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**SPITFIRE RESOURCES LIMITED****ACN 125 578 743****NOTICE OF EXTRAORDINARY GENERAL MEETING**

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**TIME:** 10.00 am

**DATE:** 30 March 2016

**PLACE:** Suite 1  
346 Barker Road  
Subiaco  
Western Australia 6008

*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 +61 417 714 292.*

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 10.00 am on Wednesday, 30 March 2016 at:

Suite 1  
346 Barker Road  
Subiaco  
Western Australia 6008

### Your vote is important

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

### Voting eligibility

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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 8.00am on Tuesday, 29 March 2016.

### Voting in person

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

### Voting by proxy

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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 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.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of section 157(1)(a) and for all other purposes, approval is given for the name of the Company to be changed to 'Spitfire Materials Limited'."*

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#### 2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

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

*"That, subject to all other Resolutions in this Notice being passed, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:*

*(a) every ten (10) Shares be consolidated into one (1) Share; and*

*(b) every ten (10) Options be consolidated into one (1) Option,*

*and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be)."*

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#### 3. RESOLUTION 3 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."*

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#### 4. RESOLUTION 4 – PLACEMENT – SHARES

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares, when multiplied by the issue price, will raise up to \$6,000,000 on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a 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.

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## 5. RESOLUTION 5 – ISSUE OF OPTIONS TO MELISSA STURGESS

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Options (on a post Consolidation basis) to Melissa Sturgess (or her nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a 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.

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## 6. RESOLUTION 6 – ISSUE OF OPTIONS TO MAXIMILIAN VERMORKEN

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Options (on a post Consolidation basis) to Maximilian Vermorken (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a 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.

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## 7. RESOLUTION 7 – ISSUE OF RELATED PARTY OPTIONS TO JAMES HAMILTON

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 6,000,000 Related Party Options (on a post Consolidation basis) to James Hamilton (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by James Hamilton (or his nominee) and any of their associates. 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 8. RESOLUTION 8 – ISSUE OF RELATED PARTY OPTIONS TO RUSSELL HARDWICK

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,000,000 Related Party Options (on a post Consolidation basis) to Russell Hardwick (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Russell Hardwick (or his nominee) and any of their associates. 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.

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 9. RESOLUTION 9 – ISSUE OF RELATED PARTY OPTIONS TO IAN HUITSON

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,500,000 Related Party Options (on a post Consolidation basis) to Ian Huitson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Ian Huitson (or his nominee) and any of their associates. 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**10. RESOLUTION 10 – ISSUE OF BROKER OPTIONS**

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 4,000,000 Broker Options (on a post Consolidation basis) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a 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.

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**Dated: 24 February 2016**

**By order of the Board**



**Russell Hardwick**  
**Director/Company Secretary**



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## EXPLANATORY STATEMENT

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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.

**Any conversion of currency contained in this Notice is based on the exchange rate of 2.0108 AUD/GBP, which is the average of the buy and sell rates for GBP in Australian dollars as quoted at [www.oanda.com](http://www.oanda.com) on 19 February 2016. The Company notes that this exchange rate has been used as an indication only and the AUD/GBP exchange rate on the date of issue of Shares under the Placement will likely differ. This will result in the funds raised as depicted in Australian dollars to also differ.**

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### 1. RESOLUTION 1 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 1 seeks the approval of Shareholders for the Company to change its name to 'Spitfire Materials Limited'.

If Resolution 1 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 1 is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

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### 2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

#### 2.1 Background

If Resolution 2 is passed and excluding any Securities issued pursuant to the other Resolutions, the number of:

- (a) Shares on issue will be reduced from ten (10) to one (1) (subject to rounding); and
- (b) Options on issue will be reduced from ten (10) to one (1) (subject to rounding).

#### 2.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

#### 2.3 Fractional entitlements

Not all Security Holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by ten (10). Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

## 2.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and the Company accepts no responsibility for the individual taxation implications arising from the Consolidation.

