

SPITFIRE RESOURCES LIMITED ACN 125 578 743

NOTICE OF GENERAL MEETING

TIME: 9.00a.m WST

DATE: 17 August 2015

PLACE: Bentleys WA Pty Ltd

12 Kings Park Road West Perth WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6382 3700.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 9.00am WST on 17 August 2015 at:

Bentleys WA Pty Ltd 12 Kings Park Road West Perth WA 6005

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4 pm WST on 13 August 2015.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not

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specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – CREATION OF A NEW CLASS OF SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to the passing of Resolutions 2 and 3, for the purpose of Section 246B of the Corporations Act and for all other purposes, the Company is authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – SIGNIFICANT CHANGE NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 1 and 3, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to acquire the Project as described in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – APPROVAL OF ISSUE OF SECURITIES TO WHITE LION GROUP LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 1 and 2, for the purposes of Section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue up to:

- (a) that number of New Shares with a value of \$2,100,000; and
- (b) 100 Performance Shares,

to White Lion Group Limited on the terms and conditions set out in the Explanatory Statement, will result in White Lion Group Limited's acquiring a voting power of up to 57.20%* in the capital of the Company."

* This assumes an issue price for the New Shares of \$0.011 and Shares issued on the satisfaction of the Performance Share milestones of \$0.028.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by White Lion Group Limited and any of its associates or any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this resolution to the non-associated Shareholders in the Company.

Dated: 13th July 2015

By order of the Board

Russell Hardwick Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – CREATION OF A NEW CLASS OF SECURITIES

This Resolution seeks Shareholder approval for the Company to be authorised to issue the Performance Shares. The Performance Shares are intended to form part of the consideration payable to White Lion Group Limited in respect to the Transaction, the subject of Resolutions 2 and 3. Please refer to Sections 2 and 3 for more background on the proposed Transaction.

A company with a single class of shares on issue, which proposes to issue new shares not having the same rights as its existing shares, is taken to vary the rights of existing shareholders unless the Constitution already provides for such an issue.

Section 246B of the Corporations Act and clause 3.6 of the Constitution provide that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the Shareholders holding Shares in that class; or
- (b) the written consent of the Shareholders who are entitled to at least 75% of the votes that may be cast in respect of Shares in that class.

Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of shares on the terms set out in Schedule 1 of this Explanatory Memorandum. This Resolution is a special resolution.

2. RESOLUTION 2 – SIGNIFICANT CHANGE TO NATURE AND SCALE OF ACTIVITIES

2.1 Background to the proposed Transaction

As announced by the Company on 25 March 2015, the Company has entered into a binding heads of agreement with Mauritian company, White Lion Group Limited (MC3) in respect to the acquisition of a prospective limestone mining licence in Zambia (Acquisition Agreement).

MC3 has two wholly owned Mauritius registered subsidiaries being White Lion Group Investments Limited (MC1) and White Lion Group Holdings Limited (MC2). MC1 and MC2 are the sole shareholders of White Lion Enterprises Limited a company registered in Zambia that holds or will hold at settlement a 100% legal and beneficial interest in the Zambian prospective limestone mining license (the **Project**).

Subject to shareholder approval and satisfaction of the other conditions precedent set out below, MC3 has agreed to sell, and the Company has agreed to acquire, 100% ownership of the ordinary shares in the capital of MC2 and MC1 for the consideration set out below (the **Transaction**). Completion of the Transaction will result in the Company acquiring a 100% legal and beneficial interest in the Project.

The Consideration payable by the Company to MC3 in respect to the Transaction is as follows:

- (a) \$2,100,000 payable in fully paid ordinary shares in the Company based on the 30 Day VWAP on the last ASX trading day immediately prior to the settlement date (**New Shares**); and
- (b) 100 performance shares in the capital of the Company on the terms and conditions set out in Schedule 1 and the subject of Resolution 1 (Performance Shares),

(New Securities).

Completion of the Transaction is subject to certain conditions precedent being achieved or waived. These include that all required regulatory approvals and each Shareholder approval pursuant to this Meeting is obtained.

The Transaction will see no change to the Company's board of directors.

Further background information on the Project is set out at Section 2.3.

2.2 Legal requirements

ASX Listing Rule 11.1 provides that, where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for (ASX Listing Rule 11.1.1);
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting (ASX Listing Rule 11.1.2); and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX (ASX Listing Rule 11.1.3).

ASX has indicated to the Company that, before completing the Transaction, it must obtain Shareholder approval for the change in scale of its activities resulting from the Transaction. However ASX has indicated that for the purposes of ASX Listing Rule 11.1.3, the Company is not required to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

2.3 The Project

The 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 subject to certain terms and conditions.

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 cement works.

With the acquisition comes access to an in-country development team with more than four years experience in Zambia. Company 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).

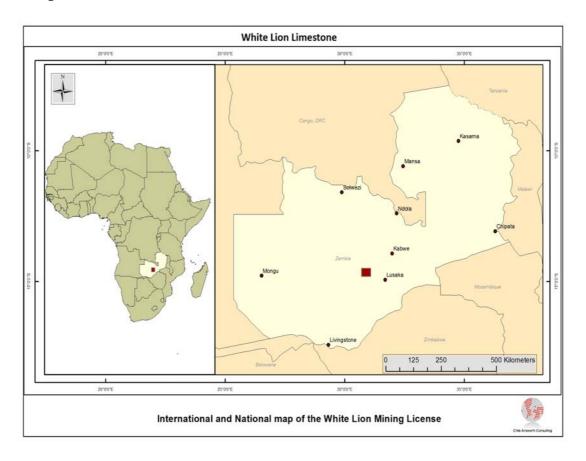


Figure 1. White Lion location map.



Figure 2 Outcropping limestone is abundant at White Lion. The estimated size of the deposition area is 60 square kilometres

Subject to the passing of the Resolutions at the Meeting, the Company plans to begin work at the Project 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 beginning of 2016.

2.4 An Independent Solicitors Verification Report

An Independent Solicitors Verification Report of Mining Licence 14948-HQ-LML from Sharpe & Howard Legal Practitioners of Zambia has been included at Annexure 2 to this Notice.

2.5 Pro forma capital structure

The capital structure of the Company following completion of the Transaction and issues of all securities contemplated by this Notice is set out in Section 3.5(h).

2.6 Pro forma balance sheet

An unaudited pro-forma balance sheet of the Company following completion of the Transaction and issue of all securities contemplated by this Notice is set out in Schedule 2.

2.7 Indicative timetable

Below is an indicative timetable for completion of the Transaction:

Action	Indicative Timing
Shareholder Meeting	17 th August 2015
ASX Announcement re results of Meeting	17 th August 2015
Settlement Date (assuming all other conditions have been satisfied)	18 th August 2015

2.8 Risk factors

Shareholders should be aware that if the proposed Transaction is approved, the Company will be changing the nature and scale of its activities. Based on the information available, a non-exhaustive list of risk factors are as follows:

Specific risks associated with the Project

(a) Risks associated with operating in Zambia

The Project is located in Zambia which is considered to be a developing country and as such subject to emerging legal and political systems compared with the system in place in Australia. Investing and operating in foreign jurisdictions carry political, economic and other uncertainties, including, but not limited to, changes in mining and exploration policies or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual risk, foreign exchange restrictions, currency exchange rate fluctuation, royalty and tax increase and other risks arising out of foreign government sovereignty over the areas in which the Company's operations will be conducted. Any of these factors could result in conditions that delay or in fact prevent the Company from exploring or ultimately developing the Project.

If the Transaction is successful, the Company will be exposed to the risks of operating in such a jurisdiction, including, without limitation:

- (i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- (ii) a higher degree of discretion held by various government officials or agencies;
- (iii) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or

(v) relative inexperience of the judiciary and court in matters affecting the Company.

The commitment to local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed.

No assurance can be given regarding future stability in these or any other country in which the Company may have an interest.

(b) Tenure and access for tenements in Zambia

Mining and exploration tenements in Zambia are subject to periodic renewal. Where a licensee has met the terms of the grant, renewal will not be denied. However, if development conditions are not met there is no guarantee that current or future tenements or future applications for production tenements will be approved.

(c) Compulsory work obligations for tenements in Zambia

Tenements in Zambia are subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. If there is a failure to meet the commitments, this could lead to forfeiture of the particular tenement.

(d) Environmental and other regulatory risks

Environmental legislation is evolving in a manner which will likely require stricter standard and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulations in Zambia, if any, will not materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Various governmental approvals and permits will also be required in connection with various aspects of the Company's operations from time to time. To the extent such approvals or permits are required and not obtained; the Company may be delayed or prevented from proceeding with planned exploration or development.

General Risks

Exploration and Development Risks

The business of exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

(i) the discovery and/or acquisition of economically recoverable reserves:

- (ii) access to adequate capital for project development;
- (iii) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (iv) securing and maintaining title to interests;
- (v) obtaining consents and approvals necessary for the conduct of exploration, development and production;
- (vi) obtaining consents and approvals necessary for the procurement of sufficient power capacity;
- (vii) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities.

There is no assurance that any exploration on current or future interests will result in the discovery of economic deposits. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

(e) Reliance on Key Personnel.

The responsibility of the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel based both in Australia and Zambia. There can be no assurance that there will be no detrimental impact if one or more of these employees cease their employment with the group. To mitigate the risks in Zambia, the Company has developed relationships with the vendor and its associates to provide local support for the proposed exploration activities.

(f) Commodity price volatility and exchange rate risks

If the Company achieves success leading to cement production, the revenue it will derive through the sale of this commodity exposes the potential income of the Company to price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations, technological advancements, forward selling activities and other macro-economic factors.

(g) Future capital requirements

Future funding may be required by the Company to develop the Project, the Company's continuing operations or additional projects that the Company 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 Company 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 Company and its performance.

(h) Management of growth

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Transaction. The capacity of the management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

(i) Competition risk

The Limestone and Cement industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(j) Market risk

Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism, war and other hostilities.

(k) Potential acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or projects. Any such future transactions would be accompanied by the risks commonly encountered in making such acquisitions.

(I) Access to Qualified Personnel

Subject to the success of the planned exploration program, the Company proposes to conduct a Scoping Study to determine the potential for a large scale, long life, economic limestone orebody to be developed and mined. However, there is a risk that the Company may not be able to secure qualified personnel with the relevant experience

at the appropriate time which may impact on the Company's ability to complete to complete the scoping study in its preferred timetable.

(m) Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

2.9 Disclosure of Interests

The Directors do not have any material interest in the outcome of this Resolution other than as a result of their interest arising solely in the capacity as Shareholders.

The Directors have a relevant interest in the following Securities of the Company:

Director	Shares	Options
James Hamilton	28,511,349	4,722,222
Russell Hardwick	8,286,626	3,559,724
Ian Huitson	2,099,337	2,547,619

2.10 Advantages of the Project

The Directors are of the view that the non-exhaustive list of advantages set out in Section 3.6 may be relevant to a Shareholder's decision on how to vote on Resolutions.

2.11 Disadvantages of the Project

The Directors are of the view that the non-exhaustive list of disadvantages set out in Section 3.7 may be relevant to a Shareholder's decision on how to vote on Resolutions.

2.12 Intentions if Transaction is not approved

If Resolution 2 is not passed, and the Project is not acquired, the Company will seek alternative investment opportunities which will build Shareholder value.

2.13 Director's recommendation

The Directors do not have any material personal interests in the outcome of Resolution 2 and unanimously recommend that Shareholders vote in favour of this Resolution as they consider the proposed Transaction to be in the best interests of Shareholders as after assessment of the advantages and disadvantages referred to in Sections 3.6 and 3.7 the Directors are of the view that the advantages outweigh the disadvantages.

3. RESOLUTION 3 – APPROVAL OF ISSUE OF SECURITIES TO WHITE LION GROUP LIMITED

3.1 Background

As detailed above at Section 2.1, the Company has entered into the Acquisition Agreement to acquire the Project for the issue of the Consideration Securities to MC3.

3.2 General

Resolution 3 seeks Shareholder approval for the purpose of Item 7 of Section 611 of the Corporations Act to allow the Company to issue that number of new Shares with a value of \$2,100,000 (New Shares) to MC3.

Resolution 3 also seeks Shareholder approval for the issue of 100 new performance shares to MC3 on the terms outlined in Schedule 1 (**Performance Shares**).

If all of the New Shares and Performance Shares are issued and the Performance Share milestones satisfied, it will result in MC3 acquiring a voting power of up to 57.20% in the capital of the Company. This assumes an issue price for the New Shares of \$0.011 and Shares issued on the satisfaction of the Performance Shares milestones of \$0.028.

Pursuant to ASX Listing Rule 7.2 (Exception 16), Listing Rule 7.1 does not apply to an issue of securities approved for the purpose of Item 7 of Section 611 of the Corporations Act. Accordingly, if Shareholders approve the issue of securities pursuant to Resolution 3, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1.

The Consideration Securities will be subject to an escrow period in accordance with Chapter 9 of the ASX listing rules. Appendix 9B (Clause 6) details that a vendor who is not a person referred to in ASX listing rule 10.1 at the time of the acquisition will be subject to an escrow period of 12 months from the date of issue of the Consideration Securities.

3.3 Item 7 of Section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%,

(Prohibition).

(b) Voting Power

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) MC3's entitlements in the Company

MC3 does not currently hold any Shares or Options in the Company.

Following the issue, MC3's entitlements to the New Shares and Performance Shares the subject of Resolution 3 and resulting voting power in the Company, will be as follows:

Estimated maximum holdings of MC3 following the issue

	Shares	Performance Shares	Voting Power
MC3	190,909,091*	100	42.81%
Other Shareholders	255,113,474	Nil	57.19%

^{*}Assuming an issue price for Shares of \$0.011.

Following the issue and assuming that the Performance Share milestones are satisfied, MC3's resulting voting power in the Company, will be as follows:

Estimated maximum holdings of MC3 following the issue and satisfaction of the Performance Share milestones

	Shares	Performance Shares	Voting Power
MC3	340,909,091*	Nil	57.20%
Other Shareholders	255,113,474	Nil	42.80%

^{*}Assuming an issue price for the New Shares of \$0.011 and Shares issued on the satisfaction of the Performance Shares milestones of \$0.028.

(d) Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) (pursuant to Section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;

- (B) a body corporate that controls the first person; or
- (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(e) Relevant Interests

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%;
- (ii) a body corporate that the person controls.

(f) Associates of MC3

No associates of MC3 currently have or will have a relevant interest in the Company.

3.4 Reason Section 611 Approval is Required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Following the issue of the New Shares, MC3 will have a relevant interest in 190,909,091 Shares in the Company, representing 42.81% voting power in the

Company. This assumes that no other Shares are issued and an issue price for the New Shares of \$0.011.

Further, following the issue of additional Shares in the event that the Performance Share milestones are satisfied, MC3 will hold 150,000,000 additional Shares. This would increase MC3's voting power to 57.20%. This also assumes that no other Shares are issued and an issue price for Shares issued on the satisfaction of the Performance Shares milestones of \$0.028.

Accordingly, Resolution 3 seeks Shareholder approval for the purpose of Section 611 Item 7 and all other purposes to enable the Company to issue the New Shares and Performance Shares to MC3.

3.5 Specific Information required by Section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Moore Stephens Perth Corporate Services Pty Ltd annexed to this Explanatory Statement.

(a) Identity of the Acquirer and its Associates

It is proposed that MC3 will be issued the New Shares and Performance Shares in accordance with the terms of the Acquisition Agreement as set out in Section 2.1 of this Explanatory Memorandum.

No associates of MC3 currently have or will have a relevant interest in the Company.

(b) Relevant Interest and Voting Power

(i) Relevant Interest

The relevant interests of MC3 in voting shares in the capital of the Company (both current, and following the issue of the New Securities to MC3 as contemplated by this Notice) are set out in the table below:

Party	Relevant Interest as at the date of this Notice of Meeting	Relevant Interest after the issue of the New Shares and Performance Shares	Relevant Interest after Performance Share milestones are satisfied
MC3*	Nil	190,909,091	340,909,091
Other Shareholders	255,113,474	255,113,474	255,113,474
TOTAL	255,113,474	446,022,565	596,022,565

^{*}Assuming an issue price for the New Shares of \$0.011 and Shares issued on the satisfaction of the Performance Shares milestones of \$0.028.

(ii) Voting Power

The voting power of MC3 (both current, and following the issue of the New Securities to MC3 as contemplated by this Notice) is set out in the table below:

Party	Voting Power as at the date of this Notice of Meeting	Voting Power after issue of the New Shares and Performance Shares	Voting Power after satisfaction of Performance Share milestones
MC3*	Nil	42.81%	57.20%
Other Shareholders	100%	57.19%	42.80%
TOTAL	100%	100%	100%

^{*}Assuming an issue price for the New Shares of \$0.011 and Shares issued on the satisfaction of the Performance Shares milestones of \$0.028.

Further details on the voting power of MC3 are set out in the Independent Expert's Report prepared by Moore Stephens Perth Corporate Services Pty Ltd

(iii) Summary of increases

From the above chart it can be seen that the estimated maximum relevant interest that MC3 will hold after completion of the issue (and after the satisfaction of the Performance Share milestones) is 340,909,091 Shares, and the maximum voting power that MC3 will hold is 57.20%.

(iv) Assumptions

Note that the following assumptions have been made in calculating the above:

- (A) the Company has 255,113,474 Shares and no conversion of any Options as at the date of this Notice of Meeting;
- (B) the Company does not issue any additional Shares other than pursuant to Resolution 3; and
- (C) MC3 does not acquire any additional Shares other than under Resolution 3.

(c) Reasons for the proposed issue of securities

As set out in Section 2.1 of this Explanatory Statement, the reason for the issue of securities to MC3 is to satisfy the consideration requirements under the Acquisition Agreement to acquire the Project.

(d) Date of proposed issue of securities

The New Shares and Performance Shares the subject of Resolution 2 will be issued on a date after the Meeting to be determined by the Company and MC3.

(e) Material terms of proposed issue of securities

As set out in section 2.1 of this Explanatory Statement the Company is proposing to issue:

- (i) that number of New Shares with a value of \$2,100,000; and
- (i) 100 Performance Shares on the terms set out in Schedule 1.

(f) MC3's Intentions

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that MC3:

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention to inject further capital into the Company;
- (iii) has no present intention regarding the future employment of the present employees of the Company;
- (iv) does not intend to redeploy any fixed assets of the Company;
- (v) does not intend to transfer any property between the Company and MC3; and
- (vi) has no intention to change the Company's existing policies in relation to financial matters or dividends; and

These intentions are based on information concerning the Company, its business and the business environment which is known to MC3 at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(g) Interests and Recommendations of Directors

- (i) None of the current Board members have a material personal interest in the outcome of Resolution 3.
- (ii) All of the Directors are of the opinion that the Acquisition Agreement is in the best interests of Shareholders and, accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 3. The Director's recommendations are based on the reasons outlined in section 3.6 below.
- (iii) The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision

whether it is in the best interests of the Company to pass Resolution 3.

(h) Capital Structure

Below is a table showing the Company's current capital structure and the possible capital structure on completion of the Issue, and upon conversion of the Performance Shares.

	Shares	Performance Shares
Balance at the date of this Notice	255,113,474	Nil
Balance after Issue of the New Shares and Performance Shares	446,022,565	100
Balance following satisfaction of Performance Share milestones	596,022,565	Nil

Assumptions:

- no additional Shares are issued by the Company;
- no conversion of any options on issue
- an issue price for New Shares of \$0.011; and
- an issue price for Shares issued on the satisfaction of the Performance Shares milestones of \$0.028.

3.6 Advantages of the issue – Resolutions 2 and 3

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on proposed Resolutions 2 and 3:

- (a) the issue of New Shares and Performance Shares to MC3 will complete the Company's obligations under the Acquisition Agreement and will not require renegotiation of its terms;
- (b) the acquisition of the Project will result in the diversification of the Company's assets and reduce its business risk associated with the historically narrow business strategy of the Company. At present the Company has only one project being the South Woodie manganese project with Manganese being a mineral exposed to the steel sector which has been adversely affected by the current downturn in the resources sector.
- (c) the Transaction will strengthen the Company's balance sheet;
- (d) the issue of the New Shares will result in an increased market capitalisation which combined with the acquisition of the Project may assist the Company to raise funds in the future to further its operations; and
- (e) the consideration payable to MC3 is largely contingent on creation milestones being achieved which reduces purchase price risk in favour of existing Shareholders;

- (f) the Directors believe that there may be further leverage and acquisition opportunities arising from the relationships developed in the Zambian limestone and cement industry;
- (g) the White Lion Limestone Project comes with ready access to office and operational infrastructure which maximises the exploration, evaluation and development potential associated with the project;
- (h) Moore Stephens Perth Corporate Services Pty Ltd has concluded that the issue of the New Shares and Performance Shares is fair and reasonable to the non-associated shareholders.

3.7 Disadvantages of the Issue – Resolutions 2 and 3

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on proposed Resolutions 2 and 3:

- (a) the issue of the New Shares and Performance Shares will dilute existing Shareholders' respective interests in the Company;
- (b) the change of commodity focus and jurisdiction (outside Australia) may not be consistent with the objectives of some existing Shareholders;
- (c) the acquisition of the Project will result in a change of nature and scale of the Company and its redirection of certain funds towards the new Project which may not be consistent with the objectives of some existing Shareholders; and
- (d) there is no guarantee that the Company's Shares will not fall in value as a result of the issue.

3.8 Independent Expert's Report – Resolutions 2 and 3

The Independent Expert's Report prepared by Moore Stephens Perth Corporate Services Pty Ltd (a copy of which is attached as Annexure 1 to this Explanatory Statement) assesses whether the transactions contemplated by Resolutions 2 and 3 are fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transactions contemplated by Resolutions 2 and 3 are fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert notes that the key advantages of the proposed Transaction to the Company and existing Shareholders are as follows:

- (a) the value of the consideration to be received by the Company is equal to or greater than the value of the consideration payable by the Company; and
- (b) the Transaction will enable the Company to acquire another project whereby the product produced is expected to benefit from strong demand.

The key disadvantages noted by the Independent Expert are as follows:

- (a) the consideration payable by the Company to MC3 will be satisfied entirely by the issue of securities which will have the effect of diluting existing Shareholders interests in the Company; and
- (b) the Company will be changing the nature and scale of its activities which will impact significantly on its risk profile.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

3.9 Pro forma balance sheet

A pro forma balance sheet of the Company post the completion of the issue is set out in Schedule 2.

Competent Person's Statement

The information in this notice of general meeting relating to exploration results and mineral resources is based on information compiled by Mr. Stuart Peterson, the Company's Consulting Exploration Manager, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Peterson has sufficient experience relevant to the styles of mineralisation mentioned and to the type of activities 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.'

GLOSSARY

\$ means Australian dollars.

Acquisition Agreement is defined in Section 2.1 of the Explanatory Statement.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Spitfire Resources Limited (ACN 125 578 743).

Completion means completion under the Acquisition Agreement.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or Meeting means the meeting convened by the Notice.

Independent Expert Report's means the Independent Expert's Report prepared by MSA Group (Pty) Ltd which is attached to this Notice as Annexure 1.

Independent Solicitors Verification Report means an Independent Solicitors Verification Report of Mining Licence 14948-HQ-LML from Sharpe & Howard Legal Practitioners of Zambia which is attached to this Notice as Annexure 2.

Issue means the issue of the New Securities.

New Securities the New Shares and the Performance Shares.

New Share means a Share being issued by the Company pursuant to the Issue outlined in Section 2.1 of the Explanatory Statement.

Notice or **Notice** of **Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Prohibition is defined in clause 3.3(a) of the Explanatory Statement.

Tenement means the Project's prospective limestone mining licence in Zambia, being tenement identifier 14948-HQ-LML.

SCHEDULE 1 - TERMS AND CONDITIONS OF PERFORMANCE SHARES

The terms of the Performance Shares are set out as follows:

- (a) (Performance Shares): Each Performance Share is a share in the capital of the Company.
- (b) (General Meetings): The Performance Shares shall confer on the holder (Holder) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to the Company's shareholders. Holders have the right to attend general meetings of the Company's shareholders.
- (c) (No Voting Rights): The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company's shareholders, subject to any voting rights under the Corporations Act 2001 (Cth) or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) (No Dividend Rights): The Performance Shares do not entitle the Holder to any dividends.
- (e) (No Rights on Winding Up): Upon winding up of the Company, the Performance Shares may not participate in the surplus profits or assets of the Company.
- (f) (Transfer of Performance Shares): The Performance Shares are not transferable.
- (g) (Reorganisation of Capital): In the event that the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- (h) (Application to ASX): The Performance Shares will not be quoted on ASX. Upon conversion of the Performance Shares into Shares in accordance with these terms, the Company must within seven (7) days after the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the Shares arising from the conversion.
- (i) (Participation in Entitlements and Bonus Issues): Subject always to the rights under item (g) (Reorganisation of Capital), Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of Purchaser Shares such as bonus issues and entitlement issues.
- (j) (Amendments required by ASX): The terms of the Performance Shares may be amended as necessary by the board of directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- (k) (No Other Rights): The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

- (a) (Issue of Performance Shares): The Performance Shares will be issued on the Settlement Date.
- (b) (Milestones): The Performance Shares will convert into Shares upon the Board of the Company:
 - (i) receiving confirmation of a delineation of not less than 80,000,000 JORC inferred tonnes of Limestone product on the Tenement; and
 - (ii) 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,

(Milestone).

(c) (Conversion of Performance Shares): Upon the relevant Milestone being achieved all of the Performance Shares will collectively convert into that number of Shares that equates to a value of A\$4,200,000 based on the higher of A\$0.028 or the 30 Day VWAP on that date being the last ASX trading day immediately prior to satisfaction of the Milestone.

For the avoidance of doubt, 30 Day VWAP means the volume weighted average price for fully paid ordinary shares in the capital of the Company calculated on that date being the last ASX trading day immediately prior to the proposed date of issue.

- (d) (No Conversion if Milestone not Achieved): Any Performance Share not converted into a Share within 3 years from the issue of the Performance Share will lapse.
- (e) (After Conversion): The Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of issue, rank equally with and confer rights identical with all other Purchaser Shares then on issue and application will be made by the Company to ASX for official quotation of the Company Shares issued upon conversion.
- (f) (Conversion Procedure): The Company will issue the Holder with a new holding statement for the Company Shares as soon as practicable following the conversion of the Performance Shares into Shares.
- (g) (Ranking of Shares): The Shares into which the Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

SCHEDULE 2 - BALANCE SHEET AND PRO FORMA BALANCE SHEET OF THE COMPANY

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
	5,100	<u> </u>
EQUITY Issued Capital	25,116	27,216
Reserves	25,116	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.

ANNEXURE 2 - INDEPENDENT SOLICITORS REPORT

Refer to the Independent Solicitors Verification Report of Mining Licence 14948-HQ-LML from Sharpe & Howard which accompanies and forms part of this Notice of General Meeting.

SHARPE & HOWARD LEGAL PRACTITIONERS

Plot 8235 Nangwenya Road P/Bag RW175X Lusaka, Zambia Tel: 260-211-256426/7/8/9/30 Fax: 260-211-256431

E-mail: enquiries@sharpehoward.com

Our ref: SH/S. 1338 (2) in

12th June 2015

Messrs. Spitfire Resources Limited 41 York St. Subiaco WA 6008 P.O. Box 8050 Australia

Dear Sirs,

Re: Verification of Mining Licence 14948-HQ-LML

1. Introduction

- 1.1. We have been retained by Spitfire Resources Limited of Australia, to carry out a due diligence on Large Scale Mining Licence number 14948-HQ-LML held by Luiri Gold Mines Limited a Zambian registered company (LCO 53298) (hereinafter referred to as the "Luiri Gold Mines")
- 1.2. This Due Diligence Report sets out the results of our investigations into the corporate standing of the Luiri Gold Mines and the validity of the Large Scale Mining Licence.
- 1.3. This Report is prepared for inclusion in a Notice of Meeting and Independent Experts report to be sent to all shareholders of Spitfire Resources Limited
- 1.4. For the purposes of this Report we have reviewed and reported on:



- 1.4.1. Patents and Companies Registration Agency (PACRA) Computer Search Printout dated 3rd June 2015 relating to the Luiri Gold Mines (hereinafter referred to as the "PACRA Printout");
- 1.4.2. Printout from the Ministry of Mines dated 20th May 2015 relating to Large Scale Mining Licence 14948-HQ-LML; and
- 1.4.3. Search at the Ministry of Mines on the physical file relating to the Mining Licence.
- 1.5 This Report is limited to the Laws of the Republic of Zambia as contained in the following legislation:
 - 1.5.1 The Companies Act, Chapter 388 of the Laws of Zambia (the "Companies Act") as amended;
 - 1.5.2 The Mines and Minerals Development Act Number 7 of 2008, Chapter 213 of the Laws of Zambia (the "Mines Act"); and
 - 1.5.3 The Property Transfer Tax Act, Chapter 340 of the Laws of Zambia (the "PTT Act") as amended

2. Corporate Standing

- 2.1 We have reviewed the corporate records of Luiri Gold Mines Limited as contained in the PACRA Printout and set out our findings below:
 - 2.1.1 Luiri Gold Mines is a private company limited by shares and registered under the Companies Act. The Company possesses capacity to sue and be sued in its own name;
 - 2.1.2 Luiri Gold Mines was incorporated in the Republic of Zambia on 3rd September 2003 and has Company Registration No. 53298 with its

- principal business being 'mining and other related business (prospecting, polishing);
- 2.1.3 The Company's registered office is located at Stand No. 74 Independence Avenue Lusaka Zambia;
- 2.1.4 The Company's financial year is 31st January;
- 2.1.5 Luiri Gold Mines has an authorised share capital of K5,000 (Five Thousand Kwacha) divided into 5,000 (five thousand) ordinary shares of K1 (One Kwacha) each. Following the rebasing of the Zambian Kwacha in 2013, all companies were required to rebase their share capital. The Zambian Companies Law currently requires company to have a minimum of K10,000 nominal share capital. Luiri Gold Mines has therefore has not complied with the requirement to rebase and to increase its nominal share capital.
- 2.1.6 The shareholders of Luiri Gold Mines are Zio Holdings Limited company registration no. 897 with 1 ordinary share and L G Holdings Limited company registration no. 3169 with 4,999 ordinary shares. The Directors are Clinton John White whose residential address is in Lusaka Zambia and Gerald David Chapman whose residential address is in South Africa. The Company Secretary is Amazon Associates whose company registration number is 60935 and address is in Lusaka, Zambia.
- 2.1.7 Our search at PACRA has revealed that the Company is up to date with filing of Annual Returns, the Company having filed the latest return on 19th February 2015 and as such, has fulfilled its statutory obligation to file annual returns under Division 8.5 of the Companies Act.

