SUREFIRE RESOURCES NL

6 October 2017

Jeremy Newman
Senior Adviser Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Via Email: Jeremy.Newman@asx.com.au

Dear Jeremy,

RE: Financial Condition Query

In relation to Surefire Resources NL (ASX: SRN) ("Company") please find below our response to the 'Financial Condition Query' questions in your letter dated 5 October 2017:

1. Is the Company able to confirm that, in the directors' opinion, the Annual Report:
   (a) complies with the relevant Accounting Standards; and
   (b) gives a true and fair view of the financial performance and financial position of the Company?

   Answer
   The Company is able to confirm that in the Directors' opinion, the Annual Report complies with relevant Accounting Standards and gives a true and fair view of the financial performance and financial position of the Company as at the balance sheet date of the financial report.

2. Given the auditor has been unable to obtain sufficient and appropriate audit evidence whether the Company can continue as a going concern and the Company has cash and cash equivalents of $20,554 and total current liabilities of $1,182,498, on what basis do the directors consider the Company is a going concern?

   Answer
   The Directors consider there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation to be appropriate for the preparation of the Company's 2017 financial report.

   The Company's biggest creditors, which are the entities related to Mr Vladimir Nikolaenko, have confirmed that they will not call the amounts owed to them as at 30 June 2017 by the Company for at least one year from the date of the report, i.e. until 30 September 2018, unless the Company has ability to pay. The aggregate amount owed by the Company to the entities related to Mr Nikolaenko as at 30 June 2017 is $1,002,016.

3. Does the Company consider that the financial condition of the Company is sufficient to warrant the continued quotation of its securities and its continued listing on ASX in accordance with the requirements of Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion.

   Answer
   In addition to the answer provided in question 2, the Company also offers the following:

   On 1 September 2017, the Company announced that it has entered into an agreement for a loan drawdown facility of up to $200,000 (initial tranche of $100,000 plus an option for a further $100,000 subject to certain conditions) with Vargas Holdings Pty Ltd, a company associated with Mr. Vladimir Nikolaenko, as the lender. Interest rate of 14%. It is anticipated that the proceeds of the facility will be used for general working capital purposes of the company.

4. If the answer to question 3 is "No", please explain what steps the Company has taken, or proposes to take, to warrant its continued listing on ASX in accordance with the requirements of Listing Rule 12.2.

   Answer
   No answer is required.

5. What steps does the Company intend to take to obtain an unqualified audit opinion in the future?

   Answer
   The basis for Qualified Opinion of the 2017 Financial Report is the Remuneration Report which included $80,497 relating to Mr Don Valentino's remuneration and $80,000 relating to services provided by an entity related to Mr Trent Spry during the year ended 30 June 2017. Certain information was unable to be procured from former key management persons of the Company.

   The Current Board has taken steps to ensure all contracts and agreements entered into by the Company with key management persons must be securely stored to substantiate the validity, accuracy and completeness of recorded remuneration payments for all future reporting periods.

   The Current Board is now endeavouring to obtained a copy of the Mr Don Valentino and Mr Trent Spry's signed service agreements.

6. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

   Answer
   The Directors are of the view that the Company is in compliance with the listing rules and, in particular, Listing Rule 3.1.

7. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

   Answer
   This response has been approved by John Wareing, Chairman of the Board, who has been authorised to respond to the ASX in relation to this matter.

Yours sincerely,

Victor Turco
Director

5 October 2017

Mr Victor Turco
Company Secretary
Surefire Resources NL

By email:

Dear Mr Turco

SUREFIRE RESOURCES NL (the "Company")

ASX Limited ("ASX") refers to the following.

1. The Company's annual report for the year ended 30 June 2017*,* released to the market on 1 October 2017 ("Annual Report").

2. The Independent Auditor's Report on pages 46-49 of the Annual Report which includes the following Qualified Opinion ("Qualified Opinion") and Material Uncertainty Related to Going Concern ("Going Concern Note"):

   "*Qualified Opinion*

   The Remuneration Report includes $80,497 relating to Mr Don Valentino's remuneration for the year ended 30 June 2017 and $80,000 relating to services provided by an entity related to Mr Trent Spry during the year ended 30 June 2017.

   We have been unable to obtain sufficient appropriate audit evident of the validity, accuracy and completeness of the recorded remuneration of former key management persons Mr Trent Spry and Mr Dom Valentino and their related entities for the year ended 30 June 2017. This is because certain information was unable to be procured from former key management persons of the Group."

   "Material Uncertainty Related to Going Concern

   …Note 1t to the financial statements which outlines that during the year ended 30 June 2017, the Group incurred an operating loss of $1,589,661 (2016: $452,624). The Group has recorded net liabilities of $746,944 as at 30 June 2017.

   As a result there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report."

3. The Company's consolidated statement of financial position as at 30 June 2017, as set out at page 20 of the Annual Report, which sets out that the Company has cash and cash equivalents of $20,554 and total current liabilities of $1,182,498.

Relevant Listing Rules and Guidance

- Listing Rule 12.2 – *An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing*.
- Listing Rule 19.11A (b) – *If a listing rule requires an entity to give ASX accounts, the accounts must be prepared to Australian accounting standards. If the entity is a foreign entity the accounts may be prepared to other standards agreed by ASX*.

Questions for Response

In light of the Qualified Opinion and the Going Concern Note, the information contained in the Annual Report, and the application of the Listing Rules stated above, please respond to the following questions.

1. Is the Company able to confirm that, in the directors' opinion, the Annual Report:

   (a) complies with the relevant Accounting Standards; and

   (b) gives a true and fair view of the financial performance and financial position of the Company?

2. Given the auditor has been unable to obtain sufficient and appropriate audit evidence whether the Company can continues as a going concern and the Company has cash and cash equivalents of $20,554 and total current liabilities of $1,182,498, on what basis do the directors consider the Company is a going concern?

3. Does the Company consider that the financial condition of the Company is sufficient to warrant the continued quotation of its securities and its continued listing on ASX in accordance with the requirements of Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion.

4. If the answer to question 3 is "No", please explain what steps the Company has taken, or proposes to take, to warrant its continued listing on ASX in accordance with the requirements of Listing Rule 12.2.

5. What steps does the Company intend to take to obtain an unqualified audit opinion in the future?

6. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

7. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

Please note that ASX intends under Listing Rule 18.7A to release this letter and the Company's response to the market. Accordingly, the Company's response should address each question separately and be in a format suitable for release to the market.

Unless the information is required immediately under Listing Rule 3.1, a response is requested as soon as possible and, in any event by **no later than 9.00 am WST on Monday, 9 October 2017**. If the information is required immediately under Listing Rule 3.1, you should discuss with ASX whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

Any response should be sent to me by return email to jeremy.newman@asx.com.au and tradinghaltsperth@asx.com.au. It should not be sent to the ASX Market Announcements Office.

If you have any questions in relation to the above, please do not hesitate to contact me if you have any enquiries on the above.

Yours sincerely,

[sent electronically without signature]

Jeremy Newman
Senior Adviser, Listings Compliance (Perth)