
SUREFIRE RESOURCES NL

ACN 083 274 024

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00am (WST)

DATE: Wednesday, 6 March 2019

PLACE: Level 4
The Read Buildings
16 Milligan Street, Perth
WA 6000 Australia

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

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

INDEPENDENT EXPERT'S REPORT: Shareholders should carefully consider the Independent Expert's Report prepared by Elderton Capital Pty Ltd as required by ASX Listing Rule 10.10.2 for the purposes of the Shareholder approval being sought under Resolution 1. The Independent Expert's Report comments on the fairness and reasonableness of the Disposal the subject of Resolution 1 to the non-associated Shareholders and concludes it is NOT FAIR BUT REASONABLE to the non-associated Shareholders.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on Monday, 4 March 2019.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF PAYMENT OF ROYALTY TO MUTUAL HOLDINGS PTY LTD

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

"That, for the purposes of ASX Listing Rule 10.1 and for all other purposes, approval is given for the Company to pay a Royalty over the Victory Bore Tenement to Mutual Holdings Pty Ltd, an entity controlled by a Director of the Company, namely Mr Vladimir Nikolaenko, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mutual Holdings Pty Ltd, a party to the transaction or an associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by Elderton Capital Pty Ltd for the purposes of the Shareholder approval required under ASX Listing Rule 10.1 which comments on the fairness and reasonableness of the potential payment of the Royalty to the non-associated Shareholders in the Company. The Independent Expert considers the transaction the subject of this Resolution to be **NOT FAIR BUT REASONABLE** to the non-associated Shareholders in the Company.

2. RESOLUTION 2 – ISSUE OF CONSIDERATION SHARES FOR ACQUISITION

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 62,500,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – APPROVAL OF PLACEMENT OF SHARES

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue Shares at an issue price of 80% of the VWAP for Shares calculated over the last 5 days on which sales of the Shares were recorded before the day on which the issue is made to raise up to \$1,000,000 and otherwise on the terms set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 25 January 2019

By order of the Board

Vladimir Nikolaenko
Executive Chairman and Managing Director

Voting in person

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

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9429 8846.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND

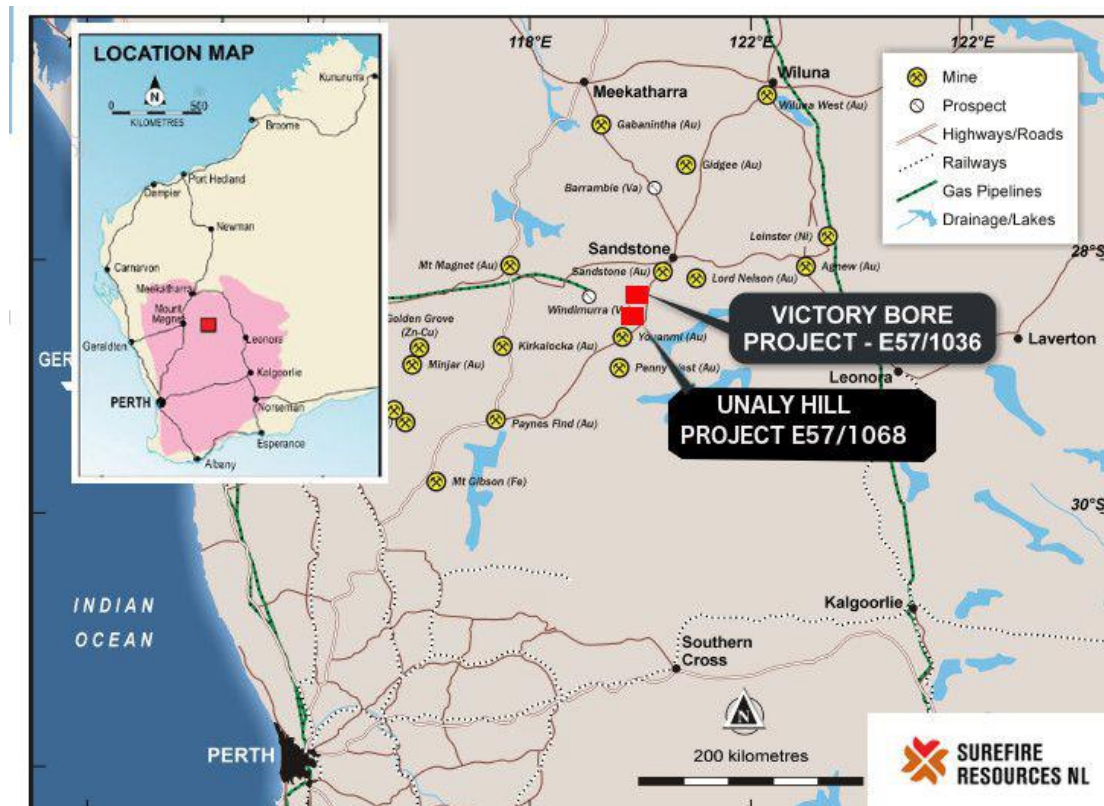
1.1 Background to Acquisition

As announced on 21 August 2018, the Company has entered into a binding Agreement (which was varied on 17 September 2018) (**Agreement**) with High Grade Metals Limited (**HGM**), Mutual Holdings Pty Ltd (**Mutual**) and Acacia Mining Pty Ltd (together, the **Parties**) to purchase Exploration License 57/1036 at Victory Bore in the mid-west of Western Australia (**Victory Bore Tenement**) (**Acquisition**).

1.2 Victory Bore Vanadium Deposit

The Victory Bore Tenement is located in the mid-west of Western Australia, 560km north-east of Perth and abuts the northern boundary of the Company's Unaly Hill project.

The Victory Bore deposit is contained within the Atley Igneous Complex, a layered sequence of gabbros with magnetite rich layers enriched with vanadium and titanium. Previous exploration activity conducted within the Victory Bore Tenement boundary has established an inferred Mineral Resource in accordance with the JORC Code. Please refer to the Company's announcement dated 23 August 2018 for further information on the Victory Bore Tenement.



Geology and Geological Interpretation

The Victory Bore Fe – V deposit is contained within the metamorphosed Atley Igneous Complex, containing layered gabbros with magnetite-rich layers. The

layered gabbro at the project strikes 020° and dips 80° to the west. The gabbro contains several magmatically separated layers of titaniferous magnetite, with the contacts of the magnetite layers with the host gabbro commonly appearing to be gradational. The magnetite layers attain true widths of up to 25m.

The fresh gabbro contains variable amounts of disseminated sulphides, including pyrite, chalcopyrite and pyrrhotite. The sulphide content increases with increasing amounts of magnetite. Vanadium also occurs with the magnetite-sulphide mineralisation.

The geological interpretation is based on 21 RC holes and 2 diamond core holes which defined the strike extent and width of the mineralisation. Results from an aeromagnetic survey indicate magnetic trends, probably representing magnetite layers. The interpretation used a nominal cut-off grade of 20% Fe and a maximum internal waste intercept of 3m. Nine mineralised lenses were interpreted, ranging from 2m to 45m in horizontal thickness, with the six main lenses (in terms of volume) totalling to about 75m thick. The lenses were interpreted to 275m below surface, down to approximately 200m RL. The strike length of the interpreted zone of mineralisation is 4,400m.

A 'base of complete oxidation' (BOCO) surface was also modelled based upon geological drill logs, and the sulphur assays.