## 2.5 Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

## 2.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in the table below.

Capital Structure	Shares	UnQuoted Shares	Quoted Options <sup>1</sup>	Unquoted Options <sup>2</sup>	Performance Shares
Pre-Consolidation Securities	255,113,474	216,718,266	45,018,606	12,250,000	100
<b>Post 10:1 Consolidation of Securities</b>	<b>25,511,347</b>	<b>21,671,827</b>	<b>4,501,861</b>	<b>1,225,000</b>	<b>10</b>
Shares issued pursuant to Resolution 4	83,333,333 <sup>3</sup>	Nil	Nil	Nil	Nil
Options issued pursuant to Resolutions 5 to 6	-	-	-	7,500,000	-
Related Party Options issued pursuant to Resolutions 7 to 9	-	-	-	10,500,000	-
Broker Options issued pursuant to Resolution 10	-	-	-	4,000,000	-
<b>Completion of all Resolutions</b>	<b>108,844,680</b>	<b>21,671,827</b>	<b>4,501,861</b>	<b>23,225,000</b>	<b>10</b>

### NOTES:

1. Quoted Options exercisable at \$0.12 on or before 31 March 2016

2. The terms of the Unquoted Options are set out in the table below.
3. Assumes that no Options are exercised and the maximum number of Shares are issued under the Placement at the minimum deemed issue price of \$0.072 per Share (£0.0358).

The effect the Consolidation will have on the terms of the Options is as set out in the tables below:

#### Options – Pre Consolidation

Terms	Number
Quoted Options exercisable at \$0.12 on or before 31 March 2016	45,018,606
Options exercisable at \$0.12 on or before 15 August 2017	1,000,000
Options exercisable at \$0.11 on or before 22 November 2017	4,750,000
Options exercisable at \$0.045 on or before 28 November 2019	6,500,000
<b>Total</b>	<b>57,268,606</b>

#### Performance Shares - Pre Consolidation

Terms	Number
Performance Shares	100
<b>Total</b>	<b>100</b>

#### Options – Post Consolidation

Terms	Number
Options exercisable at \$1.20 on or before 31 March 2016	4,501,861
Options exercisable at \$1.20 on or before 15 August 2017	100,000
Options exercisable at \$1.10 on or before 22 November 2017	475,000
Options exercisable at \$0.45 on or before 28 November 2019	650,000
<b>Total</b>	<b>5,726,861</b>

#### Performance Shares - Post Consolidation

Terms	Number
Performance Shares	10
<b>Total</b>	<b>10</b>

## 2.7 Indicative timetable\*

If Resolution 2 is passed, the reduction of capital will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules):

Action	Date
Company announces Consolidation and sends out Notice of Meeting.	24 February 2016
Company tells ASX that Shareholders have approved the Consolidation.	30 March 2016
Last day for pre Consolidation trading.	31 March 2016
Post Consolidation trading starts on a deferred settlement basis.	1 April 2016
Last day for Company to register transfers on a pre Consolidation basis.	5 April 2016
First day for Company to send notice to each holder of the change in their details of holdings.	6 April 2016
First day for the Company to register Securities on a post Consolidation basis and first day for issue of holding statements.	
Change of details of holdings date. Deferred settlement market ends.	12 April 2016
Last day for Securities to be entered into holders' Security holdings.	
Last day for the Company to send notice to each holder of the change in their details of holdings.	

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### 3. RESOLUTION 3 – REPLACEMENT OF CONSTITUTION

#### 3.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

The Constitution, being the rules by which the Company operates, should continue to evolve in line with the regulatory environment in which the Company operates.

Resolution 3 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules. Additionally, as announced on 25 January 2016, the Company is currently pursuing a listing on the London Stock Exchange's Alternative Investment Market (**AIM**) and if is successful will become dual listed on ASX and AIM. Therefore the Proposed Constitution will contain the necessary provisions to ensure that it is compliant with the Company being dual listed.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted at the time of the Company's incorporation on 29 May 2007.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating the name of the Company to that adopted in Resolution 1;

- (b) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (c) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution].

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website <http://www.spiffireresources.com> and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 6382 3700). Shareholders are invited to contact the Company if they have any queries or concerns.

### **3.2 Summary of material proposed changes**

#### **(a) Recognised Exchange**

The Company's current Constitution contains provisions which are specific to the Company being listed on ASX and the applicable rules of that exchange. Therefore, in contemplation of the proposed listing or dual listing of the Company on AIM and to maintain flexibility for the Company, the new Constitution to be adopted contains a number of provisions which refer to a "recognised exchange" rather than limiting the exchange to ASX thereby allowing the exchange on which the Company is listed (or dual listed) to be ASX and/or AIM (or any other exchange the Company may consider in the future).

