

AUSTRALIAN

RESEARCH

INDEPENDENT INVESTMENT RESEARCH

Spitfire Materials Limited (ASX:SPI, FSE:4SF)

July 2018

WHO IS IIR?

Independent Investment Research, "IIR", is an independent investment research house based in Australia and the United States. IIR specialises in the analysis of high quality commissioned research for Brokers, Family Offices and Fund Managers. IIR distributes its research in Asia, United States and the Americas. IIR does not participate in any corporate or capital raising activity and therefore it does not have any inherent bias that may result from research that is linked to any corporate/ capital raising activity.

IIR was established in 2004 under Aegis Equities Research Group of companies to provide investment research to a select group of retail and wholesale clients. Since March 2010, IIR (the Aegis Equities business was sold to Morningstar) has operated independently from Aegis by former Aegis senior executives/shareholders to provide clients with unparalleled research that covers listed and unlisted managed investments, listed companies, structured products, and IPOs.

IIR takes great pride in the quality and independence of our analysis, underpinned by high caliber staff and a transparent, proven and rigorous research methodology.

INDEPENDENCE OF RESEARCH ANALYSTS

Research analysts are not directly supervised by personnel from other areas of the Firm whose interests or functions may conflict with those of the research analysts. The evaluation and appraisal of research analysts for purposes of career advancement, remuneration and promotion is structured so that non-research personnel do not exert inappropriate influence over analysts.

Supervision and reporting lines: Analysts who publish research reports are supervised by, and report to, Research Management. Research analysts do not report to, and are not supervised by, any sales personnel nor do they have dealings with Sales personnel

Evaluation and remuneration: The remuneration of research analysts is determined on the basis of a number of factors, including quality, accuracy and value of research, productivity, experience, individual reputation, and evaluations by investor clients.

INDEPENDENCE – ACTIVITIES OF ANALYSTS

IIR restricts research analysts from performing roles that could prejudice, or appear to prejudice, the independence of their research.

Pitches: Research analysts are not permitted to participate in sales pitches for corporate mandates on behalf of a Broker and are not permitted to prepare or review materials for those pitches. Pitch materials by investor clients may not contain the promise of research coverage by IIR.

No promotion of issuers' transactions: Research analysts may not be involved in promotional or marketing activities of an issuer of a relevant investment that would reasonably be construed as representing the issuer. For this reason, analysts are not permitted to attend "road show" presentations by issuers that are corporate clients of the Firm relating to offerings of securities or any other investment banking transaction from that our clients may undertake from time to time. Analysts may, however, observe road shows remotely, without asking questions, by video link or telephone in order to help ensure that they have access to the same information as their investor clients.

Widely-attended conferences: Analysts are permitted to attend and speak at widely-attended conferences at which our firm has been invited to present our views. These widely-attended conferences may include investor presentations by corporate clients of the Firm.

Other permitted activities: Analysts may be consulted by Firm sales personnel on matters such as market and industry trends, conditions and developments and the structuring, pricing and expected market reception of securities offerings or other market operations. Analysts may also carry out preliminary due diligence and vetting of issuers that may be prospective research clients of ours.

INDUCEMENTS AND INAPPROPRIATE INFLUENCES

IIR prohibits research analysts from soliciting or receiving any inducement in respect of their publication of research and restricts certain communications between research analysts and personnel from other business areas within the Firm including management, which might be perceived to result in inappropriate influence on analysts' views.

Remuneration and other benefits: IIR procedures prohibit analysts from accepting any remuneration or other benefit from an issuer or any other party in respect of the publication of research and from offering or accepting any inducement (including the selective disclosure by an issuer of material information not generally available) for the publication of favourable research. These restrictions do not preclude the acceptance of reasonable hospitality in accordance with the Firm's general policies on entertainment, gifts and corporate hospitality.

DISCLAIMER

This publication has been prepared by Independent Investment Research (Aust) Pty Limited trading as Independent Investment Research ("IIR") (ABN 11 152 172 079), an corporate authorised representative of Australian Financial Services Licensee (AFSL no. 410381). IIR has been commissioned to prepare this independent research report (the "Report") and will receive fees for its preparation. Each company specified in the Report (the "Participants") has provided IIR with information about its current activities. While the information contained in this publication has been prepared with all reasonable care from sources that IIR believes are reliable, no responsibility or liability is accepted by IIR for any errors, omissions or misstatements however caused. In the event that updated or additional information is issued by the "Participants", subsequent to this publication, IIR is under no obligation to provide further research unless commissioned to do so. Any opinions, forecasts or recommendations reflects the judgment and assumptions of IIR as at the date of publication and may change without notice. IIR and each Participant in the Report, their officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law. This publication is not and should not be construed as, an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Any opinion contained in the Report is unsolicited general information only. Neither IIR nor the Participants are aware that any recipient intends to rely on this Report or of the manner in which a recipient intends to use it. In preparing our information, it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual recipient. Investors should obtain individual financial advice from their investment advisor to determine whether opinions or recommendations (if any) contained in this publication are appropriate to their investment objectives, financial situation or particular needs before acting on such opinions or recommendations. This report is intended for the residents of Australia. It is not intended for any person(s) who is resident of any other country. This document does not constitute an offer of services in jurisdictions where IIR or its affiliates do not have the necessary licenses. IIR and/or the Participant, their officers, employees or its related bodies corporate may, from time to time hold positions in any securities included in this Report and may buy or sell such securities or engage in other transactions involving such securities. IIR and the Participant, their directors and associates declare that from time to time they may hold interests in and/or earn brokerage, fees or other benefits from the securities mentioned in this publication.

IIR, its officers, employees and its related bodies corporate have not and will not receive, whether directly or indirectly, any commission, fee, benefit or advantage, whether pecuniary or otherwise in connection with making any statements and/or recommendation (if any), contained in this Report. IIR discloses that from time to time it or its officers, employees and related bodies corporate may have an interest in the securities, directly or indirectly, which are the subject of these statements and/or recommendations (if any) and may buy or sell securities in the companies mentioned in this publication; may affect transactions which may not be consistent with the statements and/or recommendations (if any) in this publication; may have directorships in the companies mentioned in this publication; and/or may perform paid services for the companies that are the subject of such statements and/or recommendations (if any).

However, under no circumstances has IIR been influenced, either directly or indirectly, in making any statements and/or recommendations (if any) contained in this Report. The information contained in this publication must be read in conjunction with the Legal Notice that can be located at <http://www.independentresearch.com.au/Public/Disclaimer.aspx>.

THIS IS A COMMISSIONED RESEARCH REPORT.

The research process includes the following protocols to ensure independence is maintained at all times:

- 1) The research process has complete editorial independence from the company and this included in the contract with the company;
- 2) Our analyst has independence from the firm's management, as in, management/ sales team cannot influence the research in any way;
- 3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client.
- 4) Our research process for valuation is usually more conservative than what is adopted in Broking firms in general sense. Our firm has a conservative bias on assumptions provided by management as compared to Broking firms.
- 5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
- 6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

For more information regarding our services please refer to our website www.independentresearch.com.au.

Contents

1 + 1 > 2.....	1
Key Points.....	1
SWOT Analysis	2
Overview	3
Introduction.....	3
Strategy and Project Overview	3
Financial Position.....	4
Merger and Acquisition Details.....	4
Aphrodite Gold Project - Western Australia.....	7
Mulwarrie Gold Project, Western Australia	14
Alice River Gold Project, Northeast Queensland.....	19
Kalgoorlie North Gold Project.....	23
Other Projects.....	27
Planned Activities.....	27
Peers.....	28
Capital Structure	29
Risks.....	29
Board and Management.....	30



Note: This report is based on information provided by the company as at July 4 2018

Investment Profile - Post Merger Pro-Forma

Share Price - 3 July 2018	A\$0.085
Issued Capital:	
Ordinary Shares	911.0m
Unlisted Options	49.6m
Fully Diluted	960.6m
Market Capitalisation	\$77.4m
12 month L/H - SPI	\$0.085/\$0.18
Cash (March 31, 2018)	\$10.40 million

Board and Management

Mr David Hatch: Non-Executive Chairman (currently Chairman of Excelsior)

Mr John Young: Managing Director

Mr Neil Biddle: Executive Director

Mr Rowan Johnston: Executive Director (currently MD of Excelsior)

Mr Peter Buttigieg: Non-Executive Director (Currently Non-Executive Chairman of Spitfire)

Mr Sam Randazzo: Non-Executive Director (currently NED of Excelsior)

Mr Roger Mitchell: Non-Executive Director (until completion of merger)

Mr Russell Hardwick: CFO/Company Secretary

Mr Sean Richardson: Chief Operating Officer

Major Shareholders - Current

Mr Peter Buttigieg	13.51%
Top 20	35.32%
Board and Management	24.20%

Price Chart



Senior Analyst – Mark Gordon

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

1 + 1 > 2

The synergies inherent in the proposed merger of Spitfire Materials Limited (“Spitfire” or “the Company”) and Excelsior Gold Limited (ASX:EXG, “Excelsior” or “EXG”) should result in the merged total being more than the sum of the parts. A successful completion will see the combination of the current gold resources, located less than 20km apart, to 2.1Moz, which should form a critical mass to justify the merged entity to look towards development options for a combined project. The planned merger continues Spitfire’s strategy to grow into a mid-tier gold producer, following on from the acquisition of Admiral Gold and the merger with Aphrodite Gold, both in 2017.

The two key gold projects, Aphrodite (Spitfire, 1.26 Moz) and the Kalgoorlie North Gold Project (“KNGP”; EXG, 0.825Moz) are located within the Bardoc Tectonic Zone (“BTZ”) immediately to the north of Kalgoorlie in Western Australia, and thus form a natural fit for a combined development and provide operational and development synergies should the merger, with completion planned for September, be successfully completed.

Also in the mix is Spitfire’s Mulwarrie Gold Project located some 65km from Aphrodite, with drilling subsequent to our October 2017 initiation report returning very positive results. Positive drilling results have also been returned from Aphrodite, and as well as the Alice River Project in Far North Queensland - all results highlight the upside potential of the mineralisation.

Recent drilling by Excelsior at the KNGP has led to an upgrading of the Mineral Resource Estimate (“MRE”), with activities now concentrated on testing numerous prospects outside of the main resource areas with a view to expanding resources. There is also renewed interest in the legacy South Woodie Woodie Manganese Project, which provides a timely opportunity to enter into the growing battery mineral markets.

It will be business as usual for Spitfire (and Excelsior) in the months leading up to the expected completion of the merger in September, with appreciable ongoing activities, including drilling, providing steady newsflow.

KEY POINTS

Western Australian synergies: The planned merger between Spitfire and Aphrodite, with the combination of their respective resources, provides potentially strong development and production synergies with the projects being only 20km apart, and with combined resources above what could be considered a critical mass to explore development options. This is also augmented by the potential at Mulwarrie, 65km from Aphrodite.

High grades and open: The underground resource at Aphrodite contains 662,665oz of gold at the relatively high grade of 7g/t (enough to carry the processing required for the refractory material), and in addition drilling at Mulwarrie has intersected grades of up to 43g/t, again highlighting the potential for a high grade discovery. Identified mineralisation at all three key Spitfire projects and at the KNGP is also open, highlighting significant potential for resource expansions and further exploration success.

Ready access to infrastructure: The Western Australian projects have ready access to power and transport infrastructure, and a resident workforce and services in Kalgoorlie.

Stable, well respected mining jurisdictions: Both Queensland and Western Australia have a long history of mining with both ranking well in the 2017 Fraser Institute Survey of Mining Companies, with Western Australia coming in at 5th and Queensland 12th globally, and respectively 1st and 2nd in Australia.

Positive outlook for gold: Our view is that the Australian denominated gold price will remain at around current historically high levels or higher for the foreseeable future.

Strong management and technical team: The Company has current management and technical personnel with extensive experience in the junior resources sector, and a proven history of technical success and delivering value to shareholders; in addition key personnel currently hold ~20% of the Company, thus aligning their interests with those of other shareholders. The merger will add complementary skills to the current Board and Management.

Active Exploration Programmes: Comprehensive exploration programmes are currently underway or planned over all projects, leading to significant news flow over the short to medium term. Given the results of historical work we would expect positive results from these programmes.

SWOT ANALYSIS

Strengths

- ◆ **Advanced, high quality gold projects:** The four (assuming that the merger is completed) key projects are advanced, with the results of work to date highlighting the quality of them and the potential to host significant resources.
- ◆ **Operational synergies:** The proximity of the Aphrodite, KNGP and Mulwarrie projects means that there are potential development and operational synergies which will be investigated in combined development studies should the merger be completed; in the interim the respective companies will continue current activities.
- ◆ **Critical Resource mass reached:** A successful merger will result in combined Mineral Resources of 2.1Moz in the projects situated north of Kalgoorlie, which the Company believes is the minimum required to potentially provide Ore Reserves for a 10 year, 100,000ozpa operation - this size of operation is considered sufficient to justify looking at developing a standalone operation.
- ◆ **On Mining Leases:** Key mineralised areas in all key Western Australian gold projects are on granted Mining Leases; this should shorten and simplify permitting activities should they head to production.
- ◆ **Well regarded jurisdictions:** Both Western Australia and Queensland are well regarded mining jurisdictions, with long histories of successful mining.
- ◆ **Close to infrastructure:** Aphrodite, KNGP and Mulwarrie are all close to infrastructure, which will decrease costs of any potential developments; this includes being close to Kalgoorlie, thus precluding requirements for relatively expensive fly in/fly out ("FIFO") operations.
- ◆ **Experienced people with skin in the game:** Company personnel have significant experience and success in the junior resources sector, and also have significant holdings in Spitfire.
- ◆ **Frankfurt Stock Exchange listing:** This secondary listing gives Spitfire ready access to European investors and capital markets.

Weaknesses

- ◆ **Refractory mineralisation at Aphrodite:** The presence of refractory mineralisation at Aphrodite will result in higher capital and operating costs than in an equivalent free milling operation, and as it stands our view is that the project is currently very marginal as a standalone operation. However the potential synergies with the KNGP and Mulwarrie should improve this (as well as the Resource expansion possibilities at Aphrodite), in that any expanded production profile should help carry the additional upfront treatment capital required for Aphrodite.
- ◆ **Funding:** Although not a critical threat, the current combined annual expenditure of Spitfire and Excelsior is ~A\$10 million; given that the combined cash position as of March 31 was A\$10.40 million, should the rate of expenditure continue there will be ~six months of cash available at the expected finalisation of the merger, and our view is that a capital raising will be required at that time.

Opportunities

- ◆ **Resource expansion:** This is the key opportunity at Aphrodite and the KNGP, with mineralisation being open at depth. At both projects deepest drilling is below the base of the current resources, and mineralisation is still open below the drilling.
- ◆ **Further drilling/exploration success:** This applies to all projects, including the opportunity to estimate initial resources at Mulwarrie and Alice River.
- ◆ **Other acquisitions and farm-ins:** Spitfire will be looking at other opportunities, particularly those that provide synergies with existing projects; this includes, should a successful project be developed, looking at stranded refractory deposits in the north Kalgoorlie region.

Threats

- ◆ **Lack of drilling/exploration success:** This applies to all projects, and is a key threat to any junior explorer/developer.
- ◆ **Merger not proceeding:** Given the friendly nature of the transaction we would consider this a minor threat only, however a threat none the less.
- ◆ **Land access:** This applies to EPM26266 at Alice River, with access negotiations ongoing with the Traditional Owners.
- ◆ **Markets and metals prices:** A key perennial threat facing juniors are falls in the stock and gold markets, particularly when it comes to having to raise funds in a bad market – this will also impact with investors selling down the more risky juniors before other less risky investments.