Competent Persons Statement

The information that relates to Mineral Resources is based on and fairly represents information compiled by **Mr David Williams**, a Competent Person, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Williams is employed by CSA Global Pty Ltd, an independent consulting company. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Mr Williams consents to the inclusion of the matters based on his information in the form and context in which it appears.

1.3 Victory Bore Acquisition Agreement

The material terms of the Agreement are as follows:

- (a) The consideration payable to HGM by the Company under the Agreement comprises:
 - (i) a \$500,000 cash payment (\$50,000 as a deposit and \$450,000 at settlement);
 - (ii) the issue of 62,500,000 Shares, to be issued at settlement of the Acquisition, which will have a deemed issue price of \$0.012 per Share (being a total value of \$750,000) and will be subject to voluntarily escrow for a period of six (6) months (**Consideration Shares**);
 - (iii) within sixty (60) days of the Company announcing to the ASX the completion of a pre-feasibility study which confirms the Victory Bore Tenement, if developed as a mine, has an internal rate of return of not less than 20% (**Milestone 1**), the Company will pay to HGM (or its nominee) \$650,000; and

- (iv) within sixty (60) days of the Company announcing a decision to mine the Victory Bore Tenement area (**Milestone 2**), the Company will pay to HGM (or its nominee) \$650,000; or
- (b) The Agreement is subject to the following conditions precedent (to be satisfied or waived by 18 January 2019, or such later date as agreed by the Parties):
 - (i) the members of the Company approving the issue and allotment of the Consideration Shares to HGM (or its nominee) (Shareholder approval is being sought under Resolution 2);
 - (ii) the Company raising \$1,000,000 to fund the purchase and exploration of the Victory Bore Tenement (Shareholder approval is being sought under Resolution 3);
 - (iii) ASX not imposing escrow on any of the Consideration Shares to be issued to HGM (or its nominee) pursuant to the Agreement, excluding the voluntary escrow;
 - (iv) as at the settlement date, the Victory Bore Tenement being in good standing, full force and effect and free of encumbrances and not liable to cancellation or forfeiture; and
 - (v) the Parties satisfying all legislative and regulatory requirements applicable to the transactions contemplated in the Agreement.
- (c) The Company has agreed to assume the obligation to pay a pre-existing royalty to Mutual Holdings Pty Ltd (being the subject of Resolution 1) in respect of the Victory Bore Tenement which was previously payable to Mutual pursuant to a tenement sale agreement initially entered into between Mutual and HGM (then named Quest Minerals Ltd) in October 2009 (**Tenement Sale Agreement**). Mutual Holdings Pty Ltd is an entity controlled by Director, Mr Vladimir Nikolaenko.

The Tenement Sale Agreement requires HGM to ensure that any proposed purchaser of the Victory Bore Tenement executes a deed of covenant in favour of Mutual agreeing to be bound by the terms and conditions contained in the Tenement Sale Agreement, including payment of the royalty.

As a condition of the Agreement and in consideration for Mutual's consent to the Agreement, the Company has agreed, as the proposed purchaser of the Victory Bore Tenement, to pay to Mutual the Royalty contained in the Tenement Sale Agreement, as detailed below:

- (i) Upon the Company's announcement to the ASX of an Inferred Resource, Indicated Resource or Measured Resource on the Victory Bore Tenement, the Company shall:
 - (A) in respect of gold or any other precious metal, pay a royalty of:
 - (I) \$0.20 per tonne for an Inferred Resource;
 - (II) \$0.30 per tonne for an Indicated Resource; and
 - (III) \$0.50 per tonne for a Measured Resource;

- (B) in respect of iron ore, vanadium, titanium or phosphate, pay a royalty of:
 - (I) \$0.02 per tonne for an Inferred Resource;
 - (II) \$0.04 per tonne for an Indicated Resource; and
 - (III) \$0.06 per tonne for a Measured Resource; and
- (C) in respect of U₃O₈ or any base metal, pay a royalty of:
 - (I) \$0.05 per tonne for an Inferred Resource;
 - (II) \$0.08 per tonne for an Indicated Resource; and
 - (III) \$0.10 per tonne for a Measured Resource.

The above payments are cumulative, such that where a Measured Resource is announced, the payment will be the total of the Measured Resource royalty, Indicated Resource royalty and the Inferred Resource royalty (for example, if a Measured Resource of vanadium, titanium, iron ore or phosphate is announced, the total payable would be \$0.12 per tonne, being the total of the amounts set out in Section 1.3(c)(i)(B) above);

- (ii) pay a royalty of \$1.00 per tonne of iron ore derived from the Victory Bore Tenement; and
- (iii) pay a royalty of 1% of gross revenue received by the Company from the sale of gold, any other precious metal or base metal from the Victory Bore Tenement,

(together, the **Royalty**).

2. RESOLUTON 1 – APPROVAL OF PAYMENT OF ROYALTY TO MUTUAL HOLDINGS PTY LTD

2.1 Background

As noted in Section 1.3, pursuant to the terms of the Acquisition, the Company has agreed to pay a pre-existing Royalty in respect of the Victory Bore Tenement to Mutual Holdings Pty Ltd (**Mutual**), an entity controlled by Director, Mr Vladimir Nikolaenko.

The terms of the Royalty are outlined in further detail in Section 1.3(c). The Royalty is a pre-existing obligation pursuant to the Tenement Sale Agreement initially entered into between Mutual and HGM (then named Quest Minerals Ltd) in October 2009. The Directors are unable to predict what the future value of any Royalty payable could be, given the uncertainties surrounding mineral exploration.

The Tenement Sale Agreement (which the parties to the Agreement have agreed will terminate upon completion of the Acquisition) requires HGM to ensure that any proposed purchaser of the Victory Bore Tenement executes a deed of covenant in favour of Mutual agreeing to be bound by the terms and conditions contained in the Tenement Sale Agreement, including payment of the Royalty. As such, the Company has agreed, as the proposed purchaser of the Victory Bore Tenement, to assume the obligation to pay the Royalty to Mutual under the terms of the Agreement.

Resolution 1 seeks Shareholder approval for any potential payment of the Royalty to Mutual.

2.2 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons, a related party of the entity, a substantial holder or one of its associates, without the prior approval of holders of the entity's ordinary shareholders.

Relationship between Mutual Holdings Pty Ltd and the Company

Mutual Holdings Pty Ltd is considered a related party of the Company for the purposes of ASX Listing Rule 10.1.1 and section 228(4) of the Corporations Act because it is an entity controlled by a Director of the Company, Mr Vladimir Nikolaenko (also a related party of the Company by virtue of being a Director).

Because Mutual is considered a related party of the Company, Shareholder approval is being sought under Listing Rule 10.1 for any potential payment of the Royalty in favour of Mutual (and, indirectly as its sole controller, Mr Vladimir Nikolaenko).

Substantial asset

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The equity interests of the Company as defined by the ASX Listing Rules and as set out in the latest accounts given to ASX under the ASX Listing Rules (being for the financial year ended 30 June 2018) were \$1,601,070, and 5% of this amount is \$80,054. In the event any Royalty becomes payable in an amount which exceeds the 5% substantial asset test, the payment of the Royalty would constitute a disposal of a substantial asset.