#### **(a) Minimum Shareholding**

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

#### **(b) Fee for registration of off market transfers**

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

(c) **Dividends**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (i) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (ii) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (iii) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

(d) **Partial (proportional) takeover provisions**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

*Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer

giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

#### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

#### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

#### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (v) proportional takeover bids may be discouraged;
- (vi) lost opportunity to sell a portion of their Shares at a premium; and
- (vii) the likelihood of a proportional takeover bid succeeding may be reduced.

### 3.3 Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 3.

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## 4. RESOLUTION 4 – PLACEMENT – SHARES

### 4.1 General

As noted in section 3.1 above, the Company is currently pursuing a listing on the AIM together with an associated placement of up to that number of Shares when multiplied by the issue price, will raise up to \$6,000,000 (£2,983,887) (**Placement**). The final amount to be raised under the Placement is yet to be confirmed.

Resolution 4 seeks Shareholder approval for the issue of Shares pursuant to the Placement

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Company to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### 4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$6,000,000 (£2,983,887);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the issue price will be not less than 80% of the volume weighted average price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus or AIM admission document, over the last 5 days on which sales in the securities were recorded before the date the prospectus or AIM admission document is signed;
- (d) the Shares will be issued to sophisticated and professional investors and will include clients of Vicarage Capital Ltd (UK). None of these subscribers are related parties of the Company. The Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and



- (f) the Company intends to use the funds raised from the Placement towards progressing the White Lion Project, for potential investments, acquisitions and general working capital.

A more detailed use of funds is set out below (assuming the full \$6,000,000 (£2,983,887) is raised):

Item	Proceeds of the Placement	Allocation of \$	Allocation of £ <sup>1</sup>	%
1.	Progress White Lion Project	1,910,000	949,871	32%
2.	Potential Investments and Acquisitions	2,206,000	1,097,076	37%
3	Corporate and Administration Costs	1,404,000	698,230	23%
4.	Working Capital	224,000	111,398	4%
5.	Expenses of the Placement	256,000	127,312	4%
	<b>Total</b>	<b>6,000,000</b>	<b>2,983,887</b>	<b>100%</b>

**Notes:**

1. Based on exchange rate of 2.0108 AUD/GBP
2. To the extent the Company is not successful in raising the full \$6,000,000 (£2,983,887) and after adjusting for the expenses of the Placement, any funds allocated to exploration, potential investments and working capital will be scaled back accordingly.
3. The above table is a statement of current intentions as of the date of this Notice. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 4.3 Dilution

The volume weighted average price for Shares on the 5 days on which sales in Shares were recorded before 19 February 2016 was \$0.090 (on a post Consolidation basis). The lowest issue price (i.e maximum discount) of not less than 80% of this volume weighted average price would be \$0.072 (£0.0358) per Share.

Accordingly, set out below is a worked example of the number of Shares that may be issued under Resolution 4 based on an assumed issue price of \$0.072, \$0.081 and \$0.090 (on a post Consolidation basis).

Assumed issue price (\$)	Maximum number of Shares which the Company could issue pursuant to Resolution 4 (rounded up to the nearest whole number)	Current Shares on issue as at the date of this Notice (on a post-Consolidation Basis)	Increase in the number of Shares on issue assuming the Company issued the maximum amount pursuant to Resolution 4	Dilution effect on existing Shareholders
\$0.072	83,333,333	47,183,174	130,516,507	63.8%
\$0.081	74,074,074	47,183,174	121,257,248	61.1%
\$0.090	66,666,667	47,183,174	113,849,841	58.6%

Assuming no Options are exercised or other Shares issued and the maximum number of Shares as set out in the worked example above are issued, the number of Shares on issue would increase from 47,183,174 (being the number of Shares on issue as at the date of this Notice on a post Consolidation basis) to 130,516,507 and the shareholding of existing Shareholders would be diluted by 63.8%.

