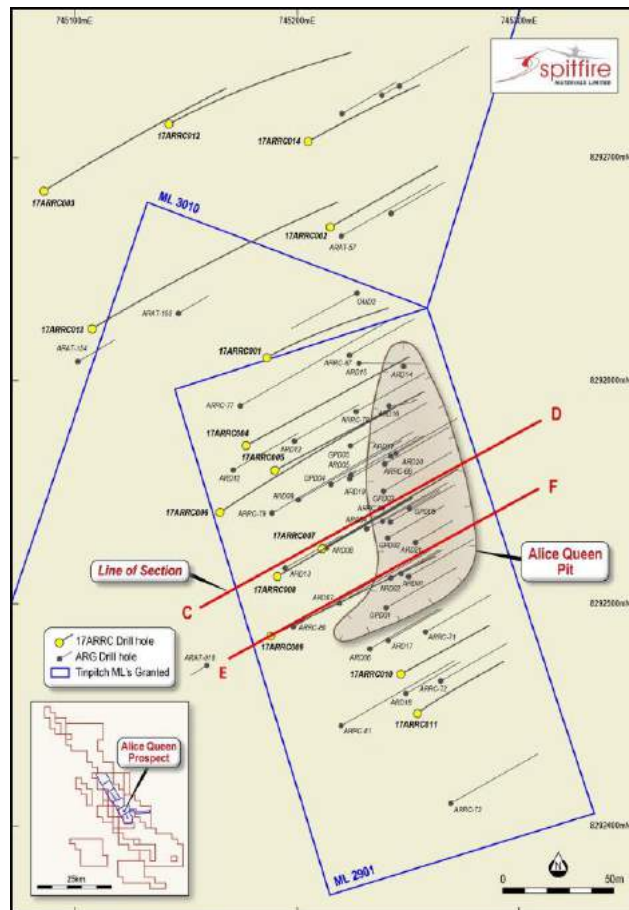


Figure 16 Drill hole location plan for the Alice Queen Prospect

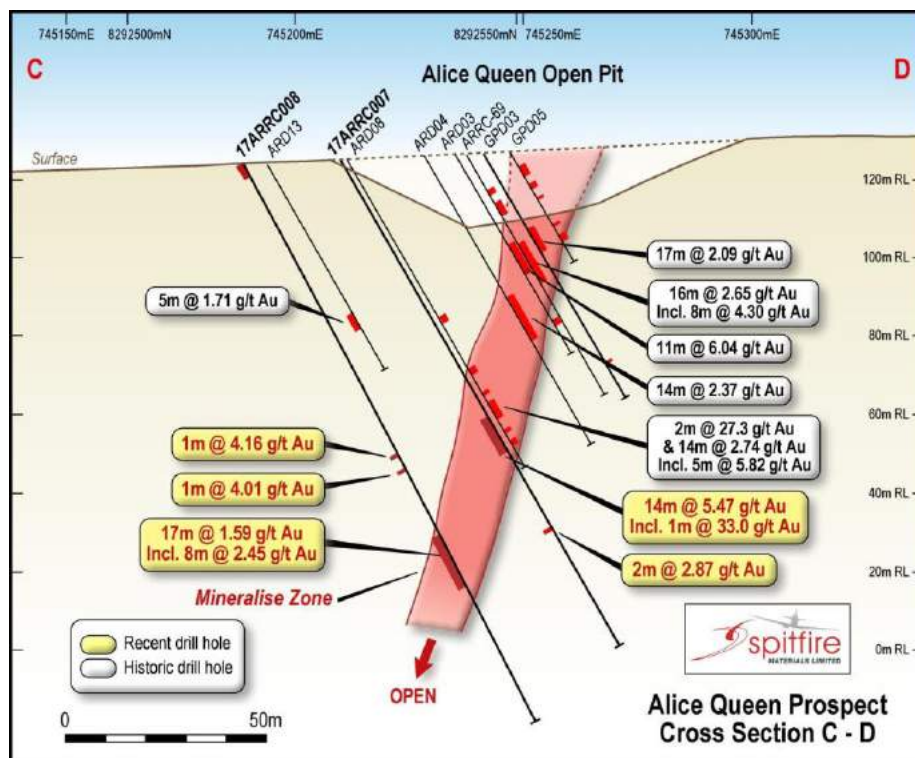


Figure 17 Alice Queen Cross Section

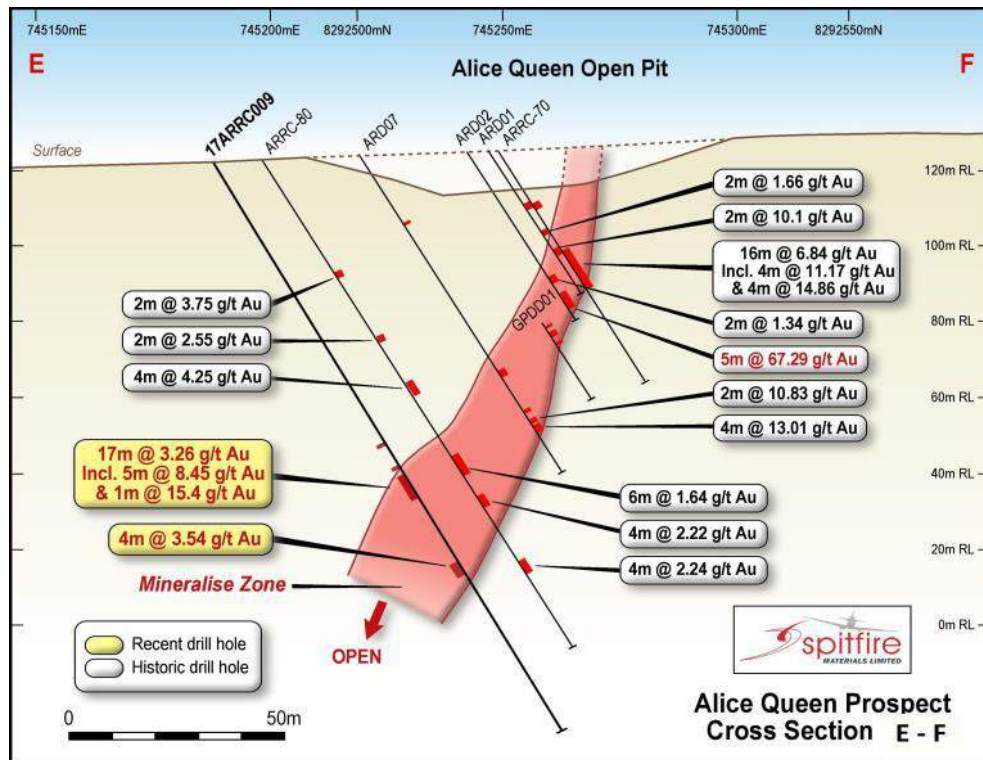


Figure 18 Alice Queen Cross Section

4.4.2. 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.

4.4.3. Exploration Potential

Given the highly encouraging preliminary drill results and historical exploration results, small scale high grade mining and lack of historical deep drilling (average hole depth of 39m) as shown in Figure 18 to Figure 19, 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.

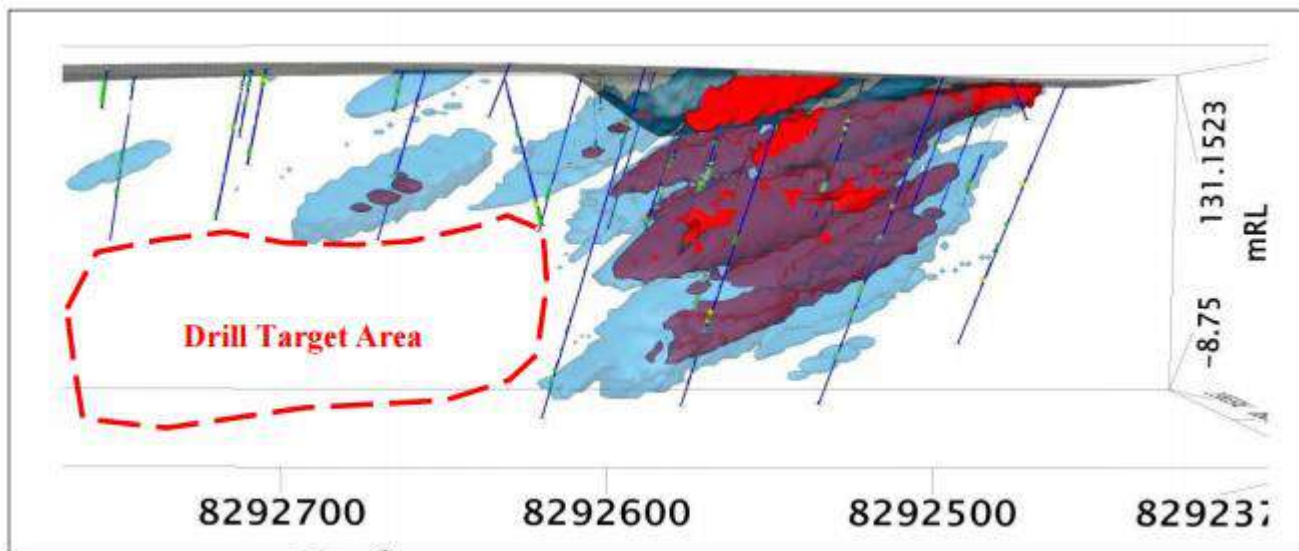


Figure 19 Alice River Long section looking east showing the interpreted plunge to the NNW. The blue shells are > 1g/t while the red is >2.5g/t.

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 20 shows the entire Alice River project and the various historical targets overlain on high resolution magnetic data which highlights several high priority targets. DRM notes that the tenement outline has changed since this diagram was released.

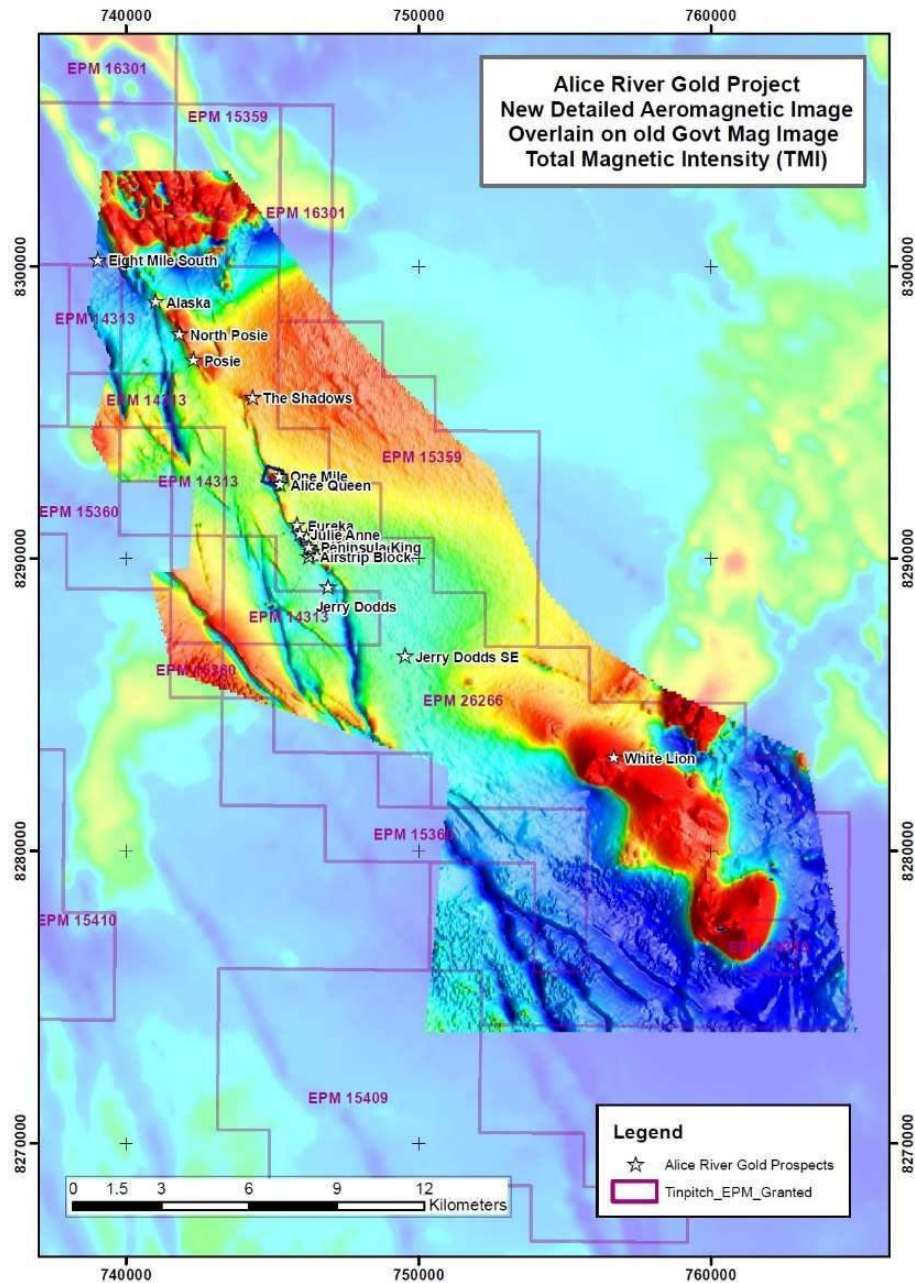


Figure 20 Alice River project tenements showing the high priority targets on detailed magnetics

4.5. Mulwarrie Gold Project

4.5.1. 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 21). 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.

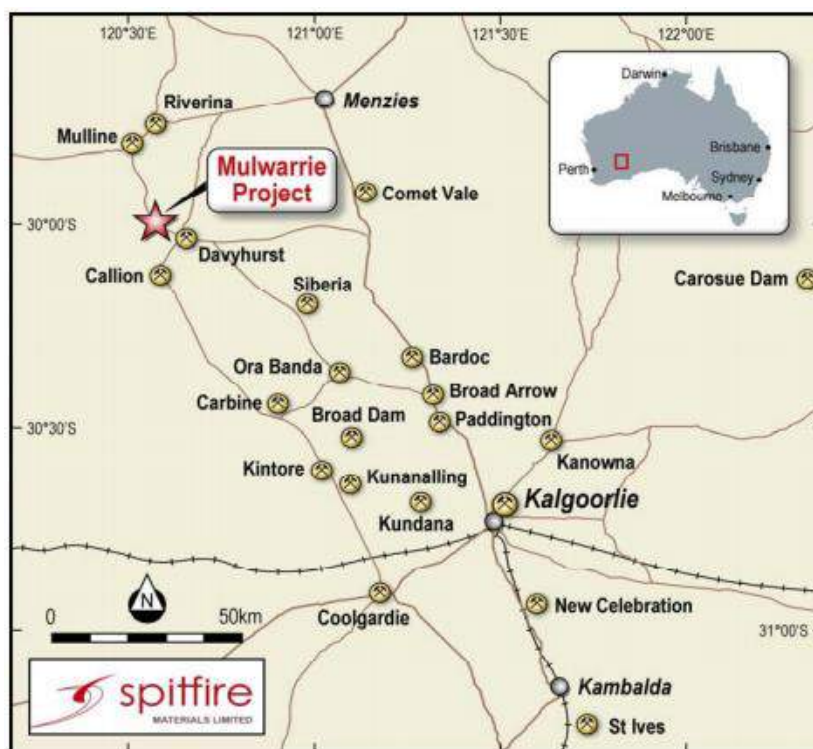


Figure 21 Mulwarrie Gold Project - Location

4.5.2. Mulwarrie Project Joint Venture Terms

Admiral Gold merged with Spitfire Materials in 2017 and had 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.

In May 2018 Spitfire executed an agreement whereby Spitfire could move to 100% ownership of the Mulgarrie project. While this was not completed until after the valuation date (25 June 2018, the date that the Excelsior – Spitfire transaction was announced) DRM considers it reasonable to assess the project as being 100% owned by Spitfire. The transaction was completed on 29 June 2018.

4.5.3. 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.

4.5.4. 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 22). 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.

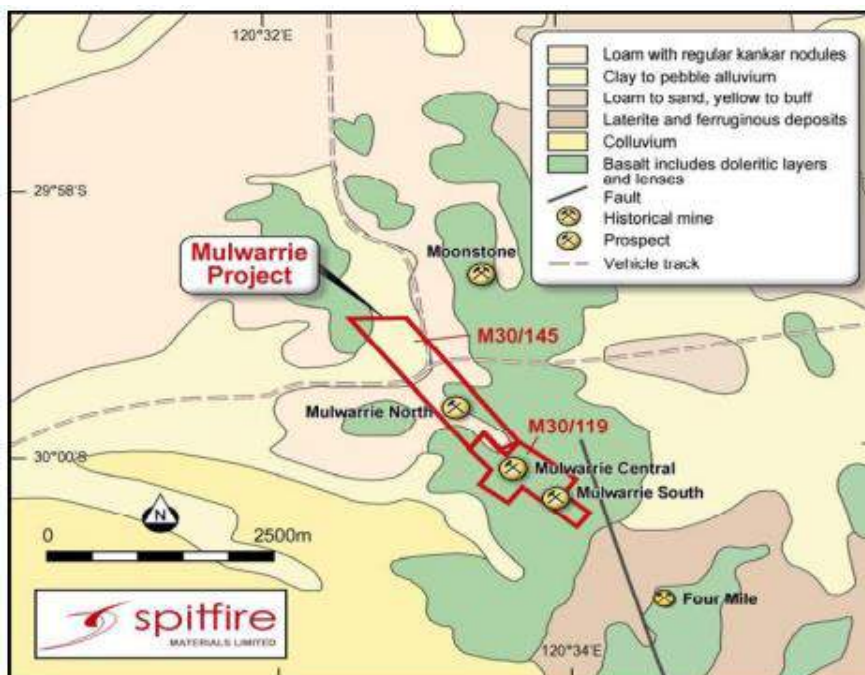


Figure 22 Mulwarrie Project Geology and tenement plan

4.5.5. 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, 27 September 2017 and 30 January 2018 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 23 to Figure 29 show the recent exploration activities and drilling results along with photographs of the central Mulwarrie pit and mineralisation taken during the site visit.