OVERVIEW

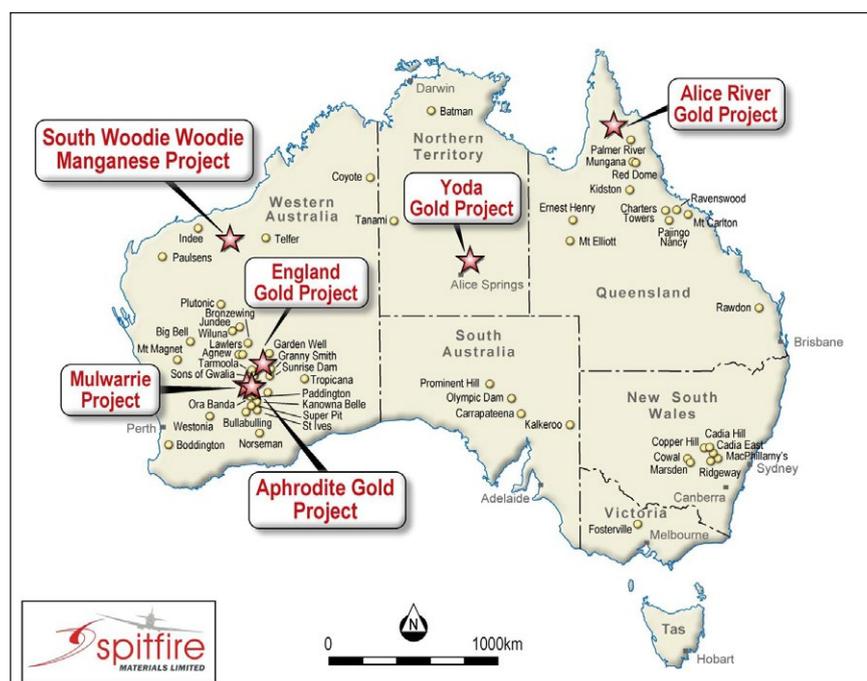
INTRODUCTION

- ◆ Although technically an update report, given the proposed merger between Spitfire and Excelsior, we have updated our October 2017 initiation report on Spitfire to give a full overview of the merged entity.
- ◆ In addition to the planned merger, Spitfire has undertaken significant work on its main projects subsequent to our October 2017 report.
- ◆ Key activities (amongst others) include:
 - Completion of the Aphrodite Gold merger in December 2017,
 - Extensive drilling at the Aphrodite, Mulwarrie and Alice Queen projects, with all delivering strong results,
 - A reinterpretation of the geology at Aphrodite, and the release of an Exploration Target and restated Mineral Resource Estimate (“MRE”); and,
 - Ongoing mining and metallurgical studies at Aphrodite.
- ◆ These are further detailed in the relevant sections of this report.

STRATEGY AND PROJECT OVERVIEW

- ◆ Spitfire’s strategy is to build a significant Australian gold developer and producer, and to that end completed a number of acquisitions and mergers in 2016/2017, and is currently in the process of merging with Excelsior Gold.
- ◆ The Company’s view (with which we concur) is that any viable new standalone development in Western Australia will require around a 10 year, 100,000ozpa production profile - as a ball park figure this will require a Resource inventory of at least 2Moz to potentially provide sufficient material for conversion to the required Ore Reserves, and thus drive any decisions to investigate a standalone operation.
- ◆ A successful merger between Spitfire and Excelsior will result in a Resource base of 2.1Moz, which meets this hurdle (refer to Tables 2 and 7 for detailed MREs).
- ◆ Previous acquisitions include the England Gold Project in Western Australia (completed in October 2016), the Yoda Gold Project in the Northern Territory, (completed in December 2016); and the acquisition of the unlisted Admiral Gold Limited, announced in March 2017 and completed in June - Admiral Gold brought the Alice River and Mulwarrie projects into Spitfire (Figure 1).
- ◆ The most recent event was the merger with Aphrodite Gold in December 2017, with Aphrodite Gold becoming a wholly owned subsidiary of Spitfire.

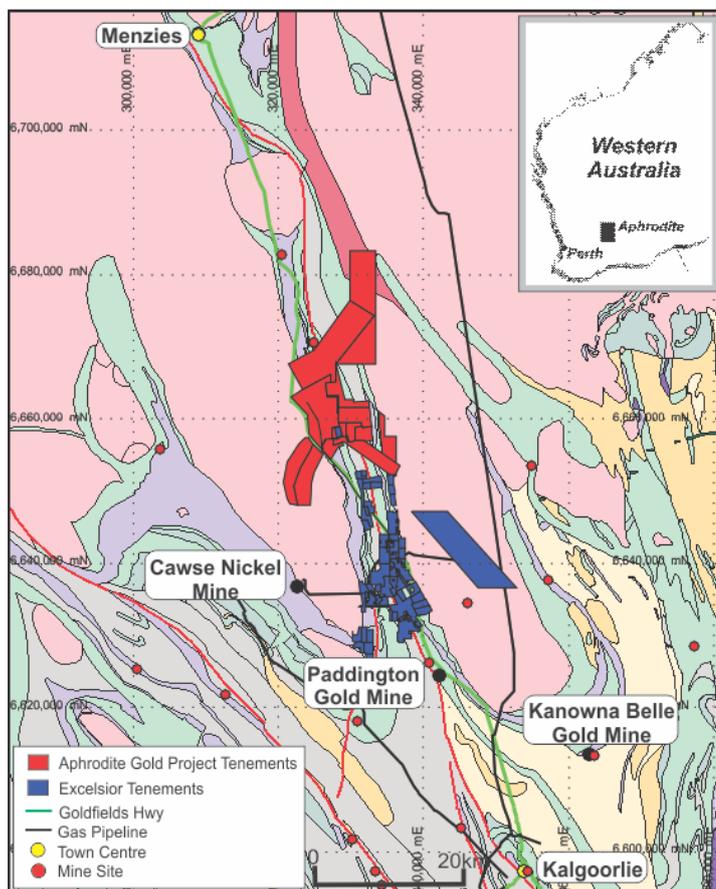
Figure 1: Current Spitfire project location map



Source: Spitfire

- ◆ The Company is currently in the process of merging with Excelsior Gold, with the main asset being the advanced 0.825Moz Kalgoorlie North Gold Project, on which Excelsior is currently drilling having completed a ~two year mining campaign from the Zoroastrian area in September 2017 which produced ~59,400oz through sales and toll treatment through Norton Goldfields' Paddington plant and the Lakewood processing plant in Kalgoorlie.
- ◆ Spitfire has also listed on the Frankfurt Stock Exchange (FSE: 4SF); this gives the company greater exposure to European investors and capital markets.

Figure 2: Spitfire (Aphrodite) and Excelsior tenements



Source: Spitfire

FINANCIAL POSITION

- ◆ As of March 31, 2018, Spitfire had cash of A\$4.662 million, with Excelsior holding A\$5.773 million in cash.
- ◆ Over the twelve months to March 31, 2018, Spitfire raised A\$5.3 million through the oversubscribed placement of 53.3 million shares at A\$0.10/share; over the same period Excelsior received A\$38.834 million from gold sales.
- ◆ Over the same period Spitfire spent A\$3.525 million on exploration and A\$1.385 million on staff and administration costs; Excelsior expended A\$26.289 million on production and development, A\$2.379 million on exploration and A\$2.781 million on administration and staff costs, with staff costs including those related to mining activities.
- ◆ Exploration for Excelsior picked up towards the end of the twelve months with the suspension of mining.

MERGER AND ACQUISITION DETAILS

- ◆ Spitfire's strategy of growing by acquisition has resulted in a number of transactions being completed, with these presented in detail below.
- ◆ These include:
 - The planned merger between Spitfire and Excelsior - announced on June 25, 2018, and expected to be finalised in September 2018,
 - The merger of Spitfire and Aphrodite Gold, completed in December 2017; and,
 - the acquisition of Admiral Gold, completed in June 2017.

Spitfire/Excelsior Gold Merger

- ◆ The planned friendly merger between Spitfire and Excelsior Gold, which is expected to be completed in September 2018, was announced to the market on June 25, 2018.
- ◆ The merger, through a Scheme of Arrangement, will involve Spitfire acquiring all shares through the issue of one Spitfire share for every 2.208 Excelsior shares - this will result in the issue of 380 million new Spitfire shares to the shareholders of Excelsior, with existing Spitfire shareholders and Excelsior shareholders each holding approximately 58%/42% respectively of the surviving Spitfire entity.
- ◆ As mentioned previously, Excelsior Gold's main asset is the 100% held North Kalgoorlie Gold Project.
- ◆ Three Spitfire Board members John Young, Neil Biddle and John Buttigieg will remain, with Excelsior Board members Rowan Johnston, David Hatch and Sam Randazzo joining the Spitfire Board.
- ◆ At the time of the announcement the Spitfire share price was A\$0.089/share, and that for Excelsior was A\$0.041/share.
- ◆ The pro-forma capital structure, using current share prices, is shown in Table 1.

Table 1: Pro-forma Spitfire/Excelsior merged entity capital structure

Table 1: Pro-forma Spitfire/Excelsior merged entity capital structure				
Parameter	SPI Current	EXG Current	MergeCo	Notes
Share Price	A\$0.085	A\$0.04	0.085	
Current shares on Issue (includes escrow shares)	531.068	835.62 m	909.52 m	378.45m new SPI shares issued at a conversion ratio of 1 new SPI share for 2.208 EXG shares
Vested Performance Rights Converted	0	3.33 m	1.51 m	EXG vested performance rights will be converted into ordinary shares prior to the merger, with these then being converted to SPI shares at the merger conversion ratio
Total Shares on Issue	531.07 m	838.95 m	911.03 m	
Unlisted Options	43.34 m	14.00 m	49.68 m	6.34 million new SPI options from the conversion of 14 million existing EXG options
Fully Diluted	574.41 m	856.28 m	962.21 m	
Market Capitalisation	A\$45.14 m	A\$29.36 m	A\$77.44 m	
Cash (31/3/18)	A\$4.66 m	A\$5.73 m	A\$10.40 m	
Enterprise Value	A\$40.48 m	A\$23.63 m	A\$67.04 m	

Source: Spitfire, IRESS, IIR analysis

Aphrodite Gold Merger

- ◆ The friendly merger between Spitfire and Aphrodite Gold was completed in December 2017, subsequent to our initiation report.
- ◆ The merger, through a Scheme of Arrangement, involved Spitfire acquiring all shares (except for the 74.13 million that it already owned) through the issue of one Spitfire share for every 2.9 Aphrodite shares - this resulted in the issue of 220.8 million new Spitfire shares to the shareholders of Aphrodite, with existing Spitfire shareholders and Aphrodite shareholders each holding approximately 50% each of the resulting Spitfire entity.
- ◆ Aphrodite Gold's main asset was the 100% held Aphrodite Gold Project.
- ◆ Two Spitfire Board members John Young and Neil Biddle remained on the Spitfire board, with Aphrodite Board members Peter Buttigieg and Roger Mitchell joining the Spitfire Board.
- ◆ At the time of the announcement the Spitfire share price was A\$0.13/share, and that for Aphrodite was A\$0.024/share, with the implied transaction value of A\$0.045/Aphrodite share representing a premium of 85% to the then share price.

Admiral Gold Acquisition

- ◆ The Admiral Gold acquisition was announced to the market on March 27, 2017, with completion announced on June 30, 2017.

- ◆ At the time of acquisition Admiral Gold's principals and major shareholders were John Young and Neil Biddle, with the major assets, as discussed earlier, being earn-in arrangements into the Mulwarrie and Alice River Gold Projects.
- ◆ The acquisition of Admiral included the following:
 - The issue of 59.5 million fully paid ordinary Spitfire shares to the shareholders of Admiral Gold, of which 49.5 million will be escrowed for 12 months,
 - The appointment of Messrs Young and Biddle to the Board of Spitfire, and,
 - Shareholder approval.
- ◆ Details of the asset earn-in agreements are given below.

Alice River Gold Project, NE Queensland

- ◆ Admiral has the right to earn up to an initial 51% interest in the tenements ("Stage 1 Interest") from the vendors Tinpitch Pty Ltd ("Tinpitch") by:
 - Expending a minimum of \$1,000,000 on exploration expenditure on or in relation to the tenements by 14th March 2018 ("Year 1 Expenditure Requirement"), including satisfying a minimum expenditure commitment of \$750,000;
 - Expending a minimum of \$5,000,000 on exploration of the tenements, which shall include any amounts spent in satisfying the Year 1 Expenditure Requirement by 14th March 2019; and
 - Completing a Scoping Study on the tenements.
- ◆ Subject to Admiral earning the Stage 1 Interest, Admiral has the right to earn up to an additional 24% interest in the tenements ("Stage 2 Interest") by undertaking additional expenditure on exploration of the tenements of not less than \$5,000,000 by 14th March 2021.
- ◆ Upon Admiral earning a 75% interest in the Alice River Gold Project, there are a number of elections available to Tinpitch with respect to its remaining 25% interest and, upon completion of a Bankable Feasibility Study, Admiral has a call option to acquire Tinpitch's remaining 25% interest. Subject to the acquisition of that remaining 25% interest, Admiral would then hold a 100% interest in the Alice River Gold Project.

Mulwarrie Gold Project, Western Australia

- ◆ Admiral initially entered into a binding term sheet with Goldfield Argonaut Pty Ltd in relation to the Mulwarrie Gold Project. Under the terms of the agreement, Admiral had the right to earn up to an initial 51% interest in the tenements ("Stage 1 interest") by:
 - Expending a minimum of \$200,000 on exploration of the tenements and completing a total of 2,000m of Reverse Circulation (RC) and/or Diamond Drilling (DD) on the tenements by 31st July 2017 ("Minimum Commitment", completed); and
 - Expending a minimum of \$1,000,000 on exploration of the tenements, which shall include any amounts spent in satisfying the Minimum Commitment, on or prior to the 31st January 2018.
- ◆ Subject to Admiral earning the Stage 1 Interest, the original agreement gave Admiral the right to earn up to an additional 19% interest in the tenements ("Stage 2 Interest") by undertaking additional expenditure on exploration of the tenements of not less than \$1,000,000, on or prior to the 31st January 2019.
- ◆ As announced to the market on May 24, 2018, Spitfire has signed a binding term sheet with the JV partners to acquire the remaining 51%, with the terms including:
 - The issue of 10 million SPI shares (which will be escrowed for 12 months); and,
 - The payment of A\$100,000 in cash.
- ◆ The shares will be issued under the Company's existing Listing Rule 7.1 placement capacity, so no shareholder meeting will be required to approve the issue.

Yoda and England Gold Prospects

- ◆ The completion of the acquisition of 100% of the Yoda Prospect (EL30834) in the Northern Territory was announced to the market on December 5, 2016, with the consideration being 3,000,000 fully paid ordinary shares in Spitfire.
- ◆ The completion of the acquisition of 100% of the England Gold Project (E38/2869) in Western Australia was announced to the market on October 27, 2016, with the consideration being 2,000,000 fully paid ordinary shares in Spitfire.

APHRODITE GOLD PROJECT - WESTERN AUSTRALIA

Location and Tenure

- ◆ Aphrodite, which includes five granted MLs, one granted EL, two granted Prospecting Licences ("PL"), three granted Miscellaneous Licences and two Miscellaneous Licence Applications is located approximately 65km north of Kalgoorlie adjacent to the sealed Goldfields Highway, in an area well served by infrastructure.
- ◆ The tenements, which cover an area of ~21.7km² are all in good standing; the MLs which cover the identified mineralisation have expiry dates of 2028 and 2030.