As noted in Section 1.2, there is an existing inferred Mineral Resource on the Victory Bore tenement which was originally announced by Quest Minerals Limited (now HGM) on 4 March 2011, and subsequently upgraded to an inferred Mineral Resource which complied with the 2012 JORC Code as announced by HGM on 29 June 2017.

A royalty was previously payable to Mutual in respect of this Mineral Resource, though a lesser amount was ultimately received (with the full amount owing never subsequently recovered) due to Quest Minerals Limited being placed into external administration following the announcement of the resource. This debt has been written off and no Royalty is currently owing to Mutual in respect of the existing inferred Mineral Resource. Otherwise, Mutual has not received any other monetary amounts from the Company in the previous financial year and does not expect to receive any further monetary amounts in the current financial year.

There is no guarantee that a further Mineral Resource will be discovered on the Victory Bore Tenement which could trigger payment of the Royalty. However, given the fact that an existing Mineral Resource has been previously established on the Victory Bore Tenement and the unpredictable nature of mineral exploration, combined with the uncertainty surrounding the amount of any Royalty potentially payable in such circumstances (and whether it would exceed the 5% substantial assets test at that time), the ASX has determined that the Company should seek Shareholder approval pursuant to ASX Listing Rule 10.1 for any potential obligation to

make a payment to Mutual under the Royalty, in the event a further Mineral Resource is discovered (which as noted above is highly unpredictable and is not guaranteed).

2.3 Independent Expert's Report

Elderton Capital Pty Ltd (**Independent Expert**) has been asked to prepare a report, for the purpose of ASX Listing Rule 10.10.2, on whether the potential payment of the Royalty to Mutual is fair and reasonable.

The Independent Expert has concluded that the potential payment of the Royalty to Mutual, an entity controlled by Director, Mr Vladimir Nikolaenko, as outlined in Resolution 1, is **NOT FAIR BUT REASONABLE** to Shareholders not associated with Mutual, taking into account the factors noted below and in the Independent Expert's Report, attached as Schedule 1 to this Notice of Meeting.

Shareholders are urged to consider the Independent Expert's Report in detail and if in doubt seek advice from their professional advisers prior to voting.

2.4 Chapter 2E of the Corporations Act

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

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

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

The Company's payment of any Royalty under the Agreement will constitute the giving of a financial benefit to Mutual, who as noted in Section 2.2 above is a related party of the Company.

The Directors (with the exception of Vladimir Nikolaenko, who has a material personal interest in the outcome of Resolution 1) consider the assumption of a pre-existing royalty obligation in connection with the acquisition of a tenement to be a standard and commercial arrangement which in the current circumstances is considered to be at arms' length. In any case, no Royalty is currently due or payable to Mutual under the Agreement. Accordingly, the Board has made a determination that there is no need to seek the approval of Shareholders under Chapter 2E of the Corporations Act in relation to the Royalty at this time.

2.5 Director recommendations

- (a) Mr Vladimir Nikolaenko declines to make a recommendation to Shareholders in relation to Resolution 1 due to his material personal interest in the outcome of Resolution 1 on the basis that he controls the potential recipient of the Royalty, being Mutual, and therefore has a material personal interest in the outcome of Resolution 1.
- (b) The Directors, other than Mr Vladimir Nikolaenko, recommend that Shareholders vote in favour of Resolution 1 for the following reasons:

- (i) The Royalty was negotiated under the previous Tenement Sale Agreement, to which the Company was not a party. The Directors, other than Mr Vladimir Nikolaenko, consider the Royalty was agreed on an arm's length basis and as fair consideration for Mutual's entry into the Agreement.
- (ii) In order to secure any tenement, the contractual obligations currently applying to the tenement, including compliance with any pre-existing royalty obligations, must be considered and weighed against the benefit of acquiring the tenement. The Board, other than Mr Vladimir Nikolaenko, made a determination in the circumstances that the benefit to the Company in acquiring the Victory Bore Tenement outweighed the obligation to pay the pre-existing Royalty.
- (iii) The Acquisition of the Victory Bore Tenement;
 - (A) will significantly increase the Company's vanadium resource base and exploration potential. The Victory Bore Tenement, in conjunction with the Company's Unaly Hill vanadium project will make the Company a significant vanadium resource holder in Australia; and
 - (B) means the Company has a contiguous tenement holding over approximately 25 km of strike of the Atley Complex, presenting the potential for not only an increased resource tonnage but for zones of higher-grade mineralisation.
- (i) The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

3. RESOLUTION 2 – ISSUE OF CONSIDERATION SHARES FOR ACQUISITION

3.1 General

Resolution 2 seeks Shareholder approval for the issue of 62,500,000 Consideration Shares in partial satisfaction of the consideration for the Acquisition.

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

The effect of Resolution 2 will be to allow the Company to issue the Consideration Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.2 Technical information required by ASX Listing Rule 7.1

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

- (a) the maximum number of Consideration Shares to be issued is 62,500,000;
- (b) the Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX

waiver or modification of the ASX Listing Rules) and it is intended that issue of the Consideration Shares will occur on the same date;

- (c) the deemed issue price will be \$0.012 per Consideration Shares issued in satisfaction of the Acquisition of Victory Bore Tenement (being a total deemed price of \$750,000);
- (a) the Consideration Shares will be issued to High Grade Metals Limited, who is not a related party of the Company;
- (d) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (e) no funds will be raised from the Consideration Shares as they are being issued in part consideration for the Acquisition.

4. RESOLUTION 3 – APPROVAL OF PLACEMENT OF SHARES

4.1 General

Resolution 3 seeks Shareholder approval for the issue of that number of Shares, at an issue price of 80% of the VWAP for Shares calculated over the last 5 days on which sales of the Shares were recorded before the day on which the issue is made, which will raise up to \$1,000,000 (**Placement**).

A summary of ASX Listing Rule 7.1 is set out in Section 3.1 above.

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

The table below shows the potential dilution of existing Shareholders upon the issue of Shares at varying VWAPs.

	VWAP		
	\$0.0016	\$0.0056	\$0.0096
Shares currently on issue	440,653,640	440,653,640	440,653,640
Consideration Shares to be issued	62,500,000	62,500,000	62,500,000
<u>Total Shares</u>	<u>503,153,640</u>	<u>503,153,640</u>	<u>503,153,640</u>
Shares to be issued under the Placement	625,000,000	178,571,429	104,166,667
Total Shares after the Placement	1,128,153,640	681,725,069	607,320,307
Dilution	55.40%	26.19%	17.15%

Notes:

1. Example range of VWAPs based on Share price as at 24 January 2019, being \$0.007 per Share.
2. There are currently 440,653,640 Shares on issue as at the date of this Notice of Meeting.
3. The above table assumes that no other Shares are issued, Options exercised, or Partly Paid Shares become fully paid up, other than the 62,500,000 Consideration Shares and the Shares to be issued under the Placement (assuming Resolutions 2 and 3 are approved by Shareholders).
4. Example range of issue prices calculated on 80% discounts to various prices. With \$0.0056 being a 20% discount to ASX closing price on 24 January 2019 of \$0.007, \$0.0016 being an 80% of VWAP of \$0.002 and \$0.0096 being 80% of VWAP of \$0.012.
5. The above table demonstrates a range of example prices and is not in any way an indication or representation of what the future Share price could or is expected to be in the future.