The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

## **5. RESOLUTION 5 & 6 – ISSUE OF OPTIONS TO MELISSA STURGESS AND MAXIMILIAN VERMORKEN**

### **5.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 7,500,000 Options (on a post Consolidation basis) on the terms and conditions set out below to Melissa Sturgess and Maximilian Vermorken who provide consulting services to the Company.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 5 and 6 will be to allow the Company to issue the Options to Melissa Sturgess and Maximilian Vermorken during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **5.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Options to be issued is 7,500,000 (on a post Consolidation basis) comprising:
  - (i) 2,500,000 Options to Melissa Sturgess (or her nominee); and
  - (ii) 5,000,000 Options to Maximilian Vermorken (or his nominee);

- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (c) the Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (d) the Options will be issued to Melissa Sturgess and Maximilian Vermorken (or their nominees) who are not related parties of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1.

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## **6. RESOLUTIONS 7 TO 9 – ISSUE OF RELATED PARTY OPTIONS TO JAMES HAMILTON, RUSSELL HARDWICK & IAN HUITSON**

### **6.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 10,500,000 Options (on a post Consolidation basis) (**Related Party Options**) to James Hamilton, Russell Hardwick and Ian Huitson (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit and Messrs Hamilton, Hardwick and Huitson are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

### **6.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related parties are Messrs Hamilton, Hardwick and Huitson and they are related parties by virtue of being Directors;

- (b) the maximum number of Related Party Options (on a post Consolidation basis) (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
- (i) 6,000,000 Related Party Options to Mr James Hamilton (or his nominee);
  - (ii) 3,000,000 Related Party Options to Mr Russell Hardwick (or his nominee); and;
  - (iii) 1,500,000 Related Party Options to Mr Ian Huitson (or his nominee);.
- (c) the Related Party Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Options are set out in Schedule 2;
- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 3;
- (g) the relevant interests of the Related Parties in securities of the Company (on a post Consolidation basis) are set out below:

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>
James Hamilton	2,951,135	472,222
Russell Hardwick	858,663	355,972
Ian Huitson	209,934	254,762

- (h) the cash remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

<b>Related Party</b>	<b>Current Financial Year</b>	<b>Previous Financial Year</b>
James Hamilton	\$282,500	\$194,110
Russell Hardwick	\$127,804	\$112,302
Ian Huitson	\$27,375	\$36,572

- (i) if the Related Party Options granted to the Related Parties are exercised, a total of 10,500,000 Shares would be issued. This will increase the number of Shares on issue from 47,183,174 (being the number of Shares on issue as at the date of this Notice on a post Consolidation basis) to 141,016,507 (assuming that no other Options are exercised and no shares other than those contemplated by Resolution 4 of this Notice are issued) with the effect that the shareholding of existing Shareholders would be diluted by an

aggregate of 7.45%, comprising 4.25% by Mr Hamilton 2.13% by Mr Hardwick and 1.06% by Mr Huitson.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	1.2 cents	5 March 2015
Lowest	0.6 cents	25 January 2016
Last	0.8 cents	22 February 2016

- (k) the Board acknowledges the grant of Related Party Options to Messrs Hamilton, Hardwick and Huitson is contrary to The Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to Messrs Hamilton, Hardwick and Huitson to be reasonable in the circumstances for the reason set out in paragraphs (l & m);
- (l) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (m) James Hamilton declines to make a recommendation to Shareholders in relation to Resolution 7 due to Mr Hamilton's material personal interest in the outcome of the Resolution on the basis that Mr Hamilton is to be granted Related Party Options in the Company should Resolution 7 be passed. However, in respect of Resolutions 8 and 9, Mr Hamilton recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Related Party Options to the Related Parties, in particular, the pricing and vesting conditions of the Related Party Options, will align the interests of the Related Parties with those of Shareholders;
  - (ii) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (n) Russell Hardwick declines to make a recommendation to Shareholders in relation to Resolution 8 due to Mr Hardwick's material personal interest in the outcome of the Resolution on the basis that Mr Hardwick is to be granted

Related Party Options in the Company should Resolution 8 be passed. However, in respect of Resolutions 7 and 9, Mr Hardwick recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l & m);

- (o) Ian Huitson declines to make a recommendation to Shareholders in relation to Resolution 9 due to Mr Huitson's material personal interest in the outcome of the Resolution on the basis that Mr Huitson is to be granted Related Party Options in the Company should Resolution 9 be passed. However, in respect of Resolutions 7 and 8, Mr Huitson recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l & m);
- (p) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
- (q) the Board is not aware of any other information 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 Resolutions 7 to 9.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **7. RESOLUTION 10 – ISSUE OF BROKER OPTIONS**

### **7.1 General**

As set out in Resolution 4 above, the Company is considering a Placement to raise up to \$6,000,000 (£2,983,887). The final amount to be raised under the Placement is yet to be confirmed.