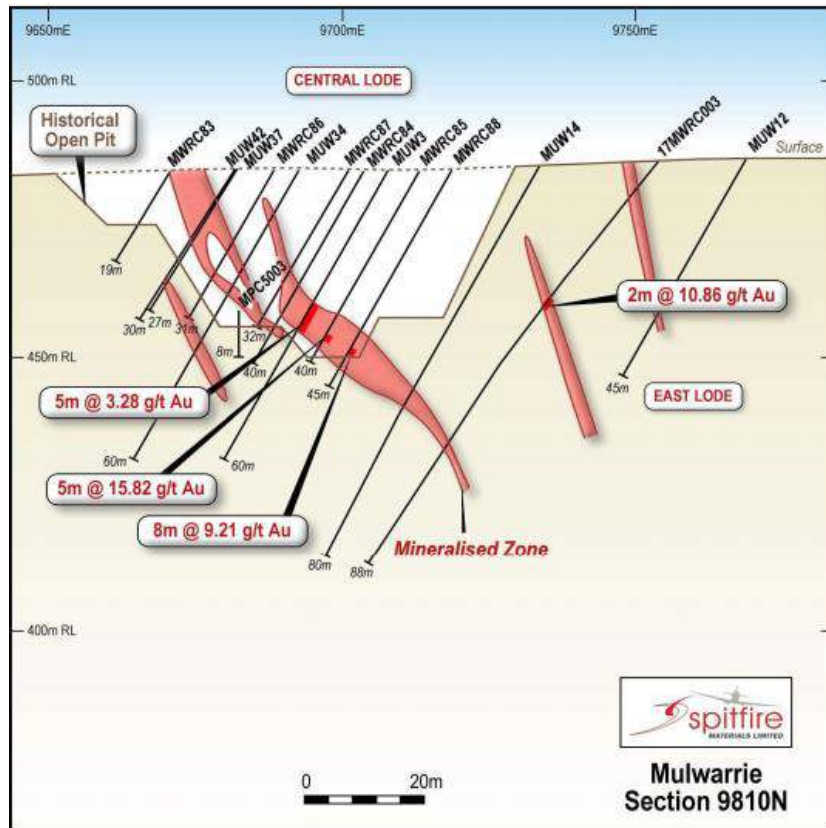


Figure 24 Mulwarrie Central Cross Section 9810N

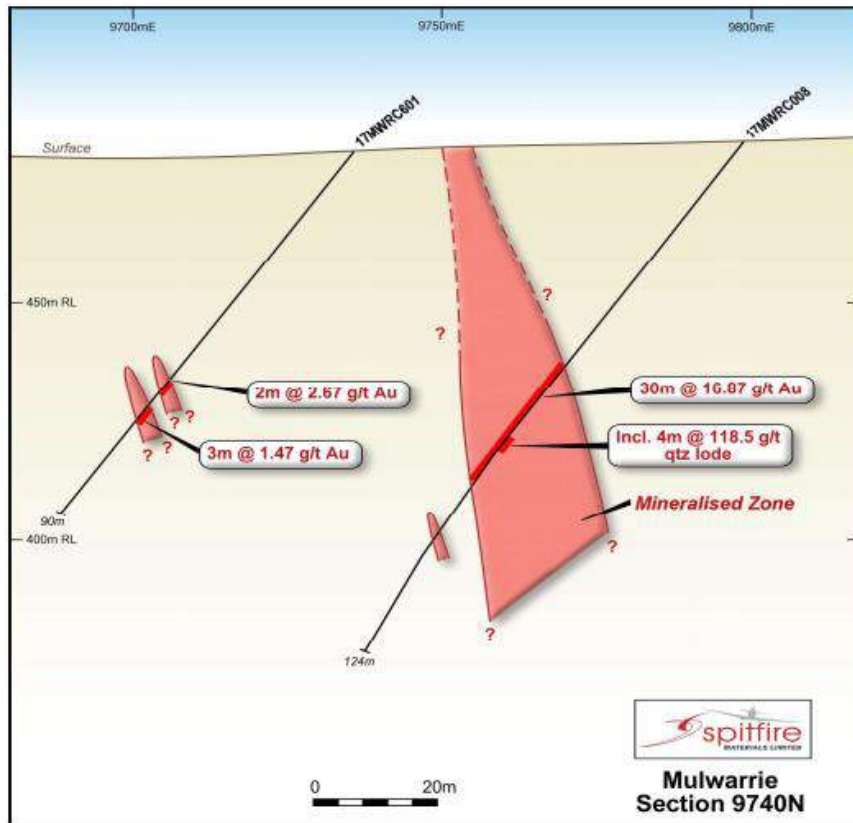


Figure 25 Mulwarrie Central – East Lode Cross Section 9740N

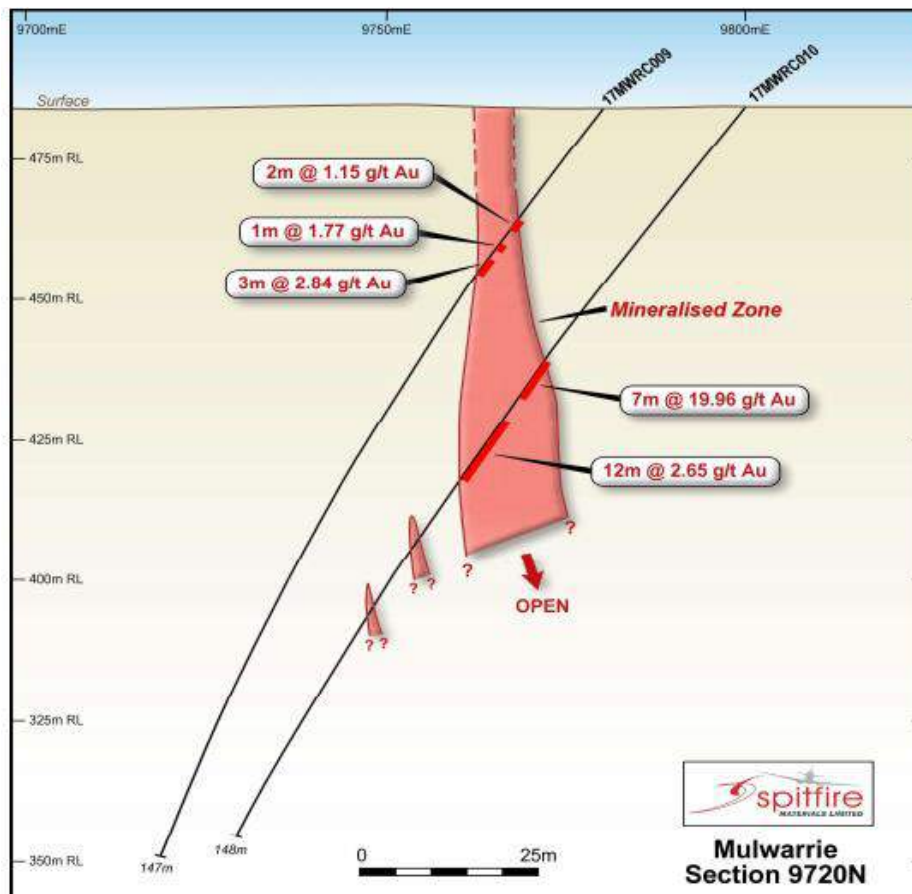


Figure 26 Mulwarrie Central – East Lode Cross Section 9720N

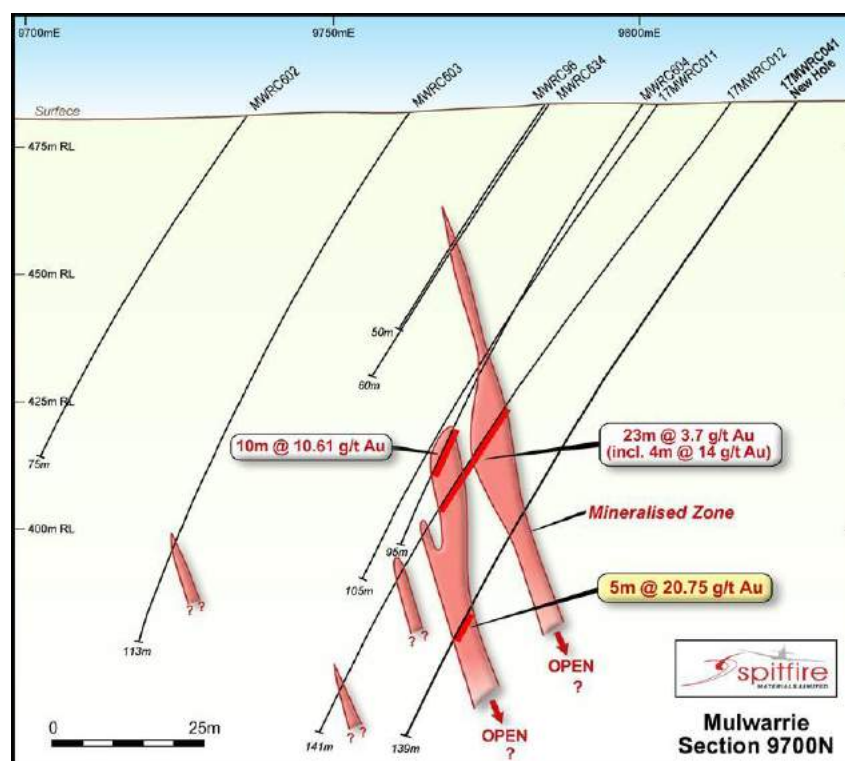


Figure 27 Mulwarrie Central Cross section 9700N

Figure 29 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 28).



Figure 28 Mulwarrie Central pit looking North yellow is the central lode pink massive porphyry

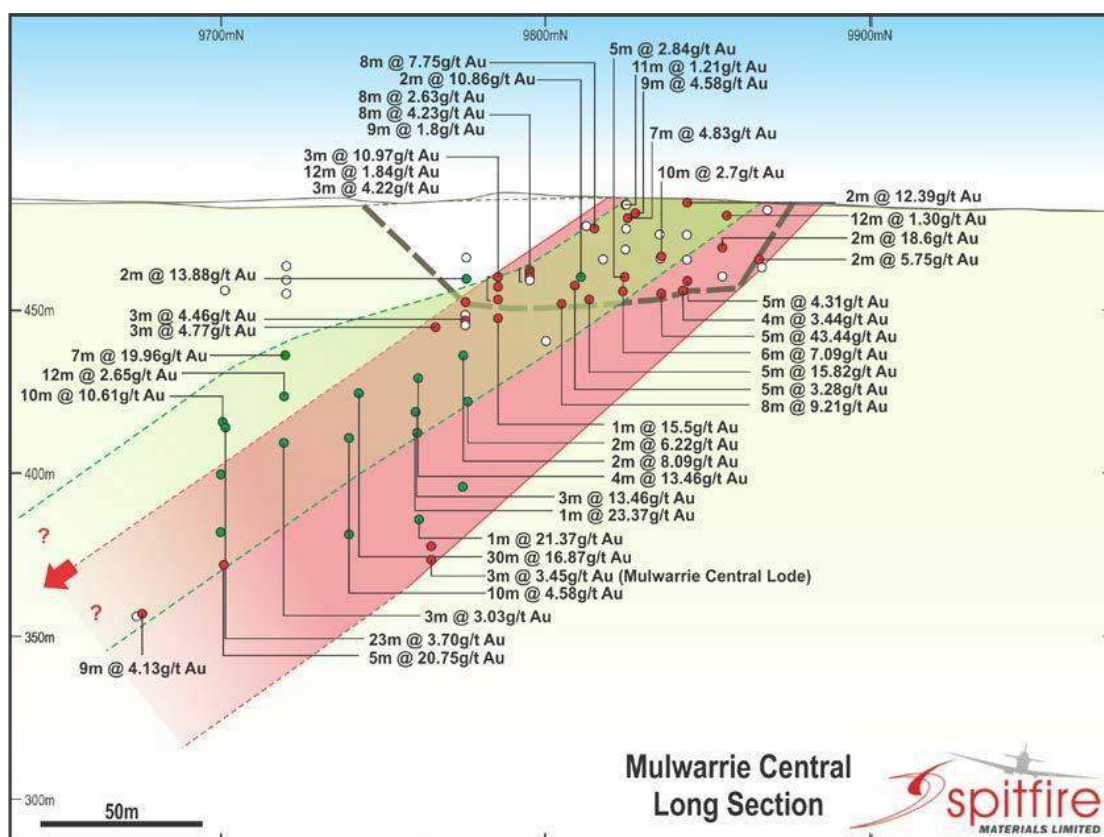


Figure 29 Long section of the Central Mulwarrie prospect

Mulwarrie South

RC and Dimond drilling in 2017 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 40m east of 17MWDD001 and returned two separate zones being a hanging wall 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.

Drilling in late 2017 returned several significant intersections (ASX release 30 January 2018) including

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 123m, 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 30 is the drill hole location plan for the Mulwarrie South drilling, while Figure 31 shows the cross section from 9280N and Figure 32 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 and 30 January 2018 Spitfire ASX releases.

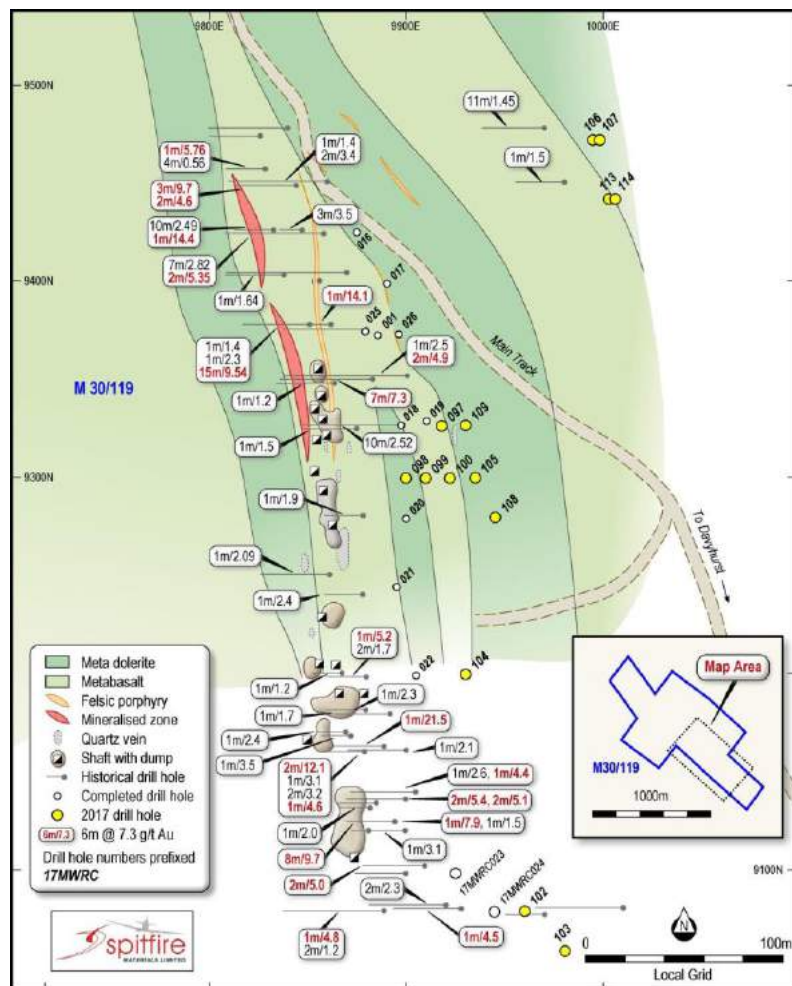


Figure 30 Mulwarrie South Drill plan, Geology and Historical Workings.

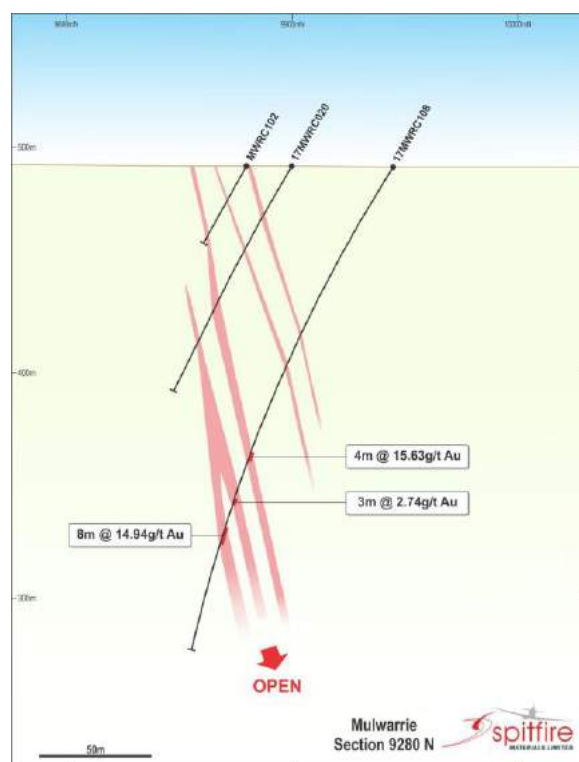


Figure 31 Cross section at 9327N at Mulwarrie South

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.