Exploration History

- ◆ The geochemical anomaly that would lead to the discovery of Aphrodite was first delineated in 1994/1995, with Aphrodite Gold having ownership since 2009 when it was the basis for the 2010 IPO of the Company.
- ◆ The discovery hole was drilled in 1996 by Goldfields Ltd, with subsequent drilling in 1996 and 1997 testing the saprolite zone for oxide mineralisation, with drilling in 1998 and 1999 discovering the Alpha and Phi Lodes respectively.
- ◆ Resource estimation drilling was carried out in 2000, with Centaur, under a JV with Goldfields, carrying out subsequent drilling.
- ◆ In 2001 Delta Gold reviewed the Project in view of the refractory mineralisation being potentially suitable feed for the Kanowna Belle plant, and subsequently entered into a JV with Goldfields (more recent work has identified that high arsenic levels at Aphrodite will probably preclude treatment at Kanowna Belle).
- ◆ Ownership transferred via takeovers to Placer Pacific and then Barrick Gold, with Apex acquiring the Project from Barrick in 2007.
- ◆ Apex announced that it planned to develop the Project and produce an ultra-high grade concentrate to truck to the Wiluna plant, however disposed of the asset to Aphrodite Gold in 2009.
- ◆ Aphrodite Gold has carried out significant work on the Project, including drilling, resource estimations and development studies.
- ◆ These studies include:
 - A 2012 Scoping Study including both the open cut and underground mineralisation, which used Tetra Tech and Mineral Engineering Technical Services ("METS") - this followed on from an underground Scoping Study completed in 2011, and,
 - A PFS for a proposed open cut operation only, released to the market on June 27, 2017, and incorporating an updated MRE (discussed later) - this followed on from a Scoping Study released in April 2016.
- ◆ Drilling (not including geochemical drilling but including exploration RC/DD drilling) on the Project area has included close to 1,000 holes for over 165,000m.
- ◆ Significant metallurgical testwork has also been undertaken as part of the studies.
- ◆ On July 10, 2017 Aphrodite Gold announced that it had signed a memorandum of understanding ("MoU") with Poseidon Nickel Ltd (ASX: POS, "Poseidon") to carry out due diligence on processing open pit mineralisation at Poseidon's Black Swan plant, which is currently under care and maintenance, to produce a high grade gold concentrate for sale to third parties.
- ◆ The MoU, which is still current, would enable a relatively rapid, low capex start-up, and would involve Aphrodite Gold and Poseidon forming a 50:50 JV.

Work by Spitfire

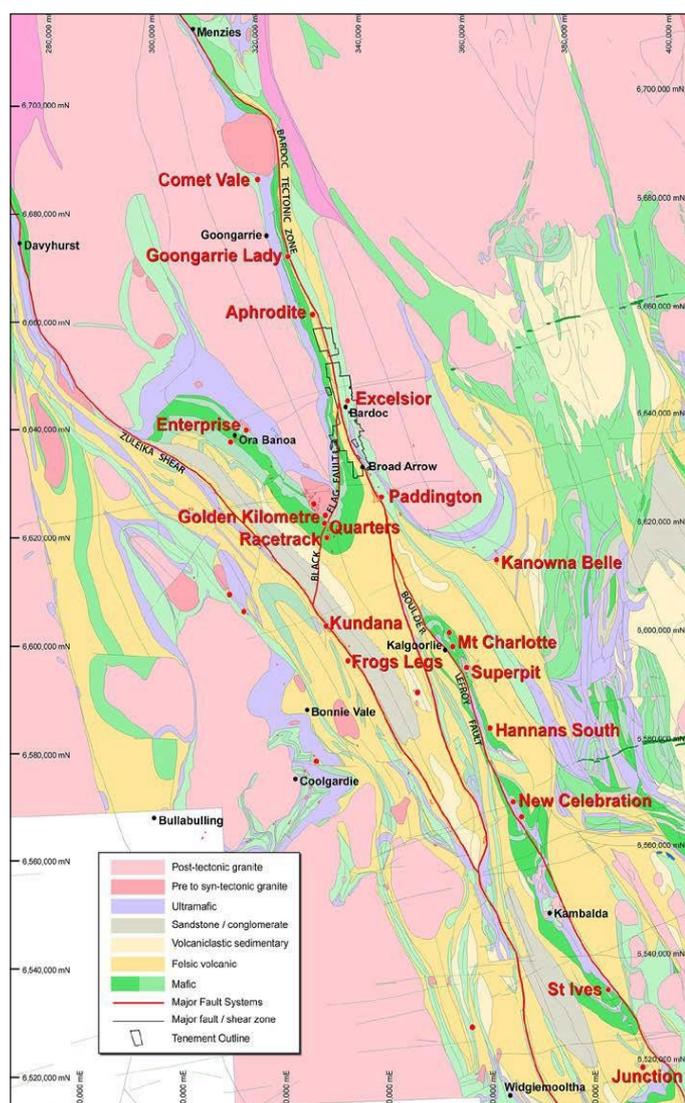
- ◆ Since the completion of the merger between Spitfire and Aphrodite (and subsequent to our initiation note) Spitfire has carried out significant work on the Project, including:
 - Relogging of all drillholes, which has been used in a re-interpretation of the mineralisation,
 - A 6,150m 13 hole RC/DD drilling programme, which included 4959.6m of diamond core drilling and 1,189.8m of RC/mud rotary precollars - a second, 12 hole, ~6,000m programme is currently underway at Aphrodite.
 - An updated pit optimisation and design, which includes an ongoing review of the pit geotechnical parameters and geology,

- An ongoing combined open pit/underground mining study,
 - Ore sorting and ore processing options studies - these are ongoing, and are targeted at lowering opex and capex and increasing gold recoveries for any future operation; and,
 - Calculation of an Exploration Target of between 3.9Mt and 4.7Mt at a grade of between 4g/t Au and 6g/t Au (Table 3) - this is in addition to the 2017 MRE which was restated by Spitfire (Table 2).
- ◆ Results of the completed drilling are significant, in that it has intersected both main lodes, Alpha and Phi, outside of the resource envelope and validated the Exploration Target - key intersections are shown in Figures 5 and 6, with selected results listed below:
- 12m @ 11.5g/t Au from 377m in 18APD003 (Alpha Lode),
 - 22m @ 6.3g/t Au from 391m in 18APD006, including 10m @ 11g/t Au; and,
 - 3m @ 7.9g/t Au from 413.63m in 18APD011 (Phi Lode).

Geology, Mineralisation and Resources

- ◆ The Project is located within the Norseman-Wiluna Greenstone Belt of the Eastern Goldfields Province of the Archaean Yilgarn Craton, and is within the Bardoc Tectonic Zone ("BTZ"), a crustal scale, NNW trending 80km long and up to 12km wide zone of intensively sheared greenstones within a syncline, flanked to the east and west by pre-and syn-tectonic granites that form antiformal domes (Figure 3).
- ◆ It is estimated that gold deposits within the BTZ have produced over 3Moz of gold; significant deposits include Paddington at the southern end of the BTZ, located some 40km south of Aphrodite (Figure 3).

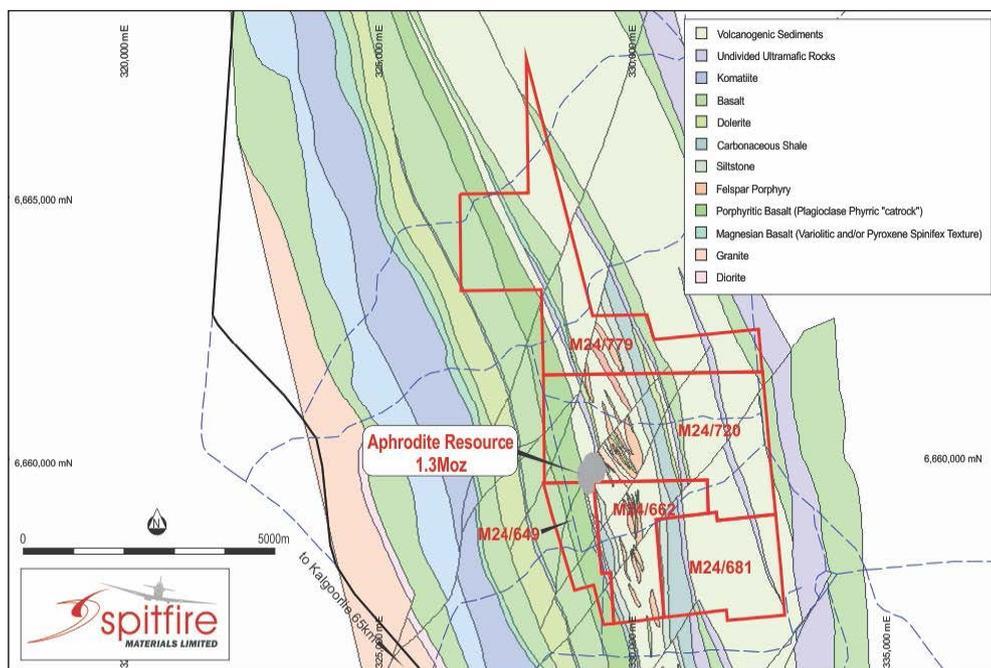
Figure 3: Regional geology and deposits



Source: Excelsior

- ◆ The local geology (Figure 4) includes a sequence of intercalated mafic to felsic volcanics with some carbonaceous shale interbeds, and some mafic to felsic intrusives - units are steeply dipping within the NNW trending syncline, and have been metamorphosed to greenschist facies.

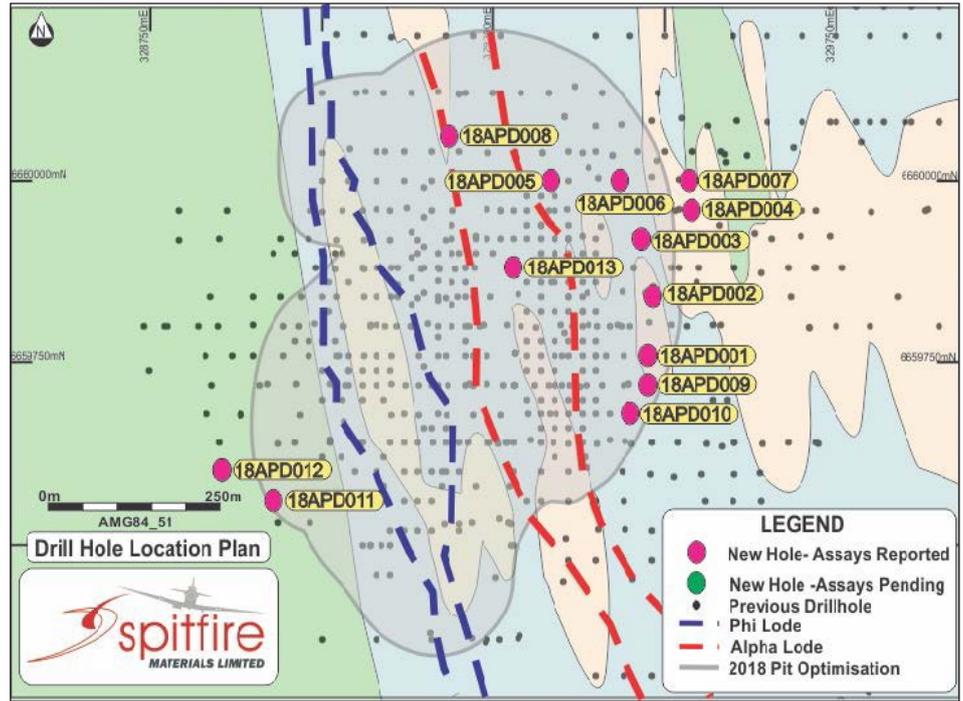
Figure 4: Aphrodite geology and tenements



Source: Spitfire

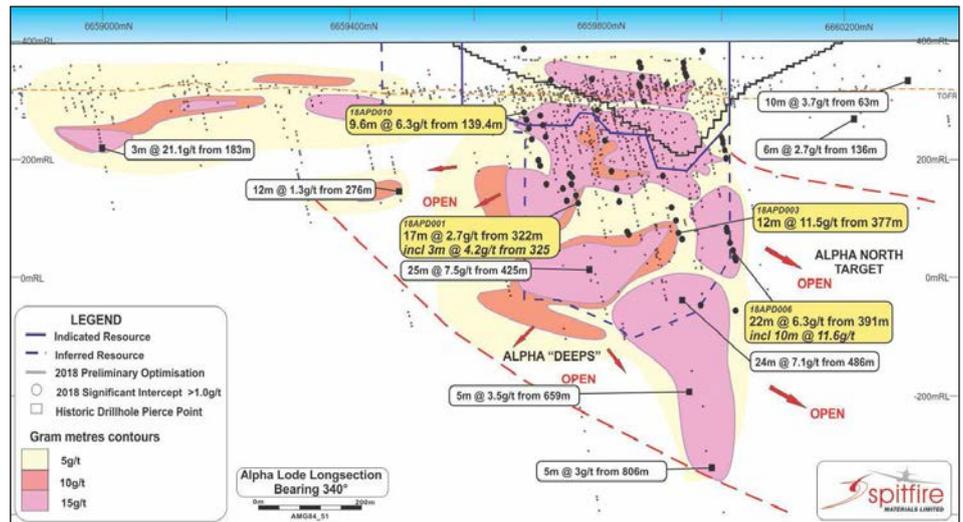
- ◆ The structural geology is dominated by two north-south trending structures, the Alpha and Phi Structures, which host the recognised mineralisation.
- ◆ The main mineralisation takes the form of two moderately north plunging lodes (Alpha and Phi, Figure 5), with internal higher grade shoots which can be interpreted in a number of ways - a third lode, Omega, is less well defined.
- ◆ The Alpha lode (Figure 6) strikes at 350° and extends along strike for several hundred metres; the width ranges from five metres in porphyry to ~20m in sediments, with the deepest drilling intersection at 650m and the lode still open down plunge to the north.
- ◆ Resources have been estimated to a maximum of 500m below surface, however are relatively poorly defined below 400m depth.
- ◆ The Phi Lode (Figure 7) is located some 200m west of Alpha, and has a similar orientation, with widths of up to 30m and has been intersected to ~370m below surface, with estimations carried to 400m below surface, below which it is still open.
- ◆ The lode, which is interpreted as comprising a number of sub-parallel higher grade zones up to 6m in width is hosted in sheared black shale bounded to both the east and west by porphyry units.
- ◆ The third lode, Omega (Figure 8), is located some 40m west of Phi, has a similar orientation and is some 2m wide, hosted in a sliver of sheared black shale bounded by igneous units - it has been intersected to a depth of 200m below surface.
- ◆ High grade mineralisation, which is refractory, is hosted in quartz-pyrite-arsenopyrite veins and breccias, and is associated with pervasive sericite-pyrite-arsenopyrite-accessory minerals alteration.
- ◆ The higher grade mineralisation is surrounded by broader zones of lower grade (+1g/t) material, with the controls on the higher grade mineralisation not yet fully understood, however recent work by Spitfire has made significant advances in understanding the system.

