

MEDIA/ASX RELEASE

25 MARCH 2015

ACQUISITION OF LARGE ZAMBIAN LIMESTONE PROJECT

KEY POINTS

- **Spitfire Resources Limited has entered into a Binding Heads of Agreement to acquire 100% of the White Lion Limestone Project in Zambia.**
- **Mauritian companies, White Lion Group Investments Limited (WLI) and White Lion Group Holdings Limited (WLH), together with its wholly owned Zambian registered subsidiary White Lion Enterprises Limited (WLE), will on settlement own the White Lion limestone project which is located approximately 100km from the Zambian capital Lusaka.**
- **The White Lion project sits on a granted Large Scale Mining Licence and covers a total area of 245 square kilometres.**
- **Mapping and airborne surveys of the White Lion project indicate that the limestone deposition covers an area of approximately 60 square kilometres.**
- **Strong GDP growth across Africa is driving infrastructure development and therefore cement demand. This acquisition is designed to tap into this growth.**
- **The upfront consideration for the acquisition is \$A2.1 million in fully paid ordinary Spitfire Resources shares based on a 30 day volume weighted average price. These shares will be escrowed for a minimum of 12 months.**
- **A second conditional payment of A\$4.2 million in fully paid ordinary Spitfire Resources shares is proposed when not less than 80 million JORC inferred tonnes of limestone is delineated and a Scoping Study that demonstrates the potential for a large-scale, long-life, economic project is completed.**
- **The acquisition is subject to shareholder approval. This approval will be sought by way of a general meeting of the Company's shareholders as soon as practicable.**

Background – The Project

The White Lion project is located approximately 100km (by sealed road) from the Zambian capital Lusaka and sits on a granted Large Scale Mining Licence which covers a total area of 245 square kilometres. The mining licence was granted in 2011, runs for 25 years and is renewable.

Interpretive work from airborne geophysical surveys and preliminary ground mapping shows that the limestone deposition outcrops at surface and covers an area of approximately 60 square kilometres. This large scale of limestone deposition is believed most encouraging for hosting the necessary tonnage needed to consider building a cement works.

To date 39 samples have been taken from the project under the guidance of African industrial minerals and cement expert, Mr. Robert Barnett. The samples were analysed at SGS's laboratory at Kitwe and gave assay averages (inclusive of some dolomitic limestone values) of 44% CaO and 2.4% MgO - these being the key elements for cement limestone. A typical cut-off specification for African cement limestone is 42% CaO minimum and maximum of 4% MgO.

Secondary elements such as silica, aluminium and iron were also reviewed. These deleterious elements have been found to be at levels considered below the maximum tolerance requirements for any future plant feed chemistry. The White Lion project contains local shales and phyllites which can be mined and blended with the limestone to ensure a sustained quality plant feed.

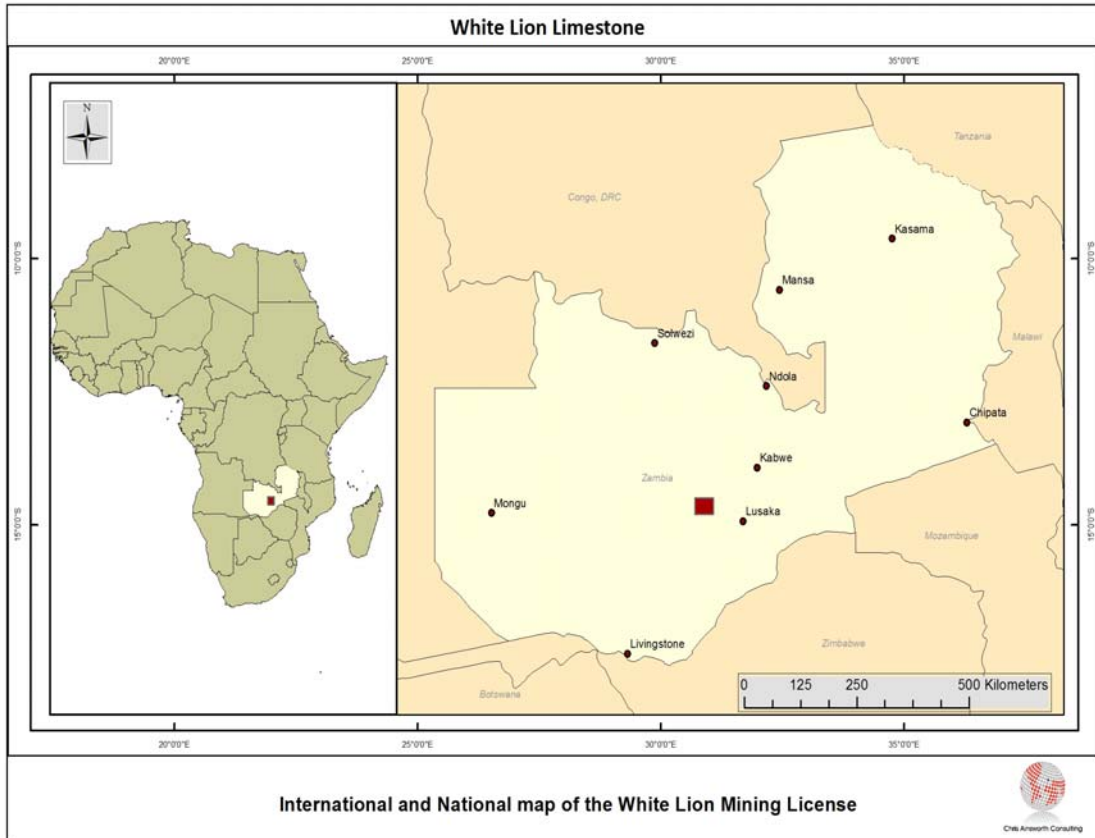
Given the size and location of the project, Spitfire's initial conceptual planning will be to drill-up a limestone resource suitable to supply a cement works for a minimum of 30 years. A typical large African cement plant produces 1Mtpa and consumes approximately two tonnes of limestone for every tonne of cement produced. Allowing for reasonable geological and mining loss, Spitfire has derived a conceptual target of 80Mt* of limestone for White Lion subject to scoping work and market analysis.