3. Mining Rights – Large Scale Mining Licence – 14948-HQ-LML

- (a) Luiri Gold Mines applied to the Ministry of Mines and Minerals Development for Large Scale Mining Licence on 29th July 2010. The application was approved and the Large Scale Mining Licence 14948-HQ-LML granted on 11th October 2011 for a period of twenty five (25) years, effectively expiring on 10th October 2036. The official approved area is 24243.9200 ha using a GCS_Arc1950 Coordinate system being the three-dimensional spherical surface system.
- (b) The Printout obtained from the Ministry of Mines dated 20th May 2015 relating to Large Scale Mining Licence 14948-HQ-LML shows that Luiri Gold Mines Limited has One Hundred per centum (100%) interest in the Large Scale Mining Licence 14948-HQ-LML which was issued relating to the following resources:-
 - > Bentonite
 - > Clay
 - ➤ Cobalt
 - > Copper
 - **▶** Dolomite
 - ➤ Gold
 - ➤ Granite
 - ➤ Lead
 - > Limestone
 - Manganese
 - > Marble
 - ➤ Mica
 - Quartz
 - Sandstone
 - > Silica
 - > Silver
 - > Stone
 - > Zinc
 - Calcite

- (c) The Printout obtained from Ministry of Mines dated 20th May 2015 further reveals that on 22nd May 2015 a Transfer Application was made in relation to Large Scale Mining Licence 14948-HQ-LML.
- (d) The Ministry of Mines Large Scale Mining Licence Certificate (Form XVII) reveals that the Large Scale Mining Licence was issued under the Mines and Minerals Development Act No. 7 of 2008 and is subject to The Mines and Minerals Development (General) Regulations of 2008. The Certificate further reveals that the area covered by the Large Scale Mining Licence is situate in the Mumbwa District of the Central Province of the Republic of Zambia.
- (e) The Ministry of Mines Large Scale Mining Licence Certificate reveals that on 26th May 2015 the Licence was transferred from Luiri Gold Mines Limited to White Lion Enterprises Limited and the transfer was duly authenticated by a stamp dated 26th May 2015 from the Director of Mines as well as his signature.
- (f) Annexed to the Large Scale Mining Licence 14948-HQ-LML are the conditions for grant of a Large-Scale Mining Licence which are also found in Section 30 of the Mines and Minerals Development Act no. 7 of 2008. The conditions are:-

1. A holder shall:-

- i) Develop the mining area in accordance with the approved programme of mining operation;
- ii) Execute the environmental management plan;
- iii) Demarcate the mining area and keep it demarcated;
- iv) Pay mineral royalty in accordance with the Mines and Minerals Development Act, 2008 and the Income Tax Act, chapter 323 of the Laws of Zambia;

- Maintain at the holder's office, complete and accurate technical and financial records of mining operations;
- vi) Permit authorised officers, at any time, to inspect all records, mining or mineral processing operations;
- vii) Submit statutory reports, records and any other information concerning mining operations;
- viii) Submit copies of annual returns audited financial statements within three months of the end of each financial year;
- ix) Submit reports on external supplies or ore, concentrates, tailings, slimes or any other mineral fed to the plant;
- x) Provide current information on recovery from ores, mineral products, production costs and sales;
- xi) Conduct operations only upon meeting the requirements under the Environmental Protection and Pollution Control Act, Chapter 204 of the Laws of Zambia and obtaining an annual operating permit under the Mines and Minerals Development Act, 2008.
- xii) Contribute to the Environmental Protection Fund as required under the Mines and Minerals Development Act, 2008;
- xiii) Obtain appropriate insurance for phases of its operations;
- xiv) Submit a Pegging Certificate for approval within three months of grant of licence; and
- xv) Comply with the provisions of the Mines and Minerals Developments Act, 2008 and other relevant Laws of Zambia
- 2. No illegal mining and trade are permitted in the mining area

- 3. The holder shall not enter into any Agreements or transfer the licence without prior consent of the Director [of Mines].
- 4. The holder shall be liable for any harm or damage caused by the mineral processing or mining operations shall compensate any person to whom harm or damage is caused.
- (g) A search on the physical file relating to Large-Scale Mining Licence 14948-HQ-LML on 2nd June 2015 revealed that Luiri Gold Mines paid for area charges on 17th May 2015.

a. The law as relates to Mining Rights

The provisions of the Mines and Minerals Development Act No. 7 of 2008 (hereinafter referred to as "The Mines Act") relating to large-scale mining licence and mineral processing licence relevant to this enquiry are as follows:-

Large-scale mining licence

Section 2 of The Mines Act defines a Large Scale Mining Licence as

'a large scale mining licence granted under Part II of this Act'

Section 29 (1) of The Mines Act confers rights on Large-Scale mining licence holders and it provides that:-

'subject to the conditions of the licence, a large-scale mining licence confers on the holder exclusive rights to carry on mining and prospecting operations in the mining area, except gemstones, and to do all such other acts and things as are necessary for or reasonably incidental to the carrying on of those operations'

Section 29(2) specifies the rights conferred on a holder of a Large-Scale mining licence as and it is states as follows:-

'Without limiting the generality of subsection (1), a holder of a large-scale mining licence may –

- a) Enter on to the mining area and take full reasonable measures on or under the surface for the purpose of mining operations;
- b) Erect the necessary equipment, plant and buildings for the purposes of mining, transporting, dressing or treating the mineral recovered in the course of mining operations;
- c) Dispose of any mineral product recovered;
- d) Prospect within the mining area for any mineral except gemstones; and
- e) Stack or dump any mineral or waste products in accordance with the environmental management plan.'

Section 32 of The Mines Act provides for restrictions on the transfer of largescale mining licences and states that:-

> '32 (1) a large-scale mining licence or any interest therein shall not be transferred, assigned, encumbered or dealt with in any other manner without the approval of the Director'

This provision should be read in conjunction with sections 4 and 5(3) of the Property Transfer Tax Act which provide that:-

- '4(1) Whenever any property is transferred, there shall be charged upon, and collected from, the person transferring such property a property transfer tax in accordance with the provisions of this Act.
- (2) The rate of tax shall be ten percent of the realised value.
- 5 (3) Where the property to be valued is a mining right or an interest in a mining right, the realised value of the mining

right or interest shall be the actual price or the mining right or interest as determined by the Commissioner-General, whichever is higher.'

4. Pending and/or threatened litigation against the Luiri Gold Mines in relation to Large Scale Mining Licence 14948-HQ-LML

- 4.1 Our searches at the Subordinate Court of Zambia, the High Court of Zambia (Principle and Commercial Registry) and the Supreme Court of Zambia conducted on 4th June 2015 reveal that there is no existing litigation against Luiri Gold Mines in relation to Large Scale Mining Licence 14948-HQ-LML
- 4.2 Take note that our searches have been limited to the registries held by the Courts in Lusaka. There is no means of ascertaining the status of litigation against or on behalf of the Company in other provinces of Zambia unless by means of a physical search at the Courts in each such province.
- 4.3 It is not possible to ascertain whether there is any threatened litigation against Luiri Gold Mines as that information would be within the peculiar knowledge of Luiri Gold Mines.

5. Conclusion

Based on the above and subject to the qualifications set out herein, we confirm that:

5.1 Luiri Gold Mines is a Company duly incorporated in accordance with the Laws of Zambia and is duly compliant with the requirements of the Companies Act. The objects of Luiri Gold Mines permit it to apply for and obtain a Licence in any field of mining subject to the requirements imposed by the Mines and Minerals Develoment Act.

- 5.2 Having conducted a search on White Lion Enterprises Limited and based on the Computer Search Printout from Patents and Companies Registration Authority Office the objects of the White Lion Enterprises Limited permit it to apply for and hold a valid Mining Licence subject to the requirements imposed by the Mines and Minerals Development Act.
- 5.3 Based on the searches at the Ministry of Mines Registry and the Flexi Cadastre Printout obtained Large Scale Mining Licence 14948-HQ-LML is issued to Luiri Gold Mines and an application to transfer the 100% interest held by Luiri Gold Mines to White Lion Enterprises Limited has been duly approved and the requisite property transfer tax duly paid to Zambia Revenue Authority.
- 5.4 Based on the current Mines and Minerals Development Act, White Lion Enterprises Limited being the current holder of the rights in the Mining Licence can transfer the rights without obtaining Consent from Luiri Gold Mines or any other previous holder.
- 5.5 Based on the current Republic of Zambia General Receipt No. 5486545 which was found on the physical file relating to the Mining Licence, area charges currently payable in relation to the Mining Licence are Two Hundred and Forty Seven Thousand Seven Hundred and Five Kwacha Eleven Ngwee (ZMW 247,705.11). The area charges are subject to change at any time.

6. Reliance

This opinion is addressed to the Shareholders of Spitfire Resources Limited for their benefit only. It is not to be transmitted to anyone else, nor is it to be relied upon by anyone else or for any other purpose without the recipient's express permission and consent.

Yours faithfully,

PROXY FORM

APPOINTMENT OF PROXY SPITFIRE RESOURCES LIMITED ACN 125 578 743

		GENERAL MEETING				
I/We						
of						
	being a Shareholder ent	itled to attend and vote at t	he Meeting, h	ereby		
appoint						
	Name of proxy					
<u>OR</u>	the Chair as my/	our proxy				
accordant relevant la	ce with the following dir	f no person is named, the C ections, or, if no directions t the Meeting to be held at adjournment thereof.	have been	given, and sub	ject to the	
The Chair vote.	intends to vote undirecte	d proxies in favour of all Res	colutions in wh	nich the Chair is	entitled to	
Voting on	business of the Meeting		FOR	AGAINST	ABSTAIN	
Resolution 1	- Creation of a new class of	securities				
Resolution 2	? – Significant change nature	and scale of activities				
Resolution 3	s - Approval of issue of securi	ties to White Lion Group Limited				
		for a particular Resolution, you a oll and your votes will not be co				
If two proxie	es are being appointed, the p	proportion of voting rights this pro	oxy represents is	s	%	
Signature of	of Shareholder(s):		Date:			
Individual	or Shareholder 1	Shareholder 2	Shar	reholder 3		
Sole Director/Company Director Director/Company Secretary				Secretary		
Contact N	ame:	Contact	Ph (daytime)	:		

Instructions for Completing 'Appointment of Proxy' Form

- 1. (Appointing a proxy): A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
- 2. (Direction to vote): A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. (Signing instructions):

- (Individual): Where the holding is in one name, the Shareholder must sign.
- (Joint holding): Where the holding is in more than one name, all of the Shareholders should sign.
- (Power of attorney): If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
- (Companies): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
- 4. (Attending the Meeting): Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
- 5. **(Return of Proxy Form)**: To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Spitfire Resources Limited, PO Box 8050, Subiaco East WA 6008; or
 - (b) facsimile to the Company on facsimile number +61 8 6382 3777,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.



SPITFIRE RESOURCES LIMITED

INDEPENDENT EXPERT'S REPORT

and Financial Services Guide

1 July 2015

For the proposed General Meeting to be held on 17 August 2015

Prepared by Moore Stephens Perth Corporate Services Pty Ltd Australian Financial Services License No. 240773



MOORE STEPHENS PERTH CORPORATE SERVICES PTY LTD Australian Financial Services License No. 240773

FINANCIAL SERVICES GUIDE

This Financial Services Guide is issued in relation to the Independent Expert's Report on the proposed acquisition by Spitfire Resources Limited of 100% of the issued capital of White Lion Holdings Limited and White Lion Investments Limited that, together with their wholly owned Zambia registered subsidiary White Lion Enterprises Limited, comprise the White Lion Group, prepared at the request of the Directors of Spitfire Resources Limited for inclusion in a Notice of General Meeting of Shareholders to be dated on or about 17 August 2015.

Moore Stephens Perth Corporate Services Pty Ltd

Moore Stephens Perth Corporate Services Pty Ltd "MSPCS" has been engaged by the directors of Spitfire Resources Limited to prepare an independent expert's report expressing our opinion as to whether or not the proposed acquisition of its investment in the White Lion Group is "fair and reasonable" to non-associated shareholders.

MSPCS holds an Australian Financial Services Licence – Licence No 240773.

Financial Services Guide

As a result of our report being provided to you we are required to issue to you, as a retail client, a Financial Services Guide "FSG". The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial Services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of a company or other entities.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report as a retail client because of your connection with the matters on which our report has been issued. We do not accept instructions from retail clients and do not receive remuneration from retail clients for financial services.

Our report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in this report.

General Financial Product Advice

Our report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives either financial or otherwise, your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the proposed transaction may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive

We will charge fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis. We estimate that our fees for the preparation of this report will be approximately \$15,000 plus GST.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of MSPCS or related entities but any bonuses are not directly in connection with any assignment and in particular are not directly related to the engagement for which our report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

MSPCS is the licensed corporate advisory arm of Moore Stephens Perth, Chartered Accountants and Business Advisers. The directors of MSPCS may also be partners in Moore Stephens Perth Chartered, Accountants and Business Advisers.

Moore Stephens Perth, Chartered Accountants and Business Advisers is comprised of a number of related entities that provide audit, accounting, tax, and financial advisory services to a wide range of clients.

MSPCS's contact details are set out on our letterhead.

Neither MSPCS nor its related entities have previously provided any professional services to Spitfire Resources Limited.

Complaints resolution

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, Moore Stephens, PO Box 5785, St George's Terrace, Perth WA 6831.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited "FOS". FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. MSPCS is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited

GPO Box 3

Melbourne VIC 3001 Toll free: 1300 78 08 08 Facsimile: 03 9613 6399 Email: info@fos.org.au

SPITFIRE RESOURCES LIMITED INDEPENDENT EXPERT'S REPORT

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1 July 2015

The Directors
Spitfire Resources Limited
41 York Street
SUBIACO WA 6008

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. EXECUTIVE SUMMARY

Overview

- 1.1. Spitfire Resources Limited ("SPI" or "the Company") is a public company listed on the Australian Securities Exchange, ASX Code: SPI. The directors of SPI have engaged Moore Stephens Perth Corporate Services Pty Ltd to prepare an Independent Expert's Report to express an opinion as to whether or not the proposed acquisition of 100% of the issued capital of White Lion Group, for consideration to be satisfied on completion (defined as the "settlement date") by the issue of SPI fully paid ordinary shares and performance shares (which may convert into fully paid ordinary shares at a later date) to the vendor of White Lion Group, is fair and reasonable to the non-associated shareholders of SPI being those shareholders that are not associated with the White Lion Group (referred to as "the Proposed Transaction").
- 1.2. This report is to accompany the Notice of General Meeting of Shareholders and Explanatory Statement of SPI to be sent to all shareholders to assist them in determining whether or not to approve the Proposed Transaction ("Notice of General Meeting"). Apart from the purpose stated directly above, this report cannot be used or relied on for any other purpose or by any other person or entity.
- 1.3. Our assessment of the Proposed Transaction relies on financial information and instructions provided by the Company and the Directors. As instructed, we have not completed any audit or due diligence of the information which has been provided or of the entities which have been valued. This report does not contain any accounting or taxation advice.

Background

- 1.4. White Lion Group comprises White Lion Group Holdings Limited and White Lion Group Investments Limited, both registered in Mauritius, that together via its wholly owned Zambian registered subsidiary, White Lion Enterprises Limited, owns a large scale mining licence prospective for a limestone deposit and is the legal and beneficial owner of the tenement located in Zambia (referred to as the "White Lion Limestone Project"). The vendor of White Lion Group is White Lion Group Limited, a company incorporated in Mauritius. We are advised that White Lion Group Limited is not a related party of SPI, other than by virtue of the proposed transaction.
- 1.5. SPI has executed a Binding Heads of Agreement with the Vendors of White Lion Group whereby SPI proposes to acquire 100% shareholding in White Lion Group for consideration to be satisfied on completion by the issue of SPI fully paid ordinary shares and performance shares.

Summary of the Proposed Transaction

1.6. SPI proposes to acquire 100% of the shareholding in White Lion Group for consideration, to be satisfied on completion by the issue of SPI shares to associated shareholders of SPI, as follows:

Initial Payment

• \$2,100,000 (being that number of SPI fully paid ordinary shares that equates to a value of \$2,100,000, based on the 30 day VWAP on that date being the last ASX trading day immediately prior to the settlement date); plus

Contingent Payment

\$4,200,000 (being 100 performance shares issued at settlement date that will convert into
that number of fully paid ordinary shares in SPI that equates to a value of \$4,200,000,
based on the 30 day VWAP or \$0.028, whichever is higher, on that date being the last
ASX trading day immediately prior to the date of satisfaction of the milestone set out
below. This means that the number of ordinary shares potentially to be issued by SPI on
achievement of the milestone is 150,000,000 or less.

The performance shares will convert into fully paid ordinary shares upon the board of SPI;

- Receiving confirmation of a delineation of a JORC compliant resource of not less than 80 million tonnes of inferred limestone product on the tenement; and
- 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.
- The performance shares will lapse within 3 years from settlement date if not converted into ordinary shares in the purchaser, i.e. if the milestone is not achieved.

In summary, if the milestone referred to above is not achieved, then no additional consideration is payable (i.e. total consideration would be the initial consideration payment noted above of \$2,100,000), whilst the maximum consideration payment is capped at \$6,300,000, comprising the issue of SPI shares.

1.7. The following table sets out the effect of the proposed acquisition of White Lion Group on the SPI associated and non-associated shareholders on the basis that the performance milestone is not achieved (i.e. the minimum consideration payable of \$2,100,000), assuming an issue price for SPI shares of \$0.011, which was the price last traded on ASX as at 20 March 2015, being the last trading day prior to the announcement of the Proposed Transaction (the most recent prices traded on ASX in April and May 2015 do not materially alter the following tables);

Shareholders	Pre Proposed Acquisition		Post Proposed Acquisition	
	Shares	%	Shares	%
Associated Shareholders - Being the Vendor of White Lion Group	nil	Nil	190,909,091	42.81
Non Associated Shareholders	255,113,474	100.00	255,113,474	57.19
Total	255,113,474	100.00	446,022,565	100.00

1.8. The following table sets out the effect of the proposed acquisition of White Lion Group on the SPI associated and non-associated shareholders on the basis that the performance milestones are achieved (i.e. the maximum consideration payable of \$6,300,000), assuming an issue price for SPI shares of \$0.028, which is the minimum price the ordinary shares can be issued at:

Shareholders	Pre Proposed Acquisition		Post Proposed Acquisition	
	Shares	%	Shares	%
Associated Shareholders - Being the Vendor of White Lion Group	nil	Nil	340,909,091	57.20
Non Associated Shareholders	255,113,474	100.00	255,113,474	42.80
Total	256,113,474	100.00	596,022,565	100.0

- 1.9. The above tables show that the associated shareholders currently hold no shares or 0.0% of the shareholding in SPI before the proposed acquisition and will hold a minimum of 42.81% and potentially a maximum of 57.20% (if the milestone referred to above in Section 1.6 is achieved) of the shareholding in SPI after the proposed acquisition. The tables also reflect the fact that SPI shareholders will retain their existing shares should the Proposed Transaction occur and will not receive any compensation.
- 1.10. The acquisition of the 100% shareholding in White Lion Group is conditional upon satisfying the following conditions precedent by 31 October 2015:
 - Reciprocal Due Diligence within 45 days of the date of execution of the Binding Heads of Agreement;
 - All regulatory and SPI shareholder approvals as required by the Corporations Act including obligations under Section 611(7) of the Corporations Act;
 - ASX and shareholder approvals and/or waivers pursuant to the Listing Rules including obligations under ASX listing Rule 11.1.2;
 - SPI obtaining approval from ASX that the terms of the performance shares satisfy ASX listing rules;
 - Receipt of confirmation by SPI that White Lion Enterprises Limited has obtained the sole legal and beneficial interest in the tenements, free from encumbrances.

Scope and Basis of Evaluation

The Corporations Act 2001

Sections 606 and 611 of the Corporations Act

- 1.11. Section 606 of the Corporations Act 2001 ("the Act") expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.
 - Following the acquisition of White Lion Group the associated shareholders will hold a minimum of 42.81% and potentially a maximum of 57.20% of the issued capital of SPI.
- 1.12. Item 7 of Section 611 permits such an acquisition and associated share issues if the shareholders of the company have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that the shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.
- 1.13. Regulatory guide 74 issued by ASIC deals with "Acquisitions Agreed to by Shareholders". It states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of SPI, by either;
 - Undertaking a detailed examination of the transaction themselves, if they consider that they have sufficient expertise; or
 - By commissioning an Independent Expert's Report.

The directors of SPI have commissioned this Independent Expert's Report.

ASIC Regulatory Guide 111 ("RG 111")

- 1.14. In preparing our report we have had regard to the guidelines set out in RG 111 as well as ASIC Corporate Finance Liaison Minutes May 2013 and November 2013 and ASIC Report 409 ASIC regulation of corporate finance January to June 2014 (paragraphs 87-89). The Act does not define the term "fair and reasonable"; however the guidance referred to above provides that each of these criteria be assessed individually and not as a compound phrase. The guidance provides that the Proposed Transaction:
 - Will be considered "fair" to the non-associated shareholders of SPI if the fair market value of the Company's shares post-transaction, on a minority basis (ie applying a minority discount), exceed the fair market value of the Company's shares pretransaction on a control basis. This comparison is required to be made assuming an arm's length transaction between knowledgeable and willing, but not anxious parties;
 - Will be considered "reasonable" if it is "fair"; and
 - May be considered "reasonable" despite being "not fair", if the expert believes there are other reasons for shareholders to vote for the proposal.
- 1.15. In our opinion, the Proposed Transaction represents a control transaction as defined by RG 111 which may be approved under item 7 of section 611 of the Act. RG 111 suggests that where a transaction is a control transaction it should be analysed on a basis consistent with a takeover bid.
- 1.16. We also have had regard to RG 112, which outlines guidelines with respect to the requirement for the independence of experts.

Purpose of Report

1.17. SPI has engaged Moore Stephens Perth Corporate Services Pty Ltd to prepare a report providing an opinion on whether the Proposed Transaction is fair and reasonable to non-associated shareholders. This report is to accompany the Notice of General Meeting of Shareholders in order to satisfy the information requirements that the proposed issue of SPI shares associated with the Proposed Transaction is fair and reasonable to SPI's shareholders in order to assist shareholders in voting on the resolutions required by section 611 of the Act.

Summary of Opinion

- 1.18. In our opinion the Proposed Transaction is fair and reasonable to the non-associated shareholders of SPI.
- 1.19. This opinion is based on our view that post acquisition of the White Lion Group the fair market value of an SPI share, on a minority basis (ie applying a minority discount) will be greater than the fair market value of an SPI share pre-transaction on a control basis, as demonstrated as follows:

After initial consideration payable (does not incorporate the contingent consideration)

	Low \$	Preferred \$	High \$
Value of each SPI share on a control basis before the Proposed Transaction (refer Sections 7.6 to 7.10)	0.0134	0.0138	0.0150
Value of each SPI share after the Proposed Transaction on a minority basis (refer Section 7.21)	0.0144	0.0162	0.0175
Difference in value	0.0010	0.0024	0.0025

After Contingent consideration payable

The above analysis does not take into account the contingent consideration payable, which could result in the performance shares converting to fully paid ordinary shares in SPI, but only if the performance milestone is achieved. The contingent payment would effectively be settled by way of an issue of up to a maximum of 150,000,000 shares.

If the performance milestone was to be achieved then this would mean that the White Lion Limestone Project would have advanced to a development and commercialisation phase (at present it's an early stage exploration project) thereby significantly increasing the value of the Project. Whilst it's not practicable to assess the value of the Project at a point in time in the future, our assessment is that the value of the project would only need to increase in value by approximately \$2.24 million for the value of an SPI share on the expanded capital base of 596,022,565 ordinary shares (ie post-transaction on a minority basis, after issue of an additional 150,000,000 ordinary shares and assuming all other things being equal) to exceed the value on a control basis pre-transaction at the highest value reflected above of \$0.0150 (refer Section 7.21 for analysis). In our opinion it's reasonable to expect that if the performance milestone is achieved then the value of the White Lion Limestone Project will increase in value by significantly more than an amount of \$2.24 million.

- 1.20. In addition the likely advantages of the Proposed Transaction outweigh the likely disadvantages and consequently in our view, the non-associated shareholders will be better off if the Proposed Transaction proceeds than if it does not.
- 1.21. The principal factors affecting our opinion are summarised below and are discussed in more detail in Section 9 of this report.

Assessment of Fairness

Comparison of the Value of the Company's Shares Pre and Post Completion of the Proposed Transaction

- 1.22. As noted at Sections 1.6 to 1.8 above, the number of SPI shares proposed to be issued for the acquisition of White Lion group could be as low as 190,909,091 (valued at \$2,100,000) and as high as 340,909,091. (being a maximum consideration of \$6,300,000) depending on the achievement of the milestone.
- 1.23. The value adopted in our report for the number of SPI shares proposed to be issued, as noted in Section 1.7, is \$0.011 per share, which was the price last traded on ASX as at 20 March 2015. This price could change, up or down, between the date used in our report and the date of settlement and achievement of the milestone (if it is achieved at all), resulting in more or less shares ultimately being issued to the Vendor at settlement and potentially less shares than the maximum 150,000,000 additional shares being issued upon achievement of the milestone.
- 1.24. Also, as noted in Sections 7.5, the total consideration payable by SPI for the acquisition of White Lion Group will range between a minimum of \$2,100,000 and a maximum nominal amount of \$6,300,000 subject to the achievement of the milestone. The nominal amount of the consideration payable by SPI will not change unless the 30 day VWAP of an SPI share at the date the milestone is achieved is less than \$0.028 in which case the nominal amount payable will reduce by the difference between the 30 day VWAP and \$0.028 multiplied by 150,000,000 shares. Therefore the number of ordinary SPI shares ultimately issued will be largely variable subject to the number of ordinary shares issued on conversion of the performance shares being capped at a maximum of 150,000,000 As a result the value of the consideration payable is largely inter dependant of the underlying value of an ordinary share in SPI and in any event cannot exceed the maximum nominal amount of \$6,300,000
- 1.25. For the purposes of the Proposed Transaction we have assessed a value of the equity in White Lion Group to be in the range of approximately \$4,600,000 to \$6,100,000 with a preferred value of \$5,500,000. In assessing the fair value of White Lion Group we have relied on the independent report prepared by mineral and resources specialists, MSA Group Pty Ltd

("The MSA Group") in which the mineral assets of White Lion Group ('White Lion Limestone Project") have been valued. A copy of The MSA Group's valuation report and the associated independent geological report by Chris Ainsworth Consulting on the White Lion Limestone project are attached in full at Appendix F. In placing reliance on the reports prepared by The MSA Group and Chris Ainsworth Consulting we have satisfied ourselves as to their competence and expertise. We are also satisfied that the assumptions, methodologies and source data used by The MSA Group for their valuation are reasonable and appropriate and that their report contains sufficient information to support the conclusions drawn.

- 1.26. As noted at Section 1.19 above we have demonstrated that the fair market value of an SPI share, on a minority basis, will be greater than the fair market value of an SPI share pretransaction on a control basis.
- 1.27. Our valuation assessment is based on financial information up to and including as at 31 March 2015. Based on our review of this financial information we have found no irregularities, neither do we have any concerns as to the accuracy of this information, and accordingly we have reasonable grounds to rely on it.
- 1.28. Accordingly, after taking consideration of the above factors, we have concluded that the Proposed Transaction is fair to the non-associated shareholders of SPI.