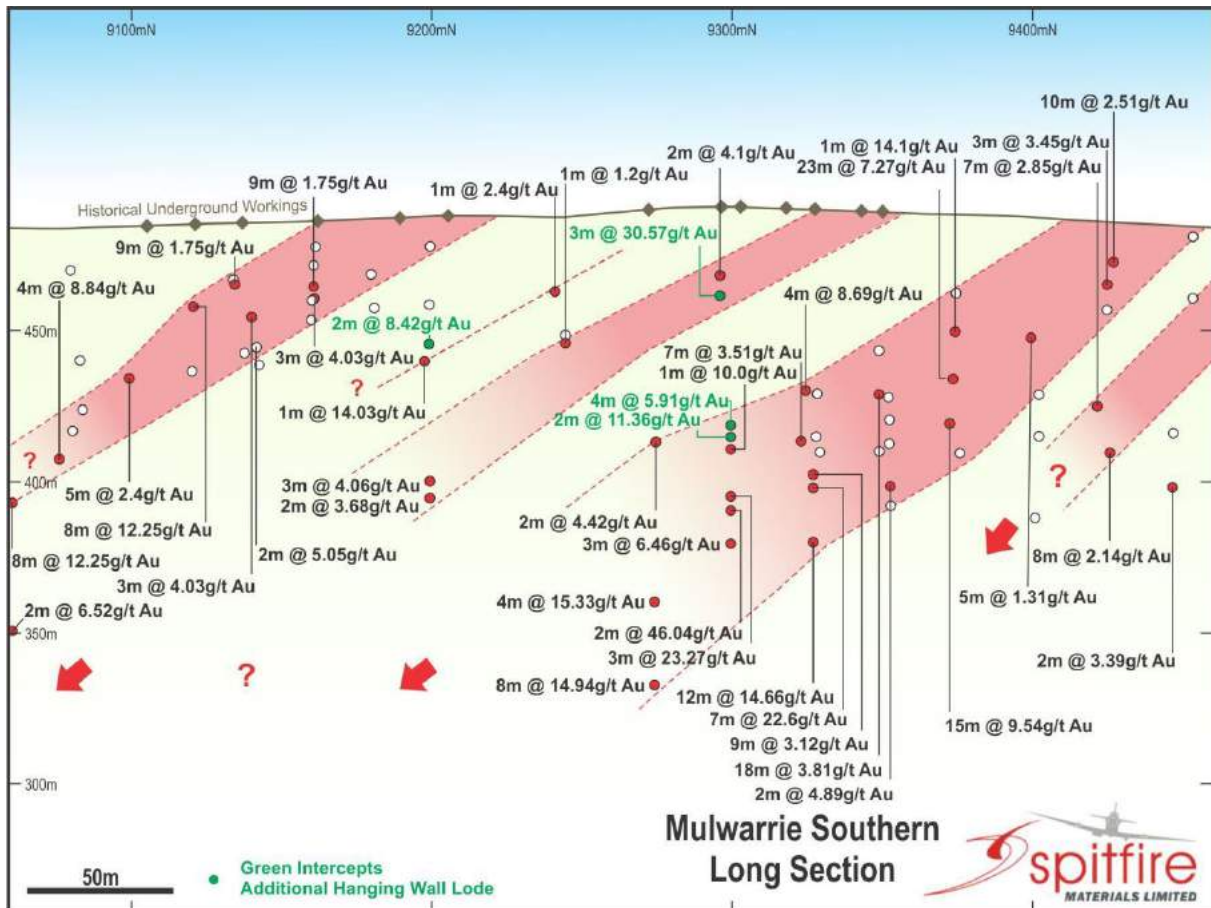


Figure 32 Long section of the Mulwarrie South Prospect.



Figure 33 Mulwarrie South historical working looking down plunge $\approx 150^\circ$.

4.6. England Gold Project

4.6.1. 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 12) shows the general area of the project with Figure 34 the location compared to the Granny Smith, Wallaby mines and Laverton.

4.6.2. 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.

4.6.3. 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

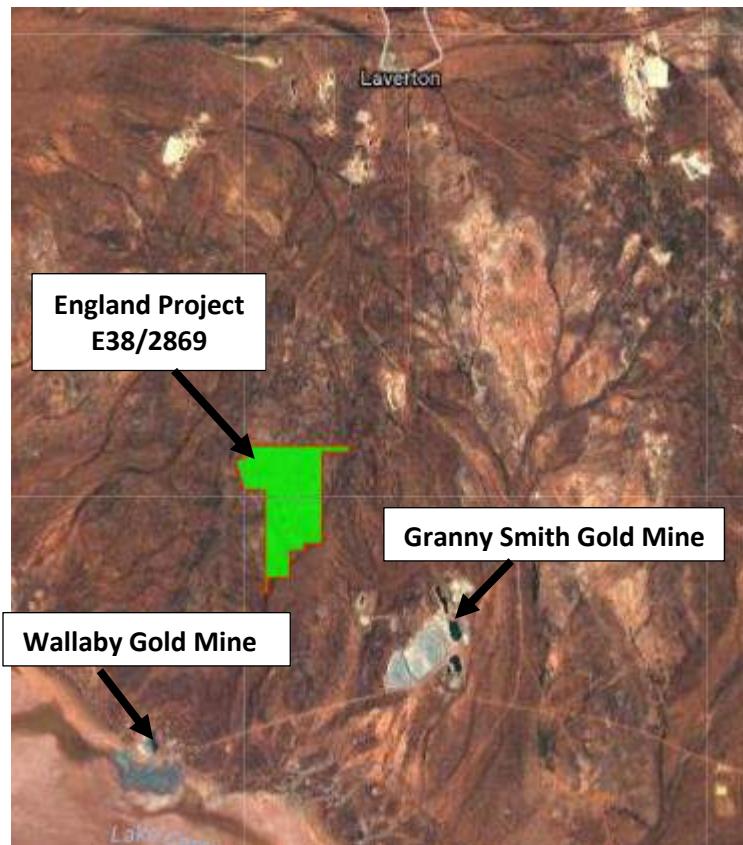


Figure 34 England Gold Project - Location

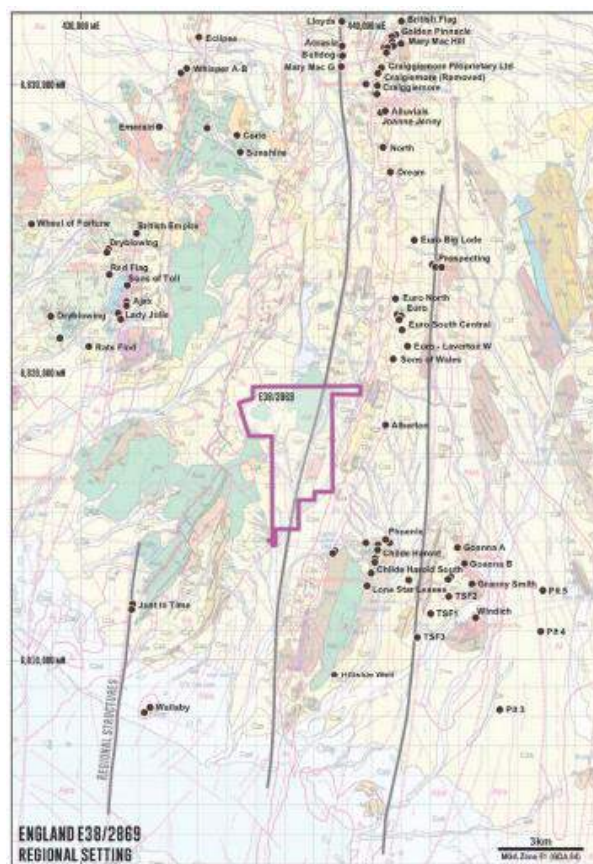


Figure 35 Location and geology of the England project

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](#).

No exploration work has been conducted since the November 2017 ITAR prepared by DRM.

4.7. Yoda Exploration Project

4.7.1. Location and Access

The project, consisting on a single exploration licence, is located approximately 150 km northeast of Alice Springs (Figure 36). 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 tacks 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.

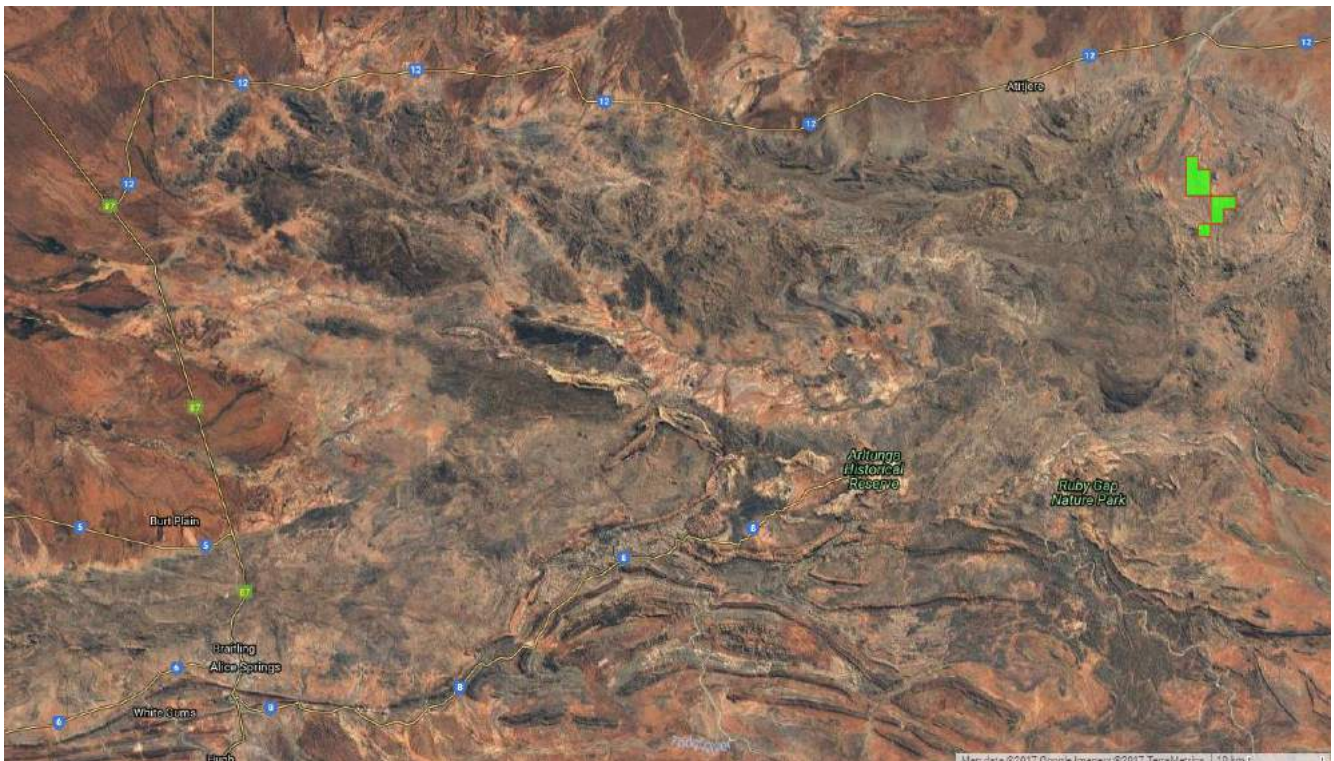


Figure 36 Yoda Gold Project - Location

4.7.2. 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 37). A small discrete IP anomaly is coincident with this horizon.

No significant anomalies were detected from the stream sediment sampling.

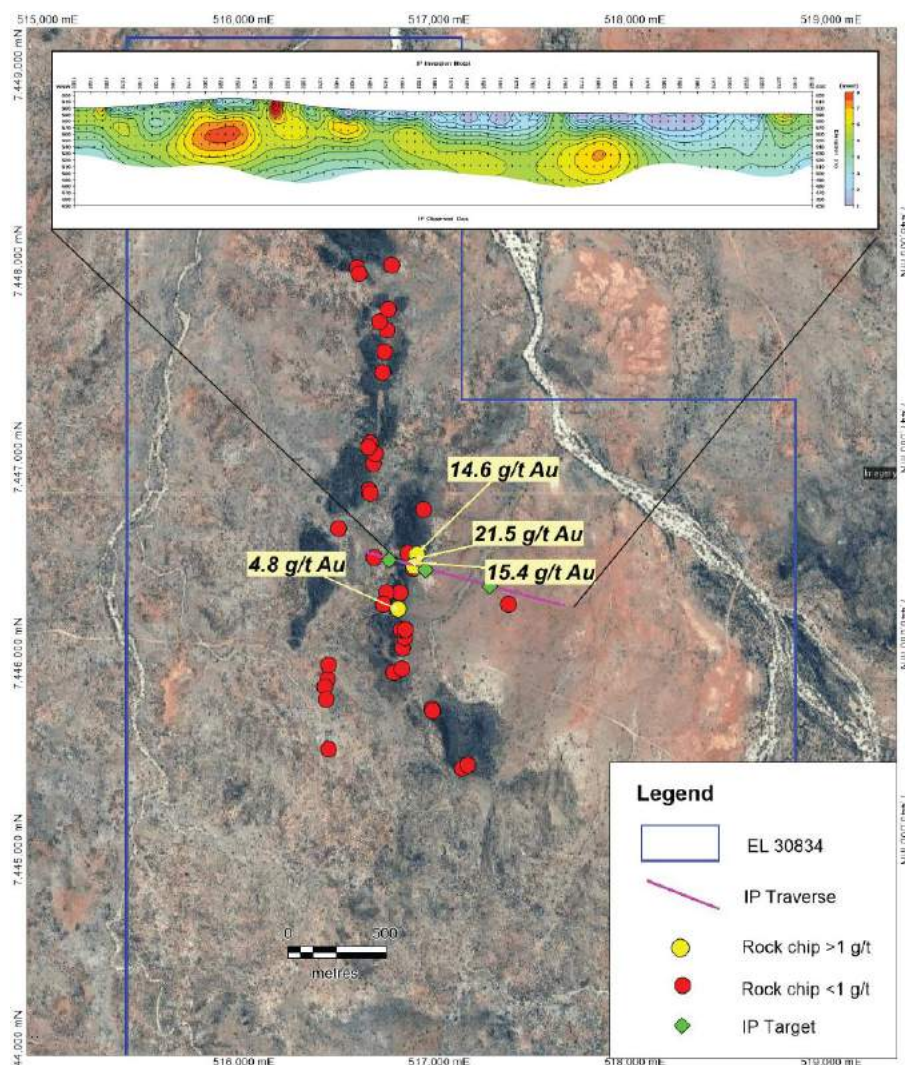


Figure 37 historic (2012) Rock Chip samples from the Yoda project

4.7.3. 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 38). 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.

The area is considered prospective for;

- Epigenetic gold mineralisation

- [illegible]

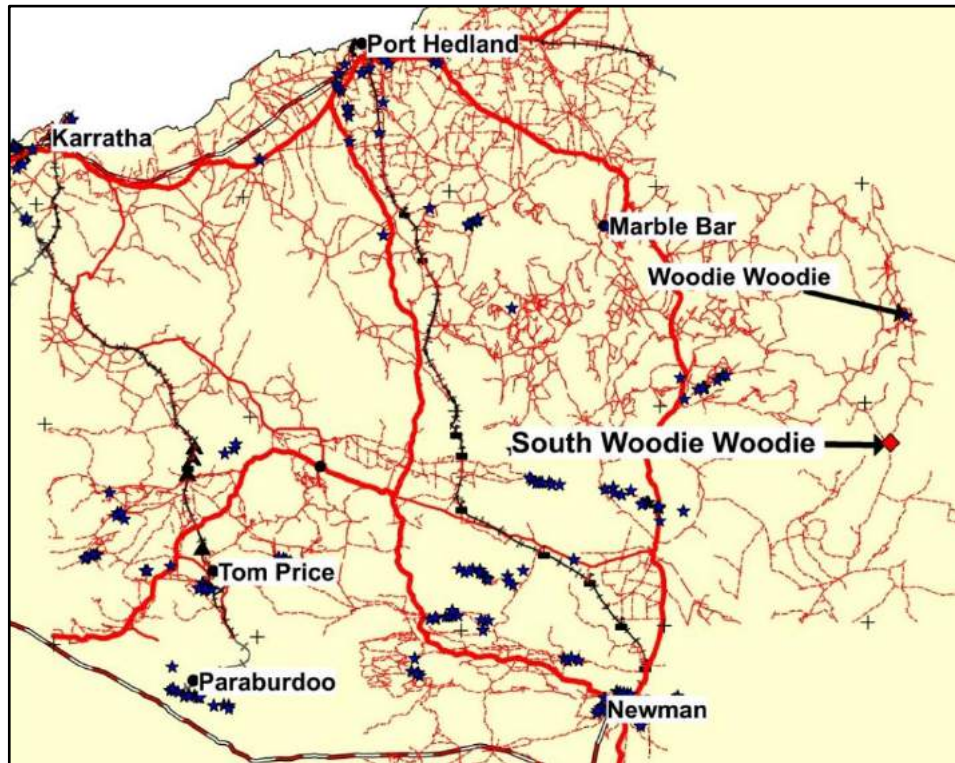


Figure 39 Location of the South Woodie Woodie Manganese Project.

4.8.2. Geology

Figure 40 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.

4.8.3. 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. Spitfire has reported that they plan to undertake a review of the project, especially given the recent improvement in the manganese market however no exploration work has been conducted since the November 2017 ITAR prepared by DRM.

4.8.4. 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. There are mineral resource estimates for the Contact, Contact North projects and the Tally-Ho deposits. Table 16 is the combined mineral resource estimate for all three deposits (from the Spitfire 2017 Annual Report). It should be noted that these are JORC 2004 Mineral Resource estimates.

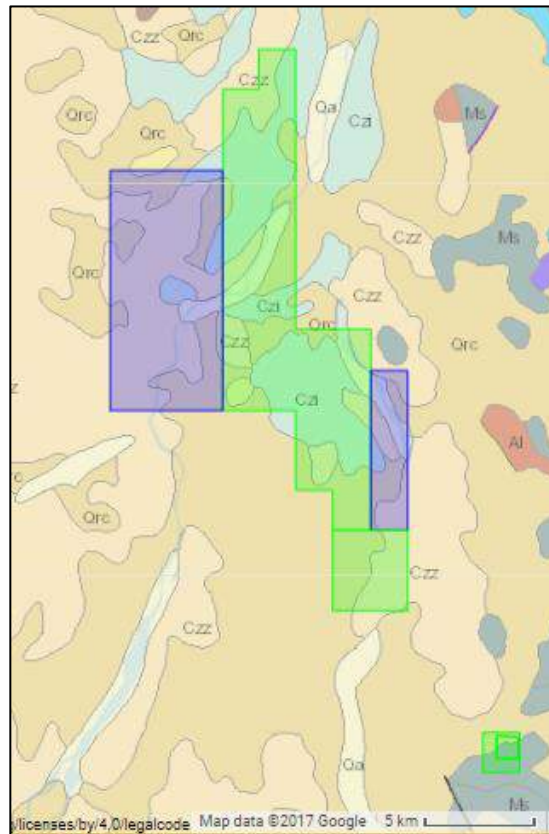


Figure 40 Regional geology dominated by cover

Table 16 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
Contact & Contact North Combined	11.3	15.0	3.5	15.2	42.5	0.057	8.5
Tally-Ho	2.9	7.1	6.7	9.1	62.9	0.043	7.95
Total	14.2	13.3	4.2	13.9	46.7	0.053	

The Inferred JORC resources for the Tally-Ho and the Contact/Contact North deposits has not changed since their initial release in 2009 and 2012 respectively. They were reported under the 2004 JORC code and due to no additional work being performed since then there has been any reason to update these deposits to the 2012 JORC requirements.