Figure 5: Aphrodite lodes, drilling and optimised pit



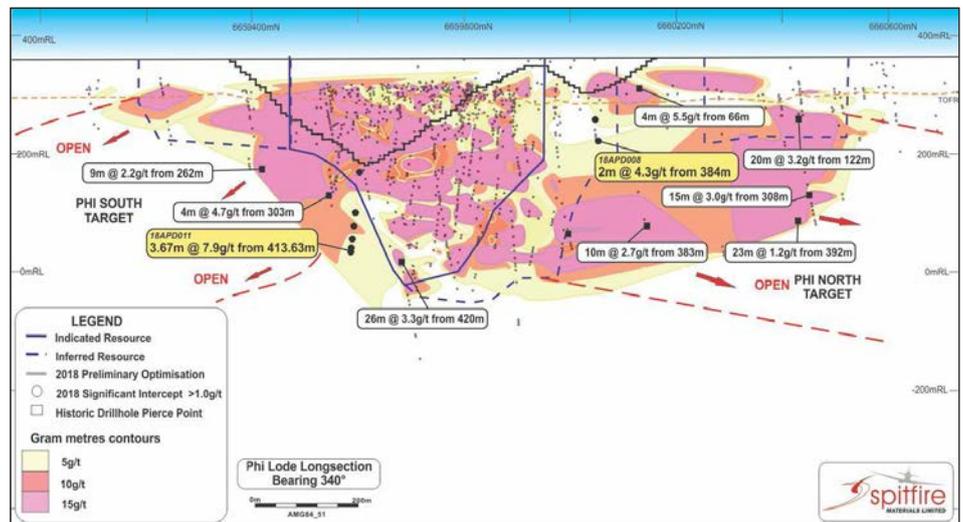
Source: Spitfire

Figure 6: Alpha lode long section, showing 2018 drilling (yellow callouts), resource outline and optimised pit

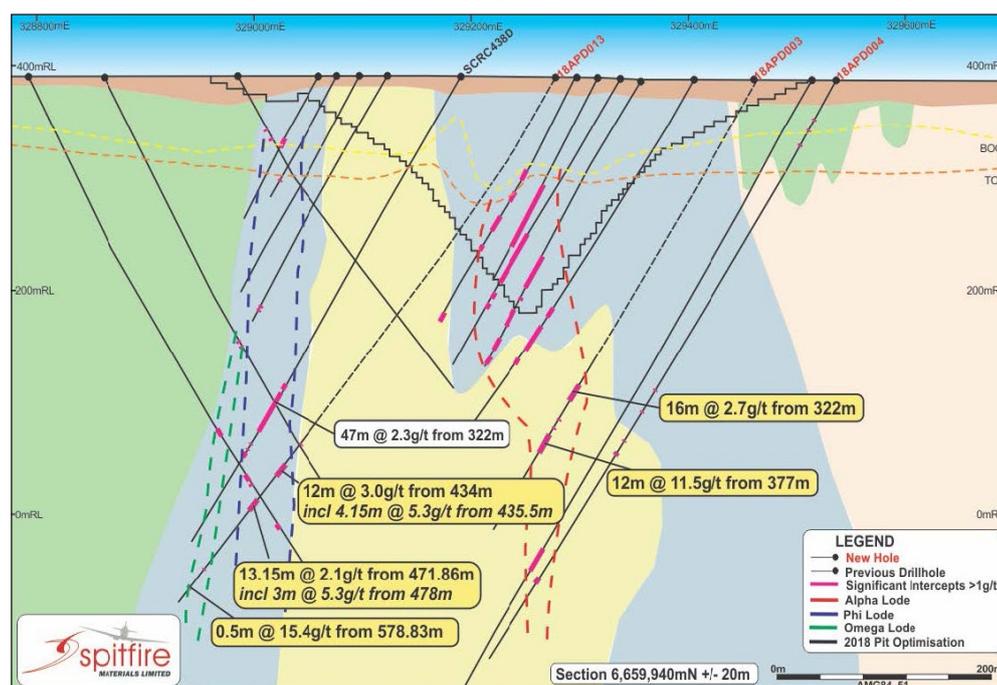


Source: Spitfire

Figure 7: Phi lode long section, showing 2018 drilling (yellow callouts), resource outline and optimised pit



Source: Spitfire

Figure 8: Aphrodite cross section, showing lodes, drilling and optimised pit


Source: Spitfire

- ◆ As part of a PFS for an open pit completed in 2017 the MRE was updated from the previous one completed in 2013, and is shown in Table 2; this has subsequently been restated by Spitfire.
- ◆ This followed on from infill drilling, which led to a better understanding of, and a re-interpretation of the high grade mineralisation, and returned significantly higher grades than the previous interpretation, using the same cutoffs.
- ◆ Total resources for the earlier estimation were 28.74Mt @ 1.52g/t Au (1.396Moz), including 25.43Mt @ 1.11g/t Au open cut and 3.310Mt @ 4.55g/t Au underground material.
- ◆ An earlier MRE was completed in 2011, and returned open cut resources of 7.06Mt @ 1.84g/t Au (419,700oz) and 3.00Mt @ 6.35g/t Au (613,200oz) - this estimate was used in earlier development studies (discussed later).
- ◆ This increase in grade for underground mineralisation is significant, and further highlights the potential of the project.

Table 2: Aphrodite JORC-2012 compliant MRE

	Indicated			Inferred			Indicated + Inferred		
	Tonnes	Gold		Tonnes	Gold		Tonnes	Gold	
Domain	(t)	(g/t)	(oz)	(t)	(g/t)	(oz)	(t)	(g/t)	(oz)
OP (0.5g/t cut-off)	6,213,875	2.06	411,002	3,956,171	1.47	187,199	10,170,045	1.83	598,201
UG (3.0g/t cut-off)	1,556,158	6.6	330,362	1,380,599	7.49	332,303	2,936,758	7	662,665
TOTAL	7,770,033	2.97	741,364	5,336,770	3.03	519,502	13,106,803	2.99	1,260,866

Source: Spitfire

- ◆ As mentioned earlier Spitfire has also calculated an Exploration Target for Aphrodite, as presented in Table 3 - this is in addition to the Mineral Resources.

Table 3: Aphrodite Exploration Target

Exploration Target	Tonnes (M)		Gold (g/t)	
	From	To	From	To
Alpha North	550,000	700,000	5	7
Phi North	1,600,000	1,900,000	3.5	5.5
Phi South	1,750,000	2,100,000	3.5	5.5
Combined Total	3,900,000	4,700,000	4	6

Source: Spitfire

Metallurgy

- ◆ Significant metallurgy has been completed on Aphrodite, with oxide mineralisation being free milling and suitable for gravity/CIL recovery and fresh sulphide mineralisation being refractory, and requiring pre-oxidation prior to the CIL treatment.
- ◆ Studies completed prior to the SPI/AQQ merger used pressure oxidation (“POx”) as the preferred route, with results of this test work shown in Table 4 - these results were used in the 2017 PFS; Spitfire is currently undertaking further test work, including ore sorting amongst others.

Table 4: Aphrodite metallurgical recoveries

Aphrodite metallurgical recoveries						
Material	Gravity/CIL - A\$38/tonne			Gravity/Pox/CIL - A\$53/tonne		
	Alpha	Phi	Other	Alpha	Phi	Other
Alluvial	93.00%	93.00%	93.00%	N/A	N/A	N/A
Oxide	93.00%	93.00%	93.00%	N/A	N/A	N/A
Transitional (North 620)	68.00%	88.00%	90.00%	87.00%	83.00%	90.00%
Transitional (South 620)	30.30%	88.00%	90.00%	87.00%	83.00%	90.00%
Lower Transition	24.00%	43.00%	45.00%	92.00%	92.00%	45.00%
Fresh	30.00%	30.00%	30.00%	92.00%	92.00%	30.00%

Source: Spitfire

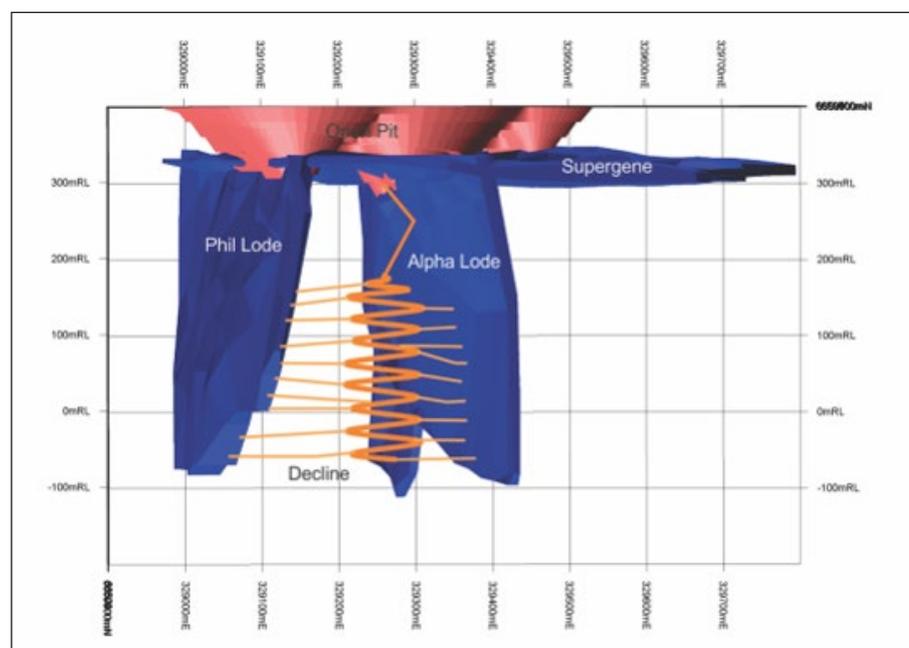
Development Studies

- ◆ As mentioned earlier Aphrodite Gold released four development studies for Aphrodite; a combined open cut and underground Scoping Study in 2012 (which followed on from an underground Scoping Study in 2011) and an open cut only Scoping Study in 2016 followed by a PFS in 2017 - we will discuss the 2012 and 2017 reports only.

2012 Scoping Study

- ◆ This study envisaged concurrent open cut operations (mining some 207,000oz of gold from 2.8Mt of ore from two intersecting pits at a strip ratio of 12:1), and underground mining of 2.3Mt @ 5.5g/t Au for 403,000oz, with total gold production of 550,000oz allowing for 90% metallurgical recovery.
- ◆ The estimated mine life was eight years (with an additional year for construction and pre-stripping), with maximum production of 84,000oz per year from years 2 to 6, when both the open pit and underground are at full production.
- ◆ The planned portal was 75m below the surface, at the saddle between the two pits (Figure 9), with a single decline servicing both lodes through crosscuts at 25m levels.

Figure 9: 2012 Scoping Study mining schematic



Source: Aphrodite Gold

- ◆ The proposed mining method was longitudinal up-hole retreat stoping, with mined material being recovered by load-haul-dump (“LHD”), and trucked to the surface.
- ◆ The estimated capital cost, including pre-stripping and underground sustained capex was A\$244 million, with cash costs of ~A\$760/ounce, or \$A83/ROM tonne - this used individual costs of A\$27/tonne treatment (including POx), A\$26/ROM tonne open cut mining (A\$2/tonne moved) and A\$78/tonne for underground mining.
- ◆ The capital costs may now be considered high, given the mining boom at the time - capital costs have significantly decreased since that time.
- ◆ Using a gold price of US\$1650/oz this resulted in an NPV₈ of A\$129 million - at the time the Australian and US currencies were at close to parity.

2017 PFS

- ◆ As mentioned earlier, this was based on the upgraded MRE and metallurgical testwork (Tables 2 and 4), and considered open cut mining only.
- ◆ This investigated two processing cases - firstly gravity/CIL and secondly the use of POx - results and inputs from the two scenarios are presented in Table 5.
- ◆ The final pit design was completed on the 2nd case, and envisaged a three year, 1mtpa operation.
- ◆ Power was costed on the basis of using grid power (A\$0.34/kWh) with an on site 3rd party Build-Own-Operate (“BOO”) power station option being assessed at the time of the release of the study.
- ◆ The open cut alone will not carry plant capex, however as mentioned earlier Aphrodite Gold is investigating opportunities for third party treatment as well as planning on extending the study to potential underground operations.

Table 5: 2017 PFS parameters and outcomes

2017 PFS parameters and outcomes			
Parameter	Units	Scenario 1- CIL	Scenario 2 POX
Processing Cost	A\$M	21.47	160.81
Mining Cost	A\$M	22.43	73.3
Mineralised Material	tonnes	447,000	2.7M
Avg Grade	g/t	2.6	2.2
Contained Metal	oz.	38,000	187,000
Recovery	%	90%	90%
Recovered Metal	oz.	34,200	168,300
Waste	tonnes	12.1M	30.1M
Stripping Ratio	waste/ore	27.1	11.1
Processing Cost	\$/t ore	38.26	53.07
Mining Cost	\$/t ore	50.15	27.09
Mining Cost	\$/t rock	1.79	2.23
Total Cost	A\$/t ore	104.09	91.55
Total Cost	A\$/ounce	1245	1294
Gold Price	A\$/Ounce	1600	1600
Margin/Ounce	A\$/ounce	355	306
Operating Free Cashflow	A\$M	12.13	51.45
Plant Capex (inc indirects)	A\$M	80.9	123.04

Source: AQQ, IIR analysis

Infrastructure

- ◆ Aphrodite is well served by infrastructure, being within 5km of the Goldfields Highway, Leonora-Kalgoorlie-Esperance railway and the Goldfields Gas Pipeline.
- ◆ Also, being located only 65km from Kalgoorlie will preclude the requirements for a FIFO workforce, thus significantly cutting costs with ready access to a resident skilled workforce and mining service providers.

Water

- ◆ Water sources are currently being investigated - no large processing or potable water source has yet been identified.
- ◆ Although there are three main drainage channels in the area, it is unlikely that these would cause pit flooding after heavy rains.

Environmental Studies

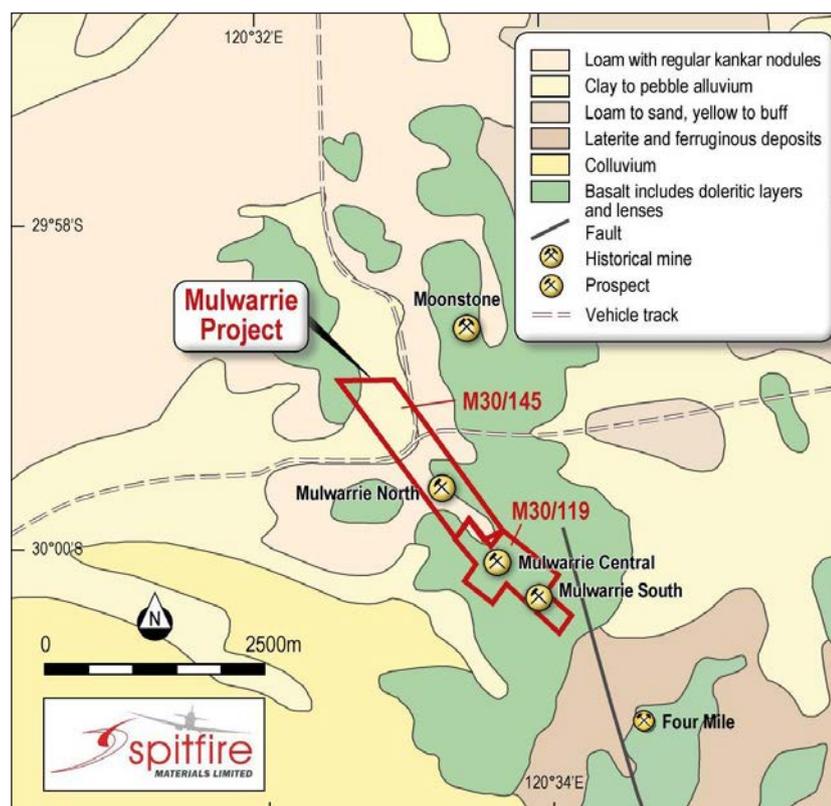
- ◆ Aphrodite Gold completed a number of the required baseline environmental studies, including Fauna (which includes mallee fowl assessment), Short Range Endemic Species Habitat Assessment, Flora and Vegetation, Subterranean Fauna, Soil and Heritage.
- ◆ These have not identified any potential “show stoppers”, and are at a stage and standard where the process of obtaining regulatory approvals can begin.

MULWARRIE GOLD PROJECT, WESTERN AUSTRALIA

Location and Tenure

- ◆ Mulwarrie includes two granted contiguous ML's, located 10km from the Davyhurst Mining Centre and readily accessible from either Kalgoorlie or Coolgardie by ~150km of sealed highway and formed dirt roads (Figure 10).
- ◆ Both tenements, which cover a total of 179.67ha are in good standing, with expiry dates in 2028.