Premium for Control

1.29. In assessing the Proposed Transaction, we have considered whether a premium for control is being offered in relation to the SPI shares. If only the minimum consideration is ultimately paid we conclude that the vendor of White Lion Group will achieve control, via an equity interest of 42.81%. In the event that the Milestone is achieved, the equity interest of the vendor could be as high as 57.20%, which would represent an increased controlling interest. Our view is that a premium is being paid, represented by the amount that the value of the White Lion Group exceeds the consideration being paid by SPI, in the range of 23.6% to 64.6%. Our approach is explained further in this report.

Assessment of Reasonableness

- 1.30. In assessing whether the Proposed Transaction is reasonable, we have considered the likely advantages and likely disadvantages to non-associated shareholders of SPI and whether the likely advantages outweigh the likely disadvantages. We have also considered the impact upon SPI shareholders that the Proposed Transaction as a whole will achieve.
- 1.31. As part of our assessment of whether the Proposed Transaction is reasonable, we have also considered the likely impact upon SPI shareholders if the Proposed Transaction does not proceed.

If the Proposed Transaction Proceeds

Likely Advantages

- 1.32. Creating opportunities At present SPI has only one project being the South Woodie Woodie Manganese Project located in the East Pilbara region of Western Australia, with manganese being a mineral exposed to the steel sector which has been adversely affected by the current downturn in the resources sector. The Proposed Transaction will enable SPI to acquire another project whereby the product produced is expected to benefit from strong regional demand. The White Lion Limestone Project would produce limestone as feedstock for use in the cement industry in Zambia. Strong demand for infrastructure development coupled with strong GDP growth in the African region supports the investment rationale. Directors also perceive that there are further leverage opportunities for SPI arising from their experience, expertise and relationships in the resources and infrastructure sectors.
- 1.33. **Timing –** The White Lion Limestone Project comes with ready access to office and operational infrastructure which maximises the exploration, evaluation and development timeframes associated with the project.

- 1.34. **Diversification of Business Risk** Expansion and diversification of the business into more sectors reduces business risk associated with the current narrow focus of the Company.
- 1.35. **Strengthens the SPI Balance Sheet –** The Proposed Transaction will strengthen the SPI balance sheet.
- 1.36. **Increased Market Capitalisation and Ability to Raise Capital** The Proposed Transaction should increase the market capitalisation of SPI which, combined with the limestone commodity being explored for, should make it easier to raise capital in future.
- 1.37. **Potential for Growth/Upside** The Proposed Transaction may provide an opportunity for SPI shareholders to experience growth in the value of their shares.
- 1.38. **Contingent Consideration –** A significant portion of the consideration is contingent on achieving a specified milestone and is capped, which reduces purchase price risk to the non-associated shareholders.
- 1.39. Refer to Section 3.6 of the Notice of Meeting for additional advantages.

Likely Disadvantages

- 1.40. **Dilution of existing shareholders' interests -** The consideration payable by SPI to the Vendors of the White Lion Limestone Project will be satisfied entirely by the issue of SPI shares. This will dilute existing shareholders interests in the SPI Group as demonstrated in the tables at Sections 1.7 and 1.8.
- 1.41. **Change in the nature and scale of activities –** The Company will be changing the nature and scale of its activities which will also impact significantly on its risk profile. These changes may not be consistent with the objectives of some shareholders.
- 1.42. Refer to Section 3.7 of the Notice of Meeting for additional disadvantages.

Comparison of Likely Advantages with Likely Disadvantages

1.43. In our opinion the likely advantages outweigh the likely disadvantages.

If the Proposed Transaction does not Proceed

- 1.44. If the Proposed Transaction does not proceed, the Company would need to pursue other avenues for acquiring suitable investment opportunities.
- 1.45. We are aware that SPI directors have actively searched for commercial opportunities to increase shareholder value and have assessed a number of opportunities. We are unaware of any alternative proposals at the date of this report that could realise better value for SPI shareholders.
- 1.46. The risk associated with attempting to focus solely on the existing project, along with associated funding requirements, is unclear but needs to be considered in the context that SPI management considers that an acceptable outcome is unlikely to be achieved.

Other Matters

1.47. Our opinion is based on economic, market and other conditions prevailing at the date of our report. These conditions can experience rapid change which can have a significant effect on values over a short period of time. The opinions expressed in this executive summary must be read as part of our detailed comments and considered within the scope of our report and the information to be sent to SPI shareholders with the Notice of General Meeting.

Yours faithfully

Neil Pace

Neil Pace

Director

Moore Stephens Perth Corporate Services Pty Ltd

2. PURPOSE OF THIS REPORT

- 2.1. This report has been independently prepared to accompany the Notice of General Meeting of SPI and Explanatory Statement to be sent to its shareholders.
- 2.2. Whilst this report is provided to all shareholders of SPI, its purpose is to provide an independent opinion to the "non-associated" shareholders of SPI. Defined in simple terms, these are shareholders who are not in any other way associated with the parties to the Proposed Transaction, White Lion Group, nor the Vendors of White Lion Group.
- 2.3. This report is required to express an opinion as to whether the Proposed Transaction is fair and reasonable to non-associated shareholders of SPI.
- 2.4. This report is prepared in compliance with Section 611 of the Corporations Act. Shareholders will be requested to consider the following resolutions at the General Meeting of Shareholders to be convened by SPI:

RESOLUTION 1 - CREATION OF A NEW CLASS OF SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

"That, subject to the passing of Resolutions 2 and 3, for the purpose of Section 246B of the Corporations Act and for all other purposes, the Company is authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Statement."

RESOLUTION 2 – CHANGE IN NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, subject to the passing of Resolutions 1 and 3, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to acquire the Project as described in the Explanatory Statement."

RESOLUTION 3 – APPROVAL OF ISSUE OF SECURITIES TO WHITE LION GROUP LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, subject to the passing of Resolutions 1 and 2, for the purposes of Section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue up to:

- (a) that number of New Shares with a value of \$2,100,000; and
- (b) 100 Performance Shares,

to White Lion Group Limited on the terms and conditions set out in the Explanatory Statement, will result in White Lion Group Limited's acquiring a voting power of up to 57.20%* in the capital of the Company."

* This assumes an issue price for the New Shares of \$0.011 and Shares issued on the satisfaction of the Performance Share milestones of \$0.028.

- 2.5. We have prepared this report in accordance with the ASIC Regulatory Guidelines, including RG 74, Acquisitions Agreed to by Shareholders; RG 111, Content of Expert Reports and RG 112, Independence of Experts.
- 2.6. RG 111 notes that in regard to control transactions, the expert report is to express an opinion on whether the transaction is "fair" and "reasonable" from the perspective of non-associated shareholders.
- 2.7. In regard to control transactions, in the determination of what is "fair and reasonable" RG 111 provides that it is expected that an expert who is asked to analyse a control transaction to express an opinion on whether the transaction is 'fair and reasonable' should do so from the perspective of non-associated shareholders. This should not be applied as a composite test that is there should be a separate assessment of whether the transaction is "fair" and "reasonable", as in a control transaction.
- 2.8. This analysis is specifically required where the report is also intended to accompany meeting documents for member approval of an asset acquisition or disposal under ASX Listing Rules 10.1 and 10.11.
- 2.9. In forming our opinion on whether or not the Proposed Transaction is fair and reasonable for the non-associated shareholders of SPI we have compared the fair market value of the Company's shares pre-transaction, on a control basis, with that of the fair market value of the Company's shares post-transaction, on a minority basis (ie applying a minority discount).
- 2.10. Furthermore, we have also compared the likely advantages and disadvantages of the Proposed Transaction proceeding and the implications of the Proposed Transaction not proceeding.
- 2.11. Whilst the terms of "fairness" and "reasonableness" are not defined in the Act, we have considered them in the following context for the purpose of this report:

Is the proposed transaction fair?	The Proposed Transaction is fair if the value of the Company's shares post-transaction, on a minority basis, exceed the value of the Company's shares pre-transaction on a control basis.
Is the proposed transaction reasonable?	The Proposed Transaction may be reasonable whether it is fair or unfair, as it involves consideration of other significant factors that SPI shareholders might consider prior to voting on the resolution to approve the Proposed Transaction.

- 2.12. Consistent with current policy and regulatory guidelines referred to above, we have assessed the proposals and objectives of the Proposed Transaction taken as a whole, which must be fair and reasonable to the non-associated shareholders of SPI. We have also considered the position of those non-associated shareholders in the event that the Proposed Transaction proceeds, or if it does not.
- 2.13. This report deals with the effect of the Proposed Transaction on SPI as a whole and does not cover the individual positions of each of the non-associated shareholders. Nor does it consider the individual taxation position of non-associated shareholders, which depends upon individual circumstances. Non-associated shareholders should therefore seek their own professional financial and taxation advice.
- 2.14. This report aims to provide an opinion on the fairness and reasonableness of the Proposed Transaction as it impacts upon all non-associated shareholders as a group.

Existing Conditions

- 2.15. It must also be noted that the conclusions reached and opinions expressed in this report are made in the context of the prevailing economic, market and business conditions existing at the date of this report. An assessment of the likelihood of any significant changes in these conditions, which may then impact upon both SPI and White Lion Group are outside the scope of this report.
- 2.16. Moore Stephens Perth Corporate Services Pty Ltd has been engaged by the Directors of SPI to prepare this report providing an independent opinion as to the fairness and reasonableness of the Proposed Transaction for the purposes as specified in this report only. This report has been prepared for the exclusive purpose of assisting the non-associated shareholders in their assessment of the Proposed Transaction and for no other purpose.

3. OUTLINE OF THE PROPOSED TRANSACTION

The Proposed Transaction

3.1. SPI has executed a Binding Heads of Agreement with the vendors of White Lion Group whereby it proposes to acquire 100% of the shareholding in White Lion Group for consideration, to be satisfied on completion by the issue of SPI shares, as follows;

Initial Payment

• \$2,100,000 (being that number of SPI fully paid ordinary shares that equates to a value of \$2,100,000 based on the 30 day VWAP on that date being the last ASX trading day immediately prior to the settlement date).

Contingent Payment

\$4,200,000 (being 100 performance shares issued at settlement date that will convert into
that number of fully paid ordinary shares in SPI that equates to a value of \$4,200,000,
based on the 30 day VWAP or \$0.028, whichever is higher, on that date being the last
ASX trading day immediately prior to the date of satisfaction of the milestone set out
below. This means that the number of ordinary shares potentially to be issued by SPI on
achievement of the milestone is 150,000,000 or less)

The performance shares will convert into fully paid ordinary shares upon the board of SPI;

- Receiving confirmation of a delineation of a JORC compliant resource of not less than 80 million tonnes of inferred limestone product on the tenement; and
- 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.
- The performance shares will lapse within 3 years from settlement date if not converted into ordinary shares in the purchaser, i.e. if the milestone is not achieved.

In summary, if the milestone referred to above is not achieved, then no additional consideration is payable (i.e. total consideration would be the initial consideration payment noted above of \$2,100,000), whilst the maximum consideration payment is capped at \$6,300,000, comprising the issue of SPI shares.

3.2. In consideration for acquiring the shares in White Lion Group, SPI will issue the following shares (the minimum number on settlement date is based on the 20 March 2015 market price of an SPI share of \$0.011 whilst the maximum number is based on the contingent consideration being the minimum agreed price of \$0.028 per share), to the following parties, being the Vendors of White Lion Group:

SPI shareholder	Number of SPI shares to be issued	Number of SPI shares to be issued
	Minimum	Maximum
White Lion Group	190,909,091	340,909,091
Total	190,909,091	340,909,091

As noted at 3.1 above, the precise number of SPI shares to be issued to the above Vendors of White Lion Group will be dependent upon the achievement of the milestone, as well as the 30 day VWAP as at the settlement and milestone dates, and will range between a minimum of 190,909,091 (value of \$2,100,000) and a maximum of 340,909,091 (being a nominal amount of \$6,300,000), based on the 20 March 2015 market price of \$0.011 and the minimum agreed price of \$0.028 for the contingent consideration. At present the associated shareholders hold 0.00% of the issued capital of SPI and, based on the 20 March 2015 share price of \$0.011, will hold between a minimum of 42.81% and a maximum of 57.20% of the issued capital of SPI after completion of the proposed acquisition. As the price of an SPI share could change, up or down, between the date used in our report and the date of settlement and achievement of the milestone (if it is achieved at all), more or less shares could ultimately be issued by SPI to the vendor at settlement and potentially less shares than the maximum 150,000,000 additional shares could be issued upon achievement of the milestone.

Conditions Precedent

- 3.3. The Proposed Transaction will be subject to the following conditions precedent being satisfied by 31 October 2015:
 - Reciprocal Due Diligence within 45 days of the date of execution of the Binding Heads of Agreement;
 - All regulatory and SPI shareholder approvals as required by the Corporations Act including obligations under Section 611(7) of the Corporations Act;
 - ASX and shareholder approvals and/or waivers pursuant to the Listing Rules including obligations under ASX Listing Rule 11.1.2;
 - SPI obtaining approval from ASX that the terms of the performance shares satisfy ASX listing rules; and
 - Receipt of confirmation by SPI that White Lion Enterprises Limited has obtained the sole legal and beneficial interest in the tenements, free from encumbrances.

4. PROFILE OF SPITFIRE RESOURCES LIMITED

Overview of Spitfire Resources Limited Operations¹

- 4.1. SPI was originally established in 2007 as a spin-off of the Australian manganese assets of AIM listed Churchill Mining PLC.
- 4.2. SPI owns the South Woodie Woodie Manganese Project which comprises 12 exploration licenses covering a total area of more than 600 square km in the east Pilbara region of Western Australia. The tenements lie along strike and approximately 60km to the south of the Woodie Woodie Manganese Mining Project, operated by Consolidated Minerals Limited, and in close proximity to several emerging manganese projects.
- 4.3. SPI has defined three manganese deposits to date and is continuing exploration work, with the objective of delineating strategic high grade manganese resources.
- 4.4. During the December 2014 quarter SPI drilled 38 RC holes at the South Woodie Woodie Project, in an area previously unexplored known as "The Western Front", which returned encouraging results.
- 4.5. The Company intends to retain ownership of the exploration licenses but currently has no exploration budgeted or planned.
- 4.6. Ultimately the Company believes the best outcome for shareholders in the current market would be to attract a large, manganese focused funding partner for South Woodie Woodie, however the Company has been unable to attract any interest at this time.
- 4.7. Recently SPI has devoted significant time assessing a range of opportunities in the resources, information technology and e-commerce fields.

Group Structure

4.8. The Group structure for SPI is outlined underneath:

Entity	Equity Interest
Spitfire Resources Limited	Parent
Spitfire Australia (SWW)Pty Ltd	100%
Spitfire Global Pty Ltd	100%
Bellpiper Pty Ltd	100%

Summary of SPI Securities

4.9. SPI currently has 255,113,474 ordinary shares on issue. Details of 10 largest shareholders as at 22 May 2015 are as follows:

	Shareholder	Number of SPI Ordinary Shares	% of Total Shares
1.	UOB Kay Hian Private Ltd	29,222,195	11.45%
2.	Mr James Tyson Hamilton	27,086,681	10.62%
3.	Mr Russell Neil Creagh	13,404,832	5.25%
4.	Mrs Julie Avotins	13,251,516	5.19%
5.	Citicorp Nominees	11,965,000	4.69%
6.	Eralloys Holdings	8,650,000	3.39%
7.	HSBC Custody Nominees	8,289,452	3.25%
8.	Mrs Mary-Louise Hardwick	7,636,666	2.99%
9.	Northern Manganese Ltd	6,545,531	2.57%
10.	RYU Family Pty Ltd	6,000,000	2.35%
	Total Top 10	132,051,873	51,75%
	Other Shareholders	123,061,601	48.25%
	Total Shares	255,113,474	100.0%

¹ Source: SPI Management

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4.10. The names of the substantial shareholders listed in the Company's register at 22 May 2015:

		Number
1.	UOB Kay Hian Private	29,222,195
2.	Mr James Tyson Hamilton	27,086, 681
3.	Mr Russell Neil Creagh	13,404,832
4.	Mrs Julie Avotins	13,251,516

4.11. **Options** – SPI had the following unlisted options on issue as at 22 May 2015:

Grant date	Date of expiry	Exercise price (cents)	Number under option
22/06/2010	22/06/2015	17.5	500,000
1/10/2010	1/10/2015	12.5	2,000,000
1/10/2010	1/10/2015	17.5	2,000,000
26/10/2010	26/10/2015	15.0	1,000,000
15/08/2012	15/08/2017	12.0	1,000,000
22/11/2012	22/11/2017	11.0	4,750,000
28/11/2014	22/11/2019	4.5	6,500,000

Source: SPI Management

SPI also has 44,018,606 listed share options on issue exercisable at 12c per share on or before 31 March 2016.

The names of the substantial listed option holders are as follows:

	Number
Intersuisse Nominees Pty Ltd	7,180,952
Mr Quang Danny Thai	6,098,866
DJ Carmichael	2,500,000

Source: SPI Management

Historical Statement of Financial Performance

4.12. A summary of the financial performance of SPI for the six months ended 31 December 2014 and for the financial year ended 30 June 2014 is presented as follows:

Spitfire Resources Limited - Consolidated Statement of Profit or Loss and Other Comprehensive Income

	6 Months 31 Dec 2014 Unaudited AUD\$	12 Months 30 Jun 2014 Audited AUD\$
Revenue	-	-
Interest received	62,000	119,000
Other income	-	12,000
	62,000	131,000
Expenses		
Depreciation	(7,000)	(65,000)
Consulting	(212,000)	(626,000)
Occupancy	(22,000)	(36,000)
Travel	(32,000)	(23,000)
Exploration & Evaluation	(329,000)	(298,000)
Share based payments	(13,000)	(46,000)
Administrative	(85,000)	(278,000)
Loss before income tax	(638,000)	(1,241,000)
Income tax benefit	-	1,610,000
Loss after income tax	(638,000)	369,000

Source: SPI half year financial report for 31 December 2014 and SPI annual report for 30 June 2014

Comments and Observations

- 4.13. The 30 June 2014 results have been extracted from the financial reported audited by the Company's auditor, whilst the 31 December 2014 results have been extracted from the financial report reviewed by the Company's auditor.
- 4.14. The loss before income tax for both periods reflects the nature of the company's principal activities, being exploration and evaluation.
- 4.15. The income tax benefit of \$1,610,000 in the year ended 30 June 2014 comprised a non-assessable R & D refundable tax offset.

Historical Statement of Financial Position

4.16. Set out below is a summary of the financial position of SPI as at 31 December 2014 and 30 June 2014.

Spitfire Resources Limited - Consolidated Statement of Financial Position

	31 Dec 2014 Unaudited AUD\$	30 Jun 2014 Audited AUD\$
Current Assets		
Cash and cash equivalents	3,150,000	2,939,000
Trade and other receivables	86,000	1,015,000
Total Current Assets	3,236,000	3,954,000
Non-Current Assets		
Property, plant and equipment	37,000	44,000
Total Non-Current Assets	37,000	44,000
Total Assets	3,273,000	3,998,000
Current Liabilities Trade and other payables Provisions	77,000 -	177,000
Total Current Liabilities	77,000	177,000
Total Liabilities	77,000	177,000
Net Assets	3,196,000	3,821,000
Equity		
Issued Capital	25,116,,000	25,116,000
Reserves	578,000	800,000
Accumulated losses	(22,498,000)	(22,095,000)
Parent interest Non-controlling interest	3,196,000	3,821,000
Total Equity	3,196,000	3,821,000

Source: SPI half year financial report for 31 December 2014 and SPI annual report for 30 June 2014

Comments and Observations

- 4.17. The 30 June 2014 assets and liabilities have been extracted from the 30 June 2014 financial report audited by the Company's auditor whilst the 31 December 2014 assets and liabilities have been extracted from the 31 December 2014 financial report reviewed by the company's auditor.
- 4.18. Cash balances increased in the December 2014 half as a result of funds raised from collection of the R & D refundable largely offset by operational expenditure during the period.

5. PROFILE OF WHITE LION GROUP

Background

- 5.1. White Lion Group comprises White Lion Group Holdings Limited and White Lion Group Investments Limited, both registered in Mauritius, that together via its wholly owned Zambian registered subsidiary, White Lion Enterprises Limited, owns a large scale mining licence prospective for a limestone deposit and is the legal and beneficial owner of the tenement located in Zambia (referred to as the "White Lion Limestone Project").
- 5.2. A solicitors report dated 12 June 2015, prepared for the shareholders of Spitfire Resources Limited by Sharpe & Howard, legal practitioners, confirms that the large scale mining licence referred to above was granted by the Zambian Ministry of Mines and Minerals Development to Luiri Gold Mines Limited (a Zambian registered company) on 11 October 2011 for a period of twenty five years. The solicitors report also confirms that the licence was transferred from Luiri Gold Mines Limited to White Lion Enterprises Limited on 26 May 2015 and duly authenticated by a stamp and signature dated 26 May 2015 from the Director of Mines.

Business Description and Activities²

- 5.3. We are advised that White Lion Enterprises Limited owns the large scale mining licence prospective for a limestone deposit and is the legal and beneficial owner of the tenement located in Zambia.
- 5.4. We also understand that at settlement date the White Lion Group will have no significant assets or liabilities other than the White Lion Limestone Project.
- 5.5. We have reviewed the Binding Heads of Agreement between SPI and the Vendors of the White Lion Group noting that it contains appropriate representations and warranties to support the positions expressed in Sections 5.2 and 5.3 above. This is also supported by a letter from the Vendor to SPI confirming that the White Lion Group of companies being acquired have no material assets or liabilities other than the White Lion Limestone Project.

Historical Statement of Financial Performance

5.6. The White Lion Group was only recently incorporated, has not traded as such and has only minimal expenditure since incorporation. An unaudited statement of financial performance for the period from incorporation, 10 March 2015, to 31 May 2015 has been provided at Appendix D.

Historical Statement of Financial Position

5.7. We are advised that at settlement the White Lion Group will have no significant assets or liabilities other than ownership of the White Lion Limestone Project. An unaudited statement of financial position as at 31 May 2015 has been provided at Appendix D.

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² Source: SPI Management

6. BASIS OF EVALUATION

- 6.1. We have referred to RG 111 which provides guidelines in determining whether transactions are fair and reasonable.
- 6.2. RG 111 notes that an expert is required to analyse a control transaction to express an opinion on whether the transaction is 'fair and reasonable' from the perspective of non-associated members.
- 6.3. The expert should identify the advantages and disadvantages of the proposal to security holders not associated with the transaction.

Fairness

- 6.4. Fairness relates to price, whereas reasonableness includes the consideration of factors other than price.
- 6.5. RG111 notes that an offer is "fair" to the non-associated shareholders if the fair market value of the Company's shares post-transaction, on a minority basis (applying a minority discount), exceed the fair market value of the Company's shares pre-transaction on a control basis, and that this comparison should be made (a) assuming a knowledgeable and willing, but not anxious buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length and (b) assuming 100% ownership of the 'target' irrespective of whether the consideration is scrip or cash.

Reasonableness

- 6.6. RG 111 provides that in deciding whether a proposed transaction is 'reasonable', factors that an expert might consider include:
 - the financial situation and solvency of the entity, if the consideration for the financial benefit is cash;
 - opportunity costs;
 - the alternative options available to the entity and the likelihood of those options occurring;
 - the entity's bargaining position;
 - whether there is selective treatment of any security holder, particularly the associated shareholder:
 - any special value of the transaction to the purchaser, such as particular technology or the potential to write off outstanding loans from the target; and
 - the liquidity of the market in the entity's securities.

Applicability to the Proposed Transaction

- 6.7. In determining whether the Proposed Transaction is fair and reasonable we have addressed the following:
- 6.8. A comparison of the estimated value of the Company's shares post-transaction, on a minority basis, with the value of the Company's shares pre-transaction, on a control basis "fairness".
- 6.9. A comparison of other likely advantages and disadvantages, to the non-associated shareholders, of the Proposed Transaction "reasonableness".
- 6.10. In assessing the Proposed Transaction we have also considered whether a premium for control is being offered in relation to the SPI shares. If a premium is being paid, then it will be represented by the amount that the value of the White Lion Group exceeds the consideration being paid by SPI.

- 6.11. RG 111 refers to a "control transaction" as being the acquisition or increase of a controlling stake in a company. The control premium reflects the benefits an acquirer achieves through holding a controlling interest in contrast to a portfolio shareholding.
- 6.12. The benefits of holding a controlling interest and the reasons a company pays a premium for control may include:
 - Integration of the acquired entity's business and/or assets with those of the acquirer;
 - Ability to control the composition of the board of directors;
 - Control over the future direction of the company without the need to consider whether the interests of minority shareholders are prejudiced;
 - Ability to group tax losses; and
 - Full access to cash flows of the entity.
- 6.13. Premiums are paid for reasons that vary from case to case. In some situations the premium paid may be greater than others due to the extent of synergies or other benefits the acquirer expects to realise.

Accepted Valuation Methodologies

- 6.14. RG 111 also notes that it is appropriate for the independent expert to consider various methodologies in forming an opinion as to whether a particular transaction may be considered fair and reasonable. In conducting our assessment, the following techniques, which are commonly used to value businesses have been considered:
 - Discounted cash flow method and the estimated realisable value of any surplus assets ("DCF" Approach);
 - Application of earnings multiples (appropriate to the business or industry in which
 the entity operates) to the estimated future maintainable earnings or cash flows of
 the entity, added to the estimated realisable value of any surplus assets ("CFME
 Approach");
 - The amount that would be available for distribution to security holders on an orderly realisation of assets, less reasonable sale costs ("Asset Approach");
 - Market comparison which uses prices from recent sales of similar assets or shares in the asset as a guide to current value This approach includes the use of current quoted prices for companies listed on ASX ("Market Approach"); and
- 6.15. Appendix B provides an outline of a number of valuation approaches and methodologies and the applicability of the use of these methodologies will depend upon the specific circumstances of the entity being valued.
- 6.16. We have considered the applicability of these valuation approaches and methodologies in context of the Proposed Transaction, specifically (i) in the valuation of the SPI shares pre and post completion of the Proposed Transaction; and (ii) in the valuation of the shares of White Lion Group, proposed to be acquired. These are further addressed in Section 7.

7. ASSESSMENT OF FAIRNESS - COMPARISON OF THE VALUE OF THE COMPANY'S SHARES PRE AND POST COMPLETION OF THE PROPOSED TRANSACTION

VALUATION METHODOLOGY FOR SPI

- 7.1. **Discounted Cash flow Method** as we have not been provided with any forecast cash flows for SPI, we have been unable to apply the discounted cash flow methodology. We also believe that the Company is more appropriately valued using an alternative method set out below.
- 7.2. **Capitalisation of Future Maintainable Earnings Method** SPI does not have a history of earnings, which can be used to apply the capitalisation of future earnings method; accordingly, it is considered inappropriate to apply this method in valuing SPI.
- 7.3. **Net Asset Value Method** The net asset method is based on the assumption that the value of all assets (tangible and intangible) less the value of all liabilities should equal the value of the company being valued. This approach is considered appropriate in valuing SPI given the nature of its assets (major asset is cash) and minimal activities at this time. We have also used this method as a cross check with the Market Approach Method as part of our evaluation of the Proposed Transaction.
- 7.4. Market Approach Method ASX Market Based Valuation for SPI SPI is listed on the ASX and there exists a ready market for its securities. Accordingly, recent prices at which SPI securities have been bought and sold can be used as a basis for valuation of its securities. Although the volume of SPI shares recently traded has not been significant (refer table at Section 7.9) we consider that, after taking into account the uncomplicated nature of its current structure and operations, there has been sufficient trade such that the market value of the shares listed on ASX would reasonably be expected to reflect all publicly available information of the Company and therefore we believe it is a reasonably reliable reflection of the current value of the Company. This methodology is an appropriate alternative in valuing SPI and the SPI shares proposed to be issued as part of the Proposed Transaction, in part as a cross check with the Net Asset Value Method noted above.

Consideration Payable

7.5. The total consideration payable by SPI for the acquisition of White Lion Group will range between a minimum of \$2,100,000 and a maximum nominal amount of \$6,300,000 subject to the achievement of the milestone. The nominal amount of the consideration payable by SPI will not change unless the 30 day VWAP of an SPI share at the date the milestone is achieved is less than \$0.028, in which case the nominal amount payable will reduce by the difference between the 30 day VWAP and \$0.028 multiplied by 150,000,000 shares. Therefore the number of ordinary SPI shares ultimately issued will be variable, subject to the number of ordinary shares issued on conversion of the performance shares being capped at a maximum of 150,000,000. As a result the value of the consideration payable is largely inter dependent of the underlying value of an ordinary share in SPI and in any event cannot exceed the maximum nominal amount of \$6,300,000.