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.

4.8.5. 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.

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 17 and provides a guide as to the most applicable valuation techniques for different assets.

Table 17 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 Spitfire projects therefore DRM does not consider an income valuation methodology is appropriate. Excelsior has two small Reserves at Zoroastrian and Bulletin South however DRM does not consider an income valuation methodology is appropriate due to the small relative size of the Reserves compared to the overall Resource. Therefore, the preferred valuations for the Excelsior and Spitfire 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 has not relied on the assessment, assumptions or conclusions contained in the May 2017 report and undertook a completely new and independent assessment of the potential of the mineral assets of Spitfire in November 2017.

The 26 May 2017 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.

In October 2017 DRM was engaged by BDO Corporate Finance W.A. Pty Ltd to undertake an Independent Technical Assessment Report on the mineral assets of Spitfire Materials and Aphrodite Gold as a part of the BDO Independent Experts Report into the proposed Scheme of Arrangement. Both the BDO and associated DRM reports were a part of the Scheme Booklet (ASX Release 13 November 2017) associated with the for the merger by way of a scheme of arrangement between Spitfire and Aphrodite. DRM estimated the value of the Spitfire Materials mineral assets as being between \$5 million and \$11.8 million with a preferred valuation of \$8.5 million while the valuation of Aphrodite Gold's mineral assets was assessed to be between \$8.8 million and \$17.5 million with a preferred valuation of \$12.5 million.

DRM notes these previous valuations however considers that they are no longer valid as several aspects of the valuation have changed including the commodity prices, the exchange rates, recent comparable transactions and ongoing exploration activities by Spitfire Materials.

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 Excelsior and Spitfire are valued using appropriate methodologies as described Table 17 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 and Excelsior and not Spitfire or Excelsior nor their shares or market value,
- That the mineral rights, tenement security and statutory obligations were fairly stated to DRM by both Excelsior 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 25 June 2018, being US\$ 1,268.7 and the US\$ - AU\$ exchange rate of 0.7405 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 41 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.

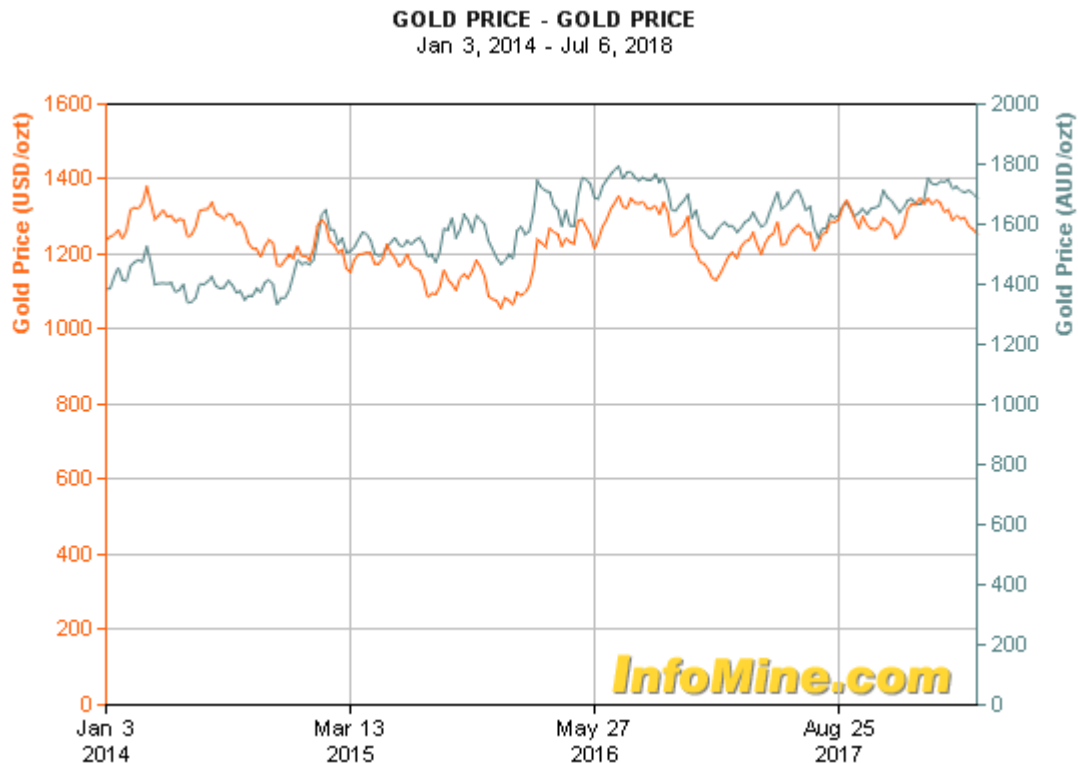


Figure 41 Five-year US\$ and AU\$ Gold Price graph (source www.infomine.com)

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 July 2018 PCF Capital Resource Thermometer (valid up to the end of June 2018). 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. As the Resource Thermometer, published by PCF Capital is a lagging average, several of the recent transactions have not yet increased the average resource multiple for the past year.

Importantly there have been several transactions completed since mid-2017 which have been at much higher resource multiples than previous transactions. Some of these are at elevated resource multiples due to overall synergies between the company purchasing the assets while others are elevated due to the projects either being on care and maintenance or due to the existing infrastructure that is included in the transaction. Either way the transactions are at a significantly higher resource multiple than the previous valuation for the Aphrodite – Spitfire transaction that was completed in November 2017. This increased resource multiple reflects the general improved sentiment toward the advanced exploration projects and companies appear more likely to try and secure a project that not only has a clear pathway to production but also significant exploration potential. This has resulted in a significantly improved resource multiples for transactions since October 2017 to mid-2018.

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 and Kalgoorlie North Gold Projects.

5.4.1.2. Yardstick Valuation

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 2018 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).

Table 18 details the yardstick multiples used for gold resources. Typically, base metal and other commodities which are sold as concentrates use significantly lower yardstick multiples to reflect the proportion of the value of the metal in concentrate that is paid to the producer. Gold is typically sold directly to a refinery or mint as gold Dore (an alloy of gold and silver) and a very high proportion of the metal value is paid to the producer, often >97% while concentrates result in a much lower proportion of the metal value being paid to a producer (often as low as 50-60% of the metal value).

The spot gold price as of 25 June 2018 of US\$1,268.7/oz. and an exchange rate of 0.7405 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\$1,247.8/oz and a high of US\$1,268.7/oz. The as shown in Figure 42 exchange rate has also risen slightly since the transaction was announced, therefore increasing the fall in the Australian dollar gold price.

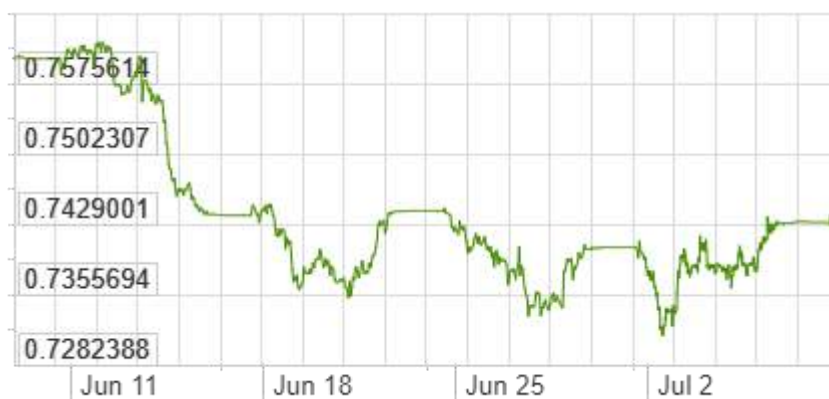


Figure 42 AUS – US Exchange Rate variation 9 June 2018 – 9 July 2018.

Table 18 Yardstick Multiples used for Gold Projects

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%

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 19 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 19 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				Mineralised zones exposed in prospective host rocks
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	
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 19 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 2% for the geopolitical / environmental regulatory risks and the commodity price discount of 2% for gold and 5% for manganese is also applied to the technical valuation.

5.4.2.2. Cost Based Valuation

As outlined in Table 17 (page 72) 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 20 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 20 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 20 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 Excelsior Mineral Assets

6.1. Spitfire Materials Mineral Assets

The following project have been valued as a part of this ITAR,

The mineral assets of Spitfire as detailed in section 4, include, The Aphrodite, Alice River, Mulwarrie and England Gold Projects and the Woodie Woodie South Manganese Project.

As there are resource estimates for the Aphrodite and the South Woodie Woodie project the preferred valuation has been determined using 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 methods. The full value of the Aphrodite project has been derived using a sum of the parts being the resource being valued using the resource multiples with the exploration potential determined by a Kilburn valuation with the ranking criteria based on information outside the resource area. The valuation of the Woodie Woodie project is limited to the resource multiples.

Due to there being 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.

6.1.1. 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. DRM does note the Non-Binding MOU as discussed in section 4.3 above however as there are no executed, binding agreements associated with this MOU DRM has not changed its valuation based on the existence of this MOU or any potential future agreements associated with the MOU.

6.1.1.1. Comparable Transactions

As detailed in Appendix A, DRM has reviewed a series of transactions that are considered broadly comparable to the Kalgoorlie North and Aphrodite Gold Projects.

Due to the changed management focus on the development options for the Aphrodite Gold Deposit DRM has disregarded the previous scoping studies and feasibility studies that were limited to open pit mining the Aphrodite deposit. Therefore, the project has been assessed as an entire mineralised system rather than the previous open pit only project. Additionally, Spitfire has recently completed several metallurgical samples aimed to better understand the extent of the refractory mineralisation. Preliminary results from the metallurgical testwork has suggested that a larger proportion of the deposit may be treatable via a conventional processing facility, rather than a refractory gold processing route.

From the analysis of the completed transactions from the Western Australia between the middle of 2010 and late 2017 DRM has determined that the resource multiples for broadly comparable projects range from US\$1.17 to US\$36.24/oz of contained gold. As mentioned above the resource multiples have increased significantly since 2015 when Metals X acquired both the Mt Henry and Comet gold projects at a resource multiple of \$8.48 and \$8.49/oz respectively while several transactions announced (and completed) in late 2017 and early 2018 were at resource multiples of between \$21.26 (Musgrave acquisition of 20% of the Cue project in July 2017) and \$34.09/oz (Westgold acquisition of the Polar Bear project in February 2018).

DRM considers that, for the Aphrodite and Kalgoorlie North Gold Projects (section 6.2 below), a reasonable resource multiple for the global resource is now between \$8.5/oz and \$34/oz with a preferred valuation of \$18.6/oz.

This is in line with the resource multiples documented in Appendix A but at a significant premium to the resource multiples used in the 2017 Aphrodite valuation.

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 21.

Table 21 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)	\$8.5	\$18.6	\$34.1
Resource Valuation	\$10.7	\$23.5	\$43.0

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. Under the recent changes to the management of the project the current objectives are to evaluate the potential of the entire project, rather than focussing on the open pit potential. Therefore, the valuation has been done on the basis of the entire project and not based on the financial models released as a part of the 2017 Aphrodite Gold PFS study.

Recent drilling by Spitfire has focused on the potential resource extensions to the main Phi and Alpha lodes and as such most of the recent drilling is along strike and below the current resource estimates.

Therefore, DRM considers the Resources within the Aphrodite Gold Project to be valued, based on comparable transactions, at between **\$10.7 million** and **\$43 million** with a preferred valuation of **\$23.5 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 below.

6.1.1.2. Yardstick

Table 22 details the yardstick multiples were used to determine the value of the Resources within the Aphrodite Gold Project while Table 23 tabulates the valuation for the project based on the currently Resource estimates.

Table 22 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 23 Yardstick Valuation of the Resources within the Aphrodite Gold Project

	Resource / Reserve	AUS\$/oz	Valuation (AUS\$ million)		
			Low	Preferred	High
Reserves	0	\$1,713.28	-	-	-
Measured	0	\$1,713.28	-	-	-
Indicated	741,000	\$1,713.28	12.7	19.0	25.4
Inferred	520,000	\$1,713.28	4.5	6.7	8.9
Total Valuation (AUS\$M)			\$17.1	\$25.7	\$34.3

Note: The yardstick valuation of uses the gold price as at 25 June 2018 of US\$1,268.7 and an exchange rate of 0.7405 and appropriate rounding has been applied to the resource and the valuation.

The yardstick valuation is broadly in line with the comparable transaction valuation however a yardstick valuation does not take into consideration the Exploration Target, the exploration potential within the project or other technical aspects of the project such as metallurgy, the Franco Nevada royalty of 2.5% 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.

6.1.1.3. 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.

Two separate Kilburn valuations have been undertaken, one to value the entire project and second to only value the exploration upside away from the existing resources. In doing this DRM has changed the ranking criteria of each of the tenements to reflect the tenements containing the resources and the second one with the resources excluded but occurring along strike (if they are along strike of the tenement being ranked). As the area of the Aphrodite resource is small, has been no reduction in the tenement area to account for the area of the tenement that contains the resources for the Kilburn valuation to derive the exploration upside within the project.

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 D (for the exploration upside valuation) and Appendix F for the entire project valuation.

Table 24 details the technical value of the exploration potential within the Aphrodite Gold Project while the Fair Market Value of the exploration potential is detailed in Table 25.

Table 24 Technical Valuation for the Exploration Potential within the Aphrodite Gold Project

Tenement	Technical Valuation		
	Lower	Preferred	Upper
M24/720	1,190,700	2,476,900	3,763,100
M24/779	722,500	1,271,000	1,819,500
M24/649	97,900	205,650	313,400
M24/681	229,100	460,750	692,400
E24/186	15,600	43,950	72,300
M24/662	438,100	828,300	1,218,500
P24/5014	19,100	47,050	75,000
P24/5015	7,200	17,750	28,300
TOTAL	2,720,200	5,351,350	7,982,500

Note the table above is the technical valuation which is the base acquisition cost multiplied by the ranking factors outlined in Appendix B

Table 25 Fair Market Valuation for the Exploration Potential within the Aphrodite Gold Project

Tenement	Market Valuation (\$M)		
	Lower	Preferred	Upper
M24/720	1.14	2.38	3.61
M24/779	0.69	1.22	1.75
M24/649	0.09	0.2	0.3
M24/681	0.22	0.44	0.66
E24/186	0.01	0.04	0.07
M24/662	0.42	0.8	1.17
P24/5014	0.02	0.05	0.07
P24/5015	0.01	0.02	0.03
TOTAL	2.6	5.15	7.66

Note appropriate rounding to the valuation has been undertaken.

Table 25 is the fair market valuation (in AUS\$) 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 98%. As the gold industry in Australia is currently strong a factor of 98% has been applied to the technical valuations in Table 24.

Based on this Geoscientific (Kilburn) valuation, DRM considers a reasonable valuation for the exploration potential within the Aphrodite Gold Project to be between \$2.6 and \$7.66 million with a preferred valuation of \$5.15 million.

The Kilburn Valuation for the entire project, including the Resources are estimated to be a technical valuation in Table 26 and a fair market valuation in Table 27.

Table 26 Technical Valuation for the entire Aphrodite Gold Project including the resources.

Tenement	Technical Valuation		
	Lower	Preferred	Upper
M24/720	4,762,600	8,143,500	11,524,400
M24/779	722,500	1,271,000	1,819,500
M24/649	612,000	1,089,400	1,566,800
M24/681	381,800	700,000	1,018,200
E24/186	15,600	52,950	90,300
M24/662	1,217,000	2,166,250	3,115,500
P24/5014	19,100	47,050	75,000
P24/5015	7,200	17,750	28,300
TOTAL	7,737,800	13,487,900	19,238,000

Note the table above is the technical valuation which is the base acquisition cost multiplied by the ranking factors outlined in Appendix C

Table 27 Fair Market Valuation for the entire Aphrodite Gold Project, including the resources

Tenement	Market Valuation (\$M)		
	Lower	Preferred	Upper
M24/720	4.57	7.82	11.07
M24/779	0.69	1.22	1.75
M24/649	0.59	1.05	1.5
M24/681	0.37	0.67	0.98
E24/186	0.01	0.05	0.09
M24/662	1.17	2.08	2.99
P24/5014	0.02	0.05	0.07
P24/5015	0.01	0.02	0.03
TOTAL	7.43	12.96	18.48

Note the table above is the technical valuation which is the base acquisition cost multiplied by the ranking factors outlined in Appendix C

Therefore, using a Kilburn or Geoscientific valuation the entire Aphrodite Gold Project is considered to have a value between \$7.4 million and \$18.5 million with a preferred valuation of \$13 million. This compares with the sum of the parts valuation being a resource multiple to value the resources and a Kilburn valuation to value the exploration potential of \$13.3 million and \$50.6 million with a preferred valuation of \$28.6 million. Clearly the Kilburn valuation of the entire project does not fully capture the additional value that the market places on the reduced project risk associated with the delineation of a mineral resource.

6.1.1.4. 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 28 details the expenditure on the tenement since 2008, as reported in the Form 5 expenditure reports. Aphrodite Gold acquired the Aphrodite Gold Project in 2008 for \$7.2 million and in early 2018 completed a merger with Spitfire Materials. In DRM's opinion only, expenditures for the past five years or since the project was acquired by the current holder and the acquisition costs (if purchased in the past five years) should be used in determining a PEM valuation. As Spitfire acquired the project via a merger (scheme of arrangement) it is considered reasonable to use the expenditure by Aphrodite Gold and Spitfire Materials over the past five years.

Table 29 assigns the prospectivity enhancement multiplier to these expenditures based on the PEM rankings from Table 20.

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 the PEM valuation, based only on expenditure for the past five years, is determined to be between \$13.4 million and \$19.7 million with a preferred valuation of \$16.6 million.

Table 28 Previous expenditure as reported in the various Form 5 Expenditure reports for each of the tenements of the Aphrodite Gold project.