4.2 Technical information required by ASX Listing Rule 7.1

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

- (a) the maximum number of Shares to be issued is that number of Shares, at an issue price of 80% of the five (5) day VWAP immediately prior to the date on which the issue is made, which will raise up to \$1,000,000.
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price of the Shares will be 80% of the VWAP calculated over the five (5) days on which sales in the Shares are recorded before the day on which the issue is made;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Placement to fund the Acquisition, as detailed at Section 1.

GLOSSARY

\$ means Australian dollars.

Acquisition means the Company's acquisition of the Victory Bore Tenement in accordance with the Agreement.

Agreement means the binding agreement between the Company, High Grade Metals Limited, Mutual Holdings Pty Ltd and Acacia Mining Pty Ltd to purchase Exploration License 57/1036 at Victory Bore.

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

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

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

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

Company means Surefire Resources NL (ACN 083 274 024).

Consideration Shares means the 62,500,000 Shares to be issued to HGM in part consideration of the Acquisition.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

HGM means High Grade Metals Limited (ACN 062 879 583).

Indicated Resource has the meaning given to that term in the JORC Code.

Inferred Resource has the meaning given to that term in the JORC Code.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition.

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

Measured Resource has the meaning given to that term in the JORC Code.

Milestone 1 means the Company announcing to the ASX the completion of a pre-feasibility study which confirms the Victory Bore Tenement, if developed as a mine, has an internal rate of return of not less than 20%.

Milestone 2 means the Company announcing a decision to mine the Victory Bore Tenement area.

Mineral Resource has the meaning prescribed in the JORC Code 2012.

Mutual means Mutual Holdings Pty Ltd (ACN 092 024 336).

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share, exercisable at \$0.018 each on or before 30 November 2018.

Optionholder means a holder of an Option.

ordinary securities has the meaning set out in the ASX Listing Rules.

Parties means the parties to the Agreement, being HGM, Mutual and Acacia Mining Pty Ltd.

Partly Paid Shares means the unquoted Partly Paid Shares issued with no amount payable upon issue, with \$0.027 payable at the election of the holder in three equal calls of \$0.009 each on the 12-month, 24-month and 36-month anniversary of their issue.

Placement means the proposed placement of Shares the subject of Resolution 3.

Proxy Form means the proxy form accompanying the Notice.

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

Royalty has the meaning given in Section 1.3(c).

Section means a section of the Explanatory Statement.

Security means a security in the capital of the Company, including Shares, Options or Partly Paid Shares.

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

Shareholder means a registered holder of a Share.

Tenement Sale Agreement means the tenement sale agreement dated 23 October 2009 between Mutual and HGM (then Quest Minerals Ltd).

Victory Bore Tenement means the Exploration Licence 57/1036, located at Victory Bore in Western Australia.

VWAP means the volume weighted average price.

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

PROXY FORM

SUREFIRE RESOURCES NL
ACN 083 274 024

EXTRAORDINARY GENERAL MEETING

I/We

of:

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

Name:

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00am, on Wednesday 6 March 2019 at Level 4, The Read Buildings, 16 Milligan Street, Perth, WA , 6000, Australia, and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

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

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Approval of Payment of a Royalty to Mutual Holdings Pty Ltd	☐	☐	☐
Resolution 2	Issue of Consideration Shares for Acquisition	☐	☐	☐
Resolution 3	Approval of Placement of Shares	☐	☐	☐

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

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

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

YES ☐ NO ☐

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Surefire Resources NL, 45 Ventnor Avenue West Perth WA 6005; or
 - (b) facsimile to the Company on facsimile number +61 8 9429 8800; or
 - (c) email to the Company at info@surefireresources.com.au,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.

SUREFIRE RESOURCES NL

Independent Expert's Report and Financial
Services Guide

December
2018

The Proposed Transaction is **not fair but reasonable** to the Non-Associated Shareholders of Surefire Resources NL.

Prepared by Elderton Capital Pty Ltd **Australian
Financial Services License No. 342143**

Elderton Capital Pty Ltd
ACN 22 137 309 892
Financial Services Guide

About us

Elderton Capital Pty Ltd (**Elderton Capital** or **we** or **us** or **our**) (Australian Financial Services Licence 342143) has been engaged by Surefire Resources NL (**Surefire** or the **Company**) to provide general financial product advice in the form of an independent expert's report (**Report**) in connection with the proposed Transaction. The directors and employees of Elderton Capital are the directors and employees of Greenwich & Co Pty Ltd. Our Report sets out our opinion as to whether the transaction is fair and reasonable and our reasons for forming those conclusions.

The *Corporations Act 2001 (Cth)* requires us to provide this Financial Services Guide (**FSG**) in connection with the attached Report prepared for Surefire. You are not the party who engaged us to prepare this Report and we are not acting for any person other than Surefire. This FSG provides important information designed to assist Shareholders in forming their views of the transaction and in understanding any general financial advice provided by Elderton Capital in this Report. Our Report is not intended to comprise personal retail financial product advice to retail investors or market-related advice to retail investors. This FSG contains information about our engagement by the directors of Surefire to prepare this Report in connection with the transaction (Engagement), the financial services we are authorised to provide, the remuneration we (and any other relevant parties) may receive in connection with the Engagement, and details of our internal and external dispute resolution systems and how these may be accessed.

Financial services we are authorised to provide

Our Australian Financial Services Licence authorises us to carry on a financial services business to provide financial product advice for classes of financial products, including securities and government debentures, stocks and bonds, and to deal in financial products by applying for, acquiring, varying or disposing of financial products on behalf of another person in respect of the abovementioned classes of financial products to retail and wholesale clients.

General financial product advice

We do not provide personal financial product advice to retail clients. This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. Where the advice relates to the application for or acquisition of a financial product, you should also obtain and read carefully the relevant Transaction document or explanatory memorandum provided by the issuer or seller of the financial product before making a decision regarding the application for or acquisition of the financial product.

Remuneration, commissions and other benefits

Elderton Capital charges fees for its services and will receive a fee of \$12,000 (excluding GST) for its work on this Report. These fees have been agreed on, and will be paid solely by Surefire, which has engaged our services for the purpose of providing this Report. Elderton Capital may seek reimbursement of any out of pocket expenses incurred in providing these services. Our advisers are directors and employees of Elderton Capital who are paid salaries and dividends by Elderton Capital, and may also receive bonuses and other benefits from Elderton Capital. Our advisers may alternatively be paid by means of commission determined by a percentage of revenue written by the adviser.

Associations and relationships

There are no associations and relationships with Surefire other than acting as independent expert for the purposes of this report and an associated entity, Greenwich & Co Audit Pty Ltd being independent auditor of Surefire. Prior to accepting this engagement Elderton Capital Pty Ltd Pty Ltd has considered its independence with respect to Surefire and any of its respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In Elderton Capital's opinion it is independent of Surefire and the related parties under review in this Report. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$12,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Elderton Capital nor Nick Hollens and Rafay Nabeel have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report. Elderton Capital, its directors and executives do not have an interest in securities, directly or indirectly, which are the subject of this Report. Elderton Capital may perform paid services in the ordinary course of business for entities, which are the subject of this Report.

Risks associated with our advice

This FSG is provided in connection with the attached Report relating to the transaction. The Report comprises general product advice and does not comprise personal financial product advice to retail investors or market-related advice to retail investors. The Report is an expression of Elderton Capital's opinion as to whether the transaction is fair and reasonable. However, Elderton Capital's opinion should not be construed as a recommendation as to whether or not to approve the transaction. Approval of the transaction is a matter for individual shareholders based on their own circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in any doubt as to the action they should take in relation to the transaction should consult their own independent professional advisers. Further information on the risks, assumptions and qualifications associated with the advice is contained within the Report.