VALUE OF SPI BEFORE THE PROPOSED TRANSACTION ON A CONTROL BASIS

Net Assets Method

7.6. We have assessed the fair market value of SPI, based on the net asset approach, as summarized below (using unaudited management accounts as at 31 March 2015, which have been reviewed by us in accordance with ASRE 2400 Review of a financial report performed by an assurance practitioner who is not the auditor of the entity. Based on our review we did not become aware of any matter which would lead us to conclude that we could not rely on the management accounts);

	Low \$'000	Mid \$'000	High \$'000
Cash	2,867	2,867	2,867
Trade receivables	47	47	47
Plant & equipment	34	34	34
Trade payables	(50)	(50)	(50)
Listed vehicle/residual assets	500	625	750
Value of SPI on a control basis	3,398	3,523	3,648
Divided by total number of shares on issue ('000)	255,113	255,113	255,113
Value per share on a control basis	0.0134	0.0138	0.0143

Based on the management accounts of SPI as 31 March 2015 SPI had cash of approximately \$2.948 million. If the transaction does not proceed there will be approximately \$81,000 of costs that will be incurred which predominantly relate to legal and compliance fees. Therefore a net cash amount of \$2.867 million has been included in our valuation of SPI. We have taken the value of trade receivables, plant & equipment and trade payables as at their 31 March 2015 book values as no material movement is expected.

SPI also owns the South Woodie Woodie Manganese Project, which comprises exploration licenses. Whilst the Company intends to retain ownership of the exploration licenses it currently has no exploration budget nor plans to incur exploration expenditure on the Project for the foreseeable future. The Company has tried, unsuccessfully, to attract funding partners to assist with exploration/development of the Project and it is evident that the market currently places negligible value on the project given the current depressed prices for manganese and associated mineral commodities. This view has been confirmed by our discussions with the Company directors and other mining industry professionals. Accordingly the Company has placed no value in its accounts in respect of these exploration licenses. Whilst the South Woodie Woodie Manganese Project has not at this time been independently valued by an industry expert the directors of the Company and ourselves are confident that it currently has no material value (although the Directors have a reasonable expectation that it has at least some residual value at this time) given the state of current market conditions.

As well as the assets presented in its financial statements the other significant asset of SPI is its securities listing on the ASX, which provides shareholder value as a vehicle for listing.

Based on our knowledge of similar transactions and discussions we have held with corporate advisory professionals we have assessed the value of the SPI vehicle and its residual assets (ie exploration assets at the South Woodie Woodie Manganese Project) to most likely be in the range of \$0.5 million to \$0.75 million.

Our assessment of value of the Company's shares using the Net Assets method is comparable with the value derived using the Market Approach method set out in Section 7.10, which leads us to conclude that the values ascribed above to each of the assets owned by the Company, including the value of the listed vehicle/residual assets, is not unreasonable.

Alternative Approach – ASX Market Based Valuation of SPI

7.7. The following chart provides a summary of the price and trading volume in SPI for the period from 19 March 2014 to 18 March 2015. Whilst the chart does not include the period subsequent to 18 March 2015 we have reviewed trading from 19 March 2015 to 19 June 2015 and note that the shares traded during this period in a range between \$0.008 to \$0.011 cents.

Spitfire Resources Limited Volume and Closing Price For the period 19 March 2014 to 18 March 2015



- 7.8. The price of an SPI share has traded over a significant range during the last 12 months between a low of \$0.008 and a high of \$0.025. More recently since 1 January 2015 the share price has traded between a low of \$0.008 and a high of \$0.013 having last traded on 18 March 2015 at a price of \$0.011 per share.
- 7.9. We also highlight the historical price and volume data for SPI shares since 1 January 2015 as outlined below.

Historical Share Price and Volume

Month	High \$	Low \$	Close \$	Volume	% Of Total Shares On Issue
May 2015	0.01	0.009	0.01	2,128,228	0.84%
April 2015	0.01	0.008	0.01	3,341,000	1.31%
Mar 2015	0.012	0.009	0.009	8,336,966	3.27%
Feb 2015	0.012	0.009	0.011	5,669,163	2.23%
Jan 2015	0.013	0.009	0.009	8,135,137	3.19%

NB: May 2015 is a part month

7.10. As SPI is listed on ASX its appropriate to consider the quoted market value of the securities on issue based on recent trading history. Our market value analysis is as follows;

	\$	Control Premium	Adjusted Price
Volume Weighted Average Price per security (1 Jan 2015 to 8 May 2015)	0.0105	25%	0.0132
Highest trading price per security issue (1 February 2015 to 8 May 2015)	0.012	25%	0.015

The Volume Weighted Average Price of an SPI share from 1 January 2015 to 13 May 2015 is \$0.0105, whilst the highest traded price during this period has been \$0.013. However we note that the share price last traded at \$0.013 back in January 2015 and hence considered this inappropriate to use in our market value assessment as set out above.

The value range based on current market prices, before adjustment, as noted above reflects the minority interest price. In order for this to reflect a control basis a premium needs to be added in order to reflect control. There is significant variability in control premiums paid which are affected by such factors as industry sector, size, the stage in the economic cycle, etc. In our view a control premium of 20% to 30% is considered appropriate. Given the size and nature of the Company's current operations we don't consider a control premium above this is achievable at present.

The resulting value assessed using this method, being in the range of \$0.0132 to \$0.015, is comparable with that derived using the net assets approach as set out in Section 7.6 above.

For the purposes of our assessment we have taken the low value at \$0.0134 (as noted in Section 7.6) and the high value as \$0.015 as noted in the table above.

VALUATION METHODOLOGY FOR WHITE LION GROUP

- 7.11. We have considered the following methodologies for valuing White Lion Group:
- 7.12. **Discounted Cash Flow Method** as we have not been provided with any forecast cash flows for White Lion Group, we have been unable to apply the discounted cash flow methodology. We also believe that White Lion Group is more appropriately valued using an alternative method set out below.
- 7.13. **Capitalisation of Future Maintainable Earnings Method** The White Lion Group does not have a history of earnings, which can be used to apply the capitalisation of future earnings method, accordingly it is considered inappropriate to apply this method in valuing the White Lion Group.
- 7.14. **Net Asset Value method** The net asset method is based on the assumption that the value of all assets (tangible and intangible) less the value of all liabilities should equal the value of the company being valued. This approach is not considered appropriate in valuing the White Lion Group.
- 7.15. Market Approach Method This method uses prices from recent sales of similar assets or shares in the asset as a guide to current value. This approach can include the use of current quoted prices for companies listed on ASX, market values of comparable transactions or comparable multiples of historical costs/expenditure. Given the early stage status of the White Lion Limestone Project adopting a market approach was considered appropriate making reference to the market value of transactions of comparable assets or comparable multiples of historical exploration expenditure.

Market Approach Method

7.16. In our assessment of the value of the White Lion Group we have adopted the sum-of-parts and market approach method as our primary valuation methodologies.

- 7.17. We have estimated the fair market value of White Lion Group by aggregating the estimated fair market value of its underlying assets and liabilities. In determining the fair market value of its underlying assets, we have used the sum-of-parts basis of the Company's projects and other assets and liabilities. We are advised and have confirmed that the White Lion Group has no significant assets or liabilities other than the White Lion Limestone Project, hence the value of this project equates to the estimated value of the White Lion Group.
- 7.18. In accordance with ASIC Regulatory Guide 112 "Independence of Experts" ("RG112"), if specialist advice is required on a particular matter for the purposes of an IER, the expert should retain an independent specialist to provide this advice. Accordingly the MSA Group, an independent mineral specialist consulting firm, was engaged to undertake an independent technical assessment and valuation of the White Lion Limestone Project. We have satisfied ourselves as to MSA Group's qualifications and independence. The technical assessment is in accordance with the Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert's Reports (the "VALMIN Code"). The MSA Group report was provided to us on 9 April 2015 and MSA Group has consented to us relying on their report for the purposes of our report. The MSA Group technical review and valuation report and the associated independent geological report prepared by Chris Ainsworth Consulting on the White Lion Limestone Project are included at Appendix F of this report. The independent geological report should be read in conjunction with The MSA Group valuation report.
- 7.19. To value the White Lion Limestone Project the MSA Group prepared a valuation using Prospectivity Enhancement Multiplier (PEM) Adjusted Estimate of Relevant Past Exploration Expenditure. The method used relevant historical exploration spend between 2012 and 2014, adjusted for foreign exchange movements and any inflationary impact. The MSA Group incorporated a PEM in the range of 1.5 to 2.0 which was applied to the relevant past exploration expenditure

The VALMIN code requires that at least two valuation methods are adopted in the valuation of the mineral asset. As part of their report MSA Group reviewed publicly available information on recent market transactions (i.e. comparable transactions where available) however these results were not incorporated in the final valuation as they were not readily comparable to the mineral asset being valued.

We are satisfied with the valuation methodology adopted by The MSA Group and that it is in accordance with industry practices and in accordance with the requirements of the VALMIN Code.

Valuation of White Lion Limestone Project

7.20. MSA Group's valuation of the White Lion Limestone Project is summarised in the table below:

Valuation of Luiri Gold Mines Ltd's Large Scale Mining Licence 14948-HQ-LML			
Valuation Method	Lower Value US\$ million	Upper Value US\$ million	Preferred Value US\$ million
Valuation using the Prospectivity Enhancement Multiplier (PEM) Adjusted Estimate of Relevant Past Exploration Expenditures	3.56	4.74	4.27

¹ The Prospectivity Enhancement Multiplier (PEM) is a premium or a discount applied to the exploration expenditure to date.

MSA Group valued the mineral resources at the White Lion Limestone Project in a range of between US\$3,560,000 and US\$4,740,000 with a preferred value of US\$4,270,000. Using an exchange rate of US\$1.00 = A\$1.289, as at 1 March 2015, equates to a range of between A\$4,600,000 and \$6,100,000 with a preferred value if A\$5,500,000.

VALUATION OF SPI AFTER COMPLETION OF THE PROPOSED TRANSACTION ON A MINORITY BASIS

7.21. Our assessment of the fair market value of an SPI share post completion of the Proposed Transaction, on a minority basis, is summarised below.

After initial consideration payable (does not incorporate the contingent consideration)

	Low \$'000	Preferred \$'000	High \$'000
Value of SPI on control basis (refer Section 7.6)	3,398	3,523	3,648
Value of White Lion Limestone Project (refer Section 7.20)	4,600	5,500	6,100
Value of 100% of SPI	7,998	9,023	9,748
Minority discount – 20%	1,599	1,804	1,950
	6,399	7,219	7,798
Divided by total shares on issue ('000)	446,023	446,023	446,023
Value per share	0.0144	0.0162	0.0175

As we are valuing a share in SPI post completion of the Proposed Transaction, on a minority basis, our assessment incorporates a minority interest discount. There are a range of factors that should be considered in determining the discount and accordingly there is no firm rule as to what is an appropriate level of discount. There have also been studies based on the logic that the discount for lack of control is the mirror image of the control premium rather than looking at the issue of minority interest discounts in their own right. Having regard to these factors we consider it appropriate to apply a minority interest discount, linked to the control premium used, which in this situation equates to 20%.

After contingent consideration payable

The above analysis does not take into account the contingent consideration payable, which could result in the performance shares converting to fully paid ordinary shares in SPI, but only if the performance milestone is achieved. The contingent payment would effectively be settled by way of an issue of up to a maximum of 150,000,000 ordinary shares.

If the performance milestone was to be achieved then this would mean that the White Lion Limestone Project would have advanced to a development and commercialisation phase (at present it's an early stage exploration project) thereby significantly increasing the value of the Project. Whilst it's not practicable to assess the value of the Project at a point in time in the future, our assessment is that the value of the project would only need to increase in value by approximately \$2.24 million for the value of an SPI share on the expanded capital base of 596,022,565 ordinary shares (ie post-transaction on a minority basis, after issue of an additional 150,000,000 ordinary shares and assuming all other things being equal) to exceed the value on a control basis pre-transaction at the highest value reflected above of \$0.0150, demonstrated as follows;

	\$'000
Highest value of 100% of SPI in the table at Section 7.21	9,748
Additional value required if milestone is achieved	2,240
	11,988
Divided by the total number of shares on issue (post conversion of Performance shares to 150,000,000 ordinary shares)	596,023
	0.0201
Less: Minority discount – 20%	0.0041
	0.016

In our opinion it's reasonable to expect that if the performance milestone is achieved then the value of the White Lion Limestone Project will increase in value by significantly more than an amount of \$2.24 million.

PREMIUM FOR CONTROL

7.22. In assessing the Proposed Transaction, we have considered whether a premium for control is being offered in relation to the SPI shares. If only the minimum consideration is ultimately paid we conclude that the vendor of White Lion Group will achieve control, via an equity interest of 42.81%. In the event that the milestone is achieved, the equity interest of the vendor could be as high as 57.20%, which would represent an increased controlling interest. Our view is that a premium is being paid, represented by the amount that the value of the White Lion Group exceeds the consideration being paid by SPI, in the range of 23.6% to 64.6%. This is consistent with what we would expect in a control based transaction such as this.

SUMMARY OF FAIRNESS – COMPARISON OF THE VALUE OF THE COMPANY'S SHARES PRE AND POST COMPLETION OF THE PROPOSED TRANSACTION

- 7.23. For the Proposed Transaction to be fair to the non-associated shareholders of SPI the fair market value of the Company's shares post-transaction, on a minority basis is required to exceed the fair market value of the Company's shares pre-transaction, on a control basis.
- 7.24. Our assessment of value at Section 7.21 (post-transaction) demonstrates that the fair market value of an SPI shares will increase in comparison to the value assessed at Section 7.6 to 7.10 (pre-transaction).
- 7.25. Accordingly, after taking consideration of the above factors, we have concluded that the Proposed Transaction is fair to the non-associated shareholders of SPI.

8. ASSESSMENT OF REASONABLENESS

Likely Advantages and Likely Disadvantages to the Non-Associated shareholders

- 8.1. In accordance with RG 111 a transaction is reasonable if it is fair and on this basis the Proposed Transaction is reasonable.
- 8.2. As part of our assessment of whether the Proposed Transaction is reasonable, we have also considered the likely advantages and the likely disadvantages to the non-associated shareholders of SPI, and whether the likely advantages outweigh the likely disadvantages. We have also considered the impact upon SPI shareholders that the Proposed Transaction as a whole will achieve.
- 8.3. As part of our assessment of whether the Proposed Transaction is reasonable, we have also considered the likely impact upon SPI shareholders if the Proposed Transaction does not proceed.

IF THE PROPOSED TRANSACTION PROCEEDS

Likely Advantages

8.4. The Proposed Transaction will provide the following likely advantages:

Creating opportunities

8.5. At present SPI has only one project being the South Woodie Woodie Manganese Project located in the east Pilbara region of Western Australia, with manganese being a mineral exposed to the steel sector which has been adversely effected by the current downturn in the resources sector. The Proposed Transaction will enable SPI to acquire another project whereby the product produced is expected to benefit from strong regional demand. The White Lion Limestone Project would produce limestone as feedstock for use in the cement industry in Zambia. Strong demand for infrastructure development coupled with strong GDP growth in the African region supports the investment rationale. Directors also perceive that there are further leverage opportunities for SPI arising from their experience, expertise and relationships in the resources and infrastructure sectors.

Timing

8.6. The White Lion Limestone Project comes with ready access to office and operational infrastructure which maximises the exploration, evaluation and development timeframes associated with the project.

Diversification of Business Risk

8.7. Expansion and diversification of the business into more sectors reduces business risk associated with the current narrow focus of the Company.

Strengthens the SPI Balance Sheet

8.8. The Proposed Transaction will strengthen the SPI balance sheet.

Increased Market Capitalisation and ability to Raise Capital

8.9. The Proposed Transaction should increase the market capitalisation of SPI which, combined with the limestone commodity being explored for should make it easier to raise capital in future.

Potential for Growth/Upside

8.10. The Proposed Transaction may provide an opportunity for SPI shareholders to experience growth in the value of their shares.

Contingent Consideration

8.11. A significant portion of the consideration is contingent on achieving a specified milestone and is capped, which reduces purchase price risk to the non-associated shareholders.

Likely Disadvantages

8.12. The Proposed Transaction will provide the following likely disadvantages:

Dilution of Existing Shareholders Interests

8.13. The consideration payable by SPI to the Vendors of the White Lion Group will be entirely satisfied by the issue of SPI shares. This will dilute existing shareholders interests in the SPI Group as demonstrated in the tables at Sections 1.7 and 1.8

Change in the Nature and Scale of Activities

8.14. The Company will change the nature and scale of its activities which will also impact significantly on its risk profile. These changes may not be consistent with the objectives of some shareholders.

Comparison of Likely Advantages with Likely Disadvantages

8.15. In our opinion the likely advantages outweigh the likely disadvantages.

IF THE PROPOSED TRANSACTION DOES NOT PROCEED

- 8.16. If the Proposed Transaction does not proceed, the Company would need to pursue other avenues for acquiring suitable investment opportunities.
- 8.17. We are unaware of any alternative proposals at the date of this report that could realise better value for SPI shareholders.
- 8.18. The risk associated with attempting to focus solely on the existing project, along with associated funding requirements, is unclear but needs to be considered in the context that SPI management considers that an acceptable outcome is unlikely to be achieved.

9. SUMMARY AND CONCLUSIONS

- 9.1. In our opinion the Proposed Transaction is fair and reasonable to the non-associated shareholders of SPI.
- 9.2. Our opinion as to fairness and reasonableness has been determined on the basis of our assessment of all relevant matters and circumstances of the Proposed Transaction.
- 9.3. Our opinion is not only based upon the value of consideration to be paid by the Vendors, in terms of the value of the White Lion Group equity to be acquired compared to the value of consideration payable by SPI, but also after consideration of the overall impact of the Proposed Transaction and the likely advantages and disadvantages to the non-associated shareholders of SPI.

Conclusion Regarding Fairness and Reasonableness

- 9.4. Taking into account the factors summarised above and discussed in further detail in previous sections of our report, we have concluded that the Proposed Transaction is "fair and reasonable" and the likely advantages to non-associated SPI shareholders outweigh the likely disadvantages of the Proposed Transaction proceeding.
- 9.5. Our opinion is based on economic, market and other conditions prevailing at the date of our report. These conditions can experience rapid change which can have a significant effect on values over a short period of time. This opinion must be read in conjunction with our detailed comments and scope of our report and the information to be sent to SPI shareholders with the Notice of General Meeting.

10. INDEPENDENCE

- 10.1. Moore Stephens Perth Corporate Services Pty Ltd is entitled to receive a fee of approximately \$15,000, excluding GST and reimbursement of out of pocket expenses. Except for this fee Moore Stephens Perth Corporate Services 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.
- 10.2. Prior to accepting this engagement Moore Stephens Perth Corporate Services Pty Ltd has considered its independence with respect to SPI, White Lion Group and any of their respective associates with reference to RG 112, Independence of Expert's Reports. It is the opinion of Moore Stephens Perth Corporate Services Pty Ltd that it is independent of SPI, White Lion Group and their respective associates.
- 10.3. Moore Stephens Perth Corporate Services Pty Ltd and Moore Stephens Perth have not had at the date of this report any relationship which may impair their independence.
- 10.4. We have held discussions with management of SPI regarding the information contained in this report. We did not change the methodology used in our assessment as a result of discussions and our independence has not been impaired in any way.

11. QUALIFICATIONS

- 11.1. Moore Stephens Perth Corporate Services Pty Ltd is a professional practice company, wholly owned by the Perth practice of Moore Stephens, Chartered Accountants. The firm is part of the National and International network of Moore Stephens independent firms, and provides a wide range of professional accounting and business advisory services.
- 11.2. Moore Stephens Perth Corporate Services Pty Ltd holds an Australian Financial Services License to provide financial product advice on securities to retail clients and its principals and owners are suitably professionally qualified, with substantial experience in professional practice.
- 11.3. The director responsible for the signing of this report is Mr Neil Pace who is a director of Moore Stephens Perth Corporate Services Pty Ltd and partner of Moore Stephens, Perth. Mr Pace has approximately 30 years' experience as a Chartered Accountant.
- 11.4. At the date of this report neither Mr Pace nor any member or Director of Moore Stephens Perth Corporate Services Pty Ltd has any interest in the outcome of the Proposed Transaction.

12. DISCLAIMERS AND CONSENTS

- 12.1. Moore Stephens Perth Corporate Services Pty Ltd has been requested to prepare this report, to accompany the Notice of General Meeting and Explanatory Statement which will be sent to SPI's shareholders.
- 12.2. Moore Stephens Perth Corporate Services Pty Ltd consents to this report accompanying the Notice of General Meeting and Explanatory Statement and being referred to in those documents. This report or any reference thereto is not to be included in or attached to any document, statement or letter without prior consent from Moore Stephens Perth Corporate Services Pty Ltd.
- 12.3. Moore Stephens Perth Corporate Services Pty Ltd has not conducted any form of audit or any verification of information provided to us and which we have relied upon in regard to SPI or White Lion Group, however we have no reason to believe that any of the information provided, is false or materially incorrect.
- 12.4. The statements and opinions provided in this report are given in good faith and in the belief that they are not false, misleading or incomplete.
- 12.5. Neither Moore Stephens Perth Corporate Services Pty Ltd nor Mr Pace take any responsibility for nor have they authorised or caused the issue of any part of this report for any third party other than the shareholders of SPI in the context of the scope and purpose defined in section 2 of this report.
- 12.6. The statements and opinions expressed in this report are given in good faith and with reliance upon information generated both independently and internally and with regard to all of the circumstances pertaining to the Proposed Transaction.
- 12.7. In regard to any projected financial information noted in this report, no member or director of Moore Stephens Perth Corporate Services Pty Ltd has had any involvement in the preparation of the projected financial information.
- 12.8. Furthermore we do not provide any opinion whatsoever as to any projected financial or other results prepared for SPI or White Lion Group and in particular do not provide any opinion as to whether or not the projected financial results referred to in the report will or will not be achieved.

APPENDIX A

SOURCES OF INFORMATION

In preparing this report we have had access to the following principal sources of information:

Financial Reports for SPI

Publicly available information in relation to share prices for SPI

ASX announcements for SPI

Information for White Lion Group, including but not limited to internally prepared documents and recent management accounts.

Binding Heads of Agreement between SPI and the vendors of White Lion Group

Solicitors report dated 12 June 2015 prepared by Sharpe & Howard (legal practitioners of plot 8235 Nangwenya Road, Zambia) in relation to the ownership of the tenements comprising the White Lion Project.

Draft Notice of General Meeting of Shareholders for SPI and Explanatory Statement.

Industry related publications, which are publicly available from the following websites:

www.tradingeconomics.com

www.globalcement.com

www.worldcement.com

www.theaftricareport.com

www.worldbank.org

www.economist.com

www.dangote.com

APPENDIX B

VALUATION METHODOLOGIES

We have considered which valuation methodology is the most appropriate in light of all the circumstances and information available. We have considered the following valuation methodologies and approaches:

Discounted cash flow methodology;

Capitalisation of future maintainable earnings methodology;

Net assets value method;

Quoted market price methodology; and

Market approach method (Comparable market transactions)

Valuation Methodologies and Approaches

Discounted Cash Flow Method

Discounted cash flow methods estimate fair market value by discounting a company's future cash flows to their net present value. These methods are appropriate where a forecast of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Capitalisation of Maintainable Earnings Method

The capitalisation of maintainable earnings method estimates "fair market value" or "enterprise value", by estimating a company's future maintainable earnings and dividing this by a market capitalisation rate. The capitalisation rate represents the return an investor would expect to earn from investing in the company which is commensurate with the individual risks associated with the business.

It is appropriate to apply the capitalisation of maintainable earnings method where there is an established and relatively stable level of earnings which is likely to be sustained into the foreseeable future.

The measure of earnings will need to be assessed and can include, net profit after taxes, (NPAT), earnings before interest and taxes (EBIT and earnings before interest, taxes, depreciation and amortisation (EBITDA).

The capitalisation of maintainable earnings method can also be considered a market based methodology as the appropriate capitalisation rate or 'earnings multiple' is based on evidence of market transactions involving comparable companies.

An extension of the capitalisation of maintainable earnings method involves the calculation of share value of an entity. This process involves the calculation of the enterprise value, which is then adjusted for the net tangible assets of the entity.

Net Assets Value Method (Orderly Realisation of Assets)

The net assets value method (assuming an orderly realisation of assets) estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

Liquidation of assets - The Liquidation method is similar to the orderly realisation of asset method except the liquidation method assumes the assets are sold in a shorter time frame.

Net assets – The net assets method is based on the value of the assets of a business less certain liabilities at book values, adjusted to a market value.

The asset based approach, as a general rule, ignores the possibility that a company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements, and goodwill.

The asset based approach is most appropriate when companies are not profitable, a significant proportion of assets are liquid, or for asset holding companies.

Cost Based Approach - The cost based approach involves determining the fair market value of an asset by deducting the accumulated depreciation from the asset's replacement cost at current prices.

Like the asset based approach, the cost based approach has a number of disadvantages, primarily that the cost of an asset does not necessarily reflect the assets ability to generate income. Accordingly this approach is only useful in limited circumstances, usually associated with intangible asset valuation.

Quoted Market Price Methodology

The method relies on the pricing benchmarks set by sale and purchase transactions in a fully informed market the ASX which is subject to continuous disclosure rules aimed at providing that market with the necessary information to make informed decisions to buy or to sell.

Consequently, this approach provides a "fair price", independently determined by a real market. However the question of a fair price for a particular transaction requires an assessment in the context of that transaction taken as a whole.

In taking a quoted market price based assessment of the consideration to both parties to the proposed transaction, the overall reasonableness and benefits to the non-participating shareholders must be carefully evaluated.

Market Approach Method

The market based approach estimates a company's fair market value by considering the market prices of transactions in its shares or the market value of comparable assets.

This includes, consideration of any recent genuine offers received by the target for an entire entity's business, or any business units or asset as a basis for the valuation of those business units or assets, or prices for recent sales of similar assets

APPENDIX C

LOCATION AND INDUSTRY INFORMATION

Limestone in Cement

Limestone is a basic ingredient in the manufacture of cement and mortar used for the construction of infrastructure and buildings. For limestone to be suitable in the production of cement, the rock must be cement grade limestone with the appropriate chemical make-up to be fit for purpose.

Cement Industry in Africa

The construction industry is one of the fastest growing industries in Africa, largely attributable to the growth in infrastructure and development on the continent. Throughout the continent there is a significant need to upgrade infrastructure and buildings. Cement consumption in the region is driven by economic expansion and is low relative to international averages. As such anticipated consumption growth levels are expected to increase as the continent continues to develop at a rapid pace.

The cement industry in Southern Africa has been dominated by Lafarge, with recent significant investment from Dangote Cement plc as well as some smaller players in the last 12 months. The estimated growth levels in Zambia, and much of the rest of Africa, highlight the need for construction materials and as such there is an increase in the number of businesses investing in the region. Sub-Saharan Africa is a relatively low cement producer at present, however with the increasing investment in production capacity and the availability of limestone, supply of cement in the region is expected to increase rapidly.

Although cement is considered to be over-priced in Africa due to high demand in the region, as a result of increasing competition and capacity in the market, cement prices have begun to decline in recent years and are expected to decline further to stabilise at a rate more comparable with international prices.

Zambia

The population of Zambia is over 15 million, with a growth rate of over 3% per annum. Whilst a relatively poor country, rapid expansion of the mining and agriculture industries in Zambia has meant that the economy has strengthened considerably. Since 2008 the GDP annual growth rate has exceeded 6% per annum, with the growth rate in 2013 and 2014 exceeding 7% per annum.

Zambia is a former British colony, and gained independence in 1964. The principal language of the country is English and the country's judicial system is based on English common law. The Zambian economy has historically been centred on the copper industry which is by far the main export for the country. Agriculture is a significant contributor to GDP and provides the main employment sector to the population.

Whilst infrastructure in the country is limited, particularly in rural areas, the government has been driving its development, increasing the demand for building materials and increasing demand for cement consumption as urbanisation increases. The country is landlocked with eight neighbours, creating the opportunity to tap into demand both domestically and internationally.

Despite the strong and growing economy the country has many economic challenges to overcome including high poverty levels, inequality and infrastructure shortcomings, including the availability of power.