Tenement	Tenement Year										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
M24/720	NR	\$2,379,900	\$147,308	\$886,848	\$300,207	\$1,860,684	\$3,819,273	\$4,334,628	\$850,479	\$106,499	\$226,176
M24/779	NR	\$143,844	\$96,495	\$132,080	\$75,364	\$96,044	\$121,321	\$172,809	\$95,084	\$94,718	\$119,642
M24/649	NR	\$128,536	\$41,343	\$565,246	\$60,066	\$140,865	\$41,298	\$100,470	\$47,169	-	-
M24/681	NR	\$75,254	\$46,344	\$49,633	\$61,844	\$78,062	\$59,597	\$49,093	\$57,785	-	-
E24/186	\$32,627	\$23,051	\$20,103	\$6,907	-	-	-	-	-	-	-
M24/662	\$76,382	\$76,382	\$43,637	\$34,927	\$45,393	\$62,181	\$54,895	\$212,920	\$78,725	\$27,577	\$53,887
P24/5014	NR	\$6444	-	-	-	-	-	-	-	-	-
P24/5015	NR	\$3230	-	-	-	-	-	-	-	-	-

Note: where there is a “-” the tenement was granted during that year, NR = not yet reported due to the tenement anniversary date.

Table 29 Valuation of the Aphrodite Gold Project based on a prospectivity enhancement multiples (PEM)

Tenement	Expenditure	Multiple	Valuation	Multiple	Valuation	Multiple	Valuation
M24/720	5,574,947	2	11,149,894	3	13,937,368	3	16,724,841
M24/779	543,827	1	435,062	1	543,827	1	652,592
M24/649	936,056	1	936,056	1	1,076,464	1	1,216,873
M24/681	311,137	1	248,910	1	280,023	1	311,137
E24/186	82,688	1	74,419	1	86,822	1	99,226
M24/662	276,721	2	553,442	2	622,622	3	691,803
P24/5014	6,444	1	6,444	1	7,088	1	7,733
P24/5015	3,230	1	3,230	1	3,553	1	3,876
Total	\$7,735,050		\$13,400,000		\$16,600,000		\$19,700,000

Note The expenditure is the past five years expenditure on the project.

Therefore, DRM estimates that the value of the Aphrodite gold project based on previous expenditure by Spitfire and Aphrodite, over the past five years is between \$13.4 million and \$19.7 million with a preferred valuation being \$16.6 million.

6.1.2. 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 and Appendix F below.

Table 30 details the technical value of the Alice River Gold Project while the Fair Market Valuation is detailed in **Table 31**.

Table 30 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
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
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

Table 31 Fair Market Valuation for the Alice River Gold Project

Tenement	Fair Market Valuation (AUS\$M)		
	Lower	Preferred	Upper
ML2901	0.1	0.22	0.34
ML2902	0.1	0.22	0.34
ML2907	0.1	0.22	0.34
ML2908	0.1	0.22	0.35
ML2957	0.1	0.22	0.34
ML2958	0.16	0.34	0.53
ML3010	0.17	0.36	0.56
ML3011	0.1	0.22	0.35
EPM14313	0.1	0.23	0.36
EPM15359	0.11	0.3	0.49
EPM15360	0.04	0.12	0.2
EPM15409	0.04	0.12	0.19
EPM16301	0.12	0.29	0.45
EPM26266	1.82	2.67	3.53
Alice River Total	\$3.2	\$5.9	\$8.7

6.1.3. 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 and Appendix F.

Spitfire announced on 24 May 2018 that it had entered into an agreement whereby it would increase their equity in the Mulgarrie project from 51% to 100%. This transaction was completed on 29 June 2018 (after the valuation date) however before this report was completed, therefore DRM has undertaken the valuation of the Mulgarrie project has been undertaken on a 100% basis.

Table 30 details the technical value of the Mulwarrie and England Gold Projects while the Fair Market Valuation is detailed in **Table 31**.

Table 32 Technical Valuation of the Mulwarrie and England Gold projects

Tenement	Project	Equity	Technical Valuation (AUS\$)		
			Lower	Preferred	Upper
M30/0119	Mulwarrie	100%	525,300	798,850	1,072,400
M30/0145	Mulwarrie	100%	614,100	933,950	1,253,800
E38/2869	England	100%	224,400	422,500	620,600
Total			\$1,363,800	\$2,155,300	\$2,946,800

Table 33 Fair Market Valuation of the Mulwarrie and England Gold projects

Tenement	Project	Fair Market Valuation (AUS\$M)		
		Lower	Preferred	Upper
M30/0119	Mulwarrie	0.50	0.77	1.03
M30/0145	Mulwarrie	0.59	0.90	1.20
E38/2869	England	0.22	0.41	0.60
Total		\$1.3	\$2.1	\$2.8

DRM considers that the combined Mulwarrie and England Gold Projects have a fair market valuation of between \$1.3 million and \$2.8 million with a with a preferred valuation of \$2.1 million.

6.1.4. South Woodie Woodie Project

6.1.4.1. 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 and Appendix F. 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 5% (multiplied by 95%) 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 year, the new owners of the Woodie Woodie operation have reported that they intend to re-commence mining operations and there has been a significant improvement in the overall manganese market, therefore DRM considers a discount of 5% to be appropriate.

Table 34 details the technical value of the South Woodie Woodie Manganese project while the Fair Market Valuation is detailed in Table 35.

Table 34 Technical Valuation of the South Woodie Woodie Manganese project

Tenement	Technical Valuation (AU\$)		
	Lower	Preferred	Upper
E46/0616	14,000	38,550	63,100
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	122,700	312,850	503,000

Note: The value of the retention licence (R46/002) is restricted to the resource multiple valuation below

Table 35 Fair Market Valuation of the South Woodie Woodie Manganese project

Tenement	Fair Market Valuation (AU\$M)		
	Lower	Preferred	Upper
E46/0616	0.01	0.04	0.06
E46/0787	0.02	0.07	0.11
E46/0835	0.03	0.09	0.15
R46/0002	0	0	0
E46/1159	0.02	0.06	0.09
E46/1160	0.02	0.05	0.07
Total	0.1	0.3	0.5

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 \$0.5 million with a preferred valuation of \$0.3 million.

6.1.4.2. 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 multipliers 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 36 details the resource multiples and the comparable transaction valuation for the South Woodie Woodie project.

Table 36 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

6.2. Kalgoorlie North Gold Project – Excelsior Gold

6.2.1. Comparable Transactions

DRM considers that, for the Kalgoorlie North and Aphrodite Gold Projects (section 6.1 above), a reasonable resource multiple for the global resource is between \$8.5/oz and \$34/oz with a preferred valuation of \$18.6/oz. These resource multiples are net of environmental liabilities associated with the transactions, therefore the comparable transaction valuation is net of the environmental liabilities associated with the project.

This is in line with the resource multiples documented in Appendix A but at a significant premium to the resource multiples used in the 2017 Aphrodite valuation.

The resource multiples detailed above and supported by the information in Appendix A have been used along with the Resources for the Kalgoorlie North Gold Project from section 3.1.5 to derive the value of the resources shown in Table 21.

Table 37 Comparable transaction valuation summary for the Kalgoorlie North Gold Project.

Kalgoorlie North Project			
Kalgoorlie North Gold Project	Lower	Preferred	Upper
Resource (Moz).	0.825	0.825	0.825
Resource Multiple (AUS\$/oz)	\$8.5	\$18.6	\$34.1
Resource Valuation	\$7.01	\$15.35	\$28.13

Note appropriate rounding has been applied to the Resource estimate and the valuation.

Therefore, DRM considers the Resources within the Kalgoorlie North Gold Project to be valued, based on comparable transactions, at between **\$7.0 million** and **\$28.1 million** with a preferred valuation of **\$15.3 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 below.

6.2.2. Yardstick

Table 18 details the yardstick multiples were used to determine the value of the Resources within the Kalgoorlie North Gold Project while Table 38 tabulates the valuation for the project based on the currently Resource estimates.

Table 38 Yardstick Valuation of the Resources within the Kalgoorlie North Gold Project

	Resource / Reserve	AUS\$/oz	Valuation (AUS\$ million)		
			Low	Preferred	High
Reserves		1713.28	-	-	-
Measured	0.002	1713.28	0.07	0.12	0.17
Indicated	0.570	1713.28	9.77	14.65	19.53
Inferred	0.252	1713.28	2.16	3.24	4.32
Total Valuation (AUS\$M)	0.824		11.99	18.01	24.02

Note: The yardstick valuation of uses the gold price as at 25 June 2018 of US\$1,268.7 and an exchange rate of 0.7405 and appropriate rounding has been applied to the resource and the valuation.

The yardstick valuation is broadly in line with the comparable transaction valuation however a yardstick valuation does not take into consideration the the exploration potential within the project or other technical aspects of the project such as metallurgy, the requirement to relocate significant infrastructure if mining the Zoroastrian or Excelsior deposits is undertaken. 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.

6.2.3. Geoscientific Valuation

Two separate Kilburn valuations have been undertaken for the Kalgoorlie North Gold Project, one to value the entire project and second to only value the exploration upside away from the existing resources. In doing this DRM has changed the ranking criteria of each of the tenements to reflect the tenements containing the resources and the second one with the resources excluded but occurring along strike (if they are along strike of the tenement being ranked).

As there are multiple resources and several the tenements are quite small the proportion of the tenement that is outside the resource has been estimated to generate a proportion of the tenement that has not been valued using a resource multiple. As there are so many tenements the individual ranking criteria are not included in the valuation tables below, but these are appended to the report as Appendix C. This proportion of the tenement that is outside the resource area has been used in determining the value of the exploration potential.

As was done for the Aphrodite valuation above the miscellaneous licences 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 C (for the exploration upside valuation) and Appendix E for the entire project valuation.

Table 39 details the technical value of the exploration potential within the Aphrodite Gold Project. The fair market valuation 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 98%. As the gold industry in Australia is currently strong a factor of 98% has been applied.

Table 39 Technical and Fair Market Valuation of the Exploration Potential within the Kalgoorlie North project

	Lower (\$ million)	Preferred (\$ million)	Upper (\$ million)
Technical Valuation	\$4.0	\$6.6	\$9.2
Fair Market Valuation	\$3.9	\$6.4	\$8.8

Note the Kilburn ranking criteria are detailed in Appendix D

Based on this Geoscientific (Kilburn) valuation, DRM considers a reasonable valuation for the exploration potential within the Kalgoorlie North Gold Project to be between \$3.9 million and \$8.8 million with a preferred valuation of \$6.4 million. To determine the full value of the Kalgoorlie North Gold Project the exploration potential needs to be added to the valuation determined by the comparable transaction resource multiple from section 6.2.1 above.

The second Kilburn valuation to determine a supporting valuation of the entire project is included in Table 40

Table 40 Technical and Fair Market Valuation of the entire Kalgoorlie North project

	Lower (\$ million)	Preferred (\$ million)	Upper (\$ million)
Technical Valuation	24.8	39.6	54.3
Fair Market Valuation	23.9	38.0	52.2

Note the Kilburn ranking criteria are detailed in Appendix E

Therefore, the fair market value of the entire Kalgoorlie North gold project based in a Kilburn valuation is between \$23.9 million and \$52.2 million with a preferred valuation of \$38.0 million.

In DRM's opinion this valuation does not reflect the current Fair Market valuation of the Kalgoorlie North Gold project. This is partly due to the project being dominated by mining leases with high holding costs which results in an elevated valuation due to the high BAC. Additionally, the valuation is considered high given there has been previous mining within the project along with existing infrastructure requiring relocation should the existing resources be developed. DRM does not expect that the infrastructure would significantly impact on development options however it would impact on a valuation due to the uncertainty in the timeframe for negotiating and relocating the infrastructure.

7. Preferred Valuations

Based on the valuation techniques detailed above Table 41 provides a summary of the various valuation techniques with the preferred valuation techniques for Spitfire Materials and Excelsior Gold's mineral assets documented in Table 42. Figure 43 and Figure 44 show the various valuations and DRM's preferred valuation range for the mineral assets of Spitfire and Excelsior respectively.

In DRM's opinion, based on an analysis of the comparable transactions, and with the objective to constrain the range in valuations the upper resource multiples are considered to also include an allowance of the exploration upside for the project. Conversely the lower resource multiples do not allow for any additional exploration potential. On that basis DRM considers deriving a constrained valuation the preferred range has been determined by using the lower valuation based on the comparable transactions added to the upper valuation of the exploration potential (determined by a Kilburn valuation). The upper valuation has been determined by the upper comparable transaction added to the lower exploration potential valuation. The overall preferred valuation is the preferred comparable transaction valuations and the average of the Kilburn exploration valuation.

Table 41 Summary of the Valuations completed for Spitfire Materials and Excelsior Gold.

Mineral Asset	Valuation Technique	Asset Being Valued	Lower Valuation (AUS\$ million)	Preferred Valuation (AUS\$ million)	Upper Valuation (AUS\$ million)
Excelsior Gold Mineral Assets					
Kalgoorlie North Gold Project	Comparable Transactions	Resources	\$7.0	\$15.3	\$28.1
	Yardstick	Resources	\$12.0	\$18.0	\$24.0
	Kilburn	Exploration Upside	\$3.9	\$6.4	\$8.8
		Entire Project	\$23.9	\$38	\$52.2
Spitfire Materials Mineral Assets					
Aphrodite	Comparable Transactions	Resource	\$10.7	\$23.5	\$43.0
	Yardstick	Resource	\$17.1	\$25.7	\$34.3
	Kilburn	Exploration upside	\$2.6	\$5.2	\$7.7
		Entire Project	\$12.1	\$21.3	\$30.4
	PEM Valuation*	Entire Project	\$13.4	\$16.6	\$19.7
Alice River	Kilburn	Entire Project	\$3.2	\$5.9	\$8.7
Mulwarrie	Kilburn	Entire Project	\$1.1	\$1.7	\$2.2
England	Kilburn	Entire Project	\$0.2	\$0.4	\$0.6
South Woodie Woodie Manganese Project	Kilburn	Entire Project	\$0.1	\$0.3	\$0.5
	Comparable Transactions	Resource	\$1.1	\$1.2	\$1.3

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 Lower preferred Valuation for the mineral projects of each company are the total of each of the green highlighted cells in the table while the total of the orange cells provides the upper preferred valuation.

Table 42 DRM's preferred valuation of the mineral assets of Spitfire and Excelsior

Companies Mineral Asset	Lower Valuation (AUS\$ million)	Preferred Valuation (AUS\$ million)	Upper Valuation (AUS\$ million)
Excelsior Gold Mineral Assets Valuation	\$15.8	\$21.7	\$32.0
Spitfire Materials Mineral Assets Valuation	\$30.3	\$36.9	\$50.2

