SUREFIRE RESOURCES NL

Quarterly Report

for the three months ended **31 March 2017**

Surefire Resources NL

Surefire is an exploration company with assets in Western Australia.

Surefire will focus on a rigoured approach around project development through the application of the companies study management experience. Surefire believes that Australia still offers an extraordinary opportunity for resource development and will continue to seek and develop projects.

ASX Code: **SRN**
ACN: 083 274 024

Registered Office

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www.surefireresources.com.au

Capital Structure

2,302,640,813 ordinary shares

430,000,000 listed Options
($0.003, exp 30/12/17)

Board Members

Graeme Smith
Chairman – Non Executive

Don Valentino
Executive Director

Brett Clark
Non-Executive Director

Graeme Smith
Company Secretary

Summary & Highlights

OPERATIONAL HIGHLIGHTS

Kooline Silver Lead Project Finalised

- Surefire elects to acquire 90% of the Kooline Project
- Field survey conducted
- Drill program nearing completion
- Geochemical surveys to be conducted in conjunction with upcoming drilling to potentially delineate additional targets beneath transported cover

Option to Acquire Ashburton Cobalt Project

- Multiple significant rock chip results including:
  - 3,110ppm Cobalt (0.311% Co)
  - 3,060ppm Cobalt (0.306% Co)
  - 2,500ppm Cobalt (0.25% Co)
  - 2,300ppm Cobalt (0.23% Co)
  - 2,150ppm Cobalt (0.215% Co)
- Project covers a total land area of 189km^2, >30km of Prospective Talga Fault Zone within tenure

CORPORATE HIGHLIGHTS

- Shareholder approval received for ratification of shares and Options for placement and Kooline project acquisition

EXPLORATION ACTIVITIES

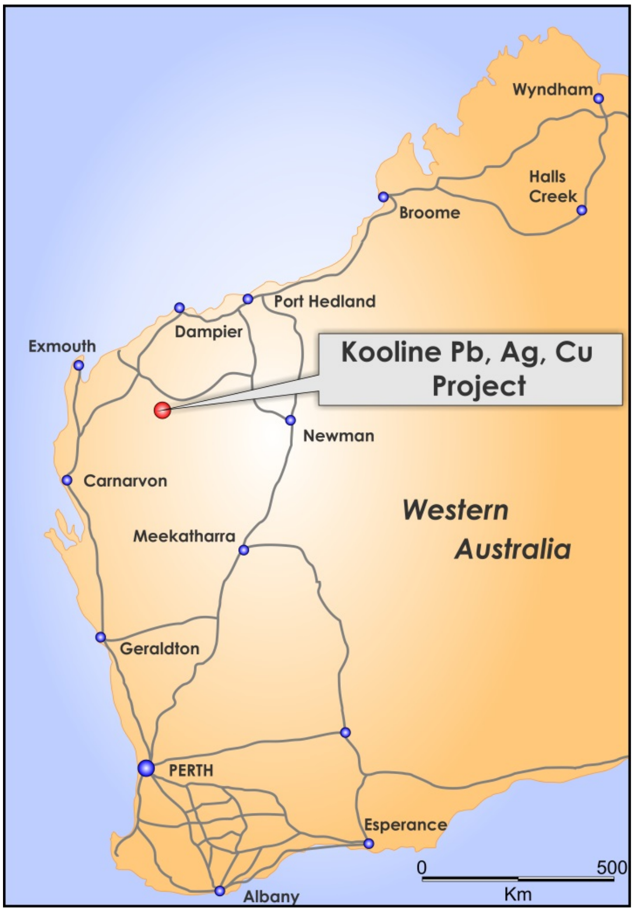

Figure 1: Regional Location Plan of Kooline

Kooline Project

The Project, located 55km south of the Paulsen's Gold Mine, within the Ashburton Province, produced a total of 3,600t of lead and 950kg (30,546oz) of silver over an eleven-year period (1948 and 1959). Much of the historical production came from three mines: The Gift, Jane-Audrey and Bilrose, which lie within the tenure.

Kooline lies within the northern margin of the West Bangemall Basin and encompass rocks of the Ashburton and Capricorn Formations of the Wyloo Group.

Lead-silver mineralisation at Kooline is associated with mesothermal quartz veins along shear zones in siltstones and greywackes. These sub-vertical vein sets occur in multiple stacked and en echelon sets over several kilometres of strike. Individual veins range from 0.5 to >2m in thickness.