Sources: see appendix A

APPENDIX D

UNAUDITED MANAGEMENT ACCOUNTS OF THE WHITE LION GROUP - for the period from incorporation to 31 May 2015

Statement of Financial Performance	
For the period from Incorporation to 31 May 2015	2015 \$
Continuing Operations	
Income	-
Gross profit/(loss)	-
Administrative expenses	(6,436)
Loss before income tax	(6,436)
Income tax (expense)/revenue	
Profit from continuing operations	(6,436)
Other comprehensive income	<u>-</u>
Total comprehensive income (loss) attributable to the members of the Company	(6,436)

Statement of Financial Position	
As at 31 May 2015	
	2015
	\$
ASSETS	
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	131
TOTAL CURRENT ASSETS	131
TOTAL ACCETS	4.4
TOTAL ASSETS	131
LIABILITIES	
LIADILITILO	
CURRENT LIABILITIES	
Trade and other payables	854
TOTAL CURRENT LIABILITIES	854
NON CURRENT MARK TENE	
NON-CURRENT LIABILITIES	F F02
Other Payables TOTAL NON-CURRENT LIABILITIES	5,582
TOTAL NON-CURRENT LIABILITIES	5,582
TOTAL LIABILITIES	6,436
NET ASSETS	(6,305)
EQUITY	
Issued capital	131
Accumulated Losses	(6,436)
TOTAL EQUITY	(6,305)



APPENDIX E

GLOSSARY

In this report, unless the context requires otherwise:

Term	Meaning
ASIC	Australian Securities and Investments Commission
Associated Shareholders	Shareholders and directors of SPI, who are also the Vendors of White Lion Group Limited
ASX	Australian Securities Exchange or ASX Limited ACN 008 624 691
Business Day	has the meaning given in the Listing Rules
SPI VWAP	the volume weighted average share price of a Spitfire Resources Limited share in Australian dollars
SPI	Spitfire Resources Limited
Director	a director of Spitfire Resources Limited
Income Tax Assessment Act	the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997
Listing Rules	the official listing rules of ASX and includes the business rules of ASX
White Lion Group	comprises White Lion Holdings Limited, White Lion Investments Limited and White Lion Enterprises Limited
Moore Stephens or MSPCS	Moore Stephens Perth Corporate Services Pty Ltd
Option	an option to subscribe for SPI Shares
Register	the register of members of SPI shareholders or option holders, as the case requires
The Proposed Transaction	The proposed acquisition of shares in White Lion Group for consideration comprising the issue of SPI shares
The Vendor	White Lion Group Limited

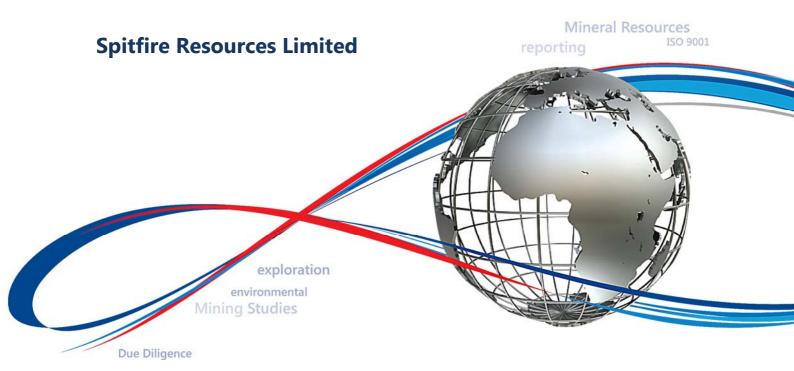
APPENDIX F

INDEPENDENT TECHNICAL REVIEW AND VALUATION BY THE MSA GROUP (PTY) LTD (IN CONJUNCTION WITH THE INDEPENDENT GEOLOGICAL REPORT ON THE WHITE LION CEMENT LIMESTONE PROJECT PREPARED BY CHRIS AINSWORTH CONSULTING)



Specialist Consultants to the Mining Industry

Technical Review and Valuation of a Limestone Exploration Project in Zambia





J3609

Submitted on 30th June 2015

Report prepared by The MSA Group (Pty) Ltd on behalf of: **Spitfire Resources Limited**

Author(s): John Sexton **Associate Consultant**

> Mike Lynn Principal Consultant Pr.Sci.Nat.

Date: 30th June 2015

Project Code: J3069

Primary Authors Mike Lynn

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Supervising Principal **Robert Croll**

This document has been prepared for Spitfire Resources Limited and Moore Stephens Perth Corporate Services Pty Ltd on the basis of instructions, information and data supplied by them. No warranty or guarantee, whether expressed or implied, is made by The MSA Group (Pty) Ltd (MSA) with respect to the completeness or accuracy of those instructions, information and data supplied by Spitfire Resources Limited.



Luiri Gold Mines Limited ("LGM"), a Zambian-registered company which is a subsidiary of South African-registered Bamboo Rock Pty Ltd., is the holder of two mining licences: Dunrobin (Mining Licence, 8074-HQ-LML) and White Lion (Mining Licence 14948-HQ-LML) in Zambia's Central Mumbwa District. LGM is in the process of ceding Mining Licence 14948-HQ-LML to its wholly owned Zambian subsidiary, White Lion Enterprises Limited ("White Lion").

Spitfire Resources Limited ("Spitfire") has appointed The MSA Group ("MSA") to undertake an expert independent financial valuation of Mining Licence 14948-HQ-LML upon which a limestone project may be developed that complies with the Australasian Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code) 2005 edition.

Chris Ainsworth Consulting ("CAC") was commissioned by Spitfire to undertake an Independent Geological Report ("IGR") on the White Lion Limestone Project in the Republic of Zambia. The IGR should be read in conjunction with this Valuation Report which together form part of the overall Competent Person's Report ("CPR"). The MSA Valuation Report and the IGR have been prepared for inclusion in the Independent Expert's Report prepared by Moore Stephens Perth Corporate Services Pty Ltd, which in turn will be included in Spitfire's notice of meeting and explanatory statement.

The opinions expressed and conclusions drawn with respect to these valuations are appropriate at the valuation date, 1st March 2015. The valuation is only valid for this date and may change with time in response to variations in economic, market, legal or political conditions in addition to ongoing exploration results.

The table below summarises the value of Luiri Gold Mines Ltd's Large Scale Mining Licence 14948-HQ-LML based on MSA's selection of the appropriate valuation methodology. The preferred value is US\$ 4.27 million.

Valuation of Luiri Gold Mines Ltd's Large Scale Mining Licence 14948-HQ-LML

Valuation Method	Lower Value US\$ million	Upper Value US\$ million	Preferred Value US\$ million
Valuation using the Prospectivity Enhancement Multiplier (PEM) Adjusted Estimate of Relevant Past Exploration Expenditures	3.56	4.74	4.27

¹ The Prospectivity Enhancement Multiplier (PEM) is a premium or a discount applied to the exploration expenditure to date.



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Appendix 3: Luiri Gold Mines Limited Exploration Expenditures from 2012 through to 2014 in (inflated) US\$ '000s



1 BACKGROUND

Luiri Gold Limited ("Luiri"), an ASX listed mineral exploration company, owned the Luiri Hill Gold Project ("Project") in Zambia's Central Mumbwa District consisting of 2 large scale mining licences, 8074-HQ-LML (32 km²) and 14948-HQ-LML (245 km²), covering a total area of 277 km².

The licence for 8074-HQ-LML (formerly LML48) was cancelled in July 2010 after Luiri was advised by the Zambian Ministry of Mines that Luiri was in default of its licence terms. Negotiations with the Zambian government resulted in the reinstatement of the licence as 8074-HQ-LML in September 2011, subject to certain conditions imposed by the Zambian government. Conditions included the securing of the requisite financing to complete a fully operational Large Scale Mine in line with a development plan which was to be submitted to the Ministry of Mines.

Luiri acquired a Large Scale Prospecting License, LPL173 in 2004 which was renewed in 2006 and again in 2008 when a new licence, 7741-HQ-LPL, was issued with an accompanying exploration programme. An application which had been approved, to convert 7741-HQ-LPL to a Large Scale Mining License in 2010, was not implemented. This was due to the requirement of Luiri to cancel the existing 7741-HQ-LPL before the LML could be issued. Luiri decided to postpone this until 8074-HQ-LML was re-instated, which occurred in October 2011.

Despite approaching an array of potential partners/funders Luiri was unable, in its own right, to secure funding (neither debt nor equity nor a mixture of both) to satisfy this Government imposed development requirement. In December 2013, Luiri secured a Heads of Agreement ("HOA") with South African-registered Bamboo Rock Limited ("Bamboo") that enabled them to satisfy the Government imposed funding deadline. Under the initial HOA, Bamboo agreed to acquire 75 % of the Project, with Luiri retaining a 25% contributing interest. Luiri sold a 75 % majority stake in subsidiaries that held the Luiri Hill Gold Project.

During the six month period ended 30 June 2014, Luiri, in conjunction with Bamboo, secured a confirmed development schedule from the Zambian government that links the timing of the Project's development obligations to provision of an increased and upgraded electrical power supply to the Dunrobin project site.

The development/power delivery concession obtained from the Zambian government did not alleviate the ongoing lack of clarity on the schedule for power availability, which remained a strategic development issue for Luiri. The Luiri Board considered an array of Project development scenarios during the six month period and concluded that the Project did not offer an appropriate risk: reward outcome for Luiri to continue to commit funds to it.

As a result, the Bamboo HOA was re-negotiated such that Luiri sold 100 % of the Project to Bamboo, with this sale being approved by shareholders at the Company's AGM on 23 June 2014. Settlement of the sale was completed on 30 June 2014 and Luiri's interest in mining licences 8074-HQ-LML and 14948-HQ-LML was reduced to 0 %. The sale relieved Luiri of current, non-current and contingent liabilities of approximately US\$ 520,000.

Luiri Gold Mines Limited ("LGM") is the Zambian-registered subsidiary of Bamboo Rock Pty Ltd. and the holder of the two mining licences: 8074-HQ-LML and 14948-HQ-LML. LGM is in the process of



ceding Mining Licence 14948-HQ-LML (the subject of this valuation) to its wholly owned Zambian subsidiary, White Lion Enterprises Limited.

2 VALUATION OF LUIRI GOLD MINES LTD'S LARGE SCALE MINING LICENCE 14948-HQ-LML

2.1 Scope of Work

Spitfire Resources Limited ("Spitfire") has appointed The MSA Group ("MSA") to undertake an expert independent financial valuation of LGM's Large Scale Mining Licence 14948-HQ-LML upon which a limestone project may be developed. The valuation complies with the Australasian Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code) 2005 edition and will be relied upon by Moore Stephens Perth Corporate Services Pty Ltd.

2.2 Principal Sources of Information

The principal sources of information in this report include nine Excel spreadsheets detailing exploration expenditures and other costs and correspondence from Luiri, including a detailed history of Luiri's licences.

2.3 Qualifications, Experience and Independence

MSA is a leading provider of exploration, geology, mineral resource and reserve estimation, mining and environmental consulting services to the mining industry. MSA has been providing services and advice to the international minerals industry and financial institutions since 1983.

This report has been compiled by Mike Lynn and John Sexton and reviewed internally by Rob Croll. Mike Lynn is a professional geologist with 23 years' experience, the majority of which has involved the exploration and evaluation of mineral deposits in Africa and elsewhere in the world. He is a full-time employee and Principal Consultant with MSA, and is a Competent Person in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). John Sexton is an Associate Consultant with MSA and is a Senior Mining Analyst and Competent Valuator in terms the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code). Rob Croll, a mining engineer, is a mining asset due diligence specialist with over 39 years' experience in the South African and global mining industry. He is a Competent Valuator in terms of the SAMVAL Code and the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code) 2005 edition.

Neither MSA nor the authors of this report have or have previously had any material interest in Luiri, LGM, or CAC nor the mineral properties in which Spitfire has an interest. MSA has not conducted work on behalf of Spitfire in the past. Our relationship with Spitfire is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.



2.4 Valuation Considerations

The opinions expressed and conclusions drawn with respect to this valuation are appropriate at the valuation date, 1st March 2015. The valuation is only valid for this date and may change with time in response to variations in economic, market, legal or political conditions in addition to ongoing exploration results. The valuation guidelines of the VALMIN Code relevant to this valuation are set out in Appendix 1.

Section 32, Valuation Methodology, of the VALMIN Code, states that:

The Expert and Specialist must make use of valuation methods suitable for the Mineral or Petroleum Assets or securities under consideration. Selection of an appropriate valuation method will depend on such factors as:

- a) the nature of the Valuation:
- b) the development status of the Mineral or Petroleum Assets and
- c) the extent and reliability of available information.

The Expert or Specialist should disclose and discuss in the Report the selected valuation method(s) used having regard to each of these factors so that another Expert could understand the procedure used and, within reasonable bounds, arrive at a similar Valuation. It may also be desirable to discuss why a particular valuation method has not been used. If more than one valuation method is used and, in consequence, different Valuations result, the Expert or Specialist should comment on how the valuations compare and on reason(s) for selecting the Value adopted.

MSA has considered two methods for the valuation of the large scale mining licence: Cost Approach (appraised value and multiples of exploration expenditure) and Market Approach (comparable transactions by cost per unit area).

3 VALUATION OF LUIRI GOLD MINES LTD'S LARGE SCALE MINING LICENCE 14948-HQ-LML USING THE COST AND MARKET METHODS

3.1 Introduction

Luiri provided a summary of exploration activity covering the period 2003 to 2014 which is included in full in Appendix 2.

3.2 Appraised Value and MEE Method

3.2.1 Review of Exploration Expenditure

As outlined in Appendix 1, the Appraised Value method is based on relevant and meaningful past expenditures and warranted future costs. The key issue in valuing the past exploration expenditure incurred by Luiri on 14948-HQ-LML is the apportionment of costs between the two licences, i.e. between 8074-HQ-LML and 14948-HQ-LML.

A review of all the exploration expenditures supplied by Luiri, and the summary of the exploration activity undertaken by them, has been undertaken by MSA.

MSA is of the opinion that only the past expenditures from 2012 to 2014 are relevant and applicable, as these relate to both licences, i.e. 8074-HQ-LML and 14948-HQ-LML. The cost of the work carried out by Luiri from 2012 until 2014 was instrumental in supporting both LGM licenses and maintaining them in good order.

MSA is of the opinion that only certain exploration costs should be included and that all other costs would be on a pro-rata apportionment, based on the total costs of an airborne magnetic survey that covered both of the licences (flown in 2012):

- the costs associated with the assessment (sampling and assaying) of the limestone potential of 14948-HQ-LML, i.e. the costs of an independent geological report on the White Lion Cement Limestone Project carried out by Chris Ainsworth Consulting ("CAC") in November 2014, , were allocated on a 100 % basis, and
- all of the remaining costs incurred during the period 2012 to 2014 have been allocated on
 a pro-rata basis based on the square kilometres associated with the two licence areas and
 covered by the airborne magnetic survey: i.e. 247.5 square kilometres for 14948-HQ-LML;
 and 400 square kilometres for the whole area flown in the airborne magnetic survey; giving
 a percentage of 61.4 % for 14948-HQ-LML. Australian corporate expenses were also
 allocated on this pro-rata percentage.

These allocations are tabulated in Appendix 3.

Table 3-1 shows the percentages allocated to past expenditures.

Table 3-1 Factors Applied to Estimate 14948-HQ-LML Expenditures from 2012 to 2014

Expenditure Category	Sub Category/Item	Percentage
Drilling Sampling & Assays	CAC – Independent Geological report (sampling & assay) (2014)	100%
	Aeromag Survey & Interpretation (2012)	247.5/400 = 61.4 % ¹
	Greg Hall – Geological Consulting (2013)	61.4 %
Labour	Wages & Salaries	61.4 %
Project Management	Exploration management	61.4 %
Other	All categories	61.4 %
Administration	All categories	61.4 %
Financial	Foreign Exchange gains/(losses)	61.4 %
Australian Corporate costs	All categories	61.4 %

¹ Based on square kilometres

3.2.2 Application of Appraised Value and MEE Method

The exploration costs as received by MSA in nine Excel spreadsheets were consolidated into a single spreadsheet. The costs included a depreciation charge which has been excluded as it is not a cash cost but an accounting entry. However, foreign exchange gains and losses have been included. Expenses were expressed in either Zambian Kwachas or Australian Dollars.

MSA has applied historical Zambian and Australian inflation rates to the Zambian exploration costs and Australian exploration costs respectively, so as to bring all past expenditures to 1 January, 2015 terms through the application of the relevant Inflation Index as set out in Table 3-2 and Table 3-3 below.

Table 3-2 Average Zambian Inflation	Indices			
Year 2012 2013 201				
Zambia Inflation Index ²	1.07	1.07	1.08	
Cumulative Index (Base 2012)	1.02	1.10	1.23	
Reverse Cumulative Index (Base 2014)	1.23	1.10	1.02	

Table 3-3 Average Australian Infla	ntion Indices		
Year	2012	2013	2014
Australian Inflation Index ³	1.02	1.02	1.02
Cumulative Index (Base 2006)	1.01	1.03	1.06
Reverse Cumulative Index (Base 2014)	1.06	1.03	1.00

The inflated expenditures were then converted into US Dollars (US\$) at the following exchange rates applicable to each year for Australian Dollars (A\$) and Zambian Kwachas (Z-Kwa).

Table 3-4	
Average Currency Exchange Rates to the US Dollar	

² World Development Indicators 2014, The World Bank

³ World Development Indicators 2014, The World Bank

Year	2012	2013	2014
Currency	Z Kwa	Z Kwa	Z Kwa
Exchange Rate	5.14	5.39	6.16
Year	2012	2013	2014
A\$:US\$	0.96	1.06	1.14

After applying the relevant factors as outlined in Table 3-1, the inflated estimate of relevant past exploration expenditure is shown in Table 3-5.

Table 3-5		
Estimated Inflated Past Exploration Expenditure		
Licence Total of Exploration Exp. from 2012 to 2014 in 1 January 201		
	terms (US\$ million)	
14948-HQ-LML	2.37	

MSA is of the opinion that a Prospectivity Enhancement Multiplier (PEM) in the range of 1.5 to 2.0 is justifiable on the basis that the target area has intersections of interest and further exploration is justified to evaluate the target area. Previous exploration has enhanced the prospectivity of the licence. The PEM factors are detailed in Appendix 1.

Table 3-6 shows the adjustments to the retained expenditure value by the relevant PEM.

Table 3-6 PEM Adjusted Estimate of Inflated Past Exploration Expenditure				
Licence	Inflated Expenditure (US\$ million)	Lower Value PEM = 1.5 US\$ million	Upper Value PEM = 2.0 US\$ million	Preferred Value PEM =1.8 US\$ million
14948-HQ-	2.37	3.56	4.74	4.27

3.3 Comparable Transactions

There are numerous transactions in the public domain related to the purchase of operating quarries or limestone operations but very few where limestone exploration properties or even properties with Indicated and Inferred Mineral Resources are involved. The findings are analyzed below.

3.3.1 Value per Unit Area

Two transactions have been found which involve exploration properties:

• Graymont Inc., a Canadian based lime and limestone producer applied to the Michigan Department of Natural Resources ("MDNR") in November, 2013 for the purchase of several tracts of State land. Graymont engaged in extensive consultations with stakeholders

interested in the land purchase and revised the offer to the MDNR with a final offer made in February 2015. A decision by the MDNR is still pending. The details of the purchase of the state land are detailed in Table 3-7 giving an indication of the implied transaction cost per square kilometre.

Noletir SA (100 % owned by the Gen Desarrollo e Inversion, a Uruguayan based resources group) entered into an "option and farm agreement" with Orosur Mining Inc. (a South American-focused gold producer, developer and explorer) to explore one or more deposits of limestone for cement and/or clinker and/or lime and/or raw material for pig iron projects in Uruguay, related to an area covering 20 km². An investment of US\$ 1,250,000 was considered for prospecting and exploration stages.

Table 3-7
Valuation of Limestone Exploration Licences using Unit/Area Method

Seller	Purchaser	Purchase Method	Tract	Status	Area km²	Offer price (US\$)	Implied US\$/km²
Department of Natural	Graymont Inc.	Sale	Tract A	Previously mined	6.10	2,179,036	357,049
Resources State of		Exchange	Tract B	Previously mined	2.69	726,000	270,363
Michigan USA		Exchange	Tract C	Previously mined	0.65	140,000	215,062
		Sale	Tract D	Minerals only of underground area	29.52	79,816	2,704
		Sale	Tract E	Buffer Area	3.26	792,990	243,327
		Totals:			42.22	3,917,842	92,796 #
Seller	Purchaser	Purchase Method	Property	Status	Area km²	Price (US\$)	Implied US\$/km²
Orosur Mining Inc.	Noletir SA	Cash	Limestone outcrops	Exploration and prospecting	20	1,250,000	62,500

^{*} Weighted Average

In Graymont's offer, in addition to the offer price, a royalty of US\$0.1875 on dolomite/limestone was also offered, coming into effect in 2020. However, as at this stage there are no production figures so the royalty has been ignored.

3.3.2 Unit Value

In December 2012, the Chinese company China National Building Material Company Limited ("CNBM") acquired the mining rights the mining rights of Jiaoshan Limestone Mine located at



Tongshan, Jiangsu Provence, China. The mining area covers 1.4619 square kilometers and the Mineral Reserves were assessed by an independent valuation at 94.963 million tonnes. The total consideration at the time of the transaction was the equivalent of US\$ 34.865 million.

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	Valuation	or Comp	parable Li	mestone	ı ransa	iction us	ing Unit \	/alue Mi	etnod	
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Project	ocation.	Project Stage	Purchaser	Acquisition date	% Purchased	e pri	Purchase price (US\$m)*	t Are	lied 5/t	Implied US\$/km²
P.	Loca	Pro Sta	, dr.c	cqui	» rrcha	chas	Purc pri	ojec kn	lmp US	lmp JS\$/
			<u> </u>	◀		Purchase price Currency	_	4		
Jiaoshan	Tongshan,	Producer	China	Dec 2012	100%	CNY#	34.865	1.462	0.37	3,910
Limestone	Jiangsu		National							
Mine	Provence		Building							
	China		Material							
			Company							
			Limited							

^{*} The Chinese Yuan Renminbi is the currency of China (CNY)

3.3.3 Summary of Comparable Transactions

The Unit Area and Unit Values as calculated above have been included for completeness as alternative valuation methods to that of the Appraised Value and MEE method. However, neither of these values will be used because there are only two identified exploration targets within the 14948-HQ-LML licence areas (and the extent of these exploration areas is as yet undefined) and no defined Mineral Resources.

4 SUMMARY OF VALUATION OF LUIRI GOLD MINES LTD'S LARGE SCALE MINING LICENCE 14948-HQ-LML

Since no Mineral Resource estimate is available, a Discounted Cash Flow /Net Present Value method (Income Approach) is not possible.

The Market Approach, utilising comparable market transactions, is also not viable in this case, since the comparable transactions are based on a total licence area or a defined area as a basis for a value per unit area. ML 14948-HQ-ML contains two defined exploration targets, but the extent (size) of these targets are as yet undefined, and are not as advanced as the assets identified in the Comparable Transactions identified above. As such the application of the Comparable Transaction Method would tend to significantly overvalue the licence area held by White Lion, and does not provide a reasonable proxy for use in valuing ML 14948-HQ-ML.

For these reasons, in MSA's opinion, only the Appraised Value and MEE method's adjusted estimate of relevant past retained exploration expenditure has been used to value Mining Licence 14948-HQ-LML.

Table 4-1 shows the value of Large Scale Mining Licence 14948-HQ-LML as determined by the MEE method. MSA considers that a PEM of 1.8 is justified after taking into account the history of all relevant past exploration expenditures.

Table 4-1 Valuation of Luiri Gold Mines Ltd Large Scale Mining Licence 14948-HQ-LML

Valuation Method	US\$ million
Valuation using the Prospectivity Enhancement Multiplier (PEM) Adjusted Estimate of	4.27
Relevant Past Exploration Expenditures	

Appendix 1:

Valuation Guidelines of the Australasian Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code) 2005



Code-compliant Valuation Guidelines

The Code used in the valuation of the mineral property is:

The Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code 2005 Edition).

The following guidelines from the Code are relevant for the valuation of While Lion's mineral assets.

Valuation Guidelines

The three generally accepted valuation approaches to be considered under these Codes are:

- Income Approach
- Market Approach
- Cost Approach

The *Income Approach* is based on the principle of anticipation of benefits and includes all methods that are based on the income or cash flow generation potential of the Mineral Property.

The *Market Approach* is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market.

The *Cost Approach* is based on the principle of contribution to value. The appraised value method is one commonly used method where exploration expenditures are analyzed for their contribution to the exploration potential of the Mineral Property.

As applied to Mineral Properties, the Valuation approach depends on the stage of exploration or development of the Mineral Property. This may be broadly defined as shown below.

Classification of Different Types of Mineral Properties				
Property Type	Description			
Exploration Property	A Mineral Asset that is being actively explored for mineral deposits but for which economic viability has not been demonstrated. Exploration Properties have asset values derived from their potential for the discovery of economically viable mineral deposits. Exploration property interests are bought and sold in the market. Many of these transactions involve partial-interest arrangements, such as farm-in, option or joint-venture arrangements.			
Development Property	A Mineral Asset that is being prepared for mineral production and for which economic viability has been demonstrated by a Feasibility Study or Pre-feasibility Study and includes a Mineral Asset which has a current positive Feasibility Study or Pre-feasibility Study but is not yet financed or under construction.			
Production Property	A Mineral Asset that is in production.			
Dormant Property	A Mineral Asset that is not being actively explored or exploited, in which the Mineral Resources and Mineral Reserves have not been exhausted, and that may or may not be economically viable.			
Defunct Property	A Mineral Asset on which the Mineral Resources and Mineral Reserves have been exhausted and exploitation has ceased, and that may or may not have residual assets and liabilities.			

The relationship between the stages of development and valuation approaches for Mineral Properties is summarized below.

Valuation Approaches for Different Types of Mineral Properties						
Valuation Approach	Exploration properties	Development Properties	Production properties	Dormant Pr	Defunct Properties	
				Economically Viable	Not Viable	
Cash Flow	Not generally used	Widely used	Widely used	Widely used	Not generally used	Not generally used
Market	Widely used	Less widely used	Quite widely used	Quite widely used	Widely used	Widely used
Cost	Quite widely used	Not generally used	Not generally used	Not generally used	Less widely used	Quite widely used

The Competent Valuator carrying out the valuation must make use of valuation methods suitable for the Mineral Properties under consideration. The selection of an appropriate valuation method will depend on such factors as:

- 1. the nature of the Valuation;
- 2. the development status of the Mineral Property; and
- 3. the extent and reliability of available information.

In addition, the Competent Valuator should consider the use of more than one valuation method for the valuation of a Mineral Property. In certain circumstances this may not be possible, and the Competent Valuator must justify the valuation method that has been adopted and why other valuation methods have not been used. In addition, the Competent Valuator is responsible for deciding which appropriate valuation method should be considered for any Mineral Property.

Cost Methods

Appraised Value Method

In this method a property is deemed to be worth what has been spent on it, i.e. historical exploration expenditure, with an added premium, if results are positive, or a discount, if results are poor. Sometimes costs are adjusted for inflation, although, if applied indiscriminately to old costs, this can result in an overly large value bonus for inflation. Replacement costs to carry out the relevant work may be more appropriate in some cases.

If a reasonable budget to advance the property to the next decision stage as determined by a prudent and responsible explorationist, i.e. a seasoned exploration geologist, then this future expenditure may also be included as part of the valuation.

Appendix 3 details the historical exploration expenditure for Luiri from 2012 through to the expenditure for 2014.

Multiples of Exploration Expenditure

The Multiple of Exploration Expenditure (MEE) method is the Appraised Value adjusted by a subjective premium, known as the Prospectivity Enhancement Multiplier (PEM) or a discount applied to the exploration expenditure to date. A premium is applied where exploration to date has been successful and whether or not there is a possibility of justifying continuing further exploration. A discount is applied where exploration does not result in any significant mineralisation being discovered and exploration expenditures will tend to decrease together with value.

The PEM factor assigned is directly related to the success (or failure) of the exploration completed to date and is based on an assessment by a Competent Person of the future prospects of the mineral property.

The PEM factors are detailed below.

PEM Factors				
0.0	No further exploration is justified; the property should be relinquished.			
0.1 - 0.5	Exploration has significantly downgraded the prospectivity. Despite considerable past and current expenditures, the property remains at the grass roots stage. Further exploration expenditure is not justified.			
0.5 - 1.0	Past and recent exploration expenditure has maintained rather than enhanced or even slightly downgraded the prospectivity. Without further geological reassessment additional exploration is not justified.			
1.0 - 1.5	Data collected to date has increased the prospectivity of the property through identifying and defining geochemical or geophysical anomalies and other exploration targets. Further exploration is justified.			
1.5 – 2.0	The target area has intersections of interest and further exploration is justified to evaluate the target area. Previous exploration has enhanced the prospectivity of the licence			
2.0 - 2.5	Exploration is well advanced; infill drilling is justified and is likely to define a resource.			
2.5 - 3.0	Current drilling is likely to define a resource with potential down dip extension or along strike. At this stage a scoping study could be undertaken.			
3.0 - 5.0	Resources of variable significance have been defined with economic features indicated by a pre-feasibility study that make early conversion to reserves probable.			

The PEM rises with the number of targets involved and the mineralisation found. The PEM applied depends on the success of exploration carried out to date and an assessment of future potential. A PEM of less than 1.0 means that further exploration is not justified. A PEM of 2.0 or greater can only be justified if drilling has found mineralisation.



Market Methods

Comparable Transaction Value Method

Comparable methods allow the value estimated for a mining project to be benchmarked against mining project values already established in the market.

The difficulty of this approach in the mining industry is that there are no true comparables since each property is unique with respect to key factors such as location, geology, mineralisation, extent and classification of Mineral Resources and/or Mineral Reserves, costs, stage of exploration, and infrastructure. In addition, transactions for mineral properties are relatively scarce. When transactions do occur they rarely involve only cash, leaving the valuator the task of converting blocks of shares, royalties or option terms into present day money equivalent.