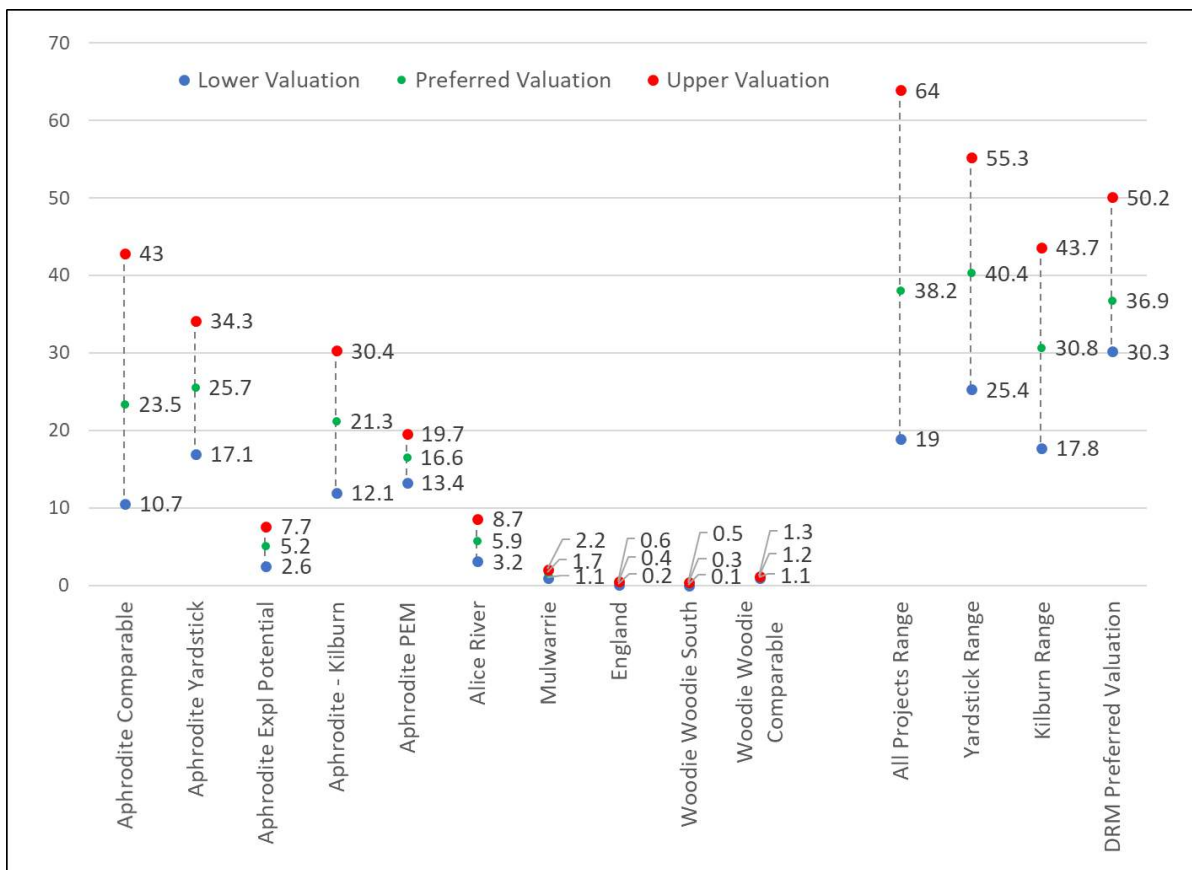


Figure 43 Spitfire Materials Mineral Asset Valuation Summary

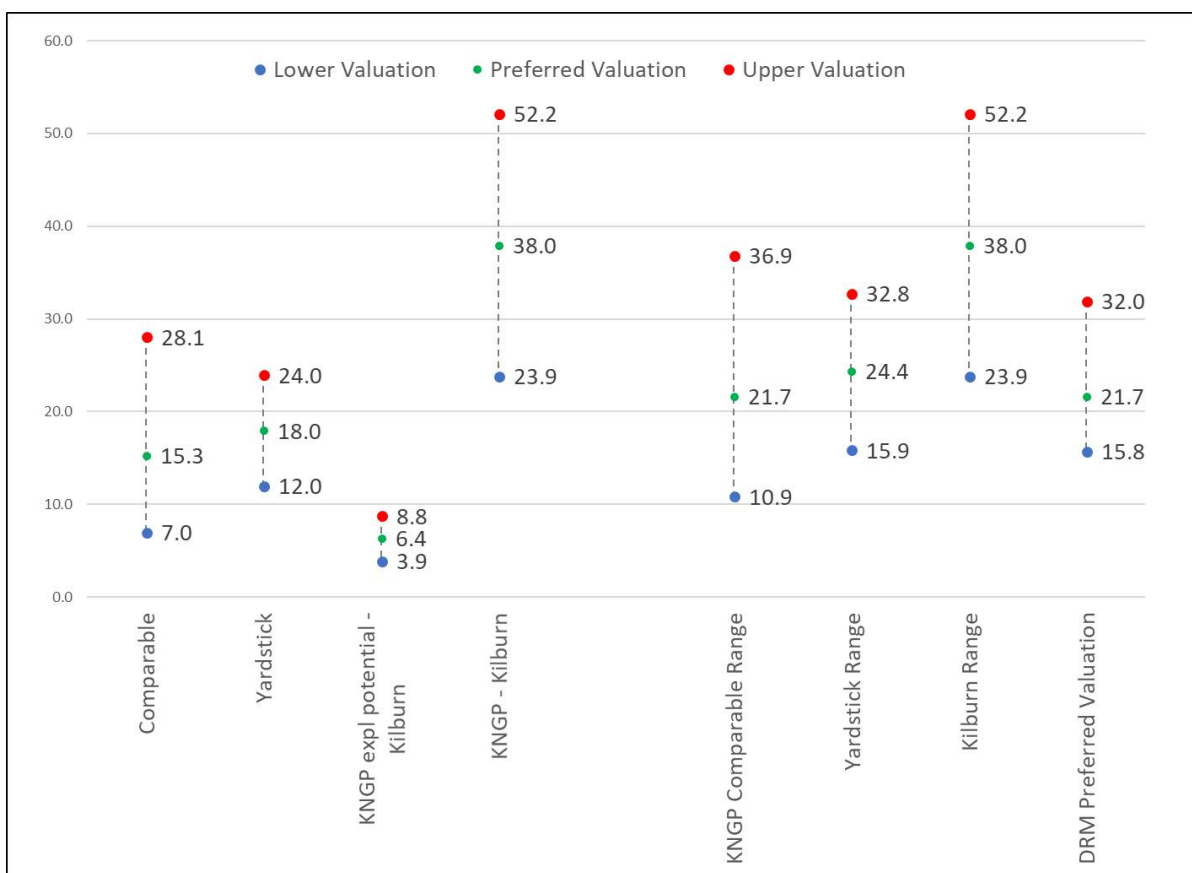


Figure 44 Excelsior Gold Mineral Asset Valuation Summary

8. Conclusion

DRM considers the total mineral asset valuation of Spitfire Materials to be within a range of \$30.3 million to \$50.2 million with a preferred total mineral asset value of \$36.9 million.

The Kalgoorlie North Gold Project owned by Excelsior Gold is considered to be valued between \$15.8 million and \$32.0 million with a preferred valuation of \$21.7 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.

JORC, 2012, *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)* [online]. Available from: <http://www.jorc.org> (The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia).

Kilburn, L.C., 1990, *Valuation of mineral properties which do not contain exploitable reserve*, CIM Bulletin, 83, pp. 90–93.

Naidoo, T., O’Callaghan, P., Cobb, M., 2016 *Independent Technical Specialist’s Report, Valuation of Renaissance Minerals’ Okvau Gold Project, Cambodia, CSA Global Report No 236.2016*, in Renaissance Minerals Limited Independent Expert’s Report, BDO, Renaissance Minerals Target Statement 2016.

PCF Capital Group., 2018, June 2018 *Resource Thermometer*, unpubl. 30pp

VALMIN, 2015, *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code)* [online]. Available from: <http://www.valmin.org> (The VALMIN Committee of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists).

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 below documents several transactions that were analysed to determine a resource multiple for recently completed transactions.

The overall range is consistent with an extensive database of transactions compiled for transactions completed since 2010 on 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 within are associated with the transaction.

The Resource Multiples highlighted in Green are considered comparable. DRM has where possible limited the transactions to being completed transactions over the past year however two transactions fall outside this range, both these transactions are at a discount to the more recent current transactions.

Excluded transactions, highlighted in red, are for projects that are more advanced or have associated infrastructure

Project	Purchaser	Seller	Transaction type	Equity sold	Resource Grade	Resource tonnes (Mt)	Contained Gold (Moz)	Area	\$	Shares (million)	Share Price	Share Value	Total Value	\$/oz	\$/km	Date	Comments
Dalgarranga	Gascoyne Resources	Individual	Sale of JV Interest	20%	1.4	25.7	1.120	16.52	6.00	11	0.44	4.84	10.84	48.39	656,174	28/12/2016	Completed DFS
Cue Project	Musgrave	Silver Lake	Sale of JV Interest	20%	3.09	3.55	0.353	272	1.50				1.50	21.27	5,515	18/07/2017	Value only attributed to Lena and Break of Day
Cue Project	Musgrave	Silver Lake	Increase in JV equity	20%	3.09	3.55	0.127	272	1.80				1.80	70.92	6,618	8/02/2017	value only attributed to Lena and Break of Day
Various projects	Westgold	Musgrave	Corporate Investment	15%	3.09	3.55	0.353		3.36				3.36	63.51		June 2018	additional mill feed plus additional assets
Tuckabianna	Westgold	Silver Lake	Outright Sale	100%	2.04	7.967	0.523		6.00	1.25	1.86	2.33	8.33	15.93		23/06/2017	Tuckabianna Mill
Yandal projects	Echo Resources	Metalico	Merger	100%	1.8	8.907	0.522		0.00			38.90	38.90	74.58		29/09/2016	Bronzewing mill
Hermies	Northern Star	Alchemy Resources	Outright Sale	100%	1.98	3.34	0.212		1.45				1.45	6.84		Feb 2015	stranded hence discount
Red October	Matsa Resources	Saracen Mineral Holdings	Outright Sale	100%	6.9	0.446	0.099		1.00	4.545	0.22	1.00	2.00	20.20		26/09/2017	

Project	Purchaser	Seller	Transaction type	Equity sold	Resource Grade	Resource tonnes (Mt)	Contained Gold (Moz)	Area	\$	Shares (million)	Share Price	Share Value	Total Value	\$/oz	\$/km	Date	Comments
South Kalgoorlie Operations	Northern Star	Westgold	Outright Sale	100%	2.09	58.01	4.016					80.00	80.00	19.92		Mar-18	Contains a mill and strategic milling capacity
Comet	Metals X - Westgold	Silver Lake	Outright Sale	100%	2.9	3.8	0.353	50	3.00				3.00	8.50	60,000	25/11/2015	
Polar Bear	Westgold	S2 Resources	Outright Sale	100%	2	4.22	0.264					9.00	9.00	34.09		Feb-18	OK extensive exploration upside
Mt Henry	Metals X - Westgold	Panoramic Resources / Matsa Resources	Outright Sale	100%	1.19	43.18	1.656			22	0.639	14.06	14.06	8.49		31/07/2015	
Second Fortune and USA Gold Projects	Anova	Exterra	Merger	100%	5.1	1.201	0.199					21.30	21.30	107.30			Completed DFS
trojan Deposit	Aruma Resources	Westgold	Outright Sale	100%	1.61	2.79434	0.145			6	0.025	0.15	0.15	1.04		15/03/2018	exclude small area on a lake
Gidgee	Gum Creek Gold	Panoramic Resources	IPO	49%	2.25	17.303	1.250					15.00	15.00	24.49		21/10/2016	panoramic 49% Divested via IPO
Goongarrie and Menzies	Eastern Goldfields	Intermin	JV	65%	2.2	2.42	0.171	87.45	5.50				5.50	49.40	62,893		
Sandstone Project	Alto Resources	Individuals	Outright Sale	100%				723	0.50	19	0.02	0.38	0.88		1,217	23/03/2016	area based

Therefore, DRM considers, based on these transactions that a resource multiple of between \$8.5 and \$34 is reasonable and a preferred (average) resource multiple of \$18.5 is reasonable for the Spitfire and Excelsior projects.

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) Manganese	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									\$0.57/t
Average									\$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 – Excelsior Gold Kalgoorlie North Gold Project Geoscientific (Kilburn) Rankings – Exploration Potential

Tenement	Area (ha)	BAC	Resource Proportion	Off Property		On Property		Anomaly Factor		Geology Factor		Technical Valuation			Market Valuation (\$M)		
				Low	High	Low	High	Low	High	Low	High	Lower	Preferre	Upper	Lower	Preferre	Upper
M 24/11	1.80	5,035	0%	3	3.2	1.5	2	1	1.4	1.5	1.8	0	0	0	0	0	0
M 24/121	36.95	10,651	50%	3	3.2	1.5	2	1	1.4	1.5	1.8	35900	60900	85900	0.03	0.06	0.08
M 24/122	0.22	5,018	0%	3	3.2	1.5	2	1	1.4	1.5	1.8	0	0	0	0	0	0
M 24/133	692.85	81,497	90%	2.5	3.2	1	1.1	0.9	1	1.5	2	247500	381950	516400	0.24	0.37	0.5
M 24/134	796.90	93,727	90%	3	3.5	1	1.1	0.9	1	1.5	2	341600	495550	649500	0.33	0.48	0.62
M 24/135	17.75	10,317	0%	3	3.2	1.5	2	1	1.4	1.5	1.8	0	0	0	0	0	0
M 24/146	132.75	15,641	30%	3	3.2	2.5	3	1.5	2	2	2.5	105600	165400	225200	0.1	0.16	0.22
M 24/244	425.70	50,098	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	338200	573100	808000	0.32	0.55	0.78
M 24/326	6.86	10,123	100%	2.5	3	1	1.1	0.9	1	1	1.5	22800	36450	50100	0.02	0.04	0.05
M 24/348	610.50	71,854	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	485000	821950	1158900	0.47	0.79	1.11
M 24/364	84.50	11,496	100%	3	3.2	1	1.5	0.9	1.5	1	1.5	31000	77600	124200	0.03	0.07	0.12
M 24/395	90.385	11,602	30%	3	3.2	2.5	3	1.5	2	2	2.5	78300	122700	167100	0.08	0.12	0.16
M 24/400	57.53	11,021	70%	2.5	3	1	1.2	0.9	1	1	1.5	17400	29550	41700	0.02	0.03	0.04
M 24/405	8.895	10,158	100%	1.5	2.5	1	1.1	0.9	1	1.5	2	20600	38250	55900	0.02	0.04	0.05
M 24/420	9.71	10,176	100%	1.5	2.5	1	1.1	0.9	1	1.5	2	20600	38300	56000	0.02	0.04	0.05
M 24/429	188.95	22,226	70%	2.5	3	1	1.2	0.9	1	1	1.5	35000	59500	84000	0.03	0.06	0.08
M 24/43	9.28	10,176	5%	3	3.2	1.5	2	1	1.4	1.5	1.8	3400	5800	8200	0	0.01	0.01
M 24/469	307.05	36,221	90%	3	3.5	1.2	1.5	0.9	1	1.5	2	158400	250350	342300	0.15	0.24	0.33
M 24/471	405.70	47,746	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	322300	546150	770000	0.31	0.52	0.74
M 24/487	69.575	11,232	100%	1.5	2.5	1	1.1	0.9	1	1.5	2	22700	42250	61800	0.02	0.04	0.06
M 24/491	318.90	37,514	100%	2	2.5	1	1.1	0.9	1	1.5	2	101300	153800	206300	0.1	0.15	0.2
M 24/498	68.28	11,214	100%	2	2.5	1	1.1	0.9	1	1.5	2	30300	46000	61700	0.03	0.04	0.06
M 24/510	122.60	14,465	60%	2.5	3	1	1.2	0.9	1	1	1.5	19500	33200	46900	0.02	0.03	0.05
M 24/512	530.30	62,446	100%	2	2.5	1	1.1	0.9	1	1.5	2	168600	256050	343500	0.16	0.25	0.33
M 24/532	9.69	10,176	20%	2.5	3.2	1	1.5	0.9	1	1.5	1.8	6900	12250	17600	0.01	0.01	0.02
M 24/83	110.65	13,054	50%	3	3.2	1.5	2	1	1.4	1.5	1.8	44100	74700	105300	0.04	0.07	0.1
M 24/854	2.61	5,053	10%	3	3.2	1.5	2	1	1.4	1.5	1.8	3400	5750	8100	0	0.01	0.01
M 24/869	7.16	10,141	0%	3	3.2	1.5	2	1	1.4	1.5	1.8	0	0	0	0	0	0
M 24/870	7.04	10,141	0%	3	3.2	1.5	2	1	1.4	1.5	1.8	0	0	0	0	0	0
M 24/871	9.71	10,176	0%	3	3.2	1.5	2	1	1.4	1.5	1.8	0	0	0	0	0	0
M 24/886	8.25	10,158	0%	3	3.2	1.5	2	1	1.4	1.5	1.8	0	0	0	0	0	0
M 24/887	4.15	5,088	20%	3	3.2	1.5	2	1	1.4	1.5	1.8	6900	11650	16400	0.01	0.01	0.02
M 24/888	1.22	5,035	10%	3	3.2	1.5	2	1	1.4	1.5	1.8	3400	5750	8100	0	0.01	0.01
M 24/889	63.28	11,126	100%	2.5	3.2	1.5	2	1	1.4	1.5	1.8	62600	121000	179400	0.06	0.12	0.17
M 24/890	17.46	10,317	100%	2.5	3.2	1.5	2	1	1.4	1.5	1.8	58000	112200	166400	0.06	0.11	0.16
M 24/891	13.49	10,246	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	69200	117250	165300	0.07	0.11	0.16
M 24/892	38.59	10,686	100%	3	3.5	1	1.1	0.9	1	1.5	2	43300	62800	82300	0.04	0.06	0.08
M 24/942	19.38	10,352	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	69900	118450	167000	0.07	0.11	0.16
M 24/943	9.28	10,176	100%	2.5	3.2	1.5	2	1	1.4	1.5	1.8	57200	110650	164100	0.05	0.11	0.16
M 24/950	39.15	10,704	80%	3	3.2	2.5	3	1.5	2	2	2.5	192700	301850	411000	0.19	0.29	0.39
M 24/951	190.10	22,462	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	151600	256950	362300	0.15	0.25	0.35
M 24/952	92.050	11,637	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	78500	133100	187700	0.08	0.13	0.18
M 24/955	4.85	5,088	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	34300	58200	82100	0.03	0.06	0.08
M 24/956	126.35	14,935	100%	2.5	3	1	1.1	0.9	1	1.5	1.8	50400	69550	88700	0.05	0.07	0.09
M 24/96	9.98	10,176	100%	1.5	2.5	1	1.1	0.9	1	1.5	2	20600	38300	56000	0.02	0.04	0.05
M 24/99	190.75	22,462	80%	3	3.2	1.5	2	1	1.4	1.5	1.8	121300	205550	289800	0.12	0.2	0.28

Tenement	Area (ha)	BAC	Resource Proportion	Off Property		On Property		Anomaly Factor		Geology Factor		Technical Valuation			Market Valuation (\$M)		
				Low	High	Low	High	Low	High	Low	High	Lower	Preferre	Upper	Lower	Preferre	Upper
P 24/4447	177.00	7.540	100%	2.5	3.2	1.5	2	1	1.4	1.5	1.8	42400	82000	121600	0.04	0.08	0.12
P 24/4587	20.00	2.052	100%	1.5	2	1	1.1	0.9	1	1	1.5	2800	4800	6800	0	0	0.01
P 24/4626	138.00	5.879	100%	2	2.5	1	1.4	0.9	1	1	1.5	10600	20750	30900	0.01	0.02	0.03
P 24/4627	155.00	6.603	100%	2	2.5	1	1.3	0.9	1	1	1.5	11900	22050	32200	0.01	0.02	0.03
P 24/4628	200.00	8.520	100%	2.5	3.2	1	1.5	0.9	1	1	1.5	19200	40250	61300	0.02	0.04	0.06
P 24/4816	4.79	2.026	100%	1.5	2	1	1.1	0.9	1	1	1.5	2700	4700	6700	0	0	0.01
P 24/4821	159.25	6.816	100%	1	1.5	1	1.1	0.9	1	1	1.5	6100	11500	16900	0.01	0.01	0.02
P 24/4822	132.46	5.666	100%	1.5	2	1	1.1	0.9	1	1	1.5	7600	13150	18700	0.01	0.01	0.02
P 24/4823	174.44	7.455	100%	1	1.5	1	1.1	0.9	1	1	1.5	6700	12600	18500	0.01	0.01	0.02
P 24/4824	151.43	6.475	100%	1	1.5	1	1.1	0.9	1	1	1.5	5800	10900	16000	0.01	0.01	0.02
P 24/4825	155.30	6.646	100%	1	1.5	1	1.1	0.9	1	1	1.5	6000	11200	16400	0.01	0.01	0.02
P 24/4826	175.12	7.498	100%	1	1.5	1	1.1	0.9	1	1	1.5	6700	12650	18600	0.01	0.01	0.02
P 24/4832	114.92	4.899	100%	1.5	2	1	1.1	0.9	1	1	1.2	6600	9750	12900	0.01	0.01	0.01
P 24/4833	107.43	4.601	100%	1.5	2	1	1.1	0.9	1	1	1.2	6200	9150	12100	0.01	0.01	0.01
P 24/4840	107.00	4.558	100%	1.5	2	1	1.1	0.9	1	1	1.2	6200	9100	12000	0.01	0.01	0.01
P 24/4857	121.00	5.155	100%	3	3.2	1	1.1	0.9	1	1.5	1.8	20900	26800	32700	0.02	0.03	0.03
P 24/4858	86.00	3.664	100%	2.5	3	1	1.2	0.9	1	1	1.5	8200	14000	19800	0.01	0.01	0.02
P 24/4859	174.00	7.412	100%	2.5	3	1	1.2	0.9	1	1	1.5	16700	28350	40000	0.02	0.03	0.04
P 24/4860	99.00	4.217	100%	2.5	3	1	1.2	0.9	1	1	1.5	9500	16150	22800	0.01	0.02	0.02
P 24/4861	182.00	7.753	100%	2.5	3	1	1.2	0.9	1	1	1.5	17400	29650	41900	0.02	0.03	0.04
P 24/4886	50.00	2.130	100%	2.5	3	1	1.2	0.9	1	1	1.5	4800	8150	11500	0	0.01	0.01
P 24/4887	55.65	2.386	100%	3	3.2	1	1.1	0.9	1	1.5	1.8	9700	12400	15100	0.01	0.01	0.01
P 24/5060	9.21	2.026	100%	3	3.2	1	1.1	0.9	1	1	1.5	5500	8100	10700	0.01	0.01	0.01
P 24/5061	20.10	2.055	100%	2.5	3	1	1.1	0.9	1	1.5	1.8	6900	9550	12200	0.01	0.01	0.01
P 24/5109	148.97	6.347	100%	2.5	3	1	1.2	0.9	1	1	1.5	14300	24300	34300	0.01	0.02	0.03
P 24/5252	4.24	2.026	50%	2.5	3	1.5	2	1	1.4	1.5	1.8	5700	10500	15300	0.01	0.01	0.01
P 24/5253	107.90	4.601	50%	3	3.2	1.5	2	1	1.4	1.5	1.8	15500	26300	37100	0.01	0.03	0.04
P 24/5254	9.71	2.026	50%	2.5	3.2	1.5	2	1	1.4	1.5	1.8	5700	11000	16300	0.01	0.01	0.02
P 24/5261	152.90	6.518	50%	1	1.5	1	1.1	0.9	1	1	1.5	2900	5500	8100	0	0.01	0.01
P 24/5262	193.00	8.222	50%	1	1.5	1	1.1	0.9	1	1	1.5	3700	6950	10200	0	0.01	0.01
P 24/5263	81.90	2.213	50%	1.5	2	1	1.1	0.9	1	1	1.5	1500	2600	3700	0	0	0
P 24/5264	135.29	5.794	50%	1	1.5	1	1.1	0.9	1	0.5	1	1300	3050	4800	0	0	0
Total												\$4.0M	\$6.6M	\$9.2M	\$3.9M	\$6.4M	\$8.8M

Discount Factors

Location 98%

Gold Discount 98%

Additionally, a 50% discount was applied to the pending tenements.