Compensation arrangements

The law requires Elderton Capital to have arrangements in place to compensate certain persons for loss or damage they suffer from certain breaches of the *Corporations Act 2001* by Elderton Capital or its representatives. Elderton Capital has internal compensation arrangements as well as professional indemnity insurance that satisfy these requirements.

Complaints

As an Australian Financial Services Licence holder, we are required to have an internal complaints-handling mechanism. All complaints must be addressed to us in writing at Level 2, 35 Outram Street, West Perth, WA, 6005. You may contact us on P: 08 6324 2900, E: info@eldertoncapital.com. If we are not able to resolve your complaint to your satisfaction within 45 days of first lodging it with us, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS). You will not be charged for using the FOS service.

To contact the FOS:

GPO Box 3
MELBOURNE, VIC 3001
Tel: 1300 780 808
Fax: (03) 9613 6399

Privacy & use of information. We do not collect personal information on individual clients and are bound by the Elderton Capital Privacy Policy in the way that it governs personal information collected on clients. If you have any questions on privacy please contact us on the details above.

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ELDERTON

CAPITAL

10 December 2018

The Directors
Surefire Resources NL
45 Ventnor Avenue
WEST PERTH WA 6005

Dear Sirs

Opinion

1. Introduction

Surefire Resources NL ("**Surefire**" or the "**Company**") entered into an Agreement on or about 20 August 2018 with High Grade Metals Limited ACN 062 879 583 ("**HGM**"), Acacia Mining Pty Ltd ACN 146 338 427 ("**Acacia**") and Mutual Holdings Pty Ltd ACN 092 024 336 ("**Mutual**"), to acquire the Victory Bore project located in the Mid-West Region of Western Australia, near the town of Sandstone, 560 km north east of Perth and 450 km east of the shipping port of Geraldton.

The Directors of Surefire have requested that Elderton Capital Pty Ltd ("**Elderton**"), being independent and qualified for the purpose, prepare an Independent Expert Report (the "**Report**" or "**IER**") to express an opinion as to whether the proposal as outlined in Resolution 1 to the notice of meeting ("**Notice**") and the explanatory memorandum ("**EM**") attached to the notice relating to the proposed payment of royalty ("**proposed transaction**" or "**transaction**") to Company's related party Mutual Holdings Pty Ltd (ACN 092 024 336) ("**Mutual**") in relation to the acquisition of Victory Bore Tenement is fair and reasonable to Company's shareholders.

In preparing this IER we have had regard the Australian Securities and Investment Commission ("**ASIC**") Regulatory Guide 111 Content of Expert Reports ("**RG 111**"), in our assessment of the fairness and reasonableness of the proposed transaction.

The ultimate decision whether to approve the proposed transaction should be based on each shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to add value to future market conditions. If in doubt about the proposed transaction, or matters dealt with in this IER, shareholders should seek independent professional advice.

2 The purpose of this report

Listing Rule 10.1 of the ASX Listing Rules states that any listed company acquiring or disposing of substantial asset to various persons in a position of influence must inform the shareholders and have the opportunity to vote on the such transactions. This includes the disposal of substantial assets to related parties of the entity. Mutual is an entity controlled by one of Surefire's Directors, Mr Vladimir Nikolaenko, and is thus a related party of the Company. The Company therefore needs approval of shareholders for the proposed transaction.

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W www.eldertoncapital.com P PO Box 983, West Perth WA 6872

3 Executive Summary

3.1 Approach

Our Report has been prepared having consideration of ASIC's RG 111 and Regulatory Guide 112 ("**RG 112**") '*Independence of Experts*'.

In arriving at our opinion, we have assessed the terms of the Heads of Agreement ("**HOA**") which sets out the terms of the purchase of Exploration Licence 57/1036 ("**Victory Bore Tenement**" or "**tenement**") by Surefire from HGM and Acacia.

We have considered:

- Whether the contingent royalty payment which may become payable to Mutual as described under section 4 below on top of the other consideration payable for the Victory Bore Tenement ("fair value of total consideration") fully reflects the fair value of the Victory Bore Tenement?
- Other factors which we consider to be relevant to the Shareholders in their assessment of the proposed payment of the royalty; and
- The position of shareholders should the transaction not proceed.

3.2 Opinion

We have considered the terms of the transaction as outlined in the body of this report.

We have concluded that due to lack of available information to apply Valmin code methodologies to Victory Bore Tenement, we are unable to form an opinion on the fairness of the proposed transaction. Accordingly, we must form an opinion that the proposed transaction *is not fair* to the shareholders. Using qualitative factors mentioned elsewhere in this report and the limited information available to us, we consider the proposed transaction to be reasonable for the shareholders.

3.3 Methodology Applied

In determining whether the proposed transaction is "fair and reasonable", we have given regard to the views expressed by ASIC in RG 111. This regulatory guide provides ASIC's views on how an expert can help security holders make informed decisions about a transaction and specifically gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

RG 111 states that the expert's report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

RG 111 applies the fair and reasonable test as two distinct criteria, stating that a proposed transaction is fair if the value of the financial benefit to be provided to the entity is equal or greater than the value of the consideration being provided by the entity.

A transaction is reasonable if it is fair. It might also be reasonable if, despite not being fair, the expert believes there are sufficient reasons for members to vote for the transaction.

Consistent with the guidelines in RG 111, in determining whether the proposed transaction is "fair and reasonable" to the shareholders, the analysis undertaken is as follows:

- A comparison between the fair value of the asset acquired to the contingent royalty payment on top of the other consideration payable for the Victory Bore Tenement ("Is the proposed transaction fair?").
- Investigation into qualitative factors to which Shareholders might give consideration, prior to approving the proposed transaction ("Is the proposed transaction reasonable?").

In particular, we have considered the advantages and disadvantages of the proposed transaction in the event that the proposed transaction proceeds, including:

- the accounting implications for Surefire if the proposed transaction proceeds; and
- whether there are any factors that may highlight that the transaction is arm's length.

Our assessment of the proposed transaction is based on economic, market and other conditions prevailing at the date of this Report.

3.4 Fairness

Per RG 111, Independent Expert Reports assessing the value of mineral assets must follow the Valmin Code.

Valmin code defines value as the fair market value of a mineral asset. The fair market value is the amount of money (or the cash equivalent of some other consideration) for which the mineral asset should change hands on the valuation date in an open and unrestricted market between a willing buyer and a willing seller in an “arm’s length” transaction, with each party acting knowledgeably, prudently and without compulsion.

Valmin code prescribes appropriate valuation methodologies for mineral assets depending on their stage of development. Generally, income-based approach using discounted cash flow methodology is only appropriate for development projects supported by proved and probable ore reserves. For less advanced projects (i.e. in early-stage/ advanced exploration projects) the appropriate methodologies are either a market-based approach using comparable sale evidence metrics, or a cost based approach using sunk or replacement costs of the project.

We have consulted a geological consultant (“**consultant**”) who regularly undertakes technical valuations of mineral interests. The consultant was of the view that the Victory Bore Project is considered to be at the early-stage stage exploration stage per Valmin Code. Therefore, Victory Bore Tenement was not sufficiently advanced in order to conduct a discounted cash flow based valuation.