With the acquisition comes access to an in-country development team with more than four years experience in Zambia. Spitfire personnel will also be given access to office and operational infrastructure in Johannesburg (to ensure best practice technical support and facilitate future discussions with African supportive financial institutions), in Lusaka (for in-country project management) and at the White Lion exploration site (for man mobilisation and drill core storage).

Exploration Target Statement*

Target tonnages and grades contained herein are conceptual in nature and may or may not be realised through completion of further exploration and other studies on the targets described. As such, it is uncertain if further exploration will result in the determination of tonnages and grades that conform to minerals resources or ore reserves under the JORC code.

Subject to receiving approval for the acquisition from shareholders, Spitfire plans to begin work at White Lion immediately. The Company has put together preliminary budgets for a mapping, diamond drilling and scoping programme that will cost approximately \$1 million and is expected to see work ongoing at the project until the middle of 2016.



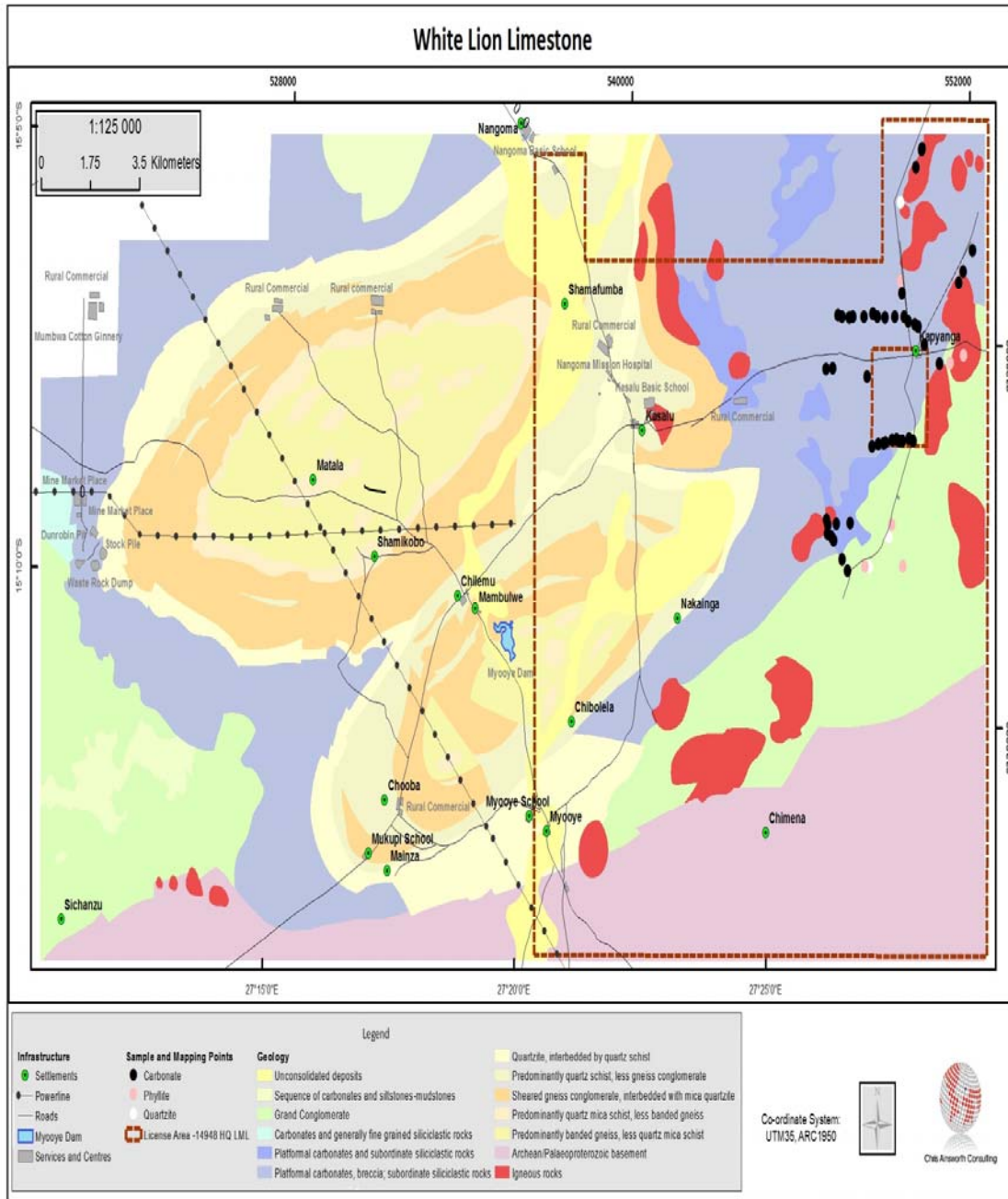


Figure1: Detailed locality plan of the White Lion project, showing nearby infrastructure and regional geology.



Figure 2: Geologist Robert Barnett at site – this quarry has been mined to 10 metres depth for road base – sampling shows it contains cement grade limestone and that the mineralisation is open in all directions.



Figure 3: Outcropping limestone is abundant at White Lion. The estimated size of the deposition area is 60 square kilometres.

Investment Rationale: Africa's Cement Boom

Middle Africa's cement sector is undergoing the strongest period of sustained growth in its history with multiple investments being made across the region to boost production capacity.

According to a report released last year by Pan African bank, Ecobank, in 2013 the region produced 116 million tonnes of cement, led by Nigeria, South Africa & Ethiopia. Cement demand over the past decade has risen at a rate of approximately 5% per year over the past ten years with the four largest economies Nigeria, South Africa, Angola and Ethiopia consuming a combined 68Mt in 2013.

One of the biggest drivers of change in the African cement industry has been aggressive business stance taken by Nigeria's Dangote Cement which is making beachheads in many underdeveloped African markets. Dangote has committed more than A\$4.7 billion expanding its presence across 14 countries with the aim of lifting its output to 55Mtpa. This expansion plan, which includes Zambia, is shaking-up the status quo of an industry which for years has been dominated by European multi-nationals.