Figure 10: Mulwarrie tenements and geology



Source: Spitfire

Exploration and Mining History

- ◆ Mulwarrie has seen significant historic drilling from 1983 to 1998, with Admiral Gold compiling a database 453 drillholes, including rotary air blast (“RAB”) and reverse circulation (“RC”).
- ◆ Previous explorers include Pancontinental Mining and Consolidated Mining N.L., with Pancontinental defining reserves of 83,000t @ 4.17g/t Au - the Central West Pit was subsequently mined by Callion Mining Pty Ltd, with 3,037oz of gold reportedly being produced from 24,344 tonnes of oxide ore at a grade of 3.88g/t Au.
- ◆ Historical underground production from the broader Mulwarrie area is reportedly 26,344 oz of gold from 19,728 tonnes at an average grade of 41.5g/t Au.

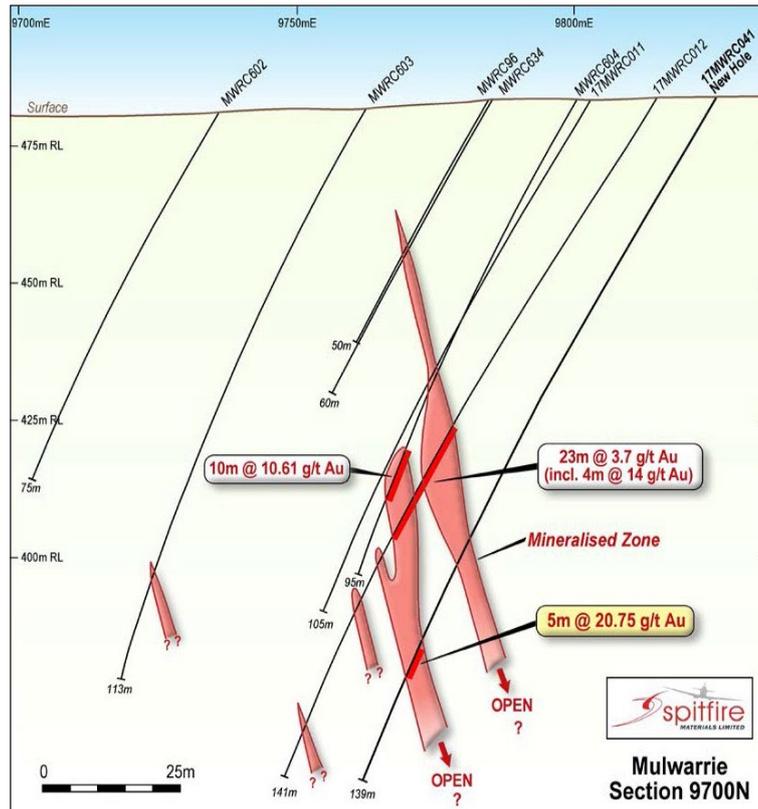
Work by Spitfire

- ◆ Work by Spitfire has included three RC/diamond drilling programmes for 9,311.5m; this included an initial programme of 3,014.6m in 27 holes (26 RC, one diamond) completed in the June 2017 quarter, 2,780m from 23 RC holes completed in the September 2017 quarter and 27 RC holes for 3,517m completed in the December 2017 quarter.
- ◆ The third programme was undertaken subsequent to our October 2017 report, and like the previous programmes continued to return some spectacular intersections, and highlights the potential of the mineralisation at Mulwarrie Central and Mulwarrie South (Figures 11 to 16).
- ◆ Selected higher grade intersections include:
 - 23m @ 7.27 g/t Au from 53m in 17MWDD001 (South Lode),
 - 30m @ 16.87 g/t Au from 56m in 17MWRC008, including 4m @ 118 g/t Au from 73m (Central Lode),
 - 7m @ 19.96 g/t Au from 53m and 12m @ 2.65g/t Au from 65m in 17MWRC010 (East Lode),
 - 9m @ 4.13g/t Au from 137m in 17MWRC014 (East Lode),
 - 7m @ 22.66 g/t Au from 97m in 17MWRC019 including 1m @ 133 g/t Au from 97m, and 5m @ 2.39 g/t Au from 121m (South Lode)
 - 5m @ 20.75g/t Au from 114, including 2m @ 48.25g/t Au in 17MWRC041 (East Lode),
 - 9m @ 3.12 g/t Au from 101m; including 2m @ 9.29 g/t Au from 102m, and 12m @ 14.66 g/t Au from 123m; including 4m @ 36.97g/t Au from 127m in MWRC097 (South Lode),
 - 4m @ 15.63 g/t Au from 142m; including 1m @ 53.6 g/t Au from 143m, and 8m @ 14.94 g/t Au from 176m; including 5m @ 22.27g/t Au from 177m in MWRC108 (South Lode).
- ◆ In addition a number of other intersections with grades of >1 g/t Au resulted from the drilling, and confirmed the down plunge/along strike potential, with the drilling extending the known mineralisation; in addition it has identified hanging wall zones at Mulwarrie South and the East Lode at Mulwarrie Central.
- ◆ True widths of mineralisation are estimated at between 50% and 70% of the downhole intersections listed above.
- ◆ The drilling included two holes at Mulwarrie North, with intersections including 2m @ 19.46 g/t Au from 83m in hole MWRC085 - this is below the level of the historical workings which reportedly produced at a grade of 2.99ozpt (93g/t) from narrow quartz lodes.

Geology and Mineralisation

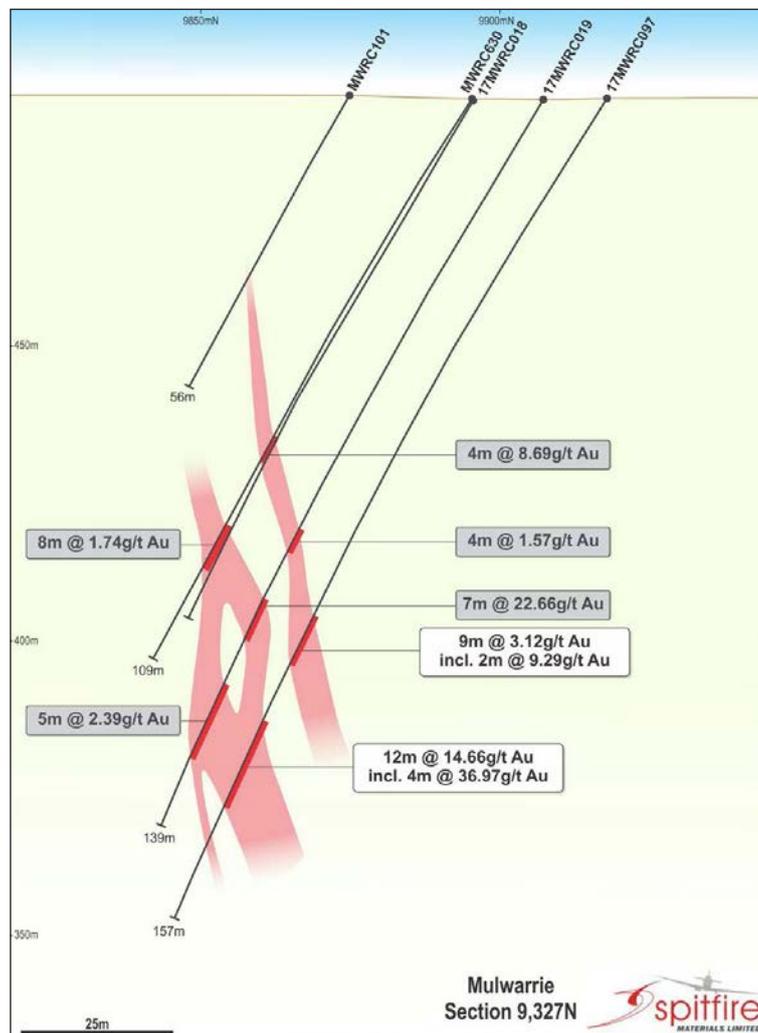
- ◆ Mineralisation at Mulwarrie is hosted in steeply dipping intercalated metabasalts and metadolerites within a ~10km wide, northwest trending greenstone belt (Figures 11 and 13), that is interpreted as being the northwest extension of the Coolgardie Line; greenstones are Archaean in age and part of the Eastern Goldfields of the Pilbara Craton.
- ◆ The greenstones have been metamorphosed to amphibolite grade, higher than the greenschist facies commonly encountered in the Yilgarn greenstones.
- ◆ Mineralisation, which has been identified over a strike length of at least 4km is hosted in steeply to shallowly dipping, southeast plunging structurally and stratigraphically controlled quartz reefs and biotite bearing selvages (Figures 12 and 14), with alteration haloes including biotite, diopside, epidote and carbonate, also with strong pyrrhotite and pyrite - minor sulphides include chalcopyrite, sphalerite and galena.
- ◆ Stratigraphic controls have been interpreted as contacts between felsic and mafic units, with structural controls largely shearing along contacts between mafic and ultramafic units - stratigraphic mineralisation is largely comprised of the quartz lodes, with the structural mineralisation largely lacking in quartz, and comprising sulphidic lodes.
- ◆ Individual shoots have an average thickness of ~5m to 10m and heights of up to 50m (with high grade zones being more constrained); drilling has tested these to ~150m below surface (which equates to a strike length of up to 200m to 300m), with all open down plunge to the southeast, and in some cases vertically down dip (Figures 12, 14, 15 and 16).
- ◆ Drilling has returned intersections of up to over 40g/t Au, however is, as expected in this style of mineralisation, quite nuggetty and lode morphology is quite complex, with higher grade zones within broader zones of lower grade mineralisation.

Figure 15: Mulwarrie Central cross section 9700N



Source: Spitfire

Figure 16: Mulwarrie South cross section 9327N



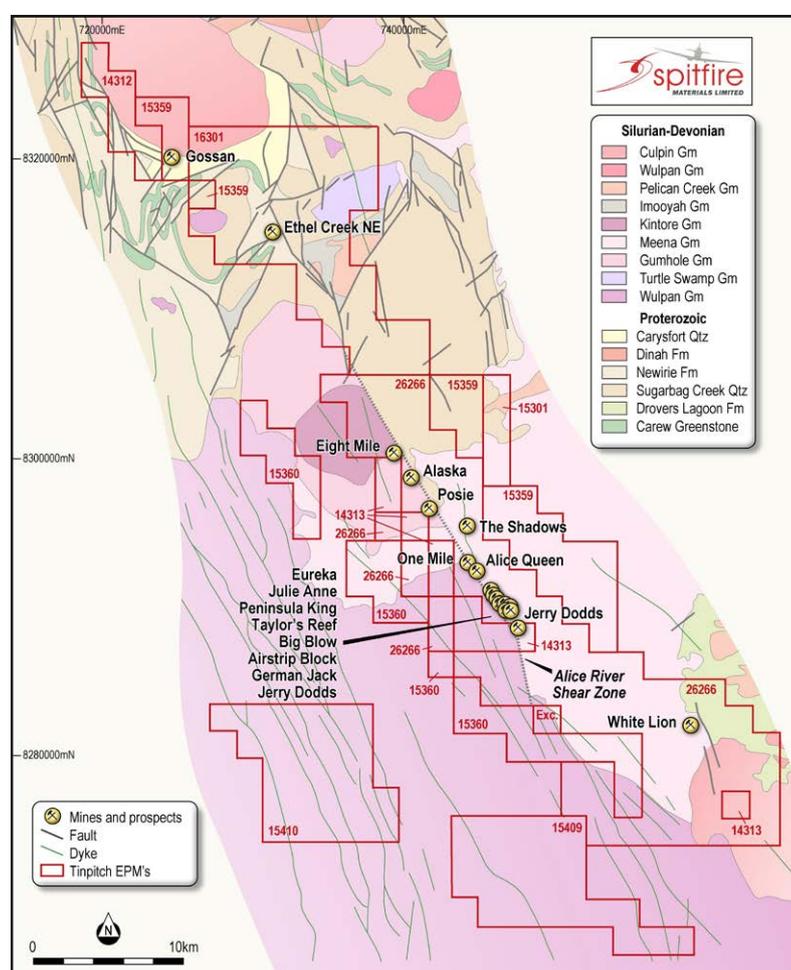
Source: Spitfire

ALICE RIVER GOLD PROJECT, NORTHEAST QUEENSLAND

Location and Tenure

- ◆ Alice River is located approximately 460km by road via Laura northwest of Cairns - this includes ~340km on all weather sealed and formed gravel roads and 120km on station tracks that may have restricted access during the wet season.
- ◆ The Project comprises eight granted Exploration Permit Minerals ("EPM") for 245 sub-blocks (~810km²), of which seven (164 sub-blocks) are currently being renewed and eight current Mining Leases ("ML") totalling 58ha - the MLs, of which five are current and three being renewed are located over the identified mineralisation - the EPM not under renewal is the recently granted EPM26266 which covers the central 15km strike of the Alice River Shear Zone ("ARSZ"), and is contiguous over the MLs (Figure 17).
- ◆ Approval of the renewals will require relinquishment of a proportion of the affected EPMs, with 100 blocks within RA404 expected to be dropped.
- ◆ The western edge of the Project impinges on Restricted Area RA404 (proposed National/Regional Park), however given that the EPMs predate gazettement of the Restricted Area activities are not affected, and upgrading of the EPMs would be possible if required - no new EPMs however can be pegged in the Restricted Area.

Figure 17: Alice River tenements and geology



Source: Spitfire

Exploration and Mining History

- ◆ Gold was first discovered at the Alice River Gold Field in 1903, with intermittent production continuing up to 1917 reportedly producing ~93.3kg (3,000oz) of gold.
- ◆ Exploration work recommenced in the 1970's, with this continuing up until 1998, and was carried out by a number of parties including Anaconda (Australia) and Cyprus Gold Australia amongst others.
- ◆ Work completed included geochemical, geophysical (IP, VLF-EM) and geological surveying, costeaning and drilling (RAB, airtrack and RC) - drilling has included at least 469 holes for 18,294.7m (as included in the Spitfire database).

- ◆ As mentioned earlier, the drilling is generally shallow, with an average hole depth of 39m and maximum length of 196m.
- ◆ Beckstar produced some 2,745oz of gold from 36,000t at Alice Queen from 1999 to 2001, with production ceasing due to a number of factors including a low gold price.
- ◆ The Project was acquired by Tinpitch in 2001, with Alice River Gold Pty Ltd acquiring it in 2013 - the period since 2001 has seen little meaningful work.

Work by Spitfire

- ◆ Initial work by Admiral/Spitfire included site visits, data validation, data compilation and geological interpretations; this has led to the definition of an Exploration Target as discussed below; this has been followed by aeromagnetics and an initial drilling programme.

Aeromagnetics

- ◆ The Company completed a detailed aeromagnetics survey (Figure 12) to further define structure and alteration zones for geological interpretations and targeting areas for ground follow-up.
- ◆ 3D modelling of one magnetic anomaly, White Lion, located 15km to the SE of Alice Queen has identified a 1.5km wide circular “donut” anomaly that is coincident with surface rock chip and shallow airtrack drilling gold geochemistry from a 300m long brecciated vein zone.
- ◆ The Company is of the view that this could represent a Mt Leyshon style target, with the size of the magnetics anomaly similar to the size of the breccia pipe at the ~3.5Moz Mt Leyshon deposit; the magnetic anomaly extends at from ~100m depth to >500m.