The main advantage of this method is that it gives a benchmark to the value of mineral properties derived by other methods, and provides a general measure of relative property values. The main disadvantage is that there are no true comparables; each mineral property is unique as noted above. Subjective judgment is needed to identify similar properties. World-wide, there have been very few transactions involving exploration properties for limestone.

The comparable transaction method is an accepted primary valuation method; two secondary methods derived from comparable transactions are the value per unit area and unit value.

Value per Unit Area

Value per unit of area for a raw exploration property should be used with caution to ensure areas are approximately comparable

Unit Value

This approach is arbitrary since for each property the unit value is dependent on the site-specific characteristics. However, it does give an indication of the current price companies are willing to pay for exploration properties in general.



APPENDIX 2:

Luiri: Summary of Activities



Summary of Main Luiri Gold Mines Ltd Activities

2003 - 2005

- Luiri Gold Mines Ltd was incorporated in Zambia on 3 September 2003 to explore for gold and base metals
- The company was granted Large Scale Mining License LML48 covering c.32.6km² on 13 November 2003
- LML48 covered the historical open pit at Dunrobin and underground mine at Matala
- In addition a further 2,500km² of ground in 2 Large Scale Prospecting Licenses was granted
 - LPL173 originally granted on 1 Oct 2004 to Muva Mining Ltd was transferred to Luiri
 Gold Mines Ltd in 2005
 - o LPL209 was renewed by Luiri Gold Mines Ltd on 5 November 2005
- RSG Global appointed in 2003 to run exploration field work for Luiri Gold Mines Ltd
- RC drilling undertaken in 2004 and 2005 (4,000m at Dunrobin & Matala) along with geological and structural mapping, soil geochemical sampling, regional modelling & interpretation and remote sensing
- Resource Estimate and data covered by Snowden Report and covers LML48, LPL173 and LPL209

2006

- Commenced RC and DD drilling on Dunrobin and Matala in October 2006 (5,000m 4,159m completed March 2007)
- Programme managed by RSG Global
- At end July 2006 Luiri Gold Mines completed field work for Phase 1 regional geochemical and soil sampling programme
- Total 1,260 soil samples collected on the western part of the Matala Dome which were subsequently analysed by Genalysis in Johannesburg and Perth
- 750 infill soil samples were also taken on 200 50m grid to further define the Marco geochemical anomaly
- The remaining part of the Matala Dome covered by regional scale sampling on 400 x 200m grid finished at end March 2007 for total 1,346 samples

2007

 Commenced drilling 8,000m extension drilling at Dunrobin and Matala (34 holes) – completed by end 2007?



- Analysis of soil geochemistry samples
- Expenses during the year related to soil geochemistry programmes (labour & analysis), geophysical studies and to drilling
- RSG Report August 2007

2008

- With the introduction of the new Cadastre system under the 2008 Mining Act Luiri Gold Mines had to re-apply for the license – this was granted for a 25 year period. At the same time a new license number was issued for the license - 8074-HQ-LML
- LPL209 reapplied for and reissued as 8069-HQ-LPL
- LPL173 reapplied for and reissued as 7741-HQ-LPL

2009

- Regional geochemical soil sampling over remaining licenses on 1km x 1km grid
- Exploration work undertaken at Nambala iron ore project

2010

- At the end of May 2010 the Director of Mines advised that LGM was in default in terms of LML48 due to non-performance
- 3,969m of RC drilling completed at Shadreck Dunrobin Chosa
- 850m RC drilling completed at Namabula
- 66 trench samples taken from Namabula West deposit
- 14 RC holes completed at Eclipse giving some 800m of strike coverage
- 15 RC holes completed at Matala West (1,866m)
- 38 RC holes completed at Chikwashia
- Metallurgical test work, mining, infrastructure and environmental work was undertaken during the financial year but was not completed due to the cancellation of the mining license
- Application to Cadastre to convert 7741-HQ-LPL to a Large Scale Mining License

2011

New Boards and executive management teams appointed February 2011

- Lengthy negotiations at Presidential, Government and Traditional Leadership levels resulting in re-instatement of LML48 (8074-HQ-LML) in September 11 through Attorney General's office
- Application lodged with Cadastre to modify boundary of 8074-HQ-LML
- Negotiations with Cadastre to complete 2010 application to convert 7741-HQ-LPL to a Large Scale Mining License. Approved in principle but delayed due to suspension of Cadastre following election of new Government.

2012

- Maxwell Geoservices appointed to validate all databases
- Large Scale Mining License 14948-HQ-LML issued in April 2012 for 25 years (formerly 7741-HQ-LPL)
- Environmental Project Brief (EPB) submitted to cover low altitude high resolution magnetic and radiometric aerial survey across all licenses including seeking consents from Department of Mines, Department of Geological Survey of Zambia, Ministry of Defence, Zambia Air Force and Department of Transport and Communications
- Environmental Project Brief (EPB) submitted to cover drilling operations at Dunrobin, Matala,
 Matala West, Eclipse and Chosa
- Fugro flew aerial geophysical survey across 8074-HQ-LML and 14948-HQ-LML (c.400sg.km)
- Completed 8,157m RC feasibility and exploration drilling at Dunrobin, Dunrobin East, Matala,
 Matala West, Eclipse, Chosa and Shadreck
- Interpretation of aerial geophysical data and development of prospective mineral target areas
- Updated Resource Estimation by Coffey Mining Pty Ltd including Measured Resources at Dunrobin
- Feasibility Study completed by Coffey Mining

2013

- Final Environmental Impact Statement accepted by Zambia Environmental Management Agency in May 2013
- 924m trenching at Chosa & Shadreck
- 209m pitting at Chosa, Shadreck, Dunrobin, Rob Roy & Jack
- Ground magnetic and resistivity surveys at Chosa and Shadreck
- Environmental Permit granted in October 2013



- Review of all Luiri data across all licences by independent consultant Greg Hall to develop prospective targets
- Identification of limestone outcrop as potential economic deposit

2014

- Review of mineral potential across Luiri Gold Mines tenure
- Preliminary sampling, analysis and mapping of limestone
- Transfer of Luiri Gold Mines Ltd (Zambia) from ASX listed Luiri Gold Ltd to Bamboo Rock Ltd in June 2014



APPENDIX 3:

Luiri Gold Mines Limited Exploration Expenditures from 2012 through to 2014 in (inflated) US\$ '000s

LUIRI GOLD MINES LIMITED EXPLORATION EXPENSES 2012-2014

INF	LATED			2012			2013			2014			TOTALS	
					Allocated to			Allocated to			Allocated to			Allocated to
			Full Costs		14948-HQ-	Full Costs		14948-HQ-	Full Costs		14948-HQ-	Full Costs		14948-HQ-
					LML			LML			LML		ı	LML
			US\$	%	US\$	US\$	%	US\$	US\$	%	US\$	US\$	%	US\$
-	mpling and As	_					ı							
6-	-5150	Sample Analysis	11,427	0.0%	-	483	0.0%	-	-		-	11,910	0.0%	-
		Rob Barnett - Sampling & Assay							17,500	100.0%	17,500	17,500	100.0%	17,500
	-1220	Prefeasibility - geoquest	-		-	-		-	-		-	-	0.0%	-
	-1211	Prefeasibility - transport	-		-	-		-	-		-	-	0.0%	-
	-1225	Prefeasibility - geologist	-		-	-		-	-		-	-	0.0%	-
6-	-1291	Drilling Costs	-		-	-		-	-		-	-	0.0%	-
6-	-1290	Exploration costs	1,098,838	0.0%	-	348,331	0.0%	-	36,286	0.0%	-	1,483,455	0.0%	-
		Aeromag Survey & Interpretation	161,711	61.4%	99,331	-		-	-			161,711	61.4%	99,331
		Greg Hall - Geological Consulting				15,409	61.4%	9,465				15,409	61.4%	9,465
6-	-1293	Consumables	21,873	0.0%	-	-		-	-		-	21,873	0.0%	-
6-	-1295	Diesel	-		-	12,534	0.0%	-	11,324	0.0%	-	23,857	0.0%	-
6-	-1296	Water	-		-	6,424	0.0%	-	9,245	0.0%	-	15,669	0.0%	-
6-	-1297	Hire costs	-		-	-	0.0%	-	-		-	-	0.0%	-
6-	-1301	Trenching	-		-	-		-	-		-	-	0.0%	-
6-	-1298	Transport Samples	3,040	0.0%	-	4,753	0.0%	-	9,673	0.0%	-	17,466	0.0%	-
6-	-1210	Prefeasibility - Drilling	-		-	-		-	-		-	-	0.0%	-
T-	otal		1,296,889	7.7%	99,331	387,933	2.4%	9,465	84,027	20.8%	17,500	1,768,850	7.1%	126,296
Labour														-
6-	-5100	Wages & Salaries	435,953	61.4%	267,784	480,394	61.4%	295,082	145,580	61.4%	89,423	1,061,927	61.4%	652,289
T	otal		435,953	61.4%	267,784	480,394	61.4%	295,082	145,580	61.4%	89,423	1,061,927	61.4%	652,289
Geological a	and Reporting	9												-
6-	-1299	Metallurgical Testing	-		-	-		-	-		-	-	0.0%	-
	-5050	Reporting costs	-		-	-		-	-		-	-	0.0%	-
Т	otal		0		0	0		0	0		0	0	0.0%	0
														-
Project Man														-
	-1300	Exploration Management	-		-	16,531	61.4%	10,154	-		-	16,531	61.4%	10,154
T	otal		0		0	16,531	61.4%	10,154	0		0	16,531	61.4%	10,154



1	NFLATED			2012			2013			2014		7	TOTALS	
			Full Costs		Allocated to 14948-HQ- LML	Full Costs		Allocated to 14948-HQ- LML	Full Costs		Allocated to 14948-HQ- LML	Full Costs		Allocated to 14948-HQ- LML
			US\$	%	US\$	US\$	%	US\$	US\$	%	US\$	US\$	%	US\$
Other							ı							
	6-1400	Site Costs	54,820	61.4%	33,673	-		-	83,306	61.4%	51,171	138,126	61.4%	84,844
	6-1230	Prefeasibility environmental	-		-	-		-	-		-	-	0.0%	-
	6-1305	Exploration software	-	C4 40/	-	-	64.40/	- 2.07.4	-	64.40/	-	-	0.0%	-
	6-1500	Insurance	21,314	61.4%	13,092	4,679	61.4%	2,874	41	61.4%	25	26,035	61.4% 0.0%	15,992
	6-3000	Maintenance & Repairs	74124	C1 40/	- 45 521	-	C1 40/	- 22.254	17.070	C1 40/	10.076	144.000		- 00.061
	6-3500	Office Expenses - Zambia	74,124	61.4%	45,531	52,673	61.4%	32,354	17,870	61.4%	10,976	144,666	61.4%	88,861
	6-5000 6-5158	Rent	37,799	61.4%	23,218	40,643	61.4%	24,965 -	16,823	61.4% 61.4%	10,334	95,265	61.4% 0.0%	58,517
	6-5160	Subscriptions	45 505	C1 40/	28,007	-	C1 40/		- 2.671		2 255	- 87,410	0.0% 61.4%	- 53,691
		Sundry Expenses	45,595	61.4% 61.4%		38,143	61.4%	23,429	3,671	61.4% 61.4%	2,255	· ·	61.4% 61.4%	
	6-5240	Telephone	34,832	61.4%	21,395	21,255	61.4%	13,056	16,435		10,095	72,521		44,546
	6-5250 6-6000	Travel & Accommodation Vehicle Maintenance	-		-	61,420	61.4%	- 37,727	- 2,781	61.4% 61.4%	1,709	64,202	0.0% 61.4%	- 39,436
	6-9990		_		_	01,420	01.470	31,121	2,701	61.4%	1,709	04,202	0.0%	39,430
	Total	UK Expenses	268,484	61 1%	164,916	218,813	61 1%	134,406	140,928	61.4%	86,565	628,225	61.4%	385,887
	TOtal		200,404	01.476	104,510	210,013	01.476	134,400	140,926	01.470	80,303	020,223	01.470	363,667
Adminis	tration													_
	7-1000	Accounting fees	21.014	61.4%	12,908	34,743	61.4%	21,341	6,927	61.4%	4,255	62,684	61.4%	38,504
	7-2000	Audit fees	16,866	61.4%	10,360	1,676	61.4%	1,029	1,227	61.4%	754	19,769	61.4%	12,143
	7-3000	Bank charges	2,466	61.4%	1,515	21,988	61.4%	13,506	14,635	61.4%	8,990	39,090	61.4%	24,011
	7-4000	Communication	42,926	61.4%	26,367	4,023	61.4%	2,471	437	61.4%	268	47,386	61.4%	29,107
	7-5000	Legal expenses	11,805	61.4%	7,251	10,783	61.4%	6,624	1,561	61.4%	959	24,149	61.4%	14,834
	7-6000	Promotion expenses	2,676	61.4%	1,644	6,215	61.4%	3,818	1,549	61.4%	952	10,440	61.4%	6,413
	7-7000	Directors' expenses	25,027	61.4%	15,373	256	61.4%	157	5,344	61.4%	3,282	30,626	61.4%	18,812
	7-7050	Repairs and maintenance	-		-	12,600	61.4%	7,740	- -		-	12,600	61.4%	7,740
	7-8000	Subscription	26,866	61.4%	16,503	10,493	61.4%	6,445	-		-	37,359	61.4%	22,948
	7-9000	Security	18,176	61.4%	11,164	16,807	61.4%	10,324	-		-	34,983	61.4%	21,488
	7-10000	Water and electricity	18,456	61.4%	11,337	-		-	-		-	18,456	61.4%	11,337
	7-11000	Vehicle maintenance	27,631	61.4%	16,972	-		-	-		-	27,631	61.4%	16,972
	Total		213,908	61.4%	131,393	119,585	61.4%	73,455	31,680	61.4%	19,460	365,173	61.4%	224,308
Financial	I													-
	8-2000	Exchange losses/(gains)	191,025	61.4%	117,337	(835,787)	61.4%	(513,382)	1,525,662	61.4%	937,138	880,900	61.4%	541,093
	Total		191,025	61.4%	117,337	(835,787)	61.4%	-513,382	1,525,662	61.4%	937,138	880,900	61.4%	541,093
Total per	r Financial State	ement	2,406,258	32.4%	780,761	387,470	2.4%	9,180	1,927,878	59.7%	1,150,085	4,721,606	41.1%	1,940,027
Australia	an Costs		237,766	61.4%	146,048	230,979	61.4%	141,879	225,230	61.4%	138,347	693,976	61.4%	426,274
		TOTAL COSTS	2,644,024	35.1%	926,809	618,449	24.4%	151,060	2,153,108	59.8%	1,288,433	5,415,582	43.7%	2,366,301

Geological Consulting



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AN INDEPENDENT GEOLOGICAL REPORT ON THE SPITFIRE CEMENT LIMESTONE PROJECT

June 2015

Prepared on behalf of:

Spitfire Resources Limited 41 York Street Subiaco Western Australia WA 6008



DISCLAMER

Chris Ainsworth Consulting ("CAC") was commissioned by by Spitfire Resources Limited ("Spitfire") to undertake an Independent Geological Report ("IGR") on its Limestone Project in the Republic of Zambia. The Limestone Project comprises a Mining Licence owned by White Lion Enterprises Limited ("White Lion") a wholly owned subsidiary of Luiri Gold Mines Ltd ("Luiri").

CAC has relied upon information generated during site visits, samples collected and its Intellectual Property as well as discussions with Spitfire and White Lion personnel to complete this report.

This IGR will be relied upon by the MSA Group ("MSA") and Moore Stephens Perth Corporate Services (Pty) Ltd ("Moore Stephens") and will be included as an appendix to the Moore Stephens Independent Experts Report that will be included in a Notice of meeting to shareholders and released to the Australian Securities Exchange ("ASX").

Furthermore, this report is for the use of Spitfire only and CAC accepts no liability or responsibility whatsoever for, or in respect of, any use, or reliance upon, this report by any third party, or if it is used by Spitfire out of context or for any other purposes than originally intended.

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AUTHOR AND REVIEWER SIGNATURE

Principal Author:	Robert Barnett	Signature:	1. 9. 2
Principal Reviewer:	Chris Ainsworth	Signature:	
		Date:	15 June 2014



EXECUTIVE SUMMARY

Luiri Gold Mines Limited ("Luiri") was the holder of two mining license's (Dunrobin and White Lion) in Zambia's Central Mumbwa District. Of the two license's, Luiri ceded Mining License 14948-HQ-LML to its wholly owned Zambian subsidiary, White Lion Enterprises Limited ("White Lion"). The Zambia Mines Development Department confirmed the transfer of the Mining Licence No. 14948-HQ-LML from Luiri Gold Mines Ltd to White Lion Enterprises Limited on 26 May 2015.

Spitfire Resources Limited ("Spitfire") (a natural resources company quoted on the Australian Securities Exchange) have asked Rob Barnett (an Independent Competent Person) to provide an Independent Geologist's Report ("IGR") so as to furnish technical details on the geology of the project and provide comments on the projects' prospectivity as a source for cement-grade limestone. This IGR has been completed in conjunction with a separate Mineral Asset Valuation (prepared by the MSA Group ("MSA") that has been prepared in advance of a proposed transaction between White Lion and Spitfire.

Sub-Saharan Africa's cement sector is undergoing the strongest period of sustained growth in its history, with multiple investments across the region to boost production capacity. On a global scale, Sub-Saharan Africa is a marginal cement producer, with output estimated at 116 Million tonnes (Mt) in 2013, just 2.9% of the world total. This reflects years of underinvestment and unused capacity, reflecting high production costs which made the sector uncompetitive with cheap imports from the global market. But, this situation is changing as the cement sector is undergoing a transformation which will dramatically expand its capacity over the next decade.

The White Lion Project ("the Project") is situated approximately 100km west of Lusaka along the tarred M9 road, situated in low-lying topography of woodland savannah. Some small villages are present within the project area, with localized subsistence farming being the staple land use.

The carbonate sediments in the Project are platformal carbonates with subordinate siliciclastic sediments of the Upper Roan Group of the Katangan Supergroup. The rocks have been affected by several tectonic events including folding associated with northwards verging thrusting, fracturing and faulting. The carbonate sediments are readily recognised in outcrop throughout the Project and although displaying re-crystallisation, original bedding structures are still evident. In addition, important exposures of phyllites with some quartzite were observed within the project; a necessary additive for an optimum cement-mix.

Historical sampling and analysis of approximately 40 carbonate samples taken over an approximately 20km^2 area, showed that whilst there were a few instances of relatively high Magnesium values, the majority of the carbonate would appear to have the potential for cement-grade limestone and that with the addition of local phyllite the project is considered to have good prospectivity for cement feedstock raw materials.

No Mineral Resources for the Project (in-line with JORC protocols or not) have yet to be estimated, although it is noted that a detailed prospecting programme to allow for the estimation of a maiden limestone (in-line with JORC protocols) Mineral Resource has been comprehensively delineated.





The programme comprises three phases; (i) a desk top scoping study to determine the potential cement market (with associated capital and operating cost estimates), (ii) a surface mapping and sampling exercise to identify two 1km² limestone and phyllite areas and (iii) a comprehensive drilling programme.

The cost estimate for the prospecting programme is summarised below:

•	Desk Top Study	US\$ 48 360
•	Mapping & Sampling	US\$ 135 700
•	Drilling & Resource estimation	US\$ 681 550

Total US\$ 865 610



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1 INTRODUCTION

Rob Barnett, under the guise of Chris Ainsworth Consulting ("CAC"), was commissioned by Spitfire Resources Limited ("Spitfire") (, a natural resources company quoted on the Australian Securities Exchange ("ASX")) to prepare an Independent Geologist's Report ("IGR") on the White Lion Limestone Project ("the Project") in the Republic of Zambia. Luiri Gold Mines Ltd ("Luiri") (a Zambian registered company) iwasthe holder of two mining license's (Dunrobin and White Lion) in Zambia's Central Mumbwa District (Figure 1).

Of the two license's, Luiri has ceded Mining License 14948-HQ-LML to its wholly owned Zambian subsidiary, White Lion Enterprises Limited ("White Lion"). The objective of this IGR is to furnish technical details on the geology of the project, provide comments on the Projects' prospectivity as well as detailing requirements for further work. This IGR in conjunction with the associated Mineral Asset Valuation has been prepared in advance of a proposed transaction between White Lion and Spitfire.

Spitfire Resources Limited has entered into a conditional Binding Heads of Agreement with White Lion Group Limited (WLG) to aquire 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 subsidiary White Lion Enterprises Limited. This acquisition is conditional on the satisfaction of certain conditions precedent. These include the obtaining of all necessary shareholder, third party and regulatory approvals.

CAC is unsighted as to the detailed arrangements of the proposed transaction between Luiri, White Lion and Spitfire and in this regard the reader should refer to the separate Mineral Asset Valuation Report (prepared by the MSA Group ("MSA").

While CAC have had sight of the Mining Licence held by White Lion it is beyond the brief of this IGR to conduct a legal review of the tenement. Spitfire have informed CAC that they are seeking a separate legal opinion on the tenement from SHARP & HOWARD, Lusaka, Zambia.

The IGR is based on information supplied by Luiri, site visits to the Project by the author (and his Intellectual Property) as well as information within the public domain.

The statements and opinions contained in this IGR are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of 26 May 2015 and could alter over time depending on exploration results, commodity prices and other relevant market factors.



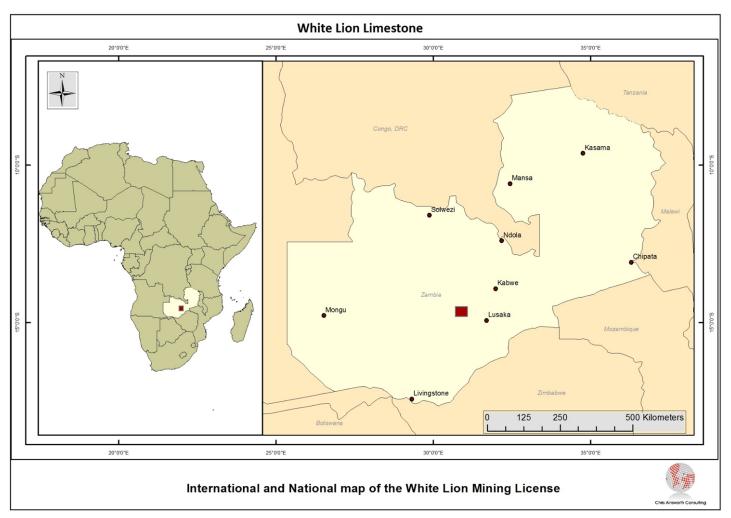


Figure 1: Location of White Lion Limestone Licence



1.1 Principal Sources of Information

This IGR is based upon information available up to and including 26 May 2015. CAC has based its review on information provided by Luiri, along with relevant published and unpublished data.

CAC has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based.

The author completed a site visit to the Project between 10th and 14th November 2014, during which the author was assisted by Mr. Clinton White, Exploration Manager for Luiri. The site visit focused on a technical review of the Project, which included an assessment of historical work programmes, Project geology, and warranted future exploration.

1.2 Author of the Report

This Report has been prepared by Mr. Robert Barnett under the guise of Chris Ainsworth Consulting ("CAC"). Mr Robert Barnett MSc, is a Registered Professional Natural Scientist with SACNASP-400106/06, who has worked for over 40 years as a professional geologist with experience in the exploration, evaluation and mining of mineral properties within Africa and worldwide. Mr Barnett has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code (2005) and a "Competent Person" as defined in the JORC Code (JORC, 2012).

1.3 Independence

Neither CAC, nor the author of this report, has or has had previously, any material interest in Spitfire or White Lion or Luiri or the Project. CAC's relationship with Spitfire is solely one of professional association between client and independent consultant.

CAC is an independent geological consultancy. Professional Fees are being charged to Spitfire at a commercial rate for the preparation of this report, the payment of which is not contingent upon the conclusions of the report. The fee for the preparation of this report is approximately AUD\$2,000.

No associate of CAC is, or is intended to be, a director, officer or other direct employee of Spitfire. No associate of CAC has, or has had, any shareholding in Spitfire or White Lion or Luiri.

1.4 Declarations

This Report has been prepared by CAC at the request of, and for the sole benefit of Spitfire its purpose being to provide an IGR to assist with the associated Mineral Asset Valuation of the Project. It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The information in this report that relates to the White Lion Limestone Project is based upon information compiled by Mr. Robert Barnett, Pri Sci Nat, who is a Fellow of the Geological Society of South Africa. Mr Barnett is an associate of CAC, which is an association of independent resource industry consultants. Mr Barnett has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("the JORC Code"). Mr Barnett consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. All parties have consented to the inclusion of their work for the purposes of this announcement.



1.5 Exploration Database

During the site visit, access was given (by Luiri) to detailed geophysical and geological information that had been generated by Luiri during the course of its historical gold exploration programme. This data included the "*Technical Report on Integrated Geological Interpretation of Airborne Magnetic and Radiometric Data*" (Fugro Airborne Surveys (Pty) Ltd (Fugro) (2012) which overlapped onto the Project. Geological plans and stratigraphic descriptions from Luiri have been utilized in this report.

Although CAC has not undertaken a rigorous validation exercise of the data and information obtained from Luiri, CAC notes that based on their observations, this data and information is considered suitable for the purposes of this IGR.

In addition to the supplied data, a number of field traverses were conducted by the author (with the assistance of Luiri personnel), across parts of the Project. Grab samples were taken from limestone outcrops and various structural measurements recorded. The samples were submitted for chemical analysis and information from the traverses was used to compile maps.

1.6 About this Report

This IGR provides information of a technical nature on the Project, with additional commentary on the prospectivity of the Project to host cement-grade limestone, as well as the discussing the phyllite (shale) (cement-feed additive) potential.

Whilst it is noted that limited detailed prospecting work has been undertaken at the Project, initial indications from traverse mapping, sampling and analysis are that the Project displays encouraging potential to host cement-grade limestone.

2 CEMENT GRADE LIMESTONE

Cement can be broadly defined as a mixture of Calcium Oxide (CaO), Silica (SiO₂), Aluminium (Al₂O₃) and Iron (Fe₂O₃). The favoured raw material for cement production is typically a blend of limestone, as the main ingredient, with an argillaceous rock, typically shale. The Magnesium (MgO) content of the limestone being a limiting factor as excessive MgO (<4%, although typically <3%) is deleterious to cement quality.

The quality of the raw material blend for cement manufacture is classified with reference to three independent chemical ratios; i.e. Lime Saturation Factor (LSF), Silica Ratio (SR) and Alumina Ratio (AR); these are discussed in greater detail below (Section 6.3).

The production of cement needs to be seen as a chemical process requiring an accurate and consistent blend of the four key ingredients, whilst limiting a number of deleterious compounds.

2.1 Nature and Occurrence

Limestone, together with dolomite, constitute a group of rocks referred to as carbonates. Carbonate rocks form about 15% of the earth's sedimentary crust and are widely used as source material for a number of end uses including cement.

Most limestones of economic importance were derived from marine-dwelling crustaceans accumulating in relatively shallow-sea environments. The particle size range of the limestone sediments can vary from skeletal material, through agglomerations of limestone fines to form pellets and oolites, to fine grained micritic limestone formed by comminution of coarser skeletal material or from direct precipitation from seawater.



Dolomite is formed by post-depositional metasomatic alteration of the original limestone by hypersaline brines. The degree of MgO replacement for CaO varies and the resultant rock can be described as a series from limestone, through dolomitic limestone to dolomite.

While limestone is formed by a sedimentary process it can, and is, affected by other geological processes such as metamorphism and igneous intrusion. Where limestone is affected by metamorphism it is commonly recrystallised. Where the metamorphic events involve a degree of structural pressure the limestone can be folded to different degrees. Intense metamorphism results in the limestone being classified as a marble, which can have dramatic flow structures commonly seen in dimension stone marbles. For cement limestone purposes a lower degree of structural deformation is preferable as the complexity of the rock form can increase mining and blending costs. However, there are exceptions to this as is the case with the Marble Delta cement limestone quarry in the Port Shepstone district of Kwazulu Natal in South Africa.

Carbonate can occur as an igneous rock in the form of carbonatites which are typically cylindrical in form due to the rock being associated with alkali volcanic plugs. It is rare for igneous carbonatites to be quarried for cement limestone but there are such cases; e.g. Tororo in Uganda.

3 ECONOMICS AND MARKET POTENTIAL

The market for cement is broad-based within the full range of construction activities from large infrastructure projects to individual homes. In developed countries the market for cement is broadly in line with Gross Domestic Product (GDP). However, in developing countries the market for cement can grow at rates in excess of GDP, due to the increased need for infrastructure. The example of China over the past two decades illustrates this latter point where increased economic growth has necessitated increased infrastructural spend, sufficient to transform the country from purely developing to fully developed.