Africa's cement boom has also brought with it a re-focus on input minerals. Limestone deposits, in particular, those which have the right location, size and chemical composition are now highly prized.

Background: Cement in Zambia

Cement production in Zambia has been dominated for years by multi-national powerhouse Lafarge. African investment banking group IMARA estimated last year that Lafarge Cement Zambia had a production capacity of approximately 1.48Mtpa of cement across its three plants, Chilanga 1 & 2 located south of Lusaka and Nadola in the north of the country. Lafarge sources its limestone ore from mines near its plants. And, unlike copper and gold, limestone is not included in Zambia's proposed new royalty scheme.

Dangote Cement is on course to challenge Lafarge's dominance and is spending a reported \$US300 million building a new plant in Ndola which will produce an estimated 1.5Mtpa. The third biggest producer Zambezi Portland Cement is estimated by IMARA to be producing 330,000tpa from its Ndola facility.

Zambia's economy is currently growing at a rate of approximately 6.5% per annum making it one of the best performers in Africa. Whilst still heavily dependent on the production of copper, the country remains keen to embrace new international investment to solve its chronic housing and infrastructure needs. This, combined with steady population growth and emerging consumerism, is expected to grow demand for cement and associated industrial minerals in the future.



Figure 4: A new shopping mall in Lusaka completed just six months ago. Chronic infrastructure needs are predicted to grow Zambia's cement demand in the decades to come.

Terms of the project acquisition

Spitfire Resources Limited has entered into a conditional Binding Heads of Agreement with White Lion Group Limited (WLG) to acquire 100% of the issued capital of Mauritian-based White Lion Group Investments Limited (WLI) and White Lion Group Holdings Limited (WLH), the owners (at settlement) of the White Lion project pursuant to their wholly owned Zambian registered subsidiary White Lion Enterprises Limited (WLE).

The acquisition is conditional on the satisfaction of certain conditions precedent. These include the obtaining of all necessary shareholder, third party and regulatory approvals.

The upfront consideration to be paid is that number of fully paid ordinary shares in Spitfire which equates to a value of A\$2.1 million based on the 30 day Volume Weighted Average Price (VWAP) on that date being the last trading day immediately prior to the Settlement Date.