Resolution 10 seeks Shareholder approval for the issue of up to 4,000,000 Options (on a post Consolidation basis) to Vicarage Capital Limited (**VCL**) and other UK Broking firms in consideration for acting as brokers and placing agents to the Placement (**Broker Options**). The Broker Options will have an exercise price of a 100% premium to the issue price of Shares issued under the Placement, expiring two years from the date of the Company's proposed listing on the AIM.

The Company will also pay VCL a fee of £20,000 per annum, payable quarterly by instalments in advance which are payable from the date of appointment. In addition the Company has agreed to pay VCL a 5% commission on all funds raised under the Placement from investors procured by VCL.

The Directors do not have a material personal interest in VCL and consider the engagement to be on arm's length terms as the fee charged is comparable to unrelated licensed securities dealers.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 10 will be to allow the Company to issue the Broker Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **7.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Broker Options to be issued is 4,000,000 (on a post Consolidation basis);
- (b) the Broker Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Broker Options will be issued for nil cash consideration in satisfaction of services provided by VCL and other UK Broking firms;
- (d) the Broker Options will be issued to VCL and other UK Broking firms, who are not a related party of the Company;
- (e) the Broker Options will be issued on the terms and conditions set out in Schedule 4;
- (f) no funds will be raised from the issue as the Broker Options are being issued in consideration for services provided.

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## 8. GLOSSARY

**\$** or **AUD** means Australian dollars.

**£** or **GBP** means Pounds Stirling.

**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.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

**Consolidation** means the proposed consolidation of the Company's securities pursuant to Resolution 2.

**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.

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

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.



**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.

**Optionholder** means a holder of an Option.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Vicarage Capital Ltd (UK) or VCL** means Vicarage Capital Limited (a company incorporated in the United Kingdom, Company Number 04807387).

**White Lion Project** means the Company's White Lion limestone project located in Zambia.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

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**(a) Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

**(b) Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be the higher of \$0.16 or a 70 % premium to the prevailing share price on the date of issue (**Exercise Price**).

**(c) Expiry Date**

Each Option will expire at 5:00 pm (WST) 5 years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

**(d) Exercise Period**

The Options will vest and become exercisable on the earlier of the weighted average share price of the Company being greater than \$0.16 for 5 consecutive trading days or 1 year after the grant date. Upon vesting the options become exercisable any time on or prior to the Expiry Date (**Exercise Period**).

**(e) Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

**(f) Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

**(g) Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**(h) Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

**(i) Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

**(j) Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

**(k) Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**(l) Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

**(m) Unquoted**

The Company will not apply for quotation of the Options on ASX.

**(n) Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

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**(a) Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Related Party Option.

**(b) Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be the higher of \$0.16 or a 70% premium to the prevailing share price on the date of issue. **(Exercise Price)**

**(c) Expiry Date**

Each Related Party Option will expire at 5:00 pm (WST) 5 years from the date of issue **(Expiry Date)**. A Related Party Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

**(d) Exercise Period**

The Related Party Options will vest and become exercisable on the earlier of the weighted average share price of the Company being greater than \$0.16 for 5 consecutive trading days or 1 year after the grant date. Upon vesting the options become exercisable any time on or prior to the Expiry Date **(Exercise Period)**.

**(e) Notice of Exercise**

The Related Party Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Related Party Option certificate **(Notice of Exercise)** and payment of the Exercise Price for each Related Party Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

**(f) Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Related Party Option being exercised in cleared funds **(Exercise Date)**.

**(g) Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Related Party Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Related Party Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**(h) Shares issued on exercise**

Shares issued on exercise of the Related Party Options rank equally with the then issued shares of the Company.