Sub-Saharan Africa is recognised to be in an increased economic growth phase. Price Waterhouse Coopers "Capital Projects and Infrastructure Report on East Africa, Southern Africa and West Africa" (2014) forecasts infrastructure expenditure in Sub-Saharan Africa will increase from US\$70 billion in 2013 to US\$180 billion by 2025. Even with across-the-board commodity price downturn in 2014, the United Nations Conference on Trade and Development reported that foreign direct investment into Sub-Saharan Africa in 2014 was similar to that in 2013.

Table 1, below, highlights the case for Zambia, which has demonstrated a +5% GDP since 2006.

Table 1: Zambian GDP Growth

		Zambian GDP	Annual % Grow	rth - (source: Ba	ank of Zambia)		
2006	2007	2008	2009	2010	2011	2012	2013
6.2	6.2	5.7	6.4	7.6	6.8	7.3	6.7

These relatively high GDP figures appear to indicate that the base level of demand for commodities such as cement, are encouraging. The Lafarge Cement Zambia Plc 2013 Annual Report states that the domestic Zambian cement market grew by 17% in 2013 compared to 2012; in excess of the national GDP figure of 6.7%. The report goes on to state that the increase in domestic cement demand was ".....driven by the continuous increase in government infrastructure projects, mining expansion activities and to a smaller (sic) extent by individual home building projects...".





There would appear to be opportunities for cement exports from Zambia within the Sub-Saharan region as neighbouring countries put major infrastructural projects into commission. Currently Zambia exports cement northwards into the Democratic Republic of Congo (DRC), albeit mainly from cement plants in the Ndola region. With regards to cement plants in southern Zambia there is export potential to Zimbabwe, although of limited short-term potential due to major upheavals in the political landscape that has affected that country's economy.

In summary, Sub-Saharan Africa's cement sector is undergoing the strongest period of sustained growth in its history, with multiple investments across the region to boost production capacity. On a global scale, Sub-Saharan Africa is a marginal cement producer, with output estimated at 116 Million tonnes (Mt) in 2013, just 2.9% of the world total. This reflects years of underinvestment and unused capacity, reflecting high production costs which made the sector uncompetitive with cheap imports from the global market. But, this situation is changing as the cement sector is undergoing a transformation which will dramatically expand its capacity over the next decade.

4 GEOLOGICAL SETTING AND MINERALISATION

4.1 Regional Geology

During the site visit by the author, access was given by Luiri to detailed geophysical and geological information that had been generated during the course of their gold exploration programme. This data included the "Technical Report on Integrated Geological Interpretation of Airborne Magnetic and Radiometric Data" (Fugro Airborne Surveys (Pty) Ltd (Fugro)) (2012). In addition, geological plans and stratigraphic descriptions generated by Luiri have been used to further the geological understanding of the Project.

The regional geology comprises Katangan and Muva Supergoup rocks to the north of the east to west trending Mwembeshi Shear Zone (MSZ); to the south occur Archaen to Paleoproterozoic basement rocks of the Zambezi Fold Belt.

The carbonate sediments of interest are considered to be platformal carbonates with subordinate siliciclastic sediments of the Upper Roan Group (R4) of the Katangan Supergroup. The literature refers to the carbonate as being both dolomite and limestone, although surface maps do not differentiate between the two. It is important to note that although this is the present stratigraphic interpretation (based on data from the Zambia Geological Survey), the Luiri geological staff and CAC are of the opinion that this interpretation may change as new data becomes available as the Project progresses.



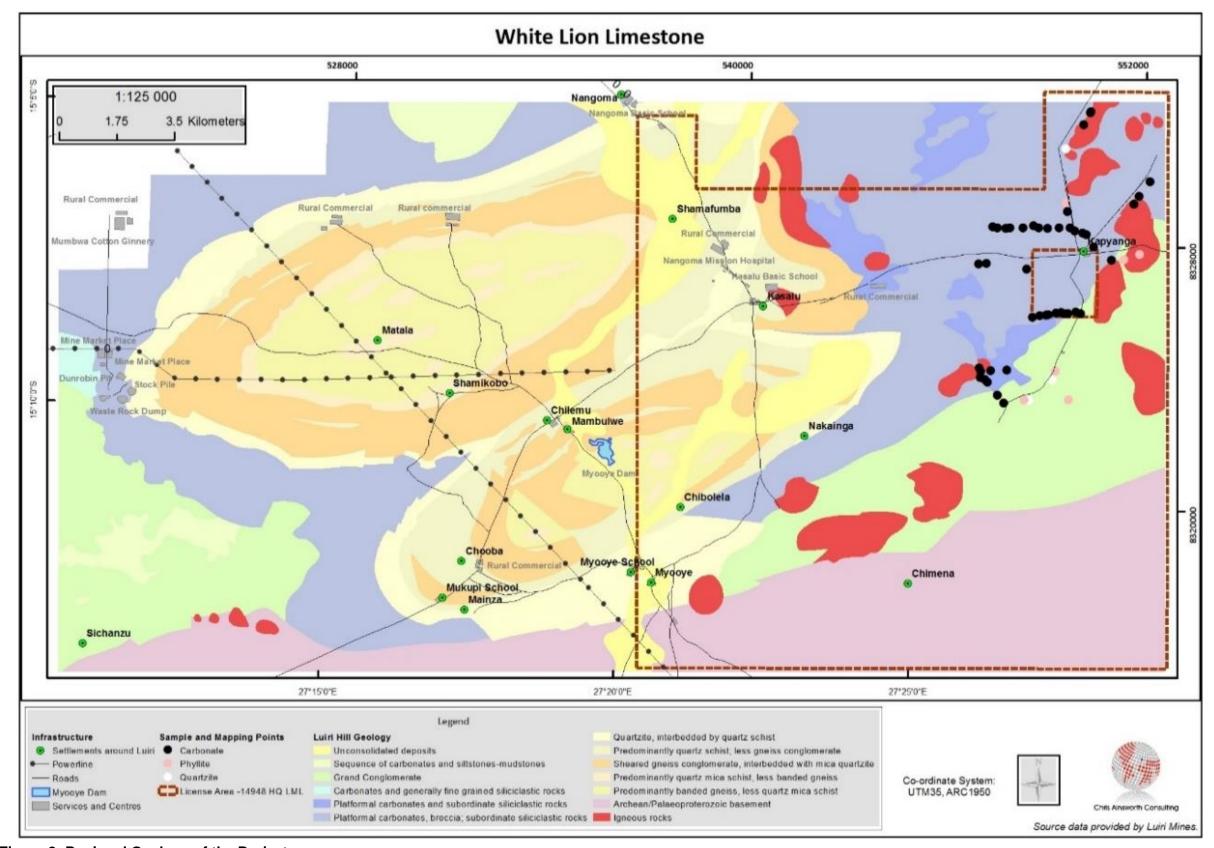


Figure 2: Regional Geology of the Project





4.2 Local Geology

The Katangan units within the Project have been affected by several tectonic events including early folding associated with northwards verging thrusting, fracturing and faulting related to the MSZ and the closure of the Late-Proterozoic Katanga Basin. The carbonate rocks observed at the Project do display some evidence of folding, with a significant 070/080° orientation (Figure 3).

Fugro's geological interpretation shows the presence of a number of basic (doleritic?) intrusives within the carbonate sequence; although no outcrops were observed during the site visit. From Figure 3 it can be seen that carbonate outcrops were observed west of the interpreted carbonate/conglomerate contact, which is probably due to errors in the aerial survey interpretation. In addition, the Fugro report refers to the rock lithology to the west of the carbonates as being the Grand Conglomerate (regionally extensive "glacial tillite"), whereas during the site visit phyllites and quartzite's were observed in this locality.

Structurally the carbonate sequence is dominated by the Matala Dome to the west and by the MSZ to the south. Several linear features were identified by Fugro mainly in the southern portion of the Project. Structural measurements taken during the site visit are displayed in Figure 3 which gives an indication of the degree of folding, although more detailed mapping will be required to determine the true structural history.



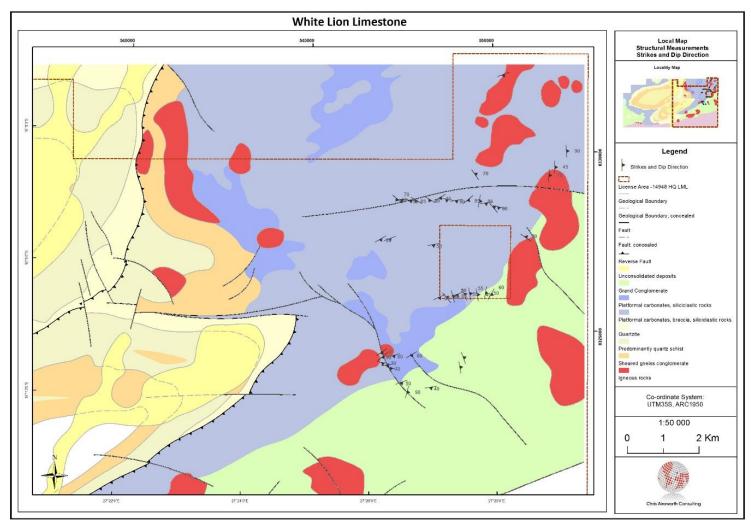


Figure 3: Geological Plan of the Project, displaying structural measurements



5 PROPERTY LOCATIONS, ACCESS AND INFRASTRUCTURE

5.1 Location

The Project (i.e. the White Lion limestone; ML 14948-HQ-LML) is located approximately 100km west of the capital city Lusaka, Republic of Zambia (Figure 1), straddling the main M9 road, connecting Lusaka with Mumbwa.

5.2 Access

Access is by means of the main M9 bitumen, all-weather road that connects Lusaka with Mumbwa. The area has a low topographical relief and access within the Project is by means of unpaved road and tracks. These vary in condition but are accessible by suitable all-terrain vehicles.

5.3 Infrastructure

The status of the M9 tar road is good and it can carry normal road truck traffic. The unpaved roads within the Project are poorly maintained and access by heavy-duty trucks will require the roads to be dry and graded. However, the unpaved roads are acceptable for drilling trucks for prospecting activities.

A 88kV ZESCO (State-owned electrical power supply entity) powerline crosses the Project. At present this is charged to 33kV but it is the intention of Zesco to increase this to the full 88kV and build another 33kV powerline to supply the planned Dunrobin Mine and other energy consumers in the region (*pers.comm. Luiri Exploration Manager*).

5.4 Topography and Vegetation

The topographical relief of the mining license is low with only one positive feature noted by the author on his site visit; i.e. close to the eastern central border where phyllite and quartzite occur.

The vegetation is classified as woodland savannah consisting of grass cover, and hardwood trees and shrubs ranging in ground coverage from scattered to abundant. The Project shows evidence of tree and shrub use for charcoal production with resultant thinning of cover density.

5.5 Land Use

The Project is sparsely populated although there are a few small villages present. Subsistence farmers are present scattered throughout the license area but overall their presence is sparse possibly due to good carbonate outcrop which diminishes the availability of the land for crop farming. The subsistence farmers cultivate small fields but these only occupy limited parts of the surface area. Charcoal production is evident throughout the region and the author observed a local kiln being opened up for harvesting in the southern section of the Project.



5.6 Climate

The climate of Zambia is classified, according to the Koppen climate classification system, as a Tropical dry and wet climate. The climate is modified by the relatively high altitude of approximately 1 575m. There are two main seasons; i.e. rainy from November/December to April and dry from May to November/December. The dry season is split into two with regards to temperature; i.e. May to August cool and September to November/December being hot.

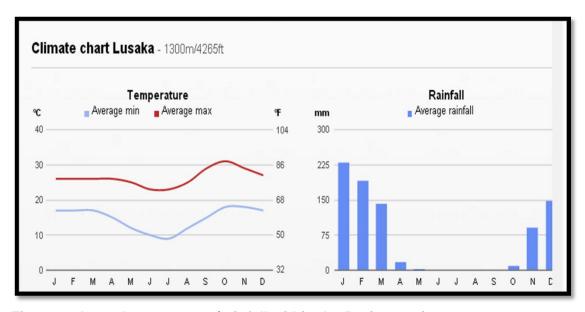


Figure 4: Annual temperature/rainfall within the Project region

(source www.safaribookings.com/zambia/climate



6 THE LIMESTONE PROSPECT

White Lion Enterprises Ltd ("White Lion") is a Zambian incorporated company owned by two Mauritian-registered companies, White Lion Investments Limited (>99% shareholding) and White Lion Holdings Limited (<1% shareholding).

Luiri Gold Mines Limited ("Luiri"), a Zambian-registered company (which is a subsidiary of a South African-registered company, Bamboo Rock Pty Ltd) had two mining licenses; (Dunrobin 8084 – HQ –LML; White Lion 14948 – HQ - LML) and the company ceded Mining License (14948 – HQ – LML) to White Lion ("the Project"). The transfer of Mining Licence (14948-HQ-LML) to White Lion Enterprises Limited was confirmed by the Zambia Mines Development Department on 25 May 2015 (Appendix 3).

Spitfire Resources Limited has entered into a conditional Binding Heads of Agreement with White Lion Group Limited (WLG) to aquire 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 subsidiary White Lion Enterprises Limited. This acquisition is conditional on the satisfaction of certain conditions precedent. These include the obtaining of all necessary shareholder, third party and regulatory approvals.

6.1 Legal

The author has seen a copy of the Mining License in the name of Luiri Gold Mines Limited (transferred to White Lion Enterprises Limited on 26 May 2015). The license is titled "Large-Scale Mining License" and was issued in terms of Section 27 of the Mines and Minerals Development Act, No. 7 of 2008. It relates to the minerals Bentonite, Clay, Cobalt, Copper, Dolomite, Gold, Granite, Lead, Limestone, Manganese, Marble, Mica, Quartz, Sandstone, Silica, Silver, Stone, Zinc and Calcite.

The Mining License is valid for 25 years after the commencement date of 11 October 2011. The copy seen by the author was issued on 8 December 2014 after an application was made by Luiri to amend the original license to include industrial minerals including limestone.

Although copies of the license have been observed, there has been no full legal due diligence undertaken by CAC as this was beyond their brief part for this report. Spitfire has informed CAC that the company (Spitfire) is seeking a separate Independent legal opinion on the tenement from Sharpe & Howard, Lusaka, Zambia.

6.2 Local Project Geology

As discussed above; the rocks occurring within the Project are part of the Katangan and Muva Supergoup. The carbonate rocks; i.e. limestone and dolomite underlay the central northern part of the license. The sequence is interpreted to thin southwards where it disappears under unconsolidated sediments.

To the west the carbonate abuts against a sequence of gneisses and quartz-schists. To the east, historical interpretation is for the carbonate sequence to be bordered by the Grand Conglomerate.

Outcrops of interbedded carbonate and phyllite can be observed especially close to the contact of carbonate with phyllite in the eastern section of the Project. In surface outcrop





the phyllite expresses as a light red soft bedded sediment. The texture of the rock is a function of weathering and it is likely that unweathered rock has more of a true metamorphic phyllitic texture. According to historical interpretation, igneous rocks are mapped as being common in the north east of the carbonate area and along the western and eastern boundaries.

The carbonate rocks are readily observed within the Project, being grey to white in colour, massive to banded in texture (Figure 5). The banded texture relates to the original bedding structure of the rock. The carbonate has been re crystallised and has a coarse mineralogy. Structural measurements indicate evidence of some broad-scale folding.



6.3 Historical Exploration

There has been limited detailed exploration within this portion of the Project purely devoted to examination of the outcropping limestone. It is noted that Luiri are understood to have conducted extensive exploration throughout this area during the course of their (successful) exploration for gold mineralization.

6.3.1 Site Visit

The author conducted a site visit to the Project (November 2014) where a number of mapping and sampling traverses were conducted with the technical and logistical assistance of Luiri personnel.

Three different types of sample were taken:

- Grab samples along and close to roads and tracks;
- Foot traverses; and
- Quarry samples (presumably opened during construction of the M9).



Figure 5: Limestone outcrop within the Project, note banding

Thirty nine samples were collected in total and were variable in selection with some being from a single outcrop and others from a number of outcrops. Sample co-ordinates with brief descriptions are detailed in Appendix 1.

The samples were collected by chipping outcropping limestone with a steel hammer and were approximately 2 kilogrammes (kg) in size. Samples were placed in plastic bags and sealed with a sample ticket within and without the bag itself. All samples were stored at the Luiri regional geological office before being transported to the SGS Zambia analytical facility (Kitwe) for detailed chemical X-Ray Fluorescence ("XRF") analysis.

The analytical results (for the oxides of Calcium (Ca), Magnesium (Mg), Aluminium (Al), Iron (Fe) and Silica (Si)) summarised in Table 2 (and Appendix 2). For ease of reference



the values for the various elements have been "colour-coded" so as to highlight selected critical elemental "cut offs":

- Green >40% CaO, <2% MgO;
- Yellow >40% CaO, <4% MgO; and,
- Red <40% CaO; >4% MgO.

The spatial distribution of the sample results for the CaO results are shown in Figure 6 and those for MgO in Figure 7.

Table 2: Chemical Analyses of the Major Oxides

Sample No.	%CaO	%MgO	%Al ₂ O ₃	%Fe ₂ O ₃	%SiO ₂	%LOI	SUM
E2601	45,05	1,39	0,07	0,25	1,33	43,2	91,29
E2602	47,05	1,93	0,03	0,19	1,56	41,27	92,03
E2603	49,26	0,43	0,03	0,20	2,35	42,37	94,64
E2604	47,53	0,54	0,03	0,20	1,46	43,69	93,45
E2605	46,31	2,63	0,05	0,16	1,2	42,43	92,78
E2606	48,76	0,97	0,06	0,27	1,88	41,43	93,37
E2607	42,85	1,57	0,17	0,41	3,35	42,45	90,80
E2608	44,57	1,16	0,05	0,57	4,43	41,88	92,66
E2609	49,17	0,51	0,03	0,29	2,07	43,25	95,32
E2610	46,40	0,85	0,06	1,06	3,11	42,34	93,82
E2611	43,56	0,88	0,22	1,55	9,23	37,8	93,24
E2612	38,30	1,35	0,16	0,97	15,12	36,18	92,08
E2613	45,76	0,84	0,07	0,35	3,93	41,07	92,02
E2614	47,10	1,53	0,04	0,27	1,9	42,74	93,58
E2615	45,50	2,48	0,08	0,33	1,56	43,34	93,29
E2616	42,76	9,52	0,07	0,31	0,46	43,76	96,88
E2617	48,01	3,99	0,10	0,26	1,59	42,4	96,35
E2618	45,12	3,30	0,05	0,32	2,09	42,4	93,28
E2619	38,50	12,42	0,05	0,54	2,86	43,06	97,43
E2620	46,67	0,67	0,03	0,44	2,62	42,51	92,94
E2621	37,75	2,83	1,81	1,02	11,33	41,95	96,69
E2622	45,50	0,57	0,05	0,36	0,88	38,65	86,01
E2623	32,18	2,08	0,68	2,03	22,9	16,57	76,44
E2624	41,94	0,83	0,06	0,64	6,31	40,95	90,73
E2625	44,20	0,93	0,07	0,96	3,44	41,43	91,03
E2626	43,04	1,92	0,21	0,37	4,65	40,99	91,18
E2627	46,04	1,59	0,05	0,19	0,7	43,96	92,53
E2628	41,53	5,37	0,13	0,85	1,21	43,74	92,83
E2629	44,46	2,46	0,23	0,37	1,28	42,77	91,57
E2630	39,87	1,45	0,23	1,06	10,75	39,41	92,77
E2631	29,26	3,24	1,45	1,85	28,56	29,34	93,70
E2632	45,27	3,57	0,32	0,70	2,24	41,28	93,38
E2633	45,34	1,87	0,07	0,27	1,27	42	90,82
E2634	46,78	1,17	0,05	0,32	0,14	41,88	90,34
E2635	45,21	2,44	0,08	0,28	1,21	42,03	91,25
E2636	46,57	1,09	0,02	0,13	0,46	42,2	90,47
E2637	44,62	1,04	0,07	0,38	2,53	41,4	90,04
E2638	45,62	1,12	0,05	0,25	0,68	35,2	82,92
E2639	42,54	8,27	0,04	0,38	0,79	38,8	90,82
Average	44,00	2,38	0,18	0,55	4,24	40,62	91,97
Std Dev	4,20	2,66	0,38	0,47	6,39	5,10	3,89



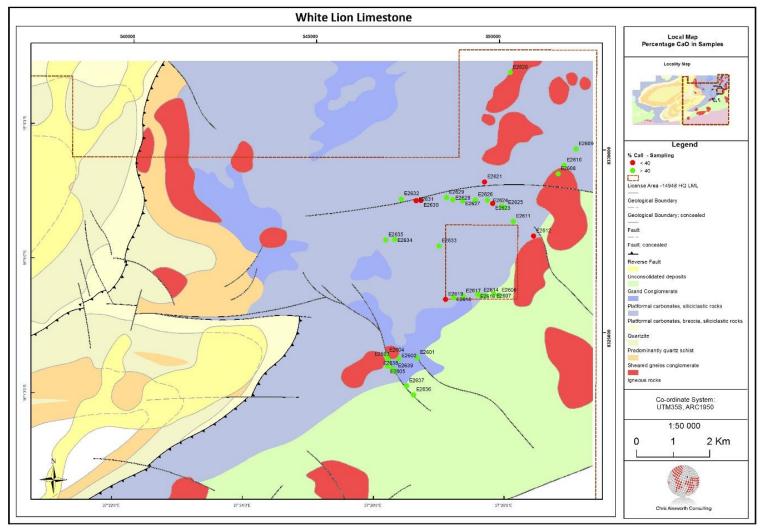


Figure 6: Distribution of CaO values



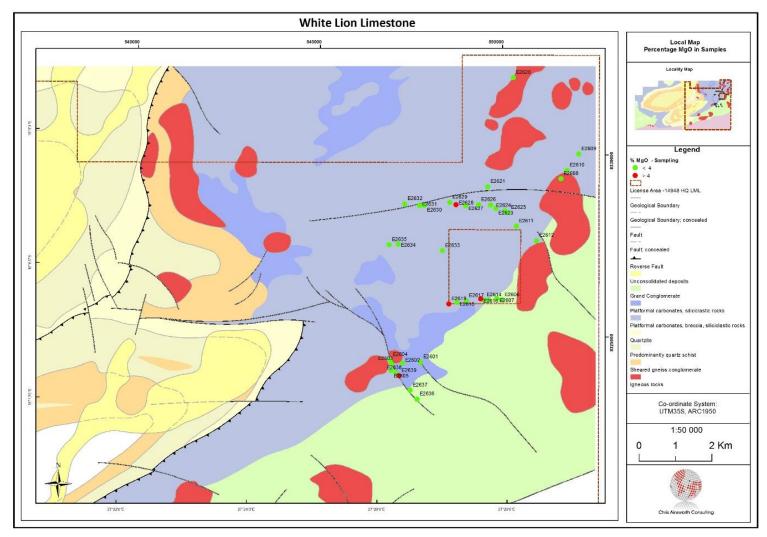


Figure 7: Distribution of MgO values



In Table 2, the three different grades referred to are based on the author's knowledge and experience within the cement limestone industry, although it must be stated that actual grade specifications can vary between different cement producers.

It is important to note that a cement feedstock needs to be a mixture of mainly Calcium, Silica, Alumina and Iron. Various chemical ratios are used by the cement industry to control cement raw material feedstock; i.e.

- Limestone Saturation Factor (LSF) CaO/(2.8SiO₂ + 1.2Al₂O₃ + 0.65Fe₂O₃);
- Silica Ratio (SR) SiO₂/(Al₂O₃ + Fe₂O₃);
- Aluminium Ratio (AR) Al₂O₃/Fe₂O₃

For Portland cement the acceptable ranges can vary between different manufacturers. The general LSF range is 0.9 - 1.0; that for SR is 2 to 3; and that for AR 1 to 4.

To illustrate cement feedstock chemistry, a "typical" cement feedstock is given below:

- CaO 40.2%;
- SiO₂ 16.2%;
- Al₂O₃ 4.8%;
- Fe₂O₃ 1.6%;
- MgO 2.8%;
- CO₂ 34.2%.

It is evident from Table 2 that the Project displays mainly a low magnesium limestone with some intercalations of more magnesium-rich areas. The overall average of the samples shows that the MgO level, including the high-magnesium samples is considered acceptable for cement manufacture. Although the analyses do show that the limestone does contain some elevated levels of SiO₂, Al₂O₃, and Fe₂O₃, it is considered that an extra source for these three oxides will be required. It is considered likely that the phyllite occurring within the Project may be suitable for this purpose, although this will require verification.

The remaining elements (Appendix 2) appear to be at acceptable levels for cement production, although Sulphur (expressed as SO₃) will need to be taken into account in future prospecting and planning.

In conclusion the sample traverses indicate that the limestone within the eastern section of the Project has potential as a cement grade limestone.

6.4 Mineralisation and Exploration Models

The limestone in the eastern portion of the carbonate formation within the Project would appear to be, from initial indications, to be a viable cement-grade limestone target. The degree and occurrence of magnesium limestone within the cement-grade limestone needs to be determined as this is considered to be the key factor in determining the extent and volume of eventual cement-grade resources. It should be noted that at this stage no Mineral Resources (in-line with JORC protocols or not) have been estimated for the Project.

The limestone is a folded sequence with a broad trend of East-Northeast (ENE) to West-Southwest (WSW) orientation in the southern portion of the Project. This orientation adjusts to a more pronounced North-South trend in the central region through to East-West progressing northwards (Figure 3). The general folded strike trend thus described has local



variations as is evident in Figure 3. It will be important to map the surface geology in more detail as part of any resource prospecting programme to obtain a fuller understanding of the geological structure.

The phyllite occurring within the Project will need to be assessed for its suitability as an additive to the limestone to make up a cement feedstock blend. The phyllite resource should be established concurrently with that of the limestone.

7 WORK PLANNED BY SPITFIRE

It is the intention of Spitfire to prospect the cement limestone and phyllite to the status of a maiden Mineral Resource statement for the Limestone and Exploration Target for phyllite; estimations and reporting to be in-line and compliant with the principles established under the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy ("the JORC Code", 2012).

It is envisaged that the work programmes may be undertaken utilizing Luiri field personnel, sub contracted by Spitfire, accompanied by a suitably qualified Competent Person appointed by Spitfire. In addition, Spitfire will commence detailed technical investigations utilising their in-house mining, engineering and metallurgical expertise. The envisaged scope of work are outlined below:

7.1 Desk Top Study

This is believed to be an essential first-step in the process, the deliverable from which is envisaged to be a report that covers the following aspects:

- Current state of the cement market with regards to size and pricing for Southern and Central Zambia and export potential, particularly to Northern Zimbabwe; and,
- Report on a desk top study of the capital equipment and cost for a cement plant; size to be determined by the market section of this study; with a basic plant design with related infrastructure and the related capex and operating cost estimates. The infrastructure section of the report to include energy sources and costs.

7.2 Surface Geological Mapping and Sampling Programme

It is planned to conduct a geological mapping and surface sampling programme over the carbonate outcrop and phyllite occurring within and to the east of the carbonate formation. A 500m sampling grid, over an approximate area of sixty square kilometres, will be utilized so as to collect samples (outcrop samples), although allowance will be taken of the degree of outcrop occurrence. As samples are taken, structural measurements as to the orientation and dip of the sampled lithologies are to be recorded together with detailed descriptions of their geological characteristics.

It is estimated that approximately 300 – 350 samples may be taken during the course of this initial programme and it is envisaged that these samples are to be analysed at the SGS Zambia analytical facility in Kitwe. The major elemental oxides (Ca, Mg, Si, Al, Fe, Mn, P, Na, and K) are to be reported (utilizing XRF techniques) along with assessments of the critical Chlorine (Cl) and Sulphur values.

The mapping and geochemical data will be captured into an electronic database (MS Access™) from where the data can be viewed and manipulated with appropriate Geospatial software. Assessments of the elemental spatial distribution should allow for the



delineation of specific value trends. This work accompanied by initial geological and structural cross-sections should allow the geological team to identify target areas for additional prospecting. The deliverable from this programme will be a report presenting the mapping and geochemical data, and prospect target recommendations.

7.3 Resource Drilling

As discussed above, targets are to be identified as optimal prospect targets to allow for the delineation of suitable Mineral Resources. The author estimates that a suitable target should be in the range of 40 to 80 Mt.

7.4 Limestone Resource Target

As discussed above a target of between 40 an 80Mt of cement grade limestone is the initial deliverable. The potential quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The water table in the region is known (from Luiri historical exploration) to be located at a depth of 50m below surface. Thus, using an assumed *in situ* density of 2.5g/cm³, the lower limit volume of limestone required will be 32Mm³. Assuming a maximum mining depth of 50m, the area required will be 600 000m² (rounded off to 100 000m²), which from initial work, is adequately covered in the eastern portion of the limestone sequence at the Project. In the author's opinion the target area for the limestone prospecting should be approximately 1km² to allow for potential geological losses.