As deferred and conditional consideration, WLG shall be issued Purchaser Performance shares in Spitfire that, subject to ASX approval, when converted on the satisfaction of the below milestones, will equate to a value of A\$4.2 million based on the higher of \$A0.028 or the 30 Day VWAP on that date being the last ASX trading day immediately prior to satisfaction of the milestones.

The Purchaser Performance shares will convert upon the Spitfire Board:

- (a) receiving confirmation of a delineation of not less than 80,000,000 JORC inferred tonnes of limestone product on the tenement; and
- (b) receiving a Scoping Study that demonstrates the potential for a large scale, long life, economic limestone orebody to be developed and mined and the Board resolving to proceed with the development and commercialisation of the project.

Board of Directors

The acquisition will see no change to the Spitfire Board.

Proposed Capital Structure following the acquisition

On the basis that Spitfire completes the Acquisition on the terms set out above, Spitfire's indicative capital structure would be as follows:

	Ordinary Shares	Performance Shares	Options
Current issued capital	255,113,474	-	62,768,606
Issued pursuant to acquisition	194,444,444 ¹	100 ²	-
Total	449,557,918	100	62,768,606
Maximum potential number of ordinary shares that may be issued on achievement of milestones	150,000,000 ³		
Total	599,557,918		

Notes

1. This estimate is based on a 30 Day VWAP of \$0.0108 (as at 18 March 2015)
2. Issue of 100 Performance Shares on the terms proposed.
3. As deferred and conditional consideration, the Performance shares in Spitfire that, subject to ASX approval, when converted on the satisfaction of the milestones, will equate to a value of A\$4.2 million based on the higher of \$A0.028 or the 30 Day VWAP on that date being the last ASX trading day immediately prior to satisfaction of the milestones.

Balance Sheet and Proforma Balance Sheet

Spitfire Resources Limited	Audit Reviewed Balance Sheet As at 31 December 2014 \$000	Unaudited pro forma Balance Sheet as at 31 December 2014 \$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,150	3,069
Trade and other receivables	86	86
Total current assets	3,236	3,155
NON CURRENT ASSETS		
Property, plant and equipment	37	37
Exploration & evaluation assets	-	3,713
Total non-current assets	37	3,750
TOTAL ASSETS	3,273	6,905
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	77	77
Total current liabilities	77	77
NON CURRENT LIABILITIES		
Other payables	-	1,613
Total non-current liabilities	-	1,613
TOTAL LIABILITIES	77	1,690
NET ASSETS	3,196	5,215
EQUITY		
Issued Capital	25,116	27,216
Reserves	578	578
Accumulated losses	(22,498)	(22,579)
Total equity attributable to equity holders of the Company	3,196	5,215
TOTAL EQUITY	3,196	5,215

The Pro-forma Balance sheet for Spitfire Resources as at 31 December 2014 has been prepared on the accounting policies normally adopted by the Company and reflects the proposed changes to its financial position.

The historical and pro-forma financial information is presented in abbreviated form, insofar as it does not include all the disclosures required by Australian Accounting Standards applicable to annual financial statements.

They have been prepared on the assumption that the ordinary shares and performance shares proposed to be issued as part of the transaction are issued.

Anticipated Timetable

The anticipated timetable for the acquisition and the balance of the matters referred to above is set out below:

Action	Indicative Timing
Due diligence	By 9 May 2015
Submit draft Notice of Meeting to ASX & ASIC for review	30 April 2015
Despatch Notice of Meeting	11 May 2015
Shareholder Meeting	9 June 2015
ASX Announcement re results of Meeting	9 June 2015
Settlement Date (assuming all other conditions have been satisfied)	10 June 2015

Directors Support the Acquisition

The Spitfire Board is of the opinion that the purchase of the White Lion asset offers shareholders the chance to participate in a significant exploration and development opportunity in a market segment enjoying growth and capital support. The directors of Spitfire therefore are unanimously recommending the acquisition and will be voting in favour of it.

Licence Details

Tenement Identifier	Tenement Type	Project Name	Area	Granted	Expiry	Country
14948-HQ-LML	Large Scale Mining Lease	White Lion	245km2	11 th October 2011	11 th October 2026	Zambia

Competent Person's Statement

The information in this statement relating to exploration results and mineral resources is based on information compiled by the Company's consulting exploration manager, Mr. Stuart Peterson, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Peterson has sufficient experience relevant to the style of mineralisation and to the type of activity described to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves."

Exploration Target Statement*

Target tonnages and grades contained herein are conceptual in nature and may or may not be realised through completion of further exploration and other studies on the targets described. As such, it is uncertain if further exploration will result in the determination of tonnages and grades that conform to minerals resources or ore reserves under the JORC code.

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