**(i) Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Related Party Options.

**(j) Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

**(k) Participation in new issues**

There are no participation rights or entitlements inherent in the Related Party Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Related Party Options without exercising the Related Party Options.

**(l) Change in exercise price**

A Related Party Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Related Party Option can be exercised.

**(m) Unquoted**

The Company will not apply for quotation of the Related Party Options on ASX.

**(n) Transferability**

The Related Party Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

### **SCHEDULE 3 – VALUATION OF RELATED PARTY OPTIONS**

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 7, 8 and 9, and have been valued by internal management.

Using a Black & Scholes option model (on a post-consolidation bases and based on the assumptions set out below, the Related Party Options were ascribed the following value:

<b>Assumptions:</b>	
Valuation date	19 February 2016
Market price of Shares	8 cents
Exercise price	16 cents
Expiry date (length of time from issue)	5 years
Risk free interest rate	1.88%
Volatility (discount)	65%
<b>Indicative value per Related Party Option</b>	3.13 cents
<b>Total Value of Related Party Options</b>	\$328,650
- James Hamilton	\$187,800
- Russell Hardwick	\$93,900
- Ian Huitson	\$46,950

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

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## SCHEDULE 4 – TERMS AND CONDITIONS OF BROKER OPTIONS

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**(a) Entitlement**

Each Broker Option entitles the holder to subscribe for one Share upon exercise of the Broker Option.

**(b) Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Broker Option will be a 100% premium to the issue price of Shares issued under the proposed Placement and admission to the Alternative Investment Market of the London Stock Exchange (**AIM**) (**Exercise Price**).

**(c) Expiry Date**

Each Broker Option will expire at 5:00 pm (WST) on two years from the date of the Company's proposed listing on the AIM (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

**(d) Exercise Period**

The Broker Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

**(e) Notice of Exercise**

The Broker Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Broker Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Broker Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

**(f) Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Broker Option being exercised in cleared funds (**Exercise Date**).

**(g) Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Broker Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Broker Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**(h) Shares issued on exercise**

Shares issued on exercise of the Broker Options rank equally with the then issued shares of the Company.

**(i) Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Broker Options.

**(j) Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

**(k) Participation in new issues**

There are no participation rights or entitlements inherent in the Broker Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Broker Options without exercising the Broker Options.

**(l) Change in exercise price**

A Broker Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Broker Option can be exercised.

**(m) Unquoted**

The Company will not apply for quotation of the Broker Options on ASX.

**(n) Transferability**

The Broker Options are non-transferable.



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**PROXY FORM****SPITFIRE RESOURCES LIMITED**  
**ACN 125 578 743****EXTRAORDINARY GENERAL MEETING**I/We of: 

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name: **OR:** ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.00 am, on Wednesday, 30 March 2016 at Suite 1 346 Barker Road, Subiaco, Western Australia 6008, and at any adjournment thereof.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 7, 8 and 9 (except where I/we have indicated a different voting intention below) even though Resolutions 7, 8 and 9 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES**

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

**Voting on business of the Meeting**

	FOR	AGAINST	ABSTAIN
Resolution 1 CHANGE OF COMPANY NAME	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 CONSOLIDATION OF CAPITAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 REPLACEMENT OF CONSTITUTION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 PLACEMENT – SHARES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 ISSUE OF OPTIONS – MELISSA STURGESS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 ISSUE OF OPTIONS – MAXIMILIAN VERMORKEN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 ISSUE OF RELATED PARTY OPTIONS – JAMES HAMILTON	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 ISSUE OF RELATED PARTY OPTIONS – RUSSELL HARDWICK	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 ISSUE OF RELATED PARTY OPTIONS – IAN HUITSON	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 ISSUE OF BROKER OPTIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is:

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%

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**Signature of Shareholder(s):**

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:**

\_\_\_\_\_

**Contact name:**

\_\_\_\_\_

**Contact ph (daytime):**

\_\_\_\_\_

**E-mail address:**

\_\_\_\_\_

**Consent for contact by e-mail  
in relation to this Proxy Form:**

YES ☐ NO ☐

## Instructions for completing 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:
  - (b) post to Spitfire Resources Limited, P.O Box 8050 Subiaco East , WA, Australia, 6008; or
  - (c) facsimile to the Company on facsimile number +61 8 6380 9650; orso 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.**

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