Drilling

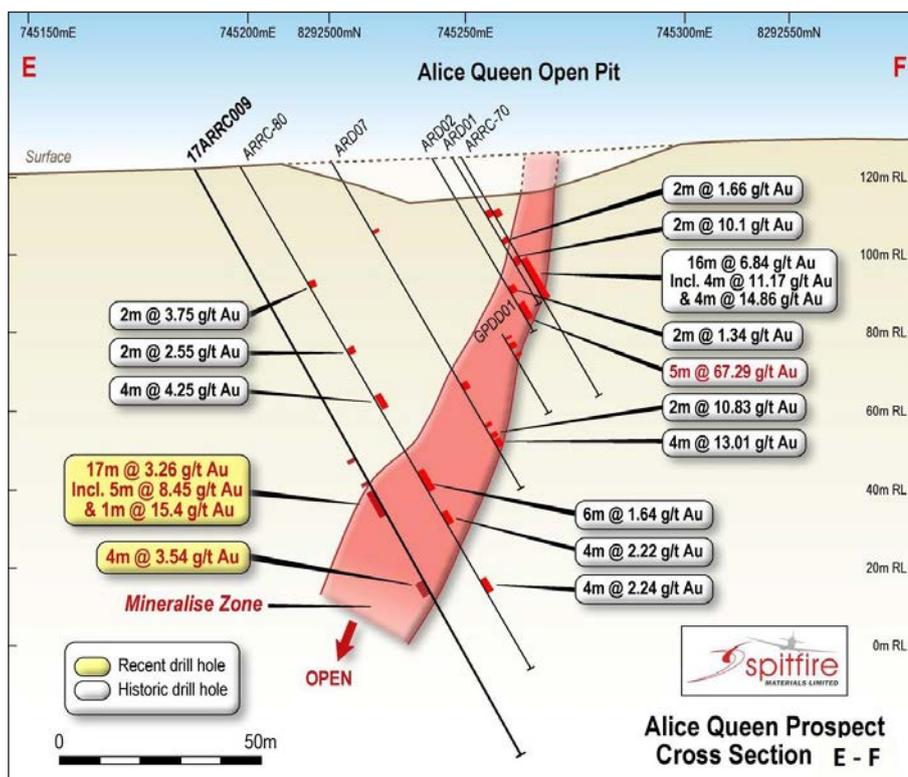
- ◆ In the December quarter, 2017, the Company completed a 14 hole, 2,397m RC drilling programme to confirm historical drilling and the Exploration Target model over the Alice Queen-One Mile mining centre.
- ◆ This drilling returned very encouraging results, intersecting primary gold mineralisation both along strike from and down dip of the historical mining areas.
- ◆ Better results from Alice Queen include:
 - 14m @ 5.47 g/t Au from 71m in 17ARRC007, including 5m @ 12.85g/t Au (Alice Queen); and,
 - 17m @ 3.26 g/t Au from 89m in 17ARRC009, including 5m @ 8.45 g/t Au from 73m (Alice Queen).
- ◆ A number of other intersections with grades of >0.5g/t Au resulted from this work, and a representative section is shown in Figure 17.
- ◆ Other ongoing work includes negotiating an access agreement over EPM26266 with the Olkola Corporation, the Traditional Owners of the area.

Geology and Mineralisation

- ◆ The regional geology is dominated by metamorphosed Mesoproterozoic sediments of the Holroyd and Edward River Metamorphic Groups (part of the Coen Inlier) that have been intruded by Siluro-Devonian granitoids of the Pama Igneous Province.
- ◆ Pre-cursor sediments are largely basin fill clastics, including sandstones, siltstones and mudstones that have undergone regional metamorphism up to amphibolite grade.
- ◆ Regionally the metamorphics have been tightly folded with strikes ranging from NNW to north, with localised doming around the younger intrusives.
- ◆ Gold mineralisation at Alice River is hosted at a number of prospects within the ARSZ, a 50km to 60km long northwest trending zone; the shearing is largely within the Imooya Granite of the Siluro-Devonian Kintore Supersuite.
- ◆ Gold is generally hosted in northwest trending, steeply dipping quartz veins and minor quartz breccias up to 10m wide, with individual mineralised pods having a strike length of 50m to 150m; preliminary interpretations indicate possibly shallow pitches to the higher grade shoots - a section through Alice Queen is presented in Figure 18.
- ◆ All mineralisation intersected to date is open down plunge and/or at depth, and there is the potential for en-echelon repeats - the majority of drill intersections are shallower than 50m, also with only limited holes deeper than 50m.
- ◆ Alteration minerals include quartz-sericite-epidote, with alteration selvages generally being narrow, however at Peninsula King alteration extends for up to 50m to 70m from the mineralised veins.

- ◆ Minor sulphides, including pyrite, arsenopyrite and stibnite occur as laminations within the quartz veins and disseminated within the breccias, with gold occurring as free grains within the quartz or interstitially within arsenopyrite and stibnite.
- ◆ Mineralisation shows affinities to two styles - the recently recognised intrusion-related gold systems ("IRGS") and orogenic gold, both of which have examples related to the Siluro-Devonian intrusives in North Queensland.

Figure 18: Alice Queen cross section



Source: Spitfire

- ◆ In Queensland IRGS systems are represented by the 3.5 Moz Ravenswood goldfield, in which operations were originally focussed from the late 1800's on narrow shear hosted veins, with the bulk tonnage potential (e.g. Sarsfield) not being recognised until the 1990's; other interpreted IRGS systems include Kidston (4.1Moz).
- ◆ Globally, IRGS systems include those in the Tintina Gold Belt of Alaska and the Yukon, which hosts a number of multi-million ounce deposits.
- ◆ The Charters Towers goldfield, located west of Townsville is recognised as an orogenic system, and comprises over 100 individual deposits with a gold endowment of over 6Moz.
- ◆ Further research work is required to confirm the mineralisation style at Alice River.

Exploration Target

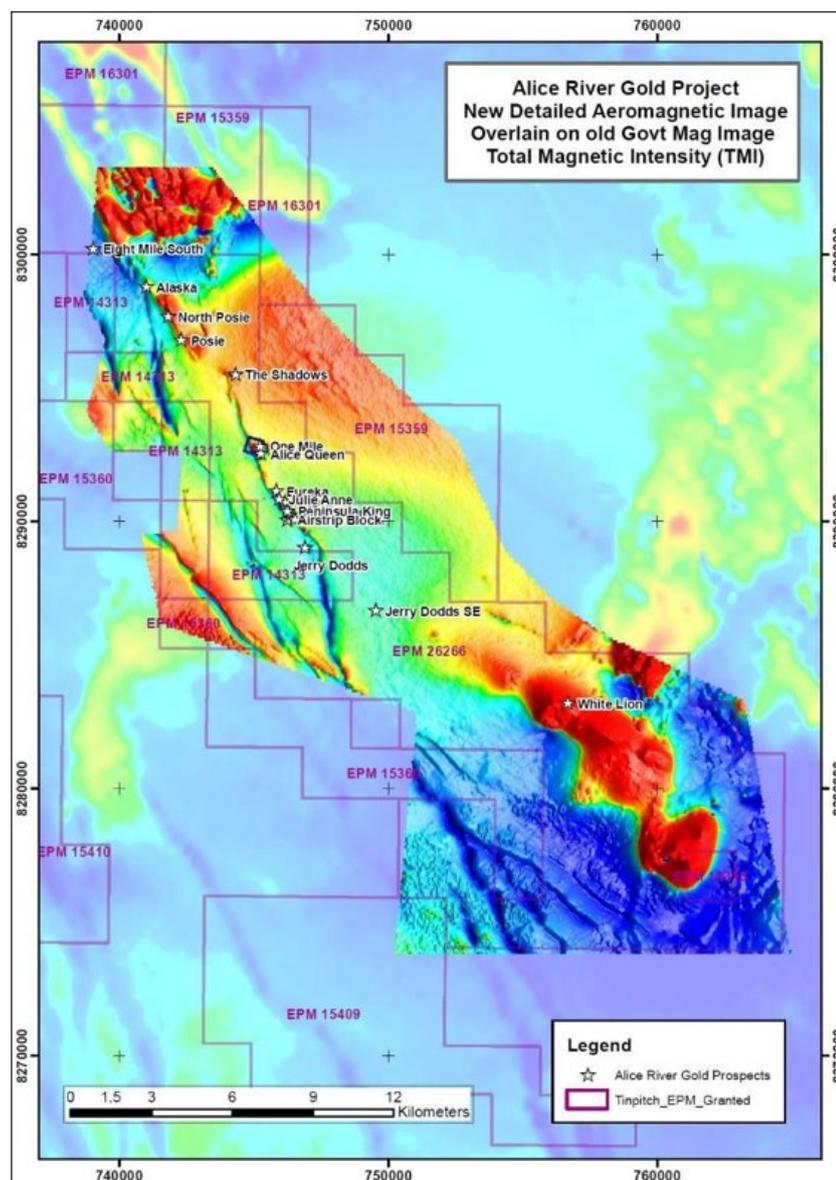
- ◆ Although no Mineral Resources have been estimated, work by Spitfire has included the calculation of an Exploration Target based on historic drilling at Alice Queen/One Mile, Peninsula King/Big Blow/German Jack, Julie Ann and Posie.
- ◆ Exploration Targets are shown in Table 6, with the rounded estimated contained gold being 105,000oz to 250,000oz.

Table 6: Alice River Exploration Target

Exploration Target						
Prospect	Modelled Tonnes Min	Modelled Tonnes Max	Modelled Au Grade (g/t) Min	Modelled Au Grade (g/t) Max	Total Tonnage Range	Total Oz Au Range
Alice Queen – One Mile with Pit Removed	548,517	904,433	2.63	3.84	822,775 to 1,356,650	69,579 to 167,509
Peninsula King-Big Blow-German Jack	175,906	323,983	2.05	3.14	263,858 to 485,975	17,393 to 49,066
Julie Anne	65,608	86,733	3.86	4.86	98,412 to 130,100	12,215 to 20,331
Posie	74,953	132,761	1.74	2.48	112,429 to 199,142	6,290 to 15,880
TOTAL	864,984	1,447,911	2.49	3.66	1,297,475 to 2,171,867	105,476 to 252,786

Source: Spitfire

Figure 19: Alice River magnetics, prospects and tenements



Source: Spitfire

KALGOORLIE NORTH GOLD PROJECT (SUBJECT TO COMPLETION OF EXCELSIOR MERGER)

Location and Tenure

- ◆ The KNGP covers some 20km strike of the BTZ, located at between ~30km and 55km north of Kalgoorlie, and includes the historic Bardoc Mining Centre (Figures 2 and 3).
- ◆ The Project includes 255 granted prospecting, mining and general purpose licences, with all in good standing and the majority 100% held by Excelsior; three licences have minority interests held by third parties.
- ◆ The KNGP is readily accessible by sealed highway from Kalgoorlie, with power and water readily available.
- ◆ The KNGP is also located less than 20km south of Aphrodite, with both being close enough to Kalgoorlie to allow for a resident workforce.

Exploration and Mining History

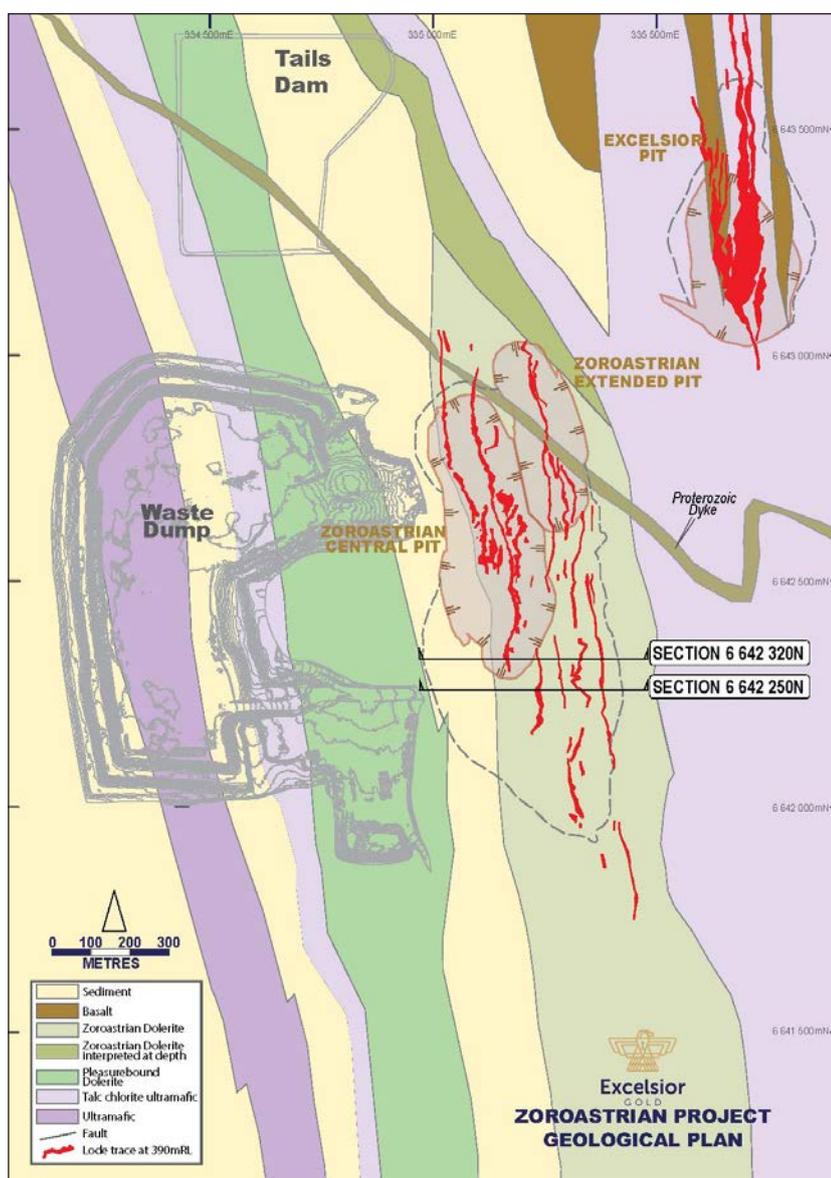
- ◆ Gold was first discovered at Bardoc in the 1890's, with a number of small high grade underground operations reportedly producing 56,700oz, largely from the underground Zoroastrian Mine, in the late 1890's to early 1900's.
- ◆ The next significant activity occurred with exploration in the 1970's to 1980's; firstly by Hill Minerals and then Aberfoyle Gold.
- ◆ Aberfoyle delineated open pit mineralisation at the Zoroastrian and Excelsior deposits, with these being mined from 1987 to 1991 - this produced some 113,000oz of gold from 2,220,000t of ore at a grade of 1.6g/t Au.
- ◆ There was then only sporadic activity until the acquisition of the KNGP by Excelsior's (then Atom Energy Limited, ASX: AXY) wholly owned subsidiary GPM Resources Pty Ltd ("GPM") in 2009 from Kalgoorlie Mining Associates Pty Ltd.
- ◆ At the time of acquisition the KNGP had JORC-2004 compliant Mineral Resources of 4.6Mt @ 1.8g/t Au for 267,000oz Au with additional mineralisation identified in over 50 prospects.
- ◆ Exploration and Resource delineation was then undertaken by Excelsior, with this resulting in the definition of sufficient Resources and Reserves to commence mining in the December quarter, 2015.
- ◆ As part of the production plans, Excelsior signed an Ore Treatment Agreement with Norton Goldfields ("Norton"), for treatment through Norton's nearby 3.3mtpa nameplate capacity Paddington Mill - the Agreement allowed for the treatment of up to 2.9 million dry tonnes of ore at a minimum rate of 500,000tpa.
- ◆ Mining initially started on a number of satellite pits, including Castlereagh, Jackorite and Castlereagh, with activities moving to the large Zoroastrian Central pit in the March, 2016 Quarter.
- ◆ Mining continued until the September 2017 quarter, with a total of 990,000t @ 1.97g/t of ore being toll treated or sold, with the recovery of ~59,400oz of gold.
- ◆ The Company had planned to move onto the Zoroastrian South pit, however this would have required moving the Cawse Nickel Mine gas line (which Excelsior has stated is decommissioned and has not been used since 2008), however with negotiations with the owner of the gas pipeline being problematical.
- ◆ Subsequent to the suspension of mining, Excelsior has concentrated on exploration and Resource upgrade/expansion drilling, with this returning promising results - Excelsior is currently undertaking a fully funded 33,000m drilling programme - this is following a revised strategy in that the Company would prefer to develop a standalone operation, which will require a Resource base of up to 2Moz to justify progressing.
- ◆ The initial drilling in this programme resulted in an updated MRE of 14.76Mt @ 1.7g/t Au for 825,000oz (announced to the market on May 22, 2018, Table 7); subsequent drilling, including aircore, is concentrating on exploration outside of the main deposit area.
- ◆ Selected results from the Zoroastrian drilling have included:
 - 7m @ 7.13g/t from 342m in hole KNC170040,
 - 5m @ 10.33g/t from 152m in hole KNC170053,
 - 7.68m @ 7.49g/t Au from 199.49m in hole KNCD170055; and,
 - 2.58m @ 16.26g/t Au from 244.42m in hole KNCD170059.