The resource proportion is the percentage of the tenement that is not covered by existing resources.

Appendix D – Spitfire Materials Gold Projects Geoscientific (Kilburn) Ranking – Exploration Potential.

Tenement	State	Project	Blocks	Area	BAC	Equity	Off		On		Anomaly		Geology		Technical Valuation			Market Valuation (\$M)		
				Ha			Low	High	Low	High	Low	High	Low	High	Lower	Preferred	Upper	Lower	Preferred	Upper
M24/720	WA	Aphrodite		995.4	\$117,596	100%	3	3.2	1.5	2.5	1.5	2	1.5	2	1190700	2476900	3763100	1.14	2.38	3.61
M24/779	WA	Aphrodite		944	\$111,490	100%	3	3.2	1.2	1.7	1.2	1.5	1.5	2	722500	1271000	1819500	0.69	1.22	1.75
M24/649	WA	Aphrodite		181	\$21,762	100%	3	3.2	1	1.5	1	1.5	1.5	2	97900	205650	313400	0.09	0.2	0.3
M24/681	WA	Aphrodite		446.3	\$53,032	100%	3	3.2	1.2	1.7	1	1.2	1.2	2	229100	460750	692400	0.22	0.44	0.66
E24/186	WA	Aphrodite	7		\$22,300	100%	1	1.5	1	1.2	1	1.2	0.7	1.5	15600	43950	72300	0.01	0.04	0.07
M24/662	WA	Aphrodite		363.3	\$43,270	100%	2.5	3.2	1.5	2	1.5	2	1.8	2.2	438100	828300	1218500	0.42	0.8	1.17
P24/5014	WA	Aphrodite		141.5	\$6,353	100%	3	3.5	1	1.5	1	1.5	1	1.5	19100	47050	75000	0.02	0.05	0.07
P24/5015	WA	Aphrodite		27.4	\$2,394	100%	3	3.5	1	1.5	1	1.5	1	1.5	7200	17750	28300	0.01	0.02	0.03
Total Aphrodite															2720200	5351350	7982500	2.6	5.2	7.7
E38/2869	WA	England	6		\$22,166	100%	3	3.5	1.5	2	1.5	2	1.5	2	224400	422500	620600	0.22	0.41	0.6
Total England Project															224400	422500	620600	0.22	0.41	0.6
E46/0616	WA	Woodie	1		\$11,684	80%	1	1.5	1.5	2	1	1.5	1	1.5	14000	38550	63100	0.01	0.04	0.06
E46/0787	WA	Woodie	4		\$16,898	100%	1	1.5	1.5	2	1	1.5	1	1.5	25300	69700	114100	0.02	0.07	0.11
E46/0835	WA	Woodie	26		\$30,846	100%	1	1.5	1.2	1.5	1	1.5	1	1.5	37000	96600	156200	0.03	0.09	0.15
R46/0002	WA	Woodie		100	\$-	80%	1	1.5	1.5	2	1	1.5	1	1.5	0	0	0	0	0	0
E46/1159	WA	Woodie	18		\$21,774	100%	1	1.3	1.2	1.5	1	1.5	1	1.5	26100	60800	95500	0.02	0.06	0.09
E46/1160	WA	Woodie	4		\$16,898	100%	1	1.3	1.2	1.5	1	1.5	1	1.5	20300	47200	74100	0.02	0.05	0.07
Total Woodie Woodie South Project															122700	312850	503000	0.1	0.31	0.48
M30/0119	WA	Mulwarrie		68	\$11,673	100%	2	2.5	2.5	3	3	3.5	3	3.5	525300	798850	1072400	0.5	0.77	1.03
M30/0145	WA	Mulwarrie		112	\$13,647	100%	2	2.5	2.5	3	3	3.5	3	3.5	614100	933950	1253800	0.59	0.9	1.2
Total Mulgarrie															1139400	1732800	2326200	1.09	1.67	2.23
ML2901	Qld	Alice River		2.88	\$10,382	51%	2	3	2	2.5	2.5	3	2	3	105900	231650	357400	0.1	0.22	0.34
ML2902	Qld	Alice River		2.88	\$10,382	51%	2	3	2	2.5	2.5	3	2	3	105900	231650	357400	0.1	0.22	0.34
ML2907	Qld	Alice River		2.058	\$10,333	51%	2	3	2	2.5	2.5	3	2	3	105400	230550	355700	0.1	0.22	0.34
ML2908	Qld	Alice River		4.034	\$10,452	51%	2	3	2	2.5	2.5	3	2	3	106600	233200	359800	0.1	0.22	0.35
ML2957	Qld	Alice River		1.6	\$10,305	51%	2	3	2	2.5	2.5	3	2	3	105100	229950	354800	0.1	0.22	0.34
ML2958	Qld	Alice River		11.43	\$15,897	51%	2	3	2	2.5	2.5	3	2	3	162200	354750	547300	0.16	0.34	0.53
ML3010	Qld	Alice River		29.52	\$16,986	51%	2	3	2	2.5	2.5	3	2	3	173300	379000	584700	0.17	0.36	0.56
ML3011	Qld	Alice River		4.4	\$10,474	51%	2	3	2	2.5	2.5	3	2	3	106800	233700	360600	0.1	0.22	0.35
EPM14313	Qld	Alice River	10		\$19,785	51%	2.5	3	2	2.5	1	2	2	2.5	100900	239650	378400	0.1	0.23	0.36
EPM15359	Qld	Alice River	20		\$36,343	51%	2.5	3	1.5	2.5	1	2	1.3	1.5	90400	253700	417000	0.09	0.24	0.4
EPM15360	Qld	Alice River	8		\$16,473	51%	1.5	2	1	1.5	1	2	1.3	1.5	16400	46000	75600	0.02	0.04	0.07
EPM15409	Qld	Alice River	10		\$19,785	51%	1.5	2	1	1.5	1	2	1.3	1.5	19700	55250	90800	0.02	0.05	0.09
EPM16301	Qld	Alice River	6		\$51,245	51%	2.5	3	1.5	2	1	2	1.3	1.5	32700	76750	120800	0.03	0.07	0.12
EPM26266	Qld	Alice River	81		\$137,347	51%	3	3.5	2.5	3	1.8	2	2	2.5	1891300	2784400	3677500	1.82	2.67	3.53
Total Alice River															3352800	6180300	9007800	3.2	5.9	8.7
Total			285	338.802											\$7.55M	\$13.99M	\$20.44M	\$7.2	\$13.5	\$19.6
Discount Factors		Location	98%	Gold	98%	Manganese		95%												

Appendix E – Excelsior Gold Kalgoorlie North Gold Project Geoscientific (Kilburn) Rankings – Entire Project

Tenement	Area (ha)	BAC	Equity	Off Property		On Property		Anomaly Factor		Geology Factor		Technical Valuation			Market Valuation (\$M)		
				Low	High	Low	High	Low	High	Low	High	Lower	Preferred	Upper	Lower	Preferred	Upper
M 24/11	1.80	5.035	0%	3	3.2	3	3.5	3.5	4	2.5	3	396500	536600	676700	0.38	0.52	0.65
M 24/121	36.95	10.651	50%	3	3.2	3	3.5	3.5	4	2.5	3	801400	1084550	1367700	0.77	1.04	1.31
M 24/122	0.22	5.018	0%	3	3.2	2.5	3	2.5	3.5	2.5	3	611900	963850	1315800	0.59	0.93	1.26
M 24/133	692.85	81.497	90%	3	3.2	2.5	3	2.5	3.5	2.5	3	1052900	1658500	2264100	1.01	1.59	2.17
M 24/134	796.90	93.727	90%	3	3.2	2.5	3	2.5	3.5	2.5	3	499300	786450	1073600	0.48	0.76	1.03
M 24/135	17.75	10.317	0%	3	3.2	3	3.5	3.5	4	2.5	3	395100	534750	674400	0.38	0.51	0.65
M 24/146	132.75	15.641	30%	3	3.2	3	3.5	3.5	4	2.5	3	812400	1099500	1386600	0.78	1.06	1.33
M 24/244	425.70	50.098	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	338200	573100	808000	0.32	0.55	0.78
M 24/326	6.86	10.123	100%	2.5	3	1	1.1	0.9	1	1	1.5	22800	36450	50100	0.02	0.04	0.05
M 24/348	610.50	71.854	100%	3	3.2	3	3.5	3.5	4	2.5	3	397900	538500	679100	0.38	0.52	0.65
M 24/364	84.50	11.496	100%	3	3.2	3	3.5	3.5	4	2.5	3	798600	1080750	1362900	0.77	1.04	1.31
M 24/395	90.385	11.602	30%	3	3.2	3	3.5	3.5	4	2.5	3	798600	1080750	1362900	0.77	1.04	1.31
M 24/400	57.53	11.021	70%	3	3.2	3	3.5	3.5	4	2.5	3	801400	1084550	1367700	0.77	1.04	1.31
M 24/405	8.895	10.158	100%	3	3.2	3	3.5	3.5	4	2.5	3	800000	1082650	1365300	0.77	1.04	1.31
M 24/420	9.71	10.176	100%	3	3.2	3	3.5	3.5	4	2.5	3	400700	542250	683800	0.38	0.52	0.66
M 24/429	188.95	22.226	70%	3	3.2	3	3.5	3.5	4	2.5	3	396500	536600	676700	0.38	0.52	0.65
M 24/43	9.28	10.176	5%	3	3.2	1	1.5	0.9	1.5	1	1.5	31000	77600	124200	0.03	0.07	0.12
M 24/469	307.05	36.221	90%	3	3.2	1.5	2	1	1.4	1.5	1.8	151600	256950	362300	0.15	0.25	0.35
M 24/471	405.70	47.746	100%	2.5	3.2	2.5	3	2.5	3.5	2.5	3	3183500	5699200	8214900	3.06	5.47	7.89
M 24/487	69.575	11.232	100%	3	3.5	2.5	3	2.5	3.5	2.5	3	4393500	7363450	10333400	4.22	7.07	9.92
M 24/491	318.90	37.514	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	485000	821950	1158900	0.47	0.79	1.11
M 24/498	68.28	11.214	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	322300	546150	770000	0.31	0.52	0.74
M 24/510	122.60	14.465	60%	2	2.5	1	1.1	0.9	1	1.5	2	101300	153800	206300	0.1	0.15	0.2
M 24/512	530.30	62.446	100%	2.5	3.2	2.5	3	2.5	3.5	2.5	3	397500	711600	1025700	0.38	0.68	0.99
M 24/532	9.69	10.176	20%	2.5	3.2	1.5	2	1	1.4	1.5	1.8	62600	121000	179400	0.06	0.12	0.17
M 24/83	110.65	13.054	50%	2.5	3.2	1.5	2	1	1.4	1.5	1.8	58000	112200	166400	0.06	0.11	0.16
M 24/854	2.61	5.053	10%	3	3.2	1.5	2	1	1.4	1.5	1.8	69200	117250	165300	0.07	0.11	0.16
M 24/869	7.16	10.141	0%	3	3.5	1	1.1	0.9	1	1.5	2	43300	62800	82300	0.04	0.06	0.08
M 24/870	7.04	10.141	0%	3	3.2	1.5	2	1	1.4	1.5	1.8	78500	133100	187700	0.08	0.13	0.18
M 24/871	9.71	10.176	0%	1.5	2	1	1.1	0.9	1	1	1.5	2800	4800	6800	0	0	0.01
M 24/886	8.25	10.158	0%	1.5	2	1	1.1	0.9	1	1	1.5	2700	4700	6700	0	0	0.01
M 24/887	4.15	5.088	20%	3	3.2	1.5	2	1	1.4	1.5	1.8	69900	118450	167000	0.07	0.11	0.16
M 24/888	1.22	5.035	10%	2.5	3.2	1.5	2	1	1.4	1.5	1.8	57200	110650	164100	0.05	0.11	0.16
M 24/889	63.28	11.126	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	34300	58200	82100	0.03	0.06	0.08
M 24/890	17.46	10.317	100%	1.5	2.5	1	1.1	0.9	1	1.5	2	20600	38300	56000	0.02	0.04	0.05
M 24/891	13.49	10.246	100%	3	3.2	2.5	3	2.5	3.5	2.5	3	733200	1154900	1576600	0.7	1.11	1.51
M 24/892	38.59	10.686	100%	3	3.2	2.5	3	2.5	3.5	2.5	3	543800	856600	1169400	0.52	0.82	1.12
M 24/942	19.38	10.352	100%	1.5	2.5	1	1.1	0.9	1	1.5	2	20600	38250	55900	0.02	0.04	0.05
M 24/943	9.28	10.176	100%	1.5	2.5	1	1.1	0.9	1	1.5	2	20600	38300	56000	0.02	0.04	0.05
M 24/950	39.15	10.704	80%	3	3.5	2.5	3	2.5	3.5	2.5	3	1697900	2845600	3993300	1.63	2.73	3.84
M 24/951	190.10	22.462	100%	1.5	2.5	1	1.1	0.9	1	1.5	2	22700	42250	61800	0.02	0.04	0.06
M 24/952	92.050	11.637	100%	2	2.5	1	1.1	0.9	1	1.5	2	30300	46000	61700	0.03	0.04	0.06
M 24/955	4.85	5.088	100%	2.5	3	2.5	3	2.5	3.5	2.5	3	565000	965950	1366900	0.54	0.93	1.31
M 24/956	126.35	14.935	100%	2	2.5	1	1.1	0.9	1	1.5	2	168600	256050	343500	0.16	0.25	0.33
M 24/96	9.98	10.176	100%	3	3.2	1	1.1	0.9	1	1	1.5	5500	8100	10700	0.01	0.01	0.01
M 24/99	190.75	22.462	80%	2.5	3	1	1.1	0.9	1	1.5	1.8	6900	9550	12200	0.01	0.01	0.01
P 24/4447	177.00	7.540	100%	1.5	2	1	1.1	0.9	1	1	1.2	6600	9750	12900	0.01	0.01	0.01