We have considered using a comparable sales metric for royalty streams on mining assets however we do not consider this approach to be appropriate due to an insufficient number of comparable transactions with enough publicly available information to conduct a robust assessment.

The fair value of the Victory Bore Tenement is being compared with fair value of consideration including a contingent royalty payment which has a structured payoff profile linked with the cash flows generated from the Victory Bore Tenement. Since the discounted cash flows from the tenement cannot be determined, fair value of the contingent royalty figure which may become payable also cannot be ascertained at this stage.

Past regulatory guidance provided to us is that where an expert is unable to form an opinion on the fair value of the asset, the expert must conclude that the transaction is not fair.

Due to a lack of available information to apply a Valmin code compliant methodology, (i.e. a discounted cash flow methodology), to a Victory Bore Tenement and contingent royalty payment, we are unable to form an opinion on the fairness of the transaction. Accordingly, we must form an opinion that the proposed transaction **is not fair** to the shareholders.

3.5 Reasonableness

In our opinion, the position of Shareholders if the proposed transaction is approved is more advantageous than the position if it is not approved. Accordingly, in the absence of any other relevant information we believe that the proposed transaction **is reasonable** to the shareholders.

We have considered the following factors in forming an opinion as to whether the proposed transaction is reasonable and where it is reasonably practicable to do so with sufficient precision, we have quantified these factors:

- the accounting implications for Surefire if the proposed transaction proceeds (see 3.6 below);
- other qualitative consideration including advantages and disadvantages of the proposed transaction (see 3.7 and 3.8 below);
- whether there are any factors that may highlight that the transaction is arm’s length; and
- alternatives, including the position of Shareholders if the proposed transaction does not proceed.

3.6 The accounting implication for Surefire if the proposed transaction proceeds

Based on geological consultant's finding the Royalty payable is "0" and will not have any impact on the financial statements of Surefire other than the contingent liability disclosure, until such time the Company:

- 1) announces an inferred, indicated resource or measured resource on the tenement; and
- 2) starts mining and generating revenue.

Once any of the above occur, any royalty to be paid for 1) and 2) above will be calculated based on the formula given in section 4 under "Details of the proposed transaction".

As per the inferred Resource announcement (see 6.4 below), 25% Iron (Fe) was established. Hence, we use price of Iron today to assess whether the amount of royalty to be paid on the Indicated or measured resource of Iron seems reasonable. The price of Iron (Fe) today is \$92.6762 per tonne.

The royalty calculated in case of 1) above is a one-off payment of \$0.02 per tonne of Iron ore when an inferred resource is announced, \$0.04 per tonne of Iron ore when an indicated resource is announced and \$0.06 per tonne of Iron ore when a measured resource is announced.

The royalty calculated for 2) above is based on the quantity of ore extracted (\$1 per tonne of ore) or the amount of revenue generated (1% of revenue) once Company starts mining. On today's price of Iron ore (\$92.6762 per tonne of Iron) this is going to be a royalty of \$1.9267 for every \$92.6762 generated from mining (2% of revenue).

3.7 Advantages of approving the proposed transaction

We have considered the following advantages when assessing whether the proposed transaction is reasonable.

Advantage	Description
Increase Surefire's Vanadium resource base and exploration potential	Company's Unaly Hill Vanadium project currently contains an Inferred Mineral Resource of 86.2 Mt @ 0.42% V₂O₅ (based on a 0.30% V₂O₅ cut-off) established in October 2011 in accordance with the JORC Code (2004) by Mr. Vladislav Trashliev of Gemcom, (an independent geological consultancy company) and Mr. Andrew Bewsher from BM Geological Services PL was the Competent Person responsible for the Independent Audit of the Mineral Resource. Victory Bore Vanadium Project contains Inferred Mineral Resource of 151 Mt @ 0.44% V₂O₅ established by independent geological consultants CSA Global Pty Ltd, Perth (CSA) in accordance with the JORC code (2004) and later updated in accordance with 2012 JORC guidelines as explained in section 6.4 below. The acquisition of the Victory Bore Vanadium Project will significantly increase the Company's Vanadium resource base and exploration potential. The Company will have a combined Inferred Mineral Resource of 237 Mt grading ~0.42-0.44% V₂O₅ with a contained V₂O₅ content of 102,900 tonnes making it one of the largest Vanadium resource holders in Australia. The majority of the magnetic anomalies within both licence areas remain untested by drilling the potential exists therefore for not only an increased resource tonnage but for larger zones of higher-grade vanadium mineralisation. Competent Persons' Statements (a) Victory Bore Project: The information that relates to Mineral Resources for Victory Bore Project is based on and fairly represents information compiled by Mr David Williams, a Competent Person, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Williams is employed by CSA Global Pty Ltd, an independent consulting company. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David consents to the inclusion in this Report.

	(b) Unaly Hill Project: The information that relates to Mineral Resources for Unaly Hill Project is extracted from the report entitled 'Unaly Hill Vanadium Inferred Mineral Resource Report' created on October 2011 and is available to view on www.surefireresources.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement related to Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.
Close proximity to the Unaly Hill Project	Surefire is currently well advanced in its exploration drill planning for Unaly Hill Vanadium Project which is in close proximity to the Victory Bore Tenement. Same targeting rationale and available geophysics will enable similar methodology to be applied to the untested Victory Bore anomalous area.
Strong vanadium market	With fivefold increase in price between November 2015 and April 2018 vanadium is ahead of other 'hot' battery metals, including cobalt and lithium, whose prices have risen amid expectations of surging demand from electric vehicle manufacturers. There are strong reasons to believe that the vanadium price will continue to rise, two excellent drivers of long-term demand are the new tensile strength rules to be implemented in China and the growth of vanadium redox flow batteries (VRFBs).
Inferred mineral resource established	As described above under section 6.1, previous exploration activity conducted within the Victory Bore Tenement boundary has established a Mineral Resource in accordance with JORC code 2012. Royalty on inferred mineral resource has already been settled.
Available cash balance of \$1.86 million and total liabilities of \$0.7 million per June 2018 financial statements	Per June 2018 audited financial statements, Company had \$1.86 million cash balance and total liabilities of \$0.7 million. At the time of this report, Company has \$0.8 million cash balance and will be raising \$1 million equity capital per conditions of the acquisition agreement. Company therefore has ample surplus funds to invest. Delay in investment in the one of the core activities may incur cost of lost opportunities.

3.8 Disadvantages of approving the proposed transaction

Disadvantage	Description
Reduced profitability in future	Any future royalty payment will reduce future profits of Surefire. However, it is common to have these arrangements in place and if mining starts, shareholders will also benefit from the project reaching a phase requiring payment of a royalty.
Risk of not diversifying	By investing in another Vanadium project Company is taking a risk that it is not diversifying. However, we note that junior exploration companies are generally considered high risk and reward investment for shareholders and therefore this is a normal risk for the given industry.

3.9 Factors that highlight an arm's length transaction

The royalty payment was initially agreed pursuant to a tenement sale agreement in October 2009 and has been in effect since this time. This pre-agreed royalty obligation, which was agreed between Mutual and HGM (then Quest Minerals) on arm's length terms, is intended to be assigned to Surefire in accordance with the terms of the prior tenement sales agreement and as part of the main tenement acquisition. The royalty is not a new transaction but has been in existence for almost 9 years and comes with the tenement.