- ◆ A number of the holes intersected multiple lodes (for example refer Figure 21), and there are numerous mineralised intercepts in addition to those quoted above - these are listed in the relevant releases and quarterly reports.

Geology and Mineralisation

- ◆ The regional geology is similar to that at Aphrodite, being located over the BTZ (Figures 2 and 3, and the relevant text as for Aphrodite).
- ◆ Another key point is that the Bardoc Mining Centre lies at the intersection of the Black Flag Fault and the BTZ, with the KNGP covering 7km strike of the former and 25km strike of the latter, both of which are deep seated tectonic structures.
- ◆ The two main deposits are Zoroastrian and Excelsior (Figure 20), which display different mineralisation styles, and hence are being considered for different mining scenarios - Excelsior, although largely looking at the underground potential at Zoroastrian, considers that there may be the potential for further pit cut-backs, whereas the Excelsior deposit is considered a large tonnage open pit target.

Figure 20: Zoroastrian area geology, pits and infrastructure

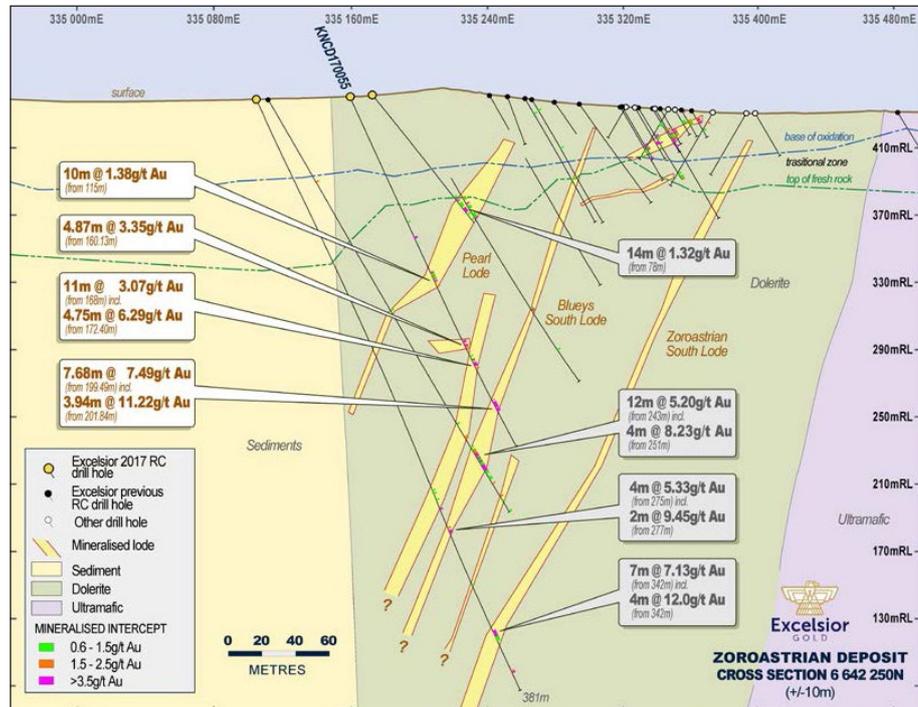


Source: Excelsior

- ◆ Mineralisation at Zoroastrian is hosted in a series of sub-parallel, steeply dipping and moderately north plunging shear hosted lodes within a variably foliated intrusive dolerite (Figures 21 and 22); there are also some shallowly dipping lodes, interpreted as being hosted in extensional structures - mineralisation has been intersected for a distance of 1,300m along strike (although the strike length of individual lodes is considerably shorter, Figure 22), 250m across strike and to a depth of 300m; it is still open down plunge in a number of lodes, which have individual widths of up to 5m.

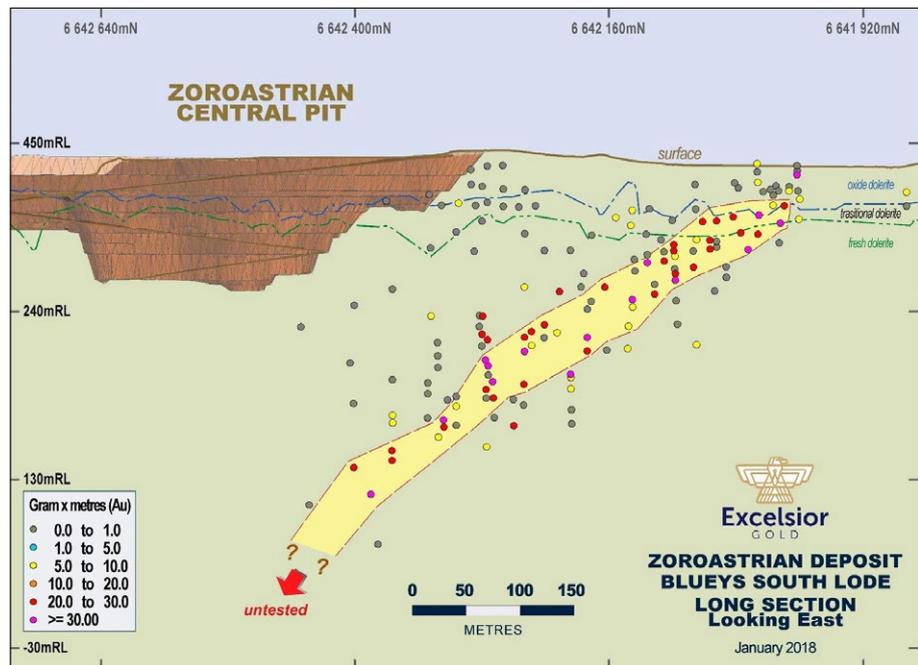
- ◆ Mineralisation is associated with strong alteration with some fine quartz and quartz-carbonate veining; the main alteration minerals include quartz-carbonate-fuchsite-sulphide - the mineralisation is closely associated with sulphides, most commonly pyrite and pyrite - it generally occurs along ground boundaries and in fractures within the sulphide grains and is generally free milling.
- ◆ The Company has stated that recoveries from primary mineralisation treated to date has been over 90% through a standard cyanidation plant.

Figure 21: Zoroastrian cross section, pits and drilling



Source: Excelsior

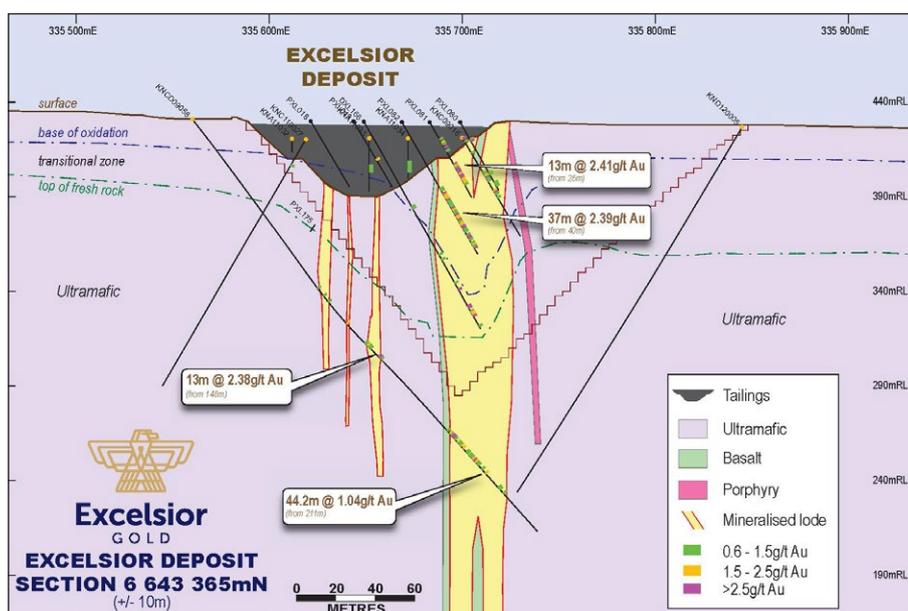
Figure 22: Zoroastrian long section, pits and drilling



Source: Excelsior

- ◆ At Excelsior the mineralisation, which has been identified for a strike length of 800m, a width of 100m and intersected to a depth of 240m (and still open), is associated with clearly identifiable quartz veining, including zones of sheeted, ladder and stockwork veining exhibiting multiple generations of quartz (Figure 23).
- ◆ The mineralisation has narrow carbonate-sericite-sulphide (pyrite/arsenopyrite) selvages, with gold associated with the veining and selvages.

- ◆ The base of oxidation generally varies between 50m and 100m at both deposits, with the deeper areas associated with the main mineralised structures (Figures 21 and 23).

Figure 23: Zoroastrian area geology, pits and infrastructure


Source: Excelsior

Mineral Resources

- ◆ As mentioned above, drilling completed subsequent to the cessation of mining has resulted in an MRE update, as presented in Table 7.
- ◆ The open pit Mineral Resources are constrained within optimised pits using a 2028 gold price of A\$2,700/oz, with Excelsior basing this on interpreted trends; 2028 could well be within the lifetime of any future operation at the KNGP.
- ◆ In addition to using the relatively conservative approach of constraining resources within optimised pits (not all companies take this approach), the Company has also included grade-tonnage curves for a range of gold prices in the May 22, 2018 release.
- ◆ Our view is that the price in 2028 may be more in the order of A\$2,200/oz, and using this price results in a pit optimised Resource of ~3.8Mt @ 2.1g/t Au for Zoroastrian and 5Mt @ 1.4g/t Au for Excelsior; however we do note that gold price forecasting is an inexact art!

Table 7: KNGP JORC-2012¹ compliant MRE

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes		Gold	Tonnes		Gold	Tonnes		Gold	Tonnes		Gold
	(kt)	(g/t)	(koz)	(kt)	(g/t)	(koz)	(kt)	(g/t)	(koz)	(kt)	(g/t)	(koz)
Excelsior				5,144	1.39	230	1,103	1.2	43	6,247	1.4	273
Zoroastrian (OP)				3,590	2.1	242	1,196	1.9	71	4,786	2.0	314
Zoroastrian (UG)				100	4.1	13	251	4.0	32	351	4.0	45
Zoroastrian (Total)				3,690	2.2	256	1,447	2.2	103	5,137	2.2	359
Lochinvar				448	1.7	25	60	1.7	3	508	1.7	28
Nerrin Nerrin				74	2.4	6	107	2.4	8	181	2.4	14
Ophir							75	1.9	5	75	1.9	5
Vettersburg South							552	1.5	26	552	1.5	26
Eldorado				362	1.6	19	31	1.4	1	393	1.6	20
Talbot North ¹							662	1.7	36	662	1.7	36
Bulletin South	38	1.9	2.3	482	2.3	35	125	2.4	10	645	2.3	47
Windanya							360	1.5	17	360	1.5	17
Total Others	38	1.9	2.3	1,366	1.9	85	1,971	1.7	106	3,375	1.8	193
TOTAL	38	1.9	2.3	10,200	1.7	570	4,521	1.7	252	14,759	1.7	825

Source: Excelsior

1: Talbot North is JORC 2004 compliant

OTHER PROJECTS

- ◆ Spitfire also holds three other projects, which are of lower priority than the three projects discussed above - they are only discussed briefly below.

South Woodie Woodie Manganese Project - Western Australia

- ◆ Spitfire holds 100% of the South Woodie Woodie Manganese Project, located 70km south of the Woodie Woodie Manganese Mine.
- ◆ South Woodie Woodie comprises two retention licences and three exploration licences totalling 150km², and hosts a JORC compliant Inferred Resource of 14.2Mt @ 13% Mn (Table 8) - the project was a 2007 Spitfire discovery, which was subsequently advanced by the Company.

Table 8: South Woodie Woodie JORC-2004 MRE

South Woodie Woodie JORC-2004 MRE							
Zone	Mt	Mn %	Al ₂ O ₃ %	Fe %	SiO ₂ %	P %	LOI %
Contact	2.8	13.6	5.1	15.7	42.9	0.054	8.4
Contact North	8.5	15.4	3.0	15.0	42.4	0.057	8.6
Contact and Contact Nth Combined	11.3	15.0	3.5	15.2	42.5	0.057	8.5
Tally-ho	2.9	7.1	6.7	9.1	62.9	0.043	7.95
Total	14.2	13.3	4.2	13.9	46.7	0.053	

Source: Spitfire

- ◆ Spitfire is of the view that there is good potential to increase the resource size and grade with further drilling; in addition historic test work has highlighted the potential to produce a +40% Mn product with simple crushing a trommel screening processing.
- ◆ This could prove to be a valuable asset with potential to supply the growing nickel-manganese-cobalt ("NMC") lithium ion battery market.

England Gold Project - Western Australia

- ◆ The England Gold Project (Figure 1), which comprises one EL (E38/2869) for ~18km² is located approximately 5km NW of the now exhausted 8Moz Wallaby open pit, part of Goldfield's Granny Smith operations, and ~20km from the town of Laverton.
- ◆ The tenement is located over a major N-S trending structure within Archaean greenstones, parallel to similar structures that host the mineralisation in the area, including Granny Smith and Wallaby.
- ◆ RAB and aircore drilling from 1996 and 2006 has intersected anomalous gold, including intersections of 5m @ 5.6g/t Au and 34m @ 0.3g/t Au amongst others - these require follow up.

Yoda Gold Project - Northern Territory

- ◆ Yoda comprises a single exploration licence EL30834 with an area of ~27km², located approximately 150km northeast of Alice Springs in the Northern Territory.
- ◆ The tenement is located over units of the Proterozoic Aileron Province, with Ni-Cu-PGE exploration in 2011 identifying a quartz vein at the Yoda prospect - the sporadically outcropping vein extends north-south for a few hundred metres, with rock chip sampling returning assays of up to 21.5g/t Au.
- ◆ IP/resistivity and VTEM surveying was also completed which identified three IP anomalies - no drilling has been completed on the property.

PLANNED ACTIVITIES

- ◆ Planned activities over coming months are presented below.
- ◆ One key aspect as a result of the planned merger will be the combining of both Aphrodite and the KNGP into one project for the purposes of advancing the Pre-feasibility Study from completion of the merger.

Aphrodite

- ◆ Spitfire is currently undertaking the second, 6,000m round of drilling, which is being used to upgrade the confidence of areas of the current Resources and to move unclassified material into the Resource for both the Phi and Alpha lodes.

- ◆ The results of this will be used later in CY2018 to upgrade the MRE, with the results also to be used in open cut and underground mine planning.
- ◆ As part of the PFS, Stage 2 of the metallurgical testwork programme is underway - this will look at various treatment options, including ore sorting amongst other things.
- ◆ As mentioned above the PFS work will, after completion of the merger, combine both Aphrodite and the KNGP.

Mulwarrie

- ◆ Current and upcoming work at Mulwarrie includes the estimation of an initial MRE and drill planning for Resource upgrade and extensional drilling.

Alice River

- ◆ Key activities include the completion of the access agreement with the Traditional Owners.
- ◆ Dependent upon the conclusion of successful negotiations, the Company expects to be back on the ground in September to complete a number of activities, including:
 - An IP survey over the White Lion prospect,
 - Potentially one diamond hole at White Lion by the end of CY2018; and,
 - Auger soil sampling over the southern part of the project area.