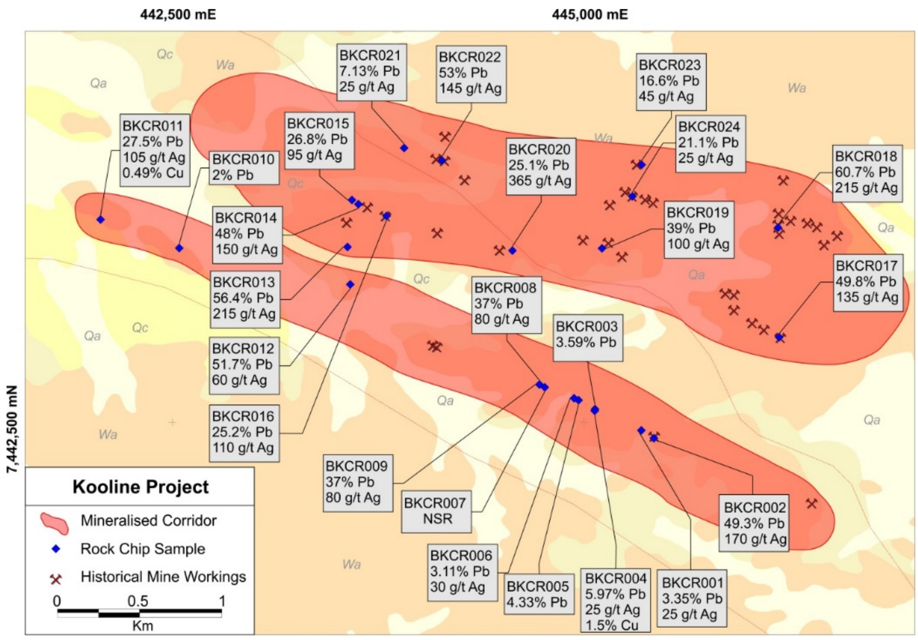

Figure 2: Rock Chip Sampling, Historical Workings and Mineralised Corridors

Kooline Project Commercial Terms:

Commercial terms for the acquisition of the Project are summarised below:

1. The total consideration for acquisition of 90% equity interest in the Project is 250,000,000 Fully Paid Ordinary Shares.
2. The Vendors are to retain a 10% free carried equity interest until the completion of a Definitive Feasibility Study (**DFS**). Upon completion of the DFS the Vendors may elect to contribute or dilute according to industry standard dilution formula. Upon being diluted to a 5% equity interest the Vendors may elect to retain a 1.5% net smelter royalty

Ashburton Project

The Ashburton Project is located approximately 100km south west of Paraburdoo and consists of four exploration licence applications covering a total land area of 189km^2.

The Ashburton Project covers the north-western extent of the Edmund Basin where it lies unconformably on the Ashburton Basin. The Talga Fault strikes north west to south east through the Project.

The Ashburton Basin is represented by the Wyloo Group, a 12 km thick south-east trending sequence of low grade meta-sediments and meta-volcanic rocks, the upper sequences of which are present in the Project area.

Several major cross cutting north-east trending faults have been locally infilled by dolerite dykes.

The Talga Fault which transects the Project appears to have acted as a major basin-margin or growth fault, controlling sedimentary deposition and basin development.

- Multiple significant rock chip results including:
  - 3,110ppm Cobalt (0.311% Co)
  - 3,060ppm Cobalt (0.306% Co)
  - 2,500ppm Cobalt (0.25% Co)
  - 2,300ppm Cobalt (0.23% Co)
  - 2,150ppm Cobalt (0.215% Co)
- Project covers a total land area of 189km^2, >30km of Prospective Talga Fault Zone within tenure, approximately 30 kilometres from the Kooline Project. (ASX – 21/04/2017)