3.10 Alternative proposal

We are unaware of any alternative proposal that might be considered as a better option for the Shareholders of Surefire.

Based on our analysis of the above, in our opinion, the proposed transaction **is considered reasonable** for Shareholders because:

- a) After review, the advantages of the proposed transaction outweigh the disadvantages of approving it, for Shareholders; and
- b) After review, the disadvantages of rejecting the proposed transaction outweigh any advantages of rejecting it, for Shareholders.

3.11 Other Matters

Elderton Capital Pty Ltd holds the appropriate Australian Financial Services Licence to issue this report.

In forming our opinion and conclusions, we have evaluated the interests of Surefire shareholders as a collective group. Therefore, the advice provided does not consider any individual Surefire shareholder directly: their financial situation, objectives or needs. It is not possible, nor is it practical, to assess the implications of the proposed transaction on individual shareholders as their specific financial circumstances are unknown.

The decision as to whether or not to approve the proposed transaction is a matter for each individual Surefire shareholder to consider based on, their risk appetite, desire for portfolio liquidity, investment strategy, and tax position. Each individual shareholder is therefore advised to consider the appropriateness of our opinion in the context of their circumstances, before making a decision regarding the proposed transaction.

As any shareholder's decision to vote for or against this resolution may be affected by their aforementioned personal circumstances, we advise that each individual shareholder seeks their own independent professional advice.

Our report has been prepared in accordance with the *Corporations Act 2001* ("the Act") and other relevant Australian regulatory requirements. This report has been prepared solely for the purpose of assisting Surefire shareholders in evaluating whether to approve the above mentioned transaction. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

4 Details of the proposed transaction

4.1 Details from the Company's ASX Announcements

On 23 August 2018, Surefire announced that it has signed a binding Heads of Agreement with High Grade Metals Ltd, Mutual and Acacia to purchase exploration licence 57/1036 at Victory Bore in the Mid-West of Western Australia.

4.2 Consideration including contingent royalty payment for the purchase

Under the HOA, the total consideration payable for the Victory Bore Tenement includes initial consideration of \$1.25 million payable to High Grade Metals ("**HGM**") on signing the agreement, together with contingent consideration payable to HGM upon the occurrence of certain events and a contingent royalty payable to Mutual as follows;

- \$650,000 payable to HGM within 60 days of the announcement to the ASX that Surefire has obtained a pre-feasibility study that confirms that the Tenement if developed as a mine has an internal rate of return of not less than 20%.
- \$650,000 payable to HGM within 60 days of the announcement to the ASX that Surefire has made a decision to mine within the tenement area.
- Upon the announcement by Surefire to ASX of an Inferred Resource, Indicated Resource or Measured Resource on the tenement, Surefire shall pay a Royalty to Mutual as follows;
 - Where such Inferred Resource, Indicated Resource or Measured Resource relates to vanadium, titanium, iron ore or phosphate:
 - a) Inferred Resource - \$0.02 per tonne of ore;
 - b) Indicated Resource - \$0.04 per tonne of ore; and
 - c) Measured Resource - \$0.06 per tonne of ore;
 - Where such Inferred Resource, Indicated Resource or Measured Resource relates to U₃O₈ or any base metal:
 - a) Inferred Resource - \$0.05 per tonne of ore;
 - b) Indicated Resource - \$0.08 per tonne of ore; and
 - c) Measured Resource - \$0.10 per tonne of ore;
 - Where such Inferred Resource, Indicated Resource or Measured Resource relates to gold or any other precious metal:
 - a) Inferred Resource - \$0.20 per tonne of ore;
 - b) Indicated Resource - \$0.30 per tonne of ore; and
 - c) Measured Resource - \$0.50 per tonne of ore;
- On and from settlement in accordance with the HOA, Surefire shall pay to Mutual;
 - a) A royalty of \$1.00 for each tonne of Iron ore derived from the Tenement; and
 - b) A royalty equal to 1% of the Gross Revenue received by Surefire from sale of gold, any other precious metal or base metal derived from the tenement for each quarter.

4.3 The Resolution to Shareholders

The resolution relevant to the proposed transaction is set out in the NOM and is listed below:

Resolution 1 – Approval of Payment of Royalty to Mutual Holdings Pty Ltd

"That, for the purposes of ASX Listing Rule 10.1 and for all other purposes, approval is given for the Company to pay a Royalty over the Victory Bore Tenement to Mutual Holdings Pty Ltd, an entity controlled by a Director of the Company, namely Mr Vladimir Nikolaenko, on the terms and conditions set out in the Explanatory Statement."

5 Profile of Surefire

Surefire is an Australian company listed on the ASX (Code:SRN) whose principal current activity is to explore and/or review mineral tenement holdings in Western Australia.

5.1 Directors & Key Management

As at the date of this report, the Directors and Key Management of Surefire comprise the following:

- Mr Vladimir Nikolaenko
- Mr Michael Povey
- Mr Roger Smith

5.2 Surefire's Financial Position

The table below sets out the financial position of Surefire as at 30 June 2018, 31 December 2017 and 30 June 2017.

	Reviewed Half year ended 31 December 2017 \$	Audited 30 June 2018 \$	Audited 30 June 2017 \$
Current Assets			
Cash and cash equivalents	10,745	1,860,697	20,554
Trade and other receivables	6,763	42,473	-
Total Current Assets	17,508	1,903,170	20,554
Non-Current Assets			
Deferred exploration expenditure	415,000	415,000	415,000
Total Non-Current Assets	415,000	415,000	415,000
Total Assets	432,508	2,318,170	435,554
Current Liabilities			
Trade and other payables	556,461	717,100	376,561
Interest bearing loans and borrowings	936,589	-	805,937
Total Current Liabilities	1,493,050	717,100	1,182,498
Total Liabilities	1,493,050	717,100	1,182,498
Net Assets/(Liabilities)	(1,060,542)	1,601,070	(746,944)
Equity			
Contributed equity	23,250,156	26,507,259	23,250,156
Accumulated losses	(24,310,698)	(25,281,389)	(24,049,600)
Reserves	-	375,200	52,500
Total Equity	(1,060,542)	1,601,070	(746,944)

- 1 Per June 2018 audited financial statements, Company has available cash balance of \$1.86 million and is looking for the right investment in line with its core activity. At the time of this report, Company has \$0.8 million cash balance and will be raising \$1 million equity capital per conditions of the acquisition agreement.

5.3 Surefire's Financial Performance

The table below sets out the financial performance of the Company for the period ended 31 December 2017 and the financial years ending 30 June 2017 and 2018.

	Reviewed Half year ended 31 December 2017 \$	Audited 30 June 2018 \$	Audited 30 June 2017 \$
Revenue			
Interest Income	12	39	736
R&D rebate	-	-	42,564
Expenses			
Administrative expense	(100,393)	(358,377)	(207,253)
Director fees and consulting charges	(144,856)	(386,544)	(215,582)
Exploration expenses	(68,361)	(268,002)	(96,430)
Exploration acquisition costs written off	-	-	(990,000)
Interest expense	-	(22,905)	(7,424)
Share-based payments	-	(196,000)	-
(Loss) before income tax expense	(313,598)	(1,231,789)	(1,473,389)
Income tax expense	-	-	-
(Loss) from continuing operations	(313,598)	(1,231,789)	(1,473,389)
Other comprehensive income for the period			
Loss from discontinued operations	-	-	(116,272)
Total Comprehensive income for the period attributable to members of the Group	(313,598)	(1,231,789)	(1,589,661)

5.4 Surefire's Capital Structure

At the date of this report the company has 440,653,640 ordinary shares on issue. The top 20 shareholders account for 48.23% of the total shares on issue. Set out in the table below are the top 20 shareholders, the number of shares held and the percentage of the total.