South Woodie Woodie

- ◆ Planned activities include a review of historic exploration data, ground reconnaissance work including geological mapping, verification of previous work and geochemical sampling.

KNGP

- ◆ Work at the KNGP will be undertaken by EXG until the merger, with this including:
 - Ongoing exploration drilling; and,
 - Ongoing open cut and underground mining studies for the Zoroastrian/Excelsior area.

PEERS

- ◆ Table 9 lists a number of peers of Spitfire - this includes gold developers with some producers, largely based in Australia; this includes the pro-forma merged Spitfire, as well as Spitfire and EXG as they currently stand.
- ◆ Although this is a subset of the total galaxy of ASX-listed gold developers and producers, our view is that it is representative of companies similar to Excelsior, Spitfire and the merged entity.
- ◆ These have been sorted on the EV per ounce of gold, with EV being the undiluted market capitalisation less cash plus debt.
- ◆ This does not take into account of the value of projects that do not have published resources, and hence the metric should be considered as indicative only, and may overstate the value of assets with resources.
- ◆ We have also included averages at the end of the table - this includes averages with the top three included and not included in the calculations given that Pantoro, Southern Gold and Sumatra Gold could be considered outliers in the data set.
- ◆ This shows that the merged entity will have an EV/oz round 15% lower than the adjusted average, however with an above average grade and contained ounces.
- ◆ We would expect uplift in value with increasing resources and exploration/drilling success.

Table 9: Spitfire peers - gold

Table 6: Spitfire peers - gold								
Company	Location	EV Undiluted (A\$m)	Global Resource (Mt)	Global Au Grade (g/t)	Company Equity Share	Contained Au Moz Coy Share	EV oz Au equity share	Project Stage
Pantoro Limited	Australia	\$242.4	2.2	7.27	100%	0.50	\$481.28	Producing
Southern Gold	Aust, Sth Korea	\$7.8	0.1	5.18	100%	0.02	\$327.39	UG Study Underway
Sumatra Copper Gold	Indonesia	\$94.1	5.8	1.94	100%	0.36	\$260.41	Producing
Gascoyne Resources	Australia	\$229.9	52.8	1.39	100%	2.35	\$97.67	Producing

Company	Location	EV Undiluted (A\$m)	Global Resource (Mt)	Global Au Grade (g/t)	Company Equity Share	Contained Au Moz Coy Share	EV oz Au equity share	Project Stage
Rimfire	Australia	\$9.8	6.3	0.61	100%	0.12	\$79.10	Resource
Medusa Mining	Philippines	\$78.7	10.9	3.84	100%	1.35	\$58.48	Producing
Explaurum	Australia	\$34.7	11.3	1.91	100%	0.70	\$49.95	Exploration
Matsa	Australia	\$22.3	6.4	2.41	100%	0.50	\$45.02	Producing
Alto Metals	Australia	\$11.2	4.4	1.84	100%	0.26	\$42.96	Exploration
Egan Street	Australia	\$16.8	1.4	8.75	100%	0.40	\$42.06	PFS Completed
Tyranna	Australia	\$8.9	8.7	1.10	75%	0.23	\$38.36	Exploration
Kin Mining	Australia	\$32.4	22.3	1.42	100%	1.02	\$31.68	Development/ Review
Spitfire (Merged)	Australia	\$62.5	27.9	2.31	100%	2.07	\$30.20	Development Studies
Spitfire	Australia	\$37.5	13.1	2.99	100%	1.26	\$29.76	PFS Completed
Excelsior	Australia	\$23.5	14.8	1.70	100%	0.81	\$29.14	Development Studies
Primary Gold	Australia	\$36.7	53.4	0.89	100%	1.53	\$24.00	PFS Completed/ Taken Over
Middle Island	Australia	\$10.9	12.1	1.38	100%	0.54	\$20.29	Pre-Feasibility
White Cliff Minerals	Kyrgyzstan	\$7.0	3.0	5.10	90%	0.44	\$15.84	Drilling
Anova Metals	USA, WA	\$19.0	17.2	2.22	100%	1.23	\$15.45	Producer
Stonewall Mining	South Africa	\$37.5	9.5	14.93	74%	3.38	\$11.10	Evaluation
Average	N/A	\$56.40	15.76	2.09	N/A	1.06	\$52.97	N/A
Average ex Top 3	N/A	\$39.92	16.21	2.05	N/A	1.07	\$37.38	N/A

Source: IRESS, Company Reports, IIR analysis

CAPITAL STRUCTURE

- ◆ The current and pro-forma merged capital structures are shown in Table 1.
- ◆ The current largest shareholder of Spitfire is the Chairman, Mr Peter Buttigieg, with 13.51% of the Company pre-merger; insiders currently hold 24.2% of Spitfire, with the Top 20 holding 35.32%.
- ◆ Our analysis, using current holdings, indicates that post merger insiders will hold ~13.83%, with Mr Peter Buttigieg directly and indirectly holding ~7.81%.

RISKS

- ◆ **Exploration and Resource definition:** This is the key risk at Mulwarrie and Alice River, with these both being advanced exploration projects, with resources yet to be defined; this is however mitigated by the results of work to date. The aim will be to be able to, at Alice River, to define a resource to support a standalone operation, with this not being so critical at Mulwarrie with the potential to be part of a combined operation with Aphrodite and the KNGP.
- ◆ **Underground mining viability:** This will be a risk at Aphrodite, the KNGP and Mulwarrie, and in particular the latter two. Both of these have multiple shoots, however these are relatively narrow with short strike lengths and separated by some distances of barren material, and thus may require a relatively high amount of development per vertical metre, thus leading to relatively high development costs.
- ◆ **Permitting:** Given that the advanced projects are in states with a history of permitting projects (particularly Western Australia), we considered the issue here will be timing and delays in permitting, rather than permits not being granted. This is also mitigated by Aphrodite, Mulwarrie and the KNGP being largely situated on granted MLs, and with

the KNGP having a recent history of mining, although with treatment being carried out elsewhere. In Queensland, this risk applies to the negotiations with the Traditional Owners.

- ◆ **Markets and Funding:** Although the junior resources sector is performing well at the moment and funding is flowing to the right projects, these can turn on a dime - this is a perennial risk for the sector.

BOARD AND MANAGEMENT

- ◆ **Mr Peter Buttigieg – Non-Executive Chairman (until completion of merger, and then Non-Executive Director):** Peter is an IT Professional with over 30 years experience. Peter is the Founder and Managing Director of RMS (Aust.) Pty Ltd, a successful and widely used business that designs IT Systems for the global hospitality, mining, defence and shopping centre industries. Melbourne based, Peter holds a Bachelor of Applied Science (Information Technology) and graduated with Distinction from Monash University. Peter was appointed to the Aphrodite Gold board in May 2012, and is to be appointed Non-executive Chairman of Spitfire on completion of the merger.
- ◆ **Mr David Hatch - Non-Executive Chairman (following completion of merger, currently Non-Executive Chairman of Excelsior Gold):** David is a Mining Engineer with extensive senior management experience in Australia, Papua New Guinea, Indonesia and Ghana. He has seven years experience as Managing Director of ASX listed gold companies, and was appointed to the Excelsior Board on 21 September 2016.
- ◆ **Mr John Young – Managing Director:** Mr Young is a highly experienced geologist who has worked on exploration and production projects encompassing gold, uranium and specialty metals, including tungsten, molybdenum, tantalum and lithium. Mr Young's corporate experience includes appointments as Chief Executive Officer of Marenica Energy Limited and CEO and Director of Thor Mining PLC. Mr Young was Pilbara Minerals Exploration Manager from June 2014 until August 2015, appointed Technical Director in September 2015 and transitioned to Non-Executive Director in July 2017. Mr Young is also a Non-executive director of AIM listed Mosman Oil and Gas.
- ◆ **Mr Neil Biddle – Executive Director:** Mr Biddle is a geologist and Corporate Member of the Australasian Institute of Mining and Metallurgy and has over 30 years' professional and management experience in the exploration and mining industry. Mr Biddle was a founding Director of Pilbara Minerals Limited, serving as Executive Director from May 2013 to August 2016, serving as a Non-Executive Director from August 2016 to 26 July 2017. Throughout his career, Mr Biddle has served on the Board of several ASX listed companies, including Managing Director of TNG Ltd from 1998 - 2007, Border Gold NL from 1994 - 1998 and Consolidated Victorian Mines from 1991 – 1994.
- ◆ **Mr Rowan Johnston - Executive Director (following completion of merger, currently Managing Director of Excelsior Gold):** Rowan is a Mining Engineer and experienced executive director, most recently being the Acting CEO and Executive Director of Operations for ASX listed Mutiny Gold Limited prior to the takeover by Doray Minerals Limited. He was previously an Executive Director of Integra Mining, and was appointed to his current position on 21 September 2016.
- ◆ **Mr Roger Mitchell – Non-Executive Director (until completion of merger):** Singapore based Roger has extensive corporate experience across Australia and South East Asia including 15 years' experience in developing substantial media development projects in Singapore and Japan. Roger holds a Bachelor of Business (Accounting) from the University of Canterbury in New Zealand.
- ◆ **Mr Sam Randazzo: Non-Executive Director (following completion of merger, currently a Non-Executive Director of Excelsior Gold)** Mr Randazzo has over 20 years of international experience in public company management (including Chairman, Chief Operating Officer, Company Secretary and Chief Financial Officer roles). He has exposure to ASX, TSX and AIM stock markets and successful capital raisings in Australia, USA, Canada, UK, Europe and the Middle East. Mr Randazzo's operational management experience is in Australia, South America, USA, Canada and the UK. He has also been involved in project evaluation and feasibility studies, and project identification, acquisitions and disposals. Appointed 24 October 2016.
- ◆ **Mr Russell Hardwick - CFO/Company Secretary:** Mr Hardwick is a Certified Practising Accountant with 20 years' experience in a variety of private and public companies. Mr Hardwick is a member of the Australian Institute of Company Directors and is a Chartered Secretary. Mr Hardwick has extensive experience in corporate secretarial, capital raising

and commercial management. He has held the positions of Director or Company Secretary for both AIM listed and ASX listed companies as well as Senior Executive positions within private companies.

- ◆ **Mr Sean Richardson - Chief Operating Officer:** Mr Richardson is a mineral industry executive with over 25 years' experience in operational, managerial and consultancy roles across a number of commodities. Mr Richardson is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a Graduate Member of the Australian Institute of Company Directors (GAICD). Mr Richardson has extensive experience in all facets of the mineral industry, including executive and operational roles for ASX listed and private mining and mineral exploration companies.

DISCLAIMER

(a) Disclaimer

The information, reports, financial models, forecasts, strategies, audio broadcasts and other media (referred to as "Content" throughout this Legal Notice), provided on this web site has been prepared and issued by Altavista Research Pty Ltd trading as Independent Investment Research "IIR," Independent Investment Research Holdings Pty Ltd (ACN 155 226 074), as authorised to publish research under an Australian Financial Securities Licence (AFSL No 420170) which allows Independent Investment Research to offer financial service advice to retail and wholesale clients. Users of this web site should not act on any Content without first seeking professional advice. Whilst the Content contained on this web site has been prepared with all reasonable care from sources which we believe are reliable, no responsibility or liability is accepted by Independent Investment Research, for any errors or omissions or misstatements however caused. Any opinions, forecasts or recommendations reflect our judgement and assumptions at the date of publication or broadcast and may change without notice. Content on this web site is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. We are not aware that any user intends to rely on the Content provided or of the manner in which a user intends to use it. In preparing our Content it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual user.

Access by any user to this website does not create a client relationship between Independent Investment Research and the user. Users seeking to invest must obtain individual financial advice to determine whether recommendations are appropriate to their investment objectives, personal financial situation or particular needs, before acting on any recommendations. Any Content is not for public circulation or reproduction, whether in whole or in part and is not to be disclosed to any person other than the intended user, without the prior written consent of Independent Investment Research.

(b) Disclosure of Interest

General

Independent Investment Research, its officers, employees, consultants and its related bodies corporate have not and will not receive, whether directly or indirectly: any commission; fee; benefit; or advantage, whether pecuniary or otherwise, in connection with making any recommendation contained on this web site. Independent Investment Research, discloses that from time to time, it or its officers, employees and its related bodies corporate: may have an interest in the securities, directly or indirectly, which are the subject of these recommendations; may buy or sell securities in the companies mentioned in the Content; may effect transactions which may not be consistent with the recommendations in the Content; may have directorships in the companies mentioned in the Content; and/or perform paid services for the companies that are the subject of such recommendations.

However, under no circumstances, has Independent Investment Research been influenced, either directly or indirectly, in making any recommendations contained on this web site.

Corporate Research

Independent Investment Research has or may have, received a fee either directly by a company itself or by a third party, to provide coverage and/or corporate research (the "Fee"). Where a Fee has been received, Independent Investment Research does not publish:

Buy / Hold / Sell recommendations for the security or managed investment schemes.

(c) Copyright Protection

All Content at this web site is protected by copyright. Apart from any use permitted under the Copyright Act (Cth) 1968, you must not copy, frame, modify, transmit or distribute the material at this web site, without seeking the prior written consent of the copyright owner. Content on this web site is owned by the business Independent Investment Research. Users are prohibited from copying, distributing, transmitting, displaying, publishing, selling, licensing, creating derivative works or using any content on the web site for commercial or public purposes

Copyright 2010 Independent Investment Research. All rights reserved.

(d) Trade Marks

The trade marks and logos displayed on this web site belong to Independent Investment Research or other parties. Such trade marks include registered trade marks and trade marks pending registration. Users are prohibited from using any of these trade marks, without seeking the prior written consent of IIR or such third party, which may own the trade mark content on this web site.

(e) Limitation of Liability

To the fullest extent permitted by the law, Independent Investment Research and any of its officers, employees, agents, consultants or related bodies corporate disclaim any liability, whether based in contract, tort, strict liability or otherwise, for any direct, indirect, incidental, consequential or special damages arising out of or in any way connected with the use of any Content made available on this web site by any person or entity.

(f) No Warranties

Independent Investment Research does not make any claims, promises, guarantees, representations or warranties regarding the accuracy, completeness or fitness for purpose of the Content made available on this web site. All information on this web site is provided to you on an as is basis, without warranty of any kind either express or implied. To the extent that research can be provided by third parties, Independent Investment Research makes no warranty or representation as to the accuracy or completeness of such information displayed on this site, and accepts no liability for errors or omissions arising from such third party information. To the fullest extent permitted by law, under no circumstances will Independent Investment Research be liable for any loss or damage caused by users reliance upon information obtained through this web site. It is the responsibility of the user to evaluate the accuracy, completeness or usefulness of any information, opinion, general advice or other content made available through this web site. Furthermore, Independent Investment Research does not warrant or represent that this web site is error free or free from viruses or defects. A user must do all that is necessary (including using virus checking software) to satisfy itself that accessing this website will not adversely affect its system.

For further information, please contact IIR at: client.services@independentresearch.com.au



Independent Investment Research (Aust.) Pty Limited

SYDNEY OFFICE

Level 1, 350 George Street
Sydney NSW 2000
Phone: +61 2 8001 6693
Main Fax: +61 2 8072 2170
ABN 11 152 172 079

MELBOURNE OFFICE

Level 7, 20–22 Albert Road
South Melbourne VIC 3205
Phone: +61 3 8678 1766
Main Fax: +61 3 8678 1826

HONG KONG OFFICE

1303 COFCO Tower
262 Gloucester Road
Causeway Bay, Hong Kong

DENVER OFFICE

200 Quebec Street
300-111, Denver Colorado USA
Phone: +1 161 412 444 724

MAILING ADDRESS

PO Box H297 Australia Square
NSW 1215