



30 July, 2015

Proposed White Lion Acquisition

Dear fellow Spitfire Shareholder,

In just a few short weeks we will be holding a General Meeting to seek approval for the acquisition of the White Lion Limestone project in Zambia. If passed, the acquisition will substantially change the nature, direction and future of Spitfire. Consequently, as Chairman and Founder of the Company, I wanted to write to you directly to explain why the Board and I are excited by this change and what we have planned for the months ahead.

Why limestone and particularly why limestone in Africa?

Quite simply, the African cement and building materials industry (to which limestone is the primary feedstock) has been undergoing revolutionary changes in the past three years. In layman's terms, the established players have found their businesses under threat from a new Nigerian-based heavyweight called Dangote Cement. Dangote's rapid African expansion, along with beachhead investments by new Eastern and Arabian challengers, has shaken up the industry status quo and the fight for market share has begun in earnest. This African "Cement War" as it were has had a spill down effect to limestone resources. Previously dismissed as a small or unimportant economic consideration in the building of a cement works, new and existing players now understand the strategic value of large tonnage, limestone resources which are well located and critically have the right chemical make up.

Why pick Zambia?

An English speaking democracy, Zambia has been one of the best economic performers in Africa - its recent growth has been built on its large copper industry and extensive foreign investment, predominantly from China. Zambia's GDP growth is forecast at 5.5% this year and The National Construction Council of Zambia reports that construction has been growing at approximately 17% year-on-year for the past 10 years. Despite this Zambia badly needs more construction materials. Its cement use alone on a per capita basis is a paltry 80kg per year (the global average is more than 500kg per year). Zambia chronically needs more roads, bridges, office buildings, shopping centres and low cost housing. Right now the Zambian Government estimates there is shortage of one million houses.

Whilst new and established players are bringing on new output, it is believed Zambia's infrastructure boom will support strong and sustainable pricing for many years to come particularly if planned hydro power expansions in the south of the country go ahead and new gateway road corridors are built to the north and west. Zambia is undoubtedly one of Africa's bright spots.



How does the White Lion project fit into this macro picture?

White Lion is a project to which Spitfire believes it can add value quickly. Technically we like White Lion because it has the right chemical signature (+44% CaO, low Mg <2%), it's huge (60 square kilometres of limestone deposition), it sits on a 25 year renewable Large Scale Mining Licence (which has real value and de-risks any potential licence conversion issues), it has a sealed road and 88kV power line running through the licence, has phyllite rock (an essential cement production additive) identified within the licence and is close to a major aquifer, which means there is an abundance of water available for processing. This is a project which we believe that for a relatively small amount we can take up the value chain via simple sampling, drilling and scoping study work. This work is not nearly as complex and expensive as drilling for say gold. Just as importantly, we'll be able to do this work quickly and efficiently as the project comes with an in-country management team (with more than four years experience), established offices in Lusaka and at site, coupled with excellent relationships at all levels of Government.

Who is the vendor?

The owner of the project, White Lion Group Limited, is controlled by Gerald Chapman, a South African-based businessman who owns Digmin Group - an experienced, low cost contract miner and construction company which has done work in many parts of Africa. Digmin has the balance sheet and equipment, should Spitfire so choose, to supply drill rigs, crushing and screening plant and complete bulk earthworks and infrastructure development solutions. Spitfire has met the Digmin Group technical team which is headquartered in Johannesburg and is satisfied it can mobilise quickly and provide cost effective (and arm's length) services for Spitfire in Zambia.

What's the strategy post completion of the acquisition?

Spitfire believes the size and strategic nature of White Lion is such that it can support a multi-pronged approach. Primarily this will consist of sampling, drilling and scoping work on the project to support a very large cement works. Coupled with this will be to explore the supply of aggregates and construction materials as an integrated business to generate cash flow until the cement works plans are further progressed, providing a low cost entry into the sector. Your Company is also in the infancy of exploring agricultural and mining uses of limestone as easy add-on businesses given Zambia's quickly expanding agricultural sector, which is becoming the new "bread-basket" of Sub Saharan Africa with the demise of Zimbabwe.

Is the White Lion story promotable?

One of the key reasons Spitfire wants to move away from traditional metals to construction materials is to find clear promotional air. The post mining boom wind down and has made promoting micro-cap exploration opportunities very difficult, particularly in Australia. Conversely, international investors in Europe, Africa and China are very interested in emerging market opportunities (including Africa) in the construction/infrastructure space. Spitfire has begun a preliminary outreach campaign to interested groups which has been highly encouraging and refreshing and this will be accelerated post acquisition as part of a plan to add new supportive investors to reinvigorate your company's shareholder base.



In conclusion

Thank you for making time to read this letter. Hopefully you've gained further insight into our high level thinking and why your Board is most optimistic about the White Lion acquisition and why it intends to unanimously vote in favour of all resolutions on August 17 at our General Meeting. No doubt it's a pathway different from that we've chosen in the past – nor is it without risk or challenge. That said, the potential in our view is tremendous. Most recently you would have received a Notice of Meeting in the mail accompanied by an independent valuation of the project and an independent review of the transaction. I encourage you to read all of the material provided carefully and seek professional advice if unsure about any part of the content.

Thank you for your interest in Spitfire and your ongoing support of our company.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "James Hamilton".

James Hamilton
Chairman
Spitfire Resources Ltd

Competent Person's Statement

The information in this report 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.'