Although this has been stated elsewhere in this IGR, no Mineral Resources (in-line with JORC protocols or otherwise) have been estimated for the Project. The figures utilized in the preceding commentary are conceptual in nature, being utilized for planning purposes only and should not be read as resources actually existing.

7.4.1 Resource Drilling Programme

As the target area is recommended to be ≈1km² in aerial extent, it has been decided to utilize this block size for prospecting. Information gathered during the mapping and sampling phase is to be utilized in the delineation of two such 1km² blocks for drilling programme purposes. It should be emphasized that no such 1km² blocks have been identified to date and that such blocks will only be delineated after the proposed surface mapping and sampling programme.

Within each 1km² block, it is planned to drill approximately 25 Reverse Circulation (RC) (125mm size) drillholes and five (5) Diamond drillholes (DDH) (NQ size (47.6mm diameter)); with a degree of "twinning" so as to establish structural and mineralization continuity. It is envisaged that DDH drilling will commence first, in order to obtain geological and structural information to guide and assist the placement and interpretation of the RC drilling. The holes are planned to be drilled at a declination of 60° (to horizontal) and orientated orthogonal to the prevailing limestone orientation. The average depth of drilling is envisaged to be approximately 60m so as to ensure a vertical depth intersection of approximately 50m.

In addition to the above, it is planned to investigate the sub-surface geology and geochemistry of the identified phyllite targets in the Project. It is envisaged that five RC



drillholes will be required at this stage to achieve initial estimates of the phyllite quality with respect to its utilization as a cement additive.

The drillholes will be logged to determine geological, structural and geotechnical characteristics with sampling on a 2m sample interval (considered to be an effective sample interval considering the nature of the commodity and the bulk mining methodology to be employed). The samples are to be analysed for the silicate elements (SiO_2 , Fe_2O_3 , Al_2O_3 , MgO, CaO, MnO, P_2O_5 , TiO_2 , Na_2O , K_2O ,) with analyses for CI and SO_3 on a 10% frequency.

Quality Control (QC) samples in the form of Certified Reference Materials (CRMs), blanks and duplicates will be inserted at a 5% frequency. In order to obtain "typical" matrix-matched CRMs, two +-100kg samples are to be prepared; (i) low magnesia limestone, and (ii) magnesia limestone or dolomitic limestone. These will be submitted for a "Determined Value" analytical routine to a laboratory with this capability. Hence the two standards will act as "internal" standards. At the end of the assay programme a selection of 5% of the sample pulps will be selected and submitted to an external laboratory for an independent check on the assay laboratory.

The phyllite boreholes will also be sampled although the sample length will be selected only once drilling is underway. This will allow the project geologist and CP to agree via geological interpretation as to the intersection length to use. QC samples will be included in the form of blanks and duplicates. A standard sample will not, at this stage be added as part of the QC programme, nor will sample pulps be submitted to an external laboratory.

7.4.2 Resource Prospect Programme Cost Estimate

The cost estimate for the above described prospecting programme can be seen in Table 3 below and is summarized as follows:

•	Desk Top Study	US\$ 48 360
•	Mapping & Sampling	US\$ 135 700
•	Drilling & Resource estimation	US\$ 681 550

Total US\$ 865 610

The proposed budget (Table 3) is considered adequate to conduct this proposed prospecting programme.



	WHITE LION LIMESTONE PROSPECTING PROGRAMME COST ESTIMATE				
		Number	Days	Rate US\$	Cost US
Desktop Study					
Luiri Project Geologist	Govt. Stats, Housing and Infrastructure Depts.; Civil Eng and house building companies	1	15		n.
Luiri Data Assistant	Company Reports; Press reports; Govt. data.; price data from stores and construction companies	1	5		n.:
Competent Person/Peer Review	Assess export potential and review data and assist project geologist in market report	1	6	1000	6 00
Luiri Project Geologist	Assess energy sources and costs - esp. coal and electricity	1	4		
Luiri Office	Portion of costs of operating the Luiri office and staff @50% of average costs				25 00
Mining Engineer Consultant	Conceptual mine plan capital and operating costs	1	5	1300	6 50
Cement Kiln Engineer Consultant	Conceptual plan capital and operating costs	1	5	1300	6 50
GIS		1	2	320	64
Editor		1	1	320	32
Financial Consultant	Generate cash flow from market, mining and plant reports	1	2	1600	3 20
General	Stationary etc.				20
Sub Total 2					48 36
Mapping & Sampling					
Contract Geologist	Daily mapping and sampling	1	60	200	12 00
Geotechnicians	Conduct mapping and sampling programme as per training by Project Geologist and Limestone Consultant. To prepare samples for despatch to laboratory	2	60		n.a
Casuals	To carry samples and place them at collection points	10	60	8	4 80
General Manager	To train the Contract Geologist, Geotechnicians and supervise programme. Conduct sample programme for standard QC samples.	1	12		n.a
Luiri Office	Spitfire 50% share of Luiri Office costs for 2 months				50 00
Fuel	Geotechs \$40/day; Geo \$10/day; Gen Man 9 trips @\$25/day; CP 1 trip 3 days @ \$25/day				3 30
Food	Geo \$20/day and CP 3 days @\$20/day				1 26
Consumables	Sample bags; ticket books etc.				80
XRF Portable Analyser	Hire for 1 month				6 00
Art Tortable Arialyses	To assist the Project Geologist in training Geotechnicians. Assist in selecting and monitoring external laboratory chosen to process and analyse the "standard" samples to obtain "Determined Values". Review map and mapping & sampling data				0 00
Limestone Consultant/CP	and draft report	1	15	1000	15 00
Flight to Zambia for CP					40
Standard Samples Determined Value					5 25
Assays	330 samples (300 Istone + 30 phyllite) x \$51/sample			330	16 83
GIS Consultant	Draft plans for the mapping and sampling report	1	5	320	1 60
Editor		1	3	320	96
Modelling Consultant	Draft first level conceptual model to assist in borehole planning				17 50
Sub Total 3					135 70
Resource Drilling					
RC Drilling	(25 boreholes x 60m at 60° declination) - per 1km² and for two such blocks; plus 5 boreholes in phyllite x 60m = 3300m and 1650 samples plus 250 QC samples; total 1900 samples. Plus downhole survey				290 00
Diamond Drilling	(6 boreholes x 60m at 60° declination per 1km² block for 2 such blocks) = 720m and 360 samples + 55 QC samples; total 415 samples. Plus core orientation and downhole survey				170 00
General Manager Geologist	Drafts drilling plan; trains Geotechnicians to measure core recovery, to mark core and transport it to the core shed; drafts SOP and negotiates drilling contract; logs core and marks cutting line and sample positions; supervises geotechnicians and core cutting crew; inserts QC samples; responsible for despatch of samples to assay laboratory, reviews QC sample results; report drafting	1	25		n.a
Contract Geologist	Daily logging and supervision of sampling core handling etc. plus core photography		100	200	20 00
Geotechnicians	Core marking, measurement, assist in sample marking, selection and core cutting; assist with QC sample insertion and sample preparation for despatch	2	100		n.a
Core cutters	Responsible for operating diamond saw/s to cut the core in halves and quarters as directed by the Project Geologist or Geotechnicians	2	100		n.a
Luiri Office	Spitfire 50% share of Luiri Office costs for 4 months				100 00
XRF Portable Analyser	Hire for 3 months				16 00
Assays	2315 samples (1900 RC + 415 DD)			2315	23155
External Assays (Umpire samples)	101 samples (5% of 1650 + 360) logistics \$23/sample + \$40/sample			101	6 36
Fuel	Geo 100 days @\$10/day; Geotechs 100 days @ \$40/day; Gen Man 17 days @\$25/day; CP 6 days @R25/day				5 55
Food	Geo 100 days @\$20/day; CP 6 days @\$20/day				2 12
Consumables	Core boxes; plastic sample bags; ticket books etc.				8 00
Limestone Consultant/CP	Advisory role and overview of operating procedures both in planning and operation of the drilling programme. Draft CP report (CPR)	1	40	1000	40 00
	Advisory role and overview or operating procedures both in planning and operation or the drining programme. Draft or report (OFK)	!	40	1000	80
CP flights = 2	Drafte plane for Goology and CP reports	4	5	320	1 60
GIS Consultant Resource Modeller Consultant	Drafts plans for Geology and CP reports Lies the hersheld date from the Database and estimate limestone and shells recourse sign off as recourse CP.	1		320	+
RESOURCE MODELLAR CONSULTANT	Use the borehole data from the Database and estimate limestone and shale resource; sign off as resource CP	1	15		21 10
Sub Total 4					681 53



8 REFERENCES

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www.zda.org.zm



Appendix 1: Sample co-ordinates with brief descriptions

Sample Position	Easting	Northing	Sample Description	Strike	Dip
E2601	547759	8324310	Carbonate pit - probably for roadstone	60°	60° S
E2602	547258	8324286	Outcrop along track south of pit	75 - 80°	60° S
E2603	546965	8324261	Traverse across track outcrop - centre sample	50°	40° S
E2604	546922	8324374	North limit of traverse	55°	45°S
E2605	546944	8324081	South limit of traverse	100°	90°
E2606	549992	8326015	S edge of mining license suare block near Kapyanga	30°	60°S
E2607	549848	8326060	West of sample E2606	10°	50°S
E2608	551616	8329343	North of Kapyanga towards vlei	5°	70°E
E2609	552105	8330024	Close to vlei north of Kapyanga	355°	90°
E2610	551778	8329576	South of the vlei going back to Kapyanga	0°	45°E
E2611	550386	8328042	Further south of the vlei going back to Kapyanga		
E2612	550941	8327645	East of Kapyanga	305°	80°SW
Phyllite contact	551309	8327653	First phyllite contact E of E2612 outcrop		
Phyllite & Qtzite	551791	8327807	Phyllite and quartzite outcrop E of above contact		
E2613	549622	8326017	Near Kapyanga	350°	45°E
E2614	549496	8326012	Kapyanga traverse large outcrop area - 2 types, banded and massive		
E2615			Same outcrop area as E2614 but variation grey to white carbonate with an fe rich band	335°	40°E
E2616	549410	8326051	Same broad outcrop area as E2614&5 - banded in this case	350°	55°E
	549254	8326032	Same broad outcrop area but change in strike	340°	
E2617	549014	8325993	Edge of broad outcrop area	70°	80°S
	548942	835974	Variation in strike	345°	85°E
E2618	548756	8325952	Carbonate changes to white colour	320°	60°N
E2619	545351	8325912	White carbonate (marble) but greyer in colour than above and banded with quatz veins	65°	90°
	550321	8332148	N boundary of prospect area near Chisaka - mixed carbonate and shale (weathered phyllite?)		
E2620	550306	8332120	Carbonate outcrop just south of previous point	70°	?
	550098	8331760	Carbonate with phyllite inclusions - blocky in form		
	549554	8331028	Quartz vein		
	549557	8329391	phyllite outcrop	325°	70°W
E2621	549600	8329124	Carbonate outcrop just south of previous point		



Sample Position	Easting	Northing	Sample Description	Strike	Dip
E2622	549675	8328620	Road outcrop sample	10°	85°E
E2623	549825	8328533	Isolated outcrop	80°	?
E2624	550064	8328463	Banded outcrop	320°	?
E2625	550169	8328416	Outcrop massive in texture nest to road	105°	60°N
			Start Chisaka West Traverse		
E2626	549345	8328633	Outcrop	50°	85°E
E2627	548997	8328604	Large outcrop area with variable strike but general trend as listed in adjacent column	80°	90°
E2628	548733	8328633	Outcrop showing pyrite	100°	?steep
E2629	548561	8328695	Outcrop	60°	45°N
	548246	8328633	Outcrop for strike and dip only	120°	80°S
E2630	547860	8328618	Outcrop near huts	120°	85°N
E2631	547726	8328609	Ferruginous carbonate outcrop	90°	50°S
	547476	8328625	Carbonate with broken up layer of phyllite	90°	70°N
E2632	547324	8328653	Outcrop	85°	35°S
			Kapyanga road west		
E2633	548354	8327369	Outcrop	80°	50°N
E2634	547144	8327548	White (marble) outcrop	70°	?
E2635	546895	8327534	Light grey outcrop	60°	65°N
			Nachilumbi Traverse		
	549228	8324267	Phyllite outcrop in road with carbonate bands	340°	?
	549135	8323997	Quartz veins	350°	
	549634	8323391	End of E traverse - no outcrop but assume underlain by phyllite		
	548433	8323376	Quartz vein on W traverse		
	548286	8323394	Hard grey phyllite with quartz veining	80°	40°N
E2636	547658	8323296	Carbonate contact outcrop	15°	90°
E2637	547469	8323540	Major outcrop area - banded grey carbonate with some ferruginous layers	70°	50°S
E2638	547083	8324016	Still in major outcrop area	80°	70°S
E2639	547164	8323944	White carbonate section in the large outcrop area	110°; 100°	70°S



Appendix 2: Analytical results



TEST REPORT



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266 FULWE CLOSE RHODES PARK		
AMBIA		
Lab Ref ZK14-27127		
Client Ref LUIRI LST		
Project MUMBWA		
Cost Code		
Status Final		
Status Final Received 11/14/2014		
Reported 11/25/2014		
reported III Ed Ed I		
Samples 20		
Samples 20 First Sample E2601		
Last Sample E2620		
Pages 1 of 4		
Notes		
Technical Signatory Name:		
On behalf of: SGS Inspection Services Ltd		
The state of the s		
The results in the following analytical report pertain to this laboratory for preparation and/or analysis as requested by LURI.		
The analytical results reported herein refer to the samples as received and are based on a dry basis	where ap	pplicable
Please refer to Appendix A for our methods		





ZK14-27127 LUIRI LST MUMBWA 11/25/2014 Final Page 2 of 4

TEST REPORT

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TEST REPORT									
	Al2O3	CaO	MgO	MnO	K2O	Na2O	TiO2	Fe2O3	P2O5
Scheme	AAS42S								
Units	%	%	%	%	%	%	%	%	%
Detection Limit	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
E2601	0. 07	45. 05	1. 39	0. 02	0.09	0. 20	0. 02	0. 25	0. 02
E2602	0. 03	47. 05	1. 93	0. 02	0.06	0. 15	0. 02	0. 19	0. 05
E2603	0. 03	49. 26	0. 43	0. 02	0. 07	0. 22	0. 02	0. 20	0.02
E2604	0. 03	47. 53	0. 54	0. 02	0.05	0. 21	0. 02	0. 20	0.02
E2605	0.05	46. 31	2. 63	0. 02	0.06	0. 17	0. 02	0. 16	0.02
E2606	0.06	48. 76	0. 97	0.03	0.08	0.19	0. 02	0. 27	0.03
E2607	0. 17	42.85	1. 57	0.02	0.18	0. 20	0. 03	0. 41	0.03
E2608	0. 05	44. 57	1. 16	0.03	0.08	0.16	0.02	0. 57	0.04
E2609	0. 03	49. 17	0. 51	0.02	0.06	0. 15	0. 02	0, 29	0.02
E2610	0.06	46. 40	0.85	0.04	0.09	0.16	0. 02	1. 06	0.02
E2611	0. 22	43. 56	0.88	0.05	0.14	0. 20	0. 03	1. 55	0.02
E2612	0. 16	38. 30	1, 35	0.04	0. 16	0. 22	0. 02	0. 97	0.04
E2613	0. 07	45. 76	0. 84	0.01	0. 11	0. 17	0. 02	0. 35	0. 03
E2614	0.04	47. 10	1. 53	0. 02	0.08	0. 20	0. 02	0. 27	0. 02
E2615	0. 08	45. 50	2. 48	0.03	0. 12	0. 22	0. 02	0. 33	0. 02
E2616	0. 07	42.76	9. 52	0.04	0. 10	0. 21	0. 02	0. 31	0.03
E2617	0. 10	48. 01	3. 99	0. 02	0, 15	0. 20	0. 02	0. 26	0.02
E2618	0.05	45. 12	3. 30	0. 03	0. 07	0. 20	0. 02	0. 32	0. 07
E2619	0.05	38. 50	12. 42	0, 05	0.08	0, 17	0.02	0. 54	0. 07
E2620	0. 03	46. 67	0. 67	0. 02	0. 07	0. 15	0. 02	0.44	0. 02
E2613	0. 07	46. 28	0.88	0, 01	0. 11	0.18	0. 02	0.34	0. 03
BLANK	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01
AMIS 0072	3. 91	1. 90	2. 48	0. 13	1. 42	0.04	0. 41	3. 14	0.09
AMIS 0311	2. 13	1. 46	1. 34	0. 07	0.65	0. 34	0.35	37, 13	0. 10

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⁻ not analysed | - element not determined | I.S. insufficient sample | L.N.R. listed not received / U.T.D. Unable To Determine





ZK14-27127 LUIRI LST MUMBWA 11/25/2014 Final Page 3 of 4

TEST REPORT

TEST REPORT
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TEST REPORT

	LOI	S
Scheme	LOI	CSA06V
Units	%	%
Detection Limit	0.01	0.005
E2601	43. 20	0. 162
E2602	41. 27	0. 102
E2603	42. 37	0. 110
E2604	43. 69	0.112
E2605	42. 43	0. 127
E2606	41. 43	0. 132
E2607	42. 45	0. 216
E2608	41. 88	0. 174
E2609	43. 25	0. 121
E2610	42. 34	0. 149
E2611	37. 80	0. 231
E2612	36. 18	0.106
E2613	41. 07	0. 143
E2614	42.74	0. 151
E2615	43. 34	0. 181
E2616	43. 76	0. 134
E2617	42. 40	0. 122
E2618	42.40	0. 136
E2619	43. 06	0. 120
E2620	42. 51	0. 127
E2604		0. 110
E2605	42. 35	
SULFA		11. 1
OREAS 45P	10. 89	

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⁻ not analysed | -- element not determined | I.S. insufficient sample | L.N.R. listed not received | U.T.D. Unable To Determine

^{*} ISO 17025 accredited element





Lab Ref Client Ref LUIRI LST Project MUMBWA 11/25/2014 Page 4 of 4 Page

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APPENDIX A - METHODS

Below is a detailed summary of the schemes, as indicated on the reports, that reflects all methods

SAMPLE PREPARATION

PRP85 - Dry, fine pulverise using bowl and puck equipment to a nominal 75µm (<1.2kg)

PRP90 - Dry <3kg, crush to 90% passing 2.36mm, split to 1kg and pulverise to 85% passing 75µm

SCR32 - Screen soils or soil sediments to another mesh size, <2kg

PKP01 - Sample collection / pickup

BULK DENSITY
PHY04V - Density, Bulk Sample, Immersion

ANALYTICAL (MULTI -ACID 3 or 4 DIGESTIONS)

ANS42S - AAS finish after Acid Digest (DIG42S) 0.4g sample (AAS42S Cu & Co - ISO 17025 accredited)

AAS41Q - AAS finish after Acid Digest (DIG42D) 0.2g sample

AAS42D Cu & Co - ISO 17025 accredited)

AAS42D - AAS finish after Acid Digest (DIG42D) 1g sample (AAS42D Cu & Co - ISO 17025 accredited)

ANALYTICAL (ACID SOLUBLES)

AAS72C - AAS finish after 5% Sulphuric acid Leach, (DIG72C) 0.5g sample

AAS73D2 - AAS finish after 5% Sulphuric acid Leach, (DIG73D2) 1g sample

ELECTROGRAVIMETRIC

ELC13G - Electrolysis Cu in concentrates and malachites after DIG13G, 0.5g sample

ELC14G - Electrolysis Cu in bilisters and metals after DIG14G, 2g sample

SHORT IODIDE

CON13V - Copper by Short iodide Titration, 0.5g sample

AQUA REGIA
ARE145 - AAS finish Gold (ppb), after Acid digest and organic extraction
ARE155 - AAS finish Gold (ppm), after Acid digest and organic extraction

ICP14B - 2-acid (Aqua Regia) digest, ICP-OES scan, semi-quantitative

FIRE ASSAY

FAA303 - Determination of Au (30g sample) by Fire assay, AAS finish FAA505 - Determination of Au (50g sample) by Fire assay, AAS finish

- not analysed | -- element not determined | I.S. insufficient sample | L.N.R. listed not received | U.T.D. Unable To Determine
- * ISO 17025 accredited element

*ISO 1705\$ accredited element

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The analysical results expected herein or report.

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AMBIA				
Lab Ref	ZK14-27128			
Client Ref	LUIRI LST			
Project	MUMBWA			
Cost Code				
Status	Final			
Received	11/19/2014			
Reported	11/25/2014			
Samples	19			
First Sample	E2621			
Last Sample	E2639			
Pages	1 of 4			
Notes				
Techni	ical Signatory Name:	Signature:	*********	
On be	half of: SGS Inspection Services Ltd			
	The results in the following analytical report pertain to and/or analysis as requested by			
		Long.		





ZK14-27128 LUIRI LST MUMBWA 11/25/2014 Final Page 2 of 4

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TEST REPORT

		TEST REPORT								
	Al2O3	CaO	MgO	MnO	K20	Na2O	TiO2	Fe2O3	P2O5	
Scheme	AAS42S	AAS42S	AAS42S	AAS42S	AAS42S	AAS42S	AAS42S	AAS42S	AAS42S	
Units	%	%	%	%	%	%	%	%	%	
Detection Limit	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	
E2621	1. 81	37. 75	2. 83	0. 02	1. 03	0.05	0. 14	1. 02	0.06	
E2622	0. 05	45. 50	0. 57	0. 01	0.05	0.04	0. 02	0. 36	0.02	
E2623	0. 68	32. 18	2.08	0. 04	0.44	0.05	0.06	2. 03	0.05	
E2624	0.06	41.94	0.83	0.04	0. 07	0.04	0. 02	0. 64	0.04	
E2625	0. 07	44. 20	0. 93	0.05	0.09	0.04	0. 02	0. 96	0.04	
E2626	0. 21	43. 04	1. 92	0. 01	0. 18	0.05	0. 03	0. 37	0.05	
E2627	0. 05	46. 04	1. 59	0. 02	0.08	0.06	0. 02	0. 19	0.03	
E2628	0. 13	41.53	5. 37	0.03	0. 13	0.06	0. 02	0. 85	0. 03	
E2629	0. 23	44, 46	2. 46	0.02	0. 25	0.04	0. 03	0. 37	0.04	
E2630	0. 23	39. 87	1. 45	0. 04	0.14	0.05	0.04	1. 06	0.06	
E2631	1. 45	29. 26	3. 24	0.03	1. 03	0.04	0.40	1, 85	0.08	
E2632	0. 32	45. 27	3. 57	0.04	0. 28	0, 05	0.05	0, 70	0. 07	
E2633	0. 07	45. 34	1. 87	0. 03	0.09	0. 05	0. 02	0. 27	0.04	
E2634	0.05	46. 78	1. 17	0. 02	0.06	0.05	0. 02	0. 32	0.04	
E2635	0.08	45. 21	2. 44	0. 03	0. 10	0.08	0. 02	0. 28	0.04	
E2636	0. 02	46. 57	1. 09	<0.01	0.06	0.04	0. 02	0. 13	0. 02	
E2637	0. 07	44. 62	1. 04	0. 02	0.08	0.05	0. 02	0.38	0.05	
E2638	0.05	45. 62	1. 12	0. 02	0.06	0.04	0. 02	0. 25	0.04	
E2639	0.04	42. 54	8. 27	0.05	0. 07	0.04	0. 02	0. 38	0.05	
E2632	0. 31	43. 85	3, 43	0.04	0. 27	0.04	0. 05	0.68	0.06	
BLANK	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	
AMIS 0072	4. 10	1. 91	2. 42	0. 15	1. 31	0.04	0. 41	3.00	0.09	
AMIS 0311	2. 27	1. 58	1. 43	0.06	0. 62	0. 35	0. 15	36. 91	0. 04	

* ISO 17025 accredited element

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⁻ not analysed | -- element not determined | I.S. insufficient sample | L.N.R. listed not received | U.T.D. Unable To Determine

^{*} ISO 17025 accredited element





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TEST REPORT

SGS INSPECTION SERVICES LTD Kalulushi Laboratory Reg No 2005/59164

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Phone: +260 212 730046
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Web: www.sgs.com

TEST REPORT

	LOI	S
Scheme	LOI	CSA06V
Units	%	%
Detection Limit	0.01	0.005
E2621	41. 95	0. 209
E2622	38. 65	0. 093
E2623	16. 57	0.719
E2624	40. 95	0. 129
E2625	41. 43	0. 127
E2626	40. 99	0. 165
E2627	43. 96	0. 100
E2628	43. 74	0. 251
E2629	42.77	0. 183
E2630	39. 41	0.119
E2631	29. 34	0.088
E2632	41. 28	0. 101
E2633	42.00	0. 118
E2634	41. 88	0.094
E2635	42. 03	0. 118
E2636	42. 20	0.091
E2637	41. 40	0. 105
E2638	35. 20	0.099
E2639	38. 80	0.067
E2636		0.091
E2621	36. 73	
OREAS 45P	11. 41	
SULFA		11.4

* ISO 17025 accordited element

The analytical results reported herein refer to the samples as received and are based on a dry basis.

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The analytical methods are available on request.

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⁻ not analysed | -- element not determined | I.S. insufficient sample | L.N.R. listed not received | U.T.D. Unable To Determine

^{*} ISO 17025 accredited element





Lab Ref Client Ref Project MUMBWA 11/25/2014 Final Page 4 of 4 Page

TEST REPORT

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APPENDIX A - METHODS

Below is a detailed summary of the schemes, as indicated on the reports, that reflects all methods

SAMPLE PREPARATION

PRP85 - Dry, fine pulverise using bowl and puck equipment to a nominal 75µm (<1.2kg)
PRP80 - Dry <3kg, crush to 90% passing 2.36mm, split to 1kg and pulverise to 85% passing 75µm
SCR32 - Screen soils or soil sediments to another mesh size, <2kg
PKP01 - Sample collection / pickup

BULK DENSITY
PHY04V - Density, Bulk Sample, Immersion

ANALYTICAL (MULTI -ACID 3 or 4 DIGESTIONS)

ANS42S - AAS finish after Acid Digest (DIG42S) 0.4g sample (AAS42S Cu & Co - ISO 17025 accredited)

AAS410 - AAS finish after Acid Digest (DIG42D) 0.2g sample

AAS42D - AAS finish after Acid Digest (DIG42D) 1g sample (AAS42D Cu & Co - ISO 17025 accredited)

ANALYTICAL (ACID SOLUBLES)

AAST2C - AAS finish after 5% Sulphuric acid Leach, (DIG72C) 0.5g sample

AAS73D2 - AAS finish after 5% Sulphuric acid Leach, (DIG73D2) 1g sample

SHORT IODIDE

CON13V - Copper by Short iodide Titration, 0.5g sample

AQUA REGIA
ARE145 - AAS finish Gold (ppb), after Acid digest and organic extraction
ARE155 - AAS finish Gold (ppm), after Acid digest and organic extraction

ICP-0ES ICP14B - 2-acid (Aqua Regia) digest, ICP-0ES scan, semi-quantitative

FIRE ASSAY

FAA303 - Determination of Au (30g sample) by Fire assay, AAS finish FAA505 - Determination of Au (50g sample) by Fire assay, AAS finish

- not analysed | -- element not determined | I.S. insufficient sample | L.N.R. listed not received | U.T.D. Unable To Determined

* ISO JIVES accredited element

The analytical results reported herein refer to the samples as received and are based on a dry basis.

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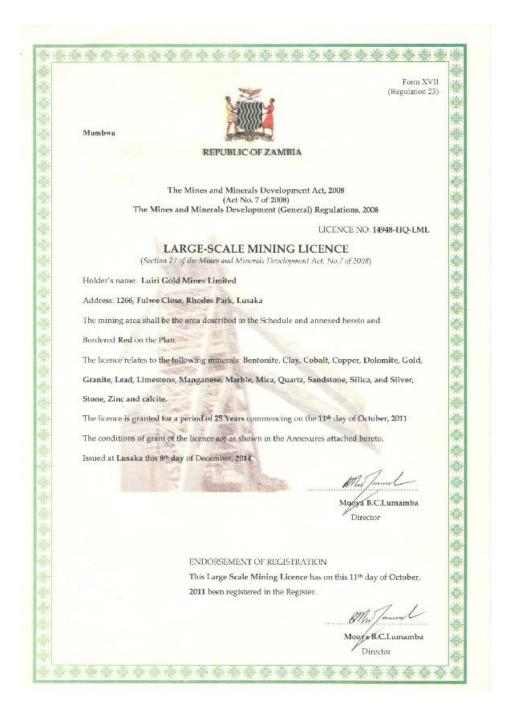
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Appendix 3: Copy of Mining Licence 14948-HQ-LML





Renewals and Amendments								
Date of Renewal or Amendment	Details of Renewal or Amendment	Date of Registration or and Registration No.	Signature of Director					
26.05.2015	Transfer of Licence No. 14948- HQ-LML from Luiri Gold Mines Limited to White Lion Enter- prises Limited	11.10.2011 14948-HQ-LML/1	P.O. BOX 31503 EUSA P.O. BOX 31503 EUSA THE DIRECTOR OF					
			*					