Tenement	Area (ha)	BAC	Equity	Off Property		On Property		Anomaly Factor		Geology Factor		Technical Valuation			Market Valuation (\$M)		
				Low	High	Low	High	Low	High	Low	High	Lower	Preferred	Upper	Lower	Preferred	Upper
P 24/4587	20.00	2,052	100%	1.5	2	1	1.1	0.9	1	1	1.2	6200	9150	12100	0.01	0.01	0.01
P 24/4626	138.00	5,879	100%	1.5	2	1	1.1	0.9	1	1	1.2	6200	9100	12000	0.01	0.01	0.01
P 24/4627	155.00	6,603	100%	3	3.2	2.5	3	2.5	3.5	2.5	3	501800	790400	1079000	0.48	0.76	1.04
P 24/4628	200.00	8,520	100%	2.5	3.2	1.5	2	1	1.4	1.5	1.8	42400	82000	121600	0.04	0.08	0.12
P 24/4816	4.79	2,026	100%	2.5	3	1.5	2	1	1.4	1.5	1.8	5700	10500	15300	0.01	0.01	0.01
P 24/4821	159.25	6,816	100%	3	3.2	1.5	2	1	1.4	1.5	1.8	15500	26300	37100	0.01	0.03	0.04
P 24/4822	132.46	5,666	100%	2.5	3.2	1.5	2	1	1.4	1.5	1.8	5700	11000	16300	0.01	0.01	0.02
P 24/4823	174.44	7,455	100%	2.5	3	1	1.1	0.9	1	1.5	1.8	50400	69550	88700	0.05	0.07	0.09
P 24/4824	151.43	6,475	100%	3	3.2	1	1.1	0.9	1	1.5	1.8	9700	12400	15100	0.01	0.01	0.01
P 24/4825	155.30	6,646	100%	3	3.2	1	1.1	0.9	1	1.5	1.8	20900	26800	32700	0.02	0.03	0.03
P 24/4826	175.12	7,498	100%	2.5	3	1	1.2	0.9	1	1	1.5	8200	14000	19800	0.01	0.01	0.02
P 24/4832	114.92	4,899	100%	2.5	3	1	1.2	0.9	1	1	1.5	16700	28350	40000	0.02	0.03	0.04
P 24/4833	107.43	4,601	100%	2.5	3	1	1.2	0.9	1	1	1.5	9500	16150	22800	0.01	0.02	0.02
P 24/4840	107.00	4,558	100%	2.5	3	1	1.2	0.9	1	1	1.5	17400	29650	41900	0.02	0.03	0.04
P 24/4857	121.00	5,155	100%	2.5	3	1	1.2	0.9	1	1	1.5	4800	8150	11500	0	0.01	0.01
P 24/4858	86.00	3,664	100%	2.5	3	2.5	3	2.5	3.5	2.5	3	430500	736000	1041500	0.41	0.71	1
P 24/4859	174.00	7,412	100%	2.5	3	2.5	3	2.5	3.5	2.5	3	868200	1484300	2100400	0.83	1.43	2.02
P 24/4860	99.00	4,217	100%	2.5	3	1	1.2	0.9	1	1	1.5	14300	24300	34300	0.01	0.02	0.03
P 24/4861	182.00	7,753	100%	1	1.5	1	1.1	0.9	1	1	1.5	6100	11500	16900	0.01	0.01	0.02
P 24/4886	50.00	2,130	100%	1.5	2	1	1.1	0.9	1	1	1.5	7600	13150	18700	0.01	0.01	0.02
P 24/4887	55.65	2,386	100%	1	1.5	1	1.1	0.9	1	1	1.5	6700	12600	18500	0.01	0.01	0.02
P 24/5060	9.21	2,026	100%	1	1.5	1	1.1	0.9	1	1	1.5	5800	10900	16000	0.01	0.01	0.02
P 24/5061	20.10	2,055	100%	1	1.5	1	1.1	0.9	1	1	1.5	6000	11200	16400	0.01	0.01	0.02
P 24/5109	148.97	6,347	100%	1	1.5	1	1.1	0.9	1	1	1.5	6700	12650	18600	0.01	0.01	0.02
P 24/5252	4.24	2,026	50%	1	1.5	1	1.1	0.9	1	1	1.5	2900	5500	8100	0	0.01	0.01
P 24/5253	107.90	4,601	50%	1	1.5	1	1.1	0.9	1	1	1.5	3700	6950	10200	0	0.01	0.01
P 24/5254	9.71	2,026	50%	1.5	2	1	1.1	0.9	1	1	1.5	1500	2600	3700	0	0	0
P 24/5261	152.90	6,518	50%	1	1.5	1	1.1	0.9	1	0.5	1	1300	3050	4800	0	0	0
P 24/5262	193.00	8,222	50%	2	2.5	1	1.4	0.9	1	1	1.5	10600	20750	30900	0.01	0.02	0.03
P 24/5263	81.90	2,213	50%	2	2.5	1	1.3	0.9	1	1	1.5	11900	22050	32200	0.01	0.02	0.03
P 24/5264	135.29	5,794	50%	2.5	3.2	1	1.5	0.9	1	1	1.5	19200	40250	61300	0.02	0.04	0.06
Total												\$24.8	\$39.6	\$54.3	\$23.9	\$38.0	\$52.2

Discount Factors

Location 98%

Gold Discount 98%

Additionally, a 50% discount was applied to the pending tenements.

Appendix F – Spitfire Materials Gold Projects Geoscientific (Kilburn) Ranking – Entire Project.

Tenement	Stat	Project	Block	Area	BAC	Equit	Off		On		Anomaly		Geology		Technical Valuation			Market Valuation (\$M)		
				Ha			Low	Hig	Lo	High	Lo	Hig	Lo	Hig	Lower	Preferre	Upper	Lowe	Preferre	Upper
M24/720	WA	Aphrodite		995.4	\$117,59	100%	3	3.2	1.5	2.5	3	3.5	3	3.5	4762600	8143500	1152440	4.57	7.82	11.07
M24/779	WA	Aphrodite		944	\$111,49	100%	3	3.2	1.2	1.7	1.2	1.5	1.5	2	722500	1271000	1819500	0.69	1.22	1.75
M24/649	WA	Aphrodite		181	\$21,762	100%	3	3.2	1.5	2.5	2.5	3	2.5	3	612000	1089400	1566800	0.59	1.05	1.5
M24/681	WA	Aphrodite		446.3	\$53,032	100%	3	3.2	1.2	2	1	1.2	2	2.5	381800	700000	1018200	0.37	0.67	0.98
E24/186	WA	Aphrodite	7		\$22,300	100%	1	1.5	1	1.5	1	1.2	0.7	1.5	15600	52950	90300	0.01	0.05	0.09
M24/662	WA	Aphrodite		363.3	\$43,270	100%	3	3.2	1.5	2.5	2.5	3	2.5	3	1217000	2166250	3115500	1.17	2.08	2.99
P24/5014	WA	Aphrodite		141.5	\$6,353	100%	3	3.5	1	1.5	1	1.5	1	1.5	19100	47050	75000	0.02	0.05	0.07
P24/5015	WA	Aphrodite		27.4	\$2,394	100%	3	3.5	1	1.5	1	1.5	1	1.5	7200	17750	28300	0.01	0.02	0.03
Total Aphrodite															2720200	5351350	7982500	2.6	5.2	7.7
E38/2869	WA	England	6		\$22,166	100%	3	3.5	1.5	2	1.5	2	1.5	2	224400	422500	620600	0.22	0.41	0.6
Total England Project															224400	422500	620600	0.22	0.41	0.6
E46/0616	WA	Woodie	1		\$11,684	80%	1	1.5	1.5	2	1	1.5	1	1.5	14000	38550	63100	0.01	0.04	0.06
E46/0787	WA	Woodie	4		\$16,898	100%	1	1.5	1.5	2	1	1.5	1	1.5	25300	69700	114100	0.02	0.06	0.11
E46/0835	WA	Woodie	26		\$30,846	100%	1	1.5	1.2	1.5	1	1.5	1	1.5	37000	96600	156200	0.03	0.09	0.15
R46/0002	WA	Woodie		100	\$-	80%	1	1.5	1.5	2	1	1.5	1	1.5	0	0	0	0	0	0
E46/1159	WA	Woodie	18		\$21,774	100%	1	1.3	1.2	1.5	1	1.5	1	1.5	26100	60800	95500	0.02	0.06	0.09
E46/1160	WA	Woodie	4		\$16,898	100%	1	1.3	1.2	1.5	1	1.5	1	1.5	20300	47200	74100	0.02	0.04	0.07
Total Woodie Woodie South Project															122700	312850	503000	0.1	0.29	0.48
M30/0119	WA	Mulwarrie		68	\$11,673	100%	2	2.5	2.5	3	3	3.5	3	3.5	525300	798850	1072400	0.5	0.77	1.03
M30/0145	WA	Mulwarrie		112	\$13,647	100%	2	2.5	2.5	3	3	3.5	3	3.5	614100	933950	1253800	0.59	0.9	1.2
Total Mulgarrie															1139400	1732800	2326200	1.09	1.67	2.23
ML2901	Qld	Alice River		2.88	\$10,382	51%	2	3	2	2.5	2.5	3	2	3	105900	231650	357400	0.1	0.22	0.34
ML2902	Qld	Alice River		2.88	\$10,382	51%	2	3	2	2.5	2.5	3	2	3	105900	231650	357400	0.1	0.22	0.34
ML2907	Qld	Alice River		2.058	\$10,333	51%	2	3	2	2.5	2.5	3	2	3	105400	230550	355700	0.1	0.22	0.34
ML2908	Qld	Alice River		4.034	\$10,452	51%	2	3	2	2.5	2.5	3	2	3	106600	233200	359800	0.1	0.22	0.35
ML2957	Qld	Alice River		1.6	\$10,305	51%	2	3	2	2.5	2.5	3	2	3	105100	229950	354800	0.1	0.22	0.34
ML2958	Qld	Alice River		11.43	\$15,897	51%	2	3	2	2.5	2.5	3	2	3	162200	354750	547300	0.16	0.34	0.53
ML3010	Qld	Alice River		29.52	\$16,986	51%	2	3	2	2.5	2.5	3	2	3	173300	379000	584700	0.17	0.36	0.56
ML3011	Qld	Alice River		4.4	\$10,474	51%	2	3	2	2.5	2.5	3	2	3	106800	233700	360600	0.1	0.22	0.35
EPM1431	Qld	Alice River	10		\$19,785	51%	2.5	3	2	2.5	1	2	2	2.5	100900	239650	378400	0.1	0.23	0.36
EPM1535	Qld	Alice River	20		\$36,343	51%	2.5	3	1.5	2.5	1	2	1.3	1.5	90400	253700	417000	0.09	0.24	0.4
EPM1536	Qld	Alice River	8		\$16,473	51%	1.5	2	1	1.5	1	2	1.3	1.5	16400	46000	75600	0.02	0.04	0.07
EPM1540	Qld	Alice River	10		\$19,785	51%	1.5	2	1	1.5	1	2	1.3	1.5	19700	55250	90800	0.02	0.05	0.09
EPM1630	Qld	Alice River	6		\$51,245	51%	2.5	3	1.5	2	1	2	1.3	1.5	32700	76750	120800	0.03	0.07	0.12
EPM2626	Qld	Alice River	81		\$137,34	51%	3	3.5	2.5	3	1.8	2	2	2.5	1891300	2784400	3677500	1.82	2.67	3.53
Total Alice River															3352800	6180300	9007800	3.22	5.92	8.65
Total			285	338.802											\$12.57	\$22.13M	\$31.69M	\$12.1	\$21.3	\$30.4
Discount Factors		Location	98%	Gold	98%	Manganes	95%													

Annexure B – Scheme of Arrangement

**EXCELSIOR GOLD LIMITED
ACN 123 629 863
(EXG)**

and

EACH SCHEME PARTICIPANT

**SCHEME OF ARRANGEMENT PURSUANT TO SECTION 411 OF
THE CORPORATIONS ACT**

BETWEEN

EXCELSIOR GOLD LIMITED (ACN 123 629 863) of Unit 2, 124 Stirling Highway, North Fremantle WA 6159;

AND

EACH SCHEME PARTICIPANT.

1. DEFINITIONS AND INTERPRETATION**1.1 Definitions**

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.

CHES 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.

EXG means Excelsior Gold Limited (ACN 123 629 863).

EXG Option means an option to acquire an EXG Share.

EXG Performance Right means a right to acquire an EXG Share.

EXG Share means a fully paid ordinary share in the capital of EXG.

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 EXG 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 EXG and SPI dated _____ 2018.

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 three (3) Business Days after the Effective Date, or such other date agreed by the parties in writing.

Register or **EXG Register** means the register of EXG members maintained by Computershare Limited 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 EXG, 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 2.208 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 EXG 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 **EXG Shareholder** means a holder of an EXG 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 EXG 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 Performance Right means a right to acquire an SPI Share.

SPI Register means the register of members of SPI maintained by Computershare Investor Services Pty 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 EXG

- (a) EXG is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) As at the date of this document:
 - (i) 835,617,242 EXG Shares are on issue;
 - (ii) 14,000,000 EXG Options are on issue; and
 - (iii) 9,829,268 EXG Performance Rights are on issue.
- (c) EXG 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) 521,068,820 SPI Shares are on issue;
 - (ii) 43,362,635 SPI Options are on issue; and
 - (iii) 24,300,000 SPI Performance Rights 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) EXG 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, EXG 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) EXG and SPI have also entered into the Merger Implementation Agreement, which sets out the terms on which EXG 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, EXG 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 EXG 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 EXG 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 EXG 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 EXG 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 EXG 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

EXG 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 EXG pursuant to the authority in clause 4.10) by EXG 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) EXG 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 EXG; and
- (c) EXG, 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 EXG (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 EXG 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 EXG (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) for the purposes of clause 4.10(b), each Small Shareholder appoints EXG 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; and
- (d) the election contemplated under clause 4.10(a) and (b) must be:
 - (i) made using the election form provided to the Small Shareholder; and
 - (ii) received by Excelsior's share registry by 5.00pm on the Record Date,

where a Small Shareholder's election does not comply with clause 4.10(d)(i) and (ii) above, the Small Shareholder will be deemed to be issued the New SPI Shares in accordance with clause 4.10(a).

4.11 Authority given to EXG

Each Scheme Participant will be deemed (without the need for any further act) to have irrevocably authorised EXG (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 EXG 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 EXG 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 EXG 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, EXG 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, EXG'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 2.208 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 EXG SHARES

6.1 No issue

No EXG Shares will be issued by EXG 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 EXG 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 EXG 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.

EXG 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

EXG 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, EXG 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 EXG SHARES

7.1 Suspension of trading

EXG will apply to ASX for suspension of trading of EXG Shares on ASX after the close of trading on ASX on the Effective Date. It is expected that suspension of trading in EXG Shares will occur from the commencement of the Business Day following the day on which EXG notifies ASX of this Scheme becoming Effective.

7.2 Termination of quotation

After the Implementation Date, EXG will apply for termination of the official quotation of EXG 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 EXG 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 EXG as its agent and attorney to enforce the Scheme Deed Poll against SPI.
- (b) EXG 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

EXG 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 EXG Shares or the non-receipt of such a notice by any holder of EXG 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 EXG, 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 EXG 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 EXG 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 EXG, 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 EXG'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

EXG 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 EXG 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

EXG 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. EXG, 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 C – Deed Poll

SPITFIRE MATERIALS LIMITED
ACN 125 578 743
(SPI)

SCHEME DEED POLL

STEINEPREIS PAGANIN
Lawyers & Consultants 

THIS AGREEMENT is made on the 6th day of August 2018

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 Excelsior Gold Limited (ACN 123 629 863) (**EXG**) on issue as at 5.00pm on the Record Date (each a **Scheme Participant**).

RECITALS

- A. SPI and EXG have entered into the Merger Implementation Agreement.
- B. EXG has agreed in the Merger Implementation Agreement to propose the Share Scheme.
- C. Under the Share Scheme, all EXG 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 EXG and SPI dated 24th June 2018.

Scheme or **Share Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between EXG 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 EXG 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 EXG and any of EXG'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 EXG 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 EXG Share to SPI, SPI must on or as soon as practicable after the Implementation Date:

- (a) acquire all EXG 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 EXG'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 EXG, 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 EXG 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, EXG 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 EXG in writing) under the Scheme will be given the option to have those New SPI Shares issued to a nominee approved by SPI, EXG 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 EXG 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 EXG'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 EXG; or
- (b) on or after the Second Court Date, the variation is agreed to in writing by EXG 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 EXG producing this Deed to the Court.

9.6 Further acts and documents

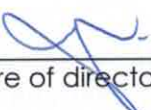
SPI must promptly do all further acts and execute and deliver all further documents (in such form and content reasonably satisfactory to EXG) required by law or reasonably requested by EXG to give full effect to this Deed and the transactions contemplated by this Deed.

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.

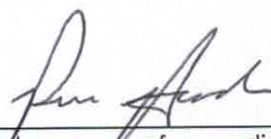
EXECUTED by)
SPITFIRE MATERIALS LIMITED)
ACN 125 578 743)
 in accordance with section 127 of the)
Corporations Act 2001 (Cth):



 Signature of director

JOHN YOUNG

 Name of director



 Signature of ~~secretary~~ director/company secretary*

RUSSELL HARDWICK

 Name of ~~secretary~~ director/company secretary*

*please delete as applicable

Annexure D – Notice of Scheme Meeting

Notice of Scheme Meeting of Excelsior Shareholders

Notice is hereby given that, by order of the Federal Court of Australia (**Court**) made on 10 August 2018 pursuant to section 411(1) of the Corporations Act, a meeting of Excelsior Shareholders will be held at the offices of BDO, 38 Station Street, Subiaco, Western Australia, on Wednesday, 19 September 2018 commencing at 11.00am (Perth time).

The Court has also directed that Mr Hatch act as chairman of the Scheme Meeting, or failing him, Mr Hatch, 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 Excelsior and the Excelsior Shareholders.

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 Excelsior and Excelsior Shareholders, 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 Excelsior Shareholders 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 Excelsior Shareholders.

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 the fact that it is the proponent of the Scheme. As at the date of the Scheme Booklet, neither Spitfire nor any of its Associates hold any Excelsior Shares.

How to Vote

Excelsior Shareholders 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 Excelsior 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)

Excelsior Shareholders 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 Excelsior Register and attendances can be noted. If an Excelsior Shareholder wishes to appoint an attorney, that Excelsior Shareholder will need to provide Excelsior 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 Excelsior Shareholder 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 Excelsior Shareholder should obtain an "Appointment of Corporate Representative" form from Computershare 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 Computershare.

Jointly Held Excelsior Shares

If the Excelsior 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 Excelsior Shares, only the vote of the shareholder whose name appears first on the Excelsior Share Register will be counted.

Proxy Instructions

- An Excelsior Shareholder 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 Excelsior 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 Excelsior Shareholder.
- If a proxy is instructed to abstain from voting on any item of business, that person is directed not to vote on the Excelsior Shareholder's behalf on a poll and the Excelsior 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.
- Excelsior 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 Excelsior or Computershare 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 Excelsior share registry as follows:

Computershare Investor Services Pty Limited
GPO Box 2975

Melbourne VIC 3001
- Fax: +61 (03) 9473 2500 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 **11.00am (Perth time) on Monday, 17 September 2018.**
- The proxy form must be signed by the Excelsior Shareholder or the Excelsior 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 Computershare at the above addresses or by facsimile transmission by **11.00am (Perth time) on Monday, 17 September 2018.** If facsimile transmission is used, the power of attorney must be certified.

Excelsior 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 **5pm (Perth time) on Monday, 17 September 2018.** Only those Excelsior Shareholders entered on the Excelsior 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, Excelsior intends to apply to the Court for the necessary orders to give effect to the Scheme.

Corporate Directory

Excelsior Gold Limited

Directors

David Hatch
Rowan Johnston
Jonathan West
Jimmy Kong Leng Lee
Sam Randazzo

Company Secretary

Amanda Sparks

Registered & Principal Office

Unit 2, 124 Stirling Highway
NORTH FREMANTLE WA 6159

Solicitors to Excelsior

Steinepreis Paganin
Level 4, 16 Milligan Street
PERTH WA 6000

Auditor

BDO Audit (WA) Pty Ltd
35 Station Street
SUBIACO WA 6008

Share Registry

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

Spitfire Materials Limited

Directors

John Young
Neil Biddle
Peter Buttigieg
Roger Mitchell

Company Secretary

Russell Hardwick

Registered & Principal Office

130 Stirling Highway
NORTH FREMANTLE WA 6159

Solicitors to Spitfire

DLA Piper
Level 31, 152-158 St Georges Terrace
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