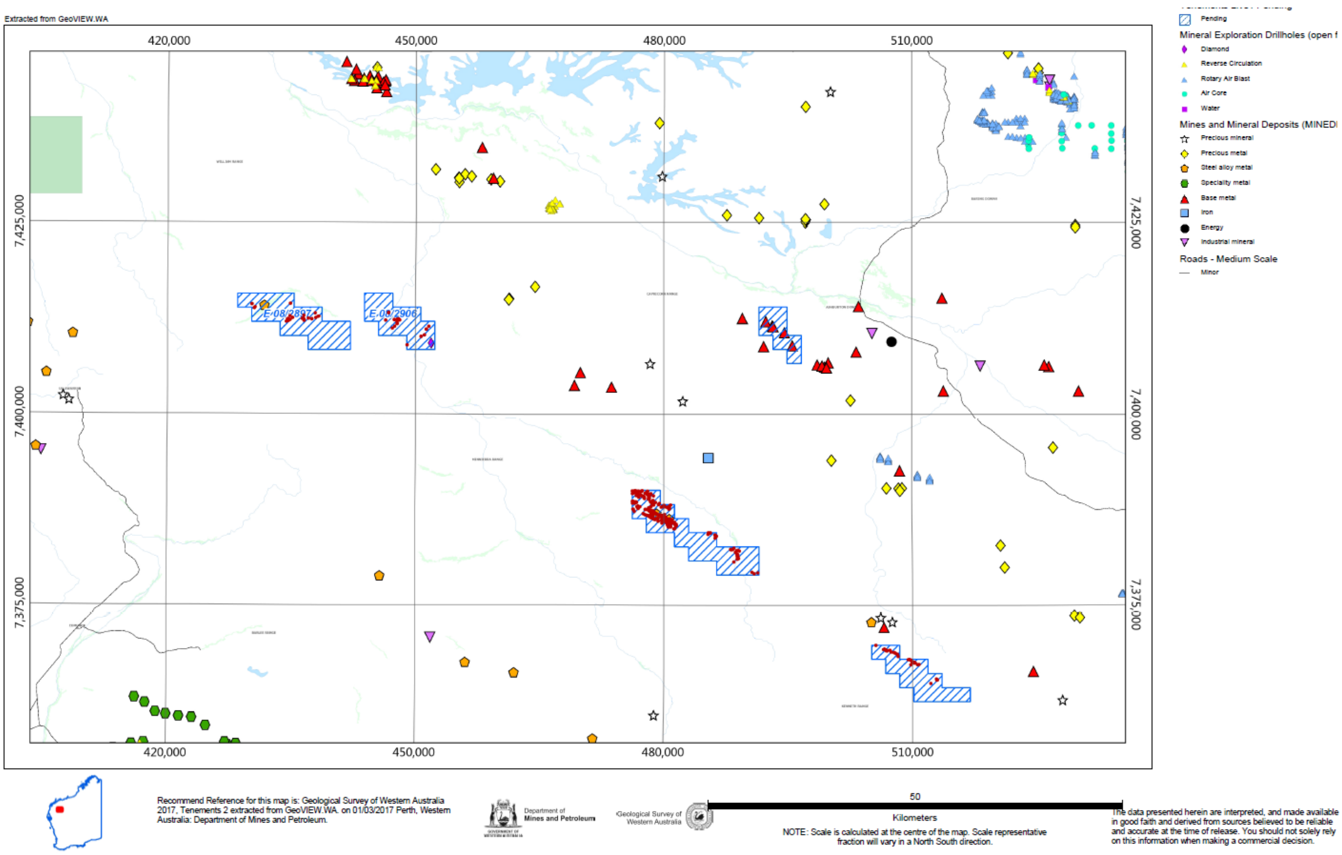

Figure 3. Ashburton Project Location

About Cobalt:

Cobalt has reached a spot price of US$55,500/t representing a >70% increase from the start of this year. The primary drivers for this price increase include:

- Recent surge in demand from the energy storage market;
- Supply challenges associated with the Democratic Republic of Congo producing 60% of global cobalt production; and
- Lack of recent exploration discoveries.

Ashburton Project Commercial Terms:

The company has entered into a binding Heads of Agreement providing an exclusive 90 day option to purchase 100% of the shares in 27 Exploration Pty Ltd. The consideration for the exclusive option is 75,000,000 fully paid ordinary shares. If SRN elects to acquire 100% of the issued capital of 27 Exploration, SRN is to issue a further 75,000,000 fully paid ordinary shares to the shareholders (or Nominees) of 27 Exploration Pty Ltd.

Upon successful completion of due diligence and exercise of the option, the total consideration, including all milestone payments would be 300,000,000 fully paid ordinary shares in SRN. This consideration is through the issue of 75,000,000 non-refundable option fee shares ("Option Fee"), 75,000,000 Initial Consideration ("Initial Consideration") and 150,000,000 performance shares which vest upon completion of certain milestones ("Performance Shares"). The Initial Consideration is issued subsequent to meeting of all the Conditions Precedent (which is the satisfaction of due diligence and obtaining all regulatory and shareholder approvals).

The Performance Shares are issued and will vest upon the completion and announcement of:

- Performance Milestone 1: SRN will issue 75,000,000 fully paid ordinary shares upon the delineation of a minimum of 1,000,000t Resource at a minimum grade of 0.1% Cobalt in accordance with the JORC Code;
- Performance Milestone 2: SRN will issue 75,000,000 fully paid ordinary shares upon the delineation of a minimum of 2,000,000t Resource at a minimum grade of 0.1% Cobalt in accordance with the JORC Code.

Completion of the Acquisition is conditional upon the satisfaction of the following conditions:

(a) on or prior to the expiry of the Option, SRN must provide in writing notification of their acceptance to acquire the issued shares of 27 Exploration;

(b) the Vendors (at their sole discretion) being satisfied, within 7 days of the execution of this Heads of Agreement, that SRN is not involved in any litigation, arbitration or administrative proceeding relating to claims or amounts relating to SRN nor is there any potential litigation, arbitration or administrative proceeding pending or threatened;

(c) no change of control event or material change to the Board composition of SRN;

(d) no appointment of an external administrator or liquidator to SRN; and

(e) ASX confirmation in writing that SRN does not have to re-comply with Chapters 1 & 2 of the ASX Listing Rules.

If the conditions set out above are not satisfied or waived prior to completion, either 27 Exploration or SRN may terminate this agreement by notice in writing to the other Party, in which case, the agreement constituted by this HOA will be at end and the Parties will be released from their obligations under this HOA (other than in respect of any breaches that occurred prior to termination).

Unaly Hill

On 18 January 2017 the Unaly Hill tenement (E57/420) expired and was not renewed. The tenement was being maintained, at the time, by a professional tenement management company which failed to renew the lease. The Company does not consider the Unaly Hill tenement to be of any value, and the Company has changed its focus to exploration at the Kooline and Ashburton projects. As a result of this, the Unaly Hill tenement's carrying value was written off to zero at 31 December 2016.

The Unaly Hill tenement was last drilled in October 2016 with resulted in only a metre of ore grade mineralisation at shallow depth. The Board subsequently did not consider any follow up exploration work was warranted following these results.

CORPORATE

Future Activities

The company will continue to source additional resource projects commensurate with its capabilities to incorporate such projects.

Kooline:

A program of works is being prepared for drilling at Kooline and regulatory approval will be sought.

Exploration Plan Ashburton:

A field based exploration program to conduct detailed rock chip sampling and mapping is planned to commence in the June quarter. The aim of the program is to delineate the extents and tenor of surficial cobalt mineralisation.

Schedule of Tenements (as at 28 April 2017)

Project	Tenement Details	Interest
Western Australia		
Kooline	E08/2372	90%
Kooline	E08/2373	90%
Ashburton	E08/2897	Option to acquire
Ashburton	E08/2898	Option to acquire
Ashburton	E08/2905	Option to acquire
Ashburton	E08/2906	Option to acquire

Competent Persons Statement:

The information in this announcement that relates to the Kooline Project Exploration Results is based on information compiled and fairly represented by Mr Jonathan King, who is a Member of the Australian Institute of Geoscientists and a consultant to Surefire Resources NL. Mr King has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr King consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this announcement that relates to the Ashburton Project Exploration Results is based on information compiled and fairly represented by Mr Mark Hill, who is a Member of the Australian Institute of Geoscientists and a consultant to Surefire Resources NL. Mr Mark Hill has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Mark Hill consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

For further information:

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

SUREFIRE RESOURCES NL

ABN	Quarter ended ("current quarter")
48 083 274 024	31 March 2017

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(170)	(295)
	(b) development		
	(c) production		
	(d) staff costs		
	(e) administration and corporate costs	(77)	(159)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		60
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(247)**	**(394)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities	(60)	(60)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(60)**	**(60)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares		500
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(12)	(36)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**(12)**	**464**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	477	148
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(247)	(394)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(60)	(60)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(12)	464
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**158**	**158**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	8	70
5.2	Call deposits	150	407
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**158**	**477**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	22
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director fees

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	112
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	100	100
8.2	Credit standby arrangements		
8.3	Other (please specify)		

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Loan from V Nikolaenko – unsecured, interest 10%pa

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	50
9.2	Development	
9.3	Production	
9.4	Staff costs	
9.5	Administration and corporate costs	50
9.6	Other (provide details if material)	
9.7	**Total estimated cash outflows**	**100**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	**Unaly Hill** E57/420		100%	Nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased	**Kooline** - E08/2372 E08/2373		Nil Nil	90% 90%

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .... Date: ...28 April 2017........
(Company secretary)

Print name: ....Graeme Smith..

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.