Shareholder	No. of shares	%
Plato Mining Pty Ltd	76,942,832	17.46
Celtic Capital Pty Ltd <The Celtic Capital A/c>	21,000,000	4.77
Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/c>	20,000,000	4.54
Mercury Investments Pty Ltd	15,411,809	3.50
Nicole Gallin and Kyle Haynes <GH Super Fund A/c>	10,000,000	2.27
Stevsand Holdings Pty Ltd <Formica Horticultural A/c>	9,291,206	2.11
Super MSJ Pty Ltd <MSJ Super Fund A/c>	6,000,000	1.36
Halith Pty Ltd	5,505,155	1.25
Aussie & Polish Corporation Pty Ltd <Zarebas SMSF A/c>	5,110,000	1.16
Chembank Pty Ltd <RT Unit A/c>	5,000,000	1.13
Ardglen Holding Pty Ltd <Matthew Smith Family A/c>	4,812,500	1.09
Leticia M Limon	4,000,000	0.91
Agens Pty Ltd <The Mark Collins S/F A/c>	4,000,000	0.91
Silverknight Holdings Pty Ltd	4,000,000	0.91
Vivaldi Capital SDN BHD	3,875,000	0.88
Pheakes Pty Ltd <Senate A/c>	3,545,793	0.80
Tom and Angela Kouloukakis	3,525,000	0.80
Kieran G Barratt	3,500,000	0.79
Gavin J Dunhill	3,500,000	0.79
Vulture Fish Pty Ltd	3,500,000	0.79
Other shareholders	228,134,345	51.77
Total	440,653,640	100.00

The range of shares held in Surefire at 10 December 2018 is as follows:

Table 7

Range of shares held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 – 1,000	438	188,080	0.04
1,001 – 5,000	288	859,686	0.20
5,001 – 10,000	103	841,103	0.19
10,001 – 100,000	474	20,432,694	4.64
100,001 and over	382	418,332,077	94.93
TOTAL	1,685	440,653,640	100.00

Source: Management of Surefire

6. Description of the Victory Bore Project

The Victory Bore Project is situated in the Mid-West Region of Western Australia, near the town of Sandstone, 560 km north east of Perth and 450 km east of the shipping port of Geraldton. There is good bitumen road access to the area from both Perth and Geraldton. The Midwest gas pipeline traverses the project area. On 20/3/09, an agreement was signed by the Western Australian Government for a new, deep water shipping port at Oakajee, 20 km north of Geraldton. This \$3.5 billion port and rail development will be purpose built to service the iron ore deposits of Western Australia's Mid-West Region. There are several gold processing facilities close to the licence.

The Sandstone area has been a major historical producer of gold with an estimated total of about 730,000 ounces of gold won between 1895 and 1915 and a further 585,000 ounces to 1984. The majority of this production has come from the Oroya Mine and Hacks Reef within the immediate vicinity of the Sandstone township. Hacks Reef produced 206,000 ounces from 260,000 tonnes of ore at an average grade of 24g/t gold. Oroya Mine produced 220,000 ounces from 420,000 tonnes at 16.5g/t gold.

Herald Resources NL mined in the district for nearly twenty years to 1999 producing over 250,000 ounces of gold. It sold all of its Sandstone interests including its Twin Shafts treatment plant to Troy Resources NL who commenced open pit mining of the newly discovered Bulchina orebody in August 1999. Around 50,000 ounces of gold per year have been produced. The operation closed and moved to care and maintenance in September 2010 quarter.

Several promising gold deposits have been recently located including the Two-Mile Hill Deposit and the Phoenix Prospect on ground held by Troy Resources NL. In early 2004, two further new gold discoveries, the Lord Henry and Lord Nelson deposits, were found near the old gold mining centre of Maninga Marley about 30km southeast of the Bulchina Mine. These discoveries demonstrate that the Sandstone Belt was and is underexplored and may host more substantial gold deposits.

6.1 Previous Exploration

Between 1979 and 1998, gold-specific exploration, including rotary air blast (RAB) and RC drilling, was carried out in the broader area by Battle Mountain Gold, a Canadian company. This work confirmed the potential of the area and in particular the Youanmi Fault Zone, a major mineralized structure that strikes through the centre of the tenement area over a distance of 1kms.

Within the tenement E57/550, adjacent to this fault, 5 anomalous gold values have been recognised. Within this zone, folding, thrust and cross faults, together with rock contact zones provide available, and likely, conduits for mineralised deposits, especially gold bearing.

In 1998, a review of all previous exploration data concluded that the tenement was prospective, with large tracts of extensive greenstones underexplored by modern methods and advanced targets exhibiting encouraging results, which warranted further exploration. Beneath a predominantly depositional regolith (covering alluvium and weathered material) are extensive RAB anomalies with sporadic primary gold mineralisation, which are considered to be a strong focus for exploration.

A further assessment was carried out in the same year that concluded that the exploration to date had lacked focus due to a poor understanding of controls on mineralisation and a concentration on geochemistry to develop targets. The assessment also concluded that the project remained highly prospective for a significant discovery and mapping and aeromagnetic interpretations be conducted to generate a more refined exploration model.

6.2 Iron/vanadium

There have been several phases of modern exploration since 1981. The potential of the area to host an iron deposit was first indicated from aeromagnetic surveys, to be later confirmed by detailed ground magnetics and diamond drilling. While more work is required to delineate a resource, the combination of geological and geophysical interpretation, as well as follow-up diamond and reverse circulation drilling (RC), has clearly demonstrated the potential of the area to host iron/vanadium deposit(s) of significant size. Very preliminary metallurgical assessment is encouraging in terms of the processing potential of the deposit.

6.2 Iron/vanadium (Continued)

A major aeromagnetic anomaly associated with the regional scale Youanmi Fault, extends in a SW-NE direction for more than 22km, including 11km through the western half of the Victory Bore licence. Magnetic trends within this anomaly probably represent magnetite layers in the basal part of the Atley layered mafic/ultramafic intrusion. To date, 2 diamond drill holes and 21 RC holes have targeted some of these magnetic trends.

6.3 Indications of a mineralized zone, 2009

Interpretation of the drilling and detailed magnetics indicates that there are at least 4 zones up to 30 m thick and 4km long, which appear to represent magnetite bodies. The drilling has shown that two of these zones are magnetite horizons, which extend to at least 100m below surface. The other 2 zones have yet to be tested by drilling.

A project review by Greg Ryan in March 2009 estimated the true thickness of the four zones range from 25-30m for each zone with grades estimated at approximately 25% to 30% Fe and 0.4% to 0.5% vanadium based on previous drilling and surface sampling.

Any discussion in relation to exploration targets or resource potential is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

There is additional, untested potential to the north, where magnetic bodies are located in what appears to be the hinge of an anticline structure. The overburden ratio is likely to be significantly reduced in that area, thereby reducing mining costs. No detailed work had been carried out over the magnetic anomaly where it traverses the southern half of the licence, where there is also the potential for magnetite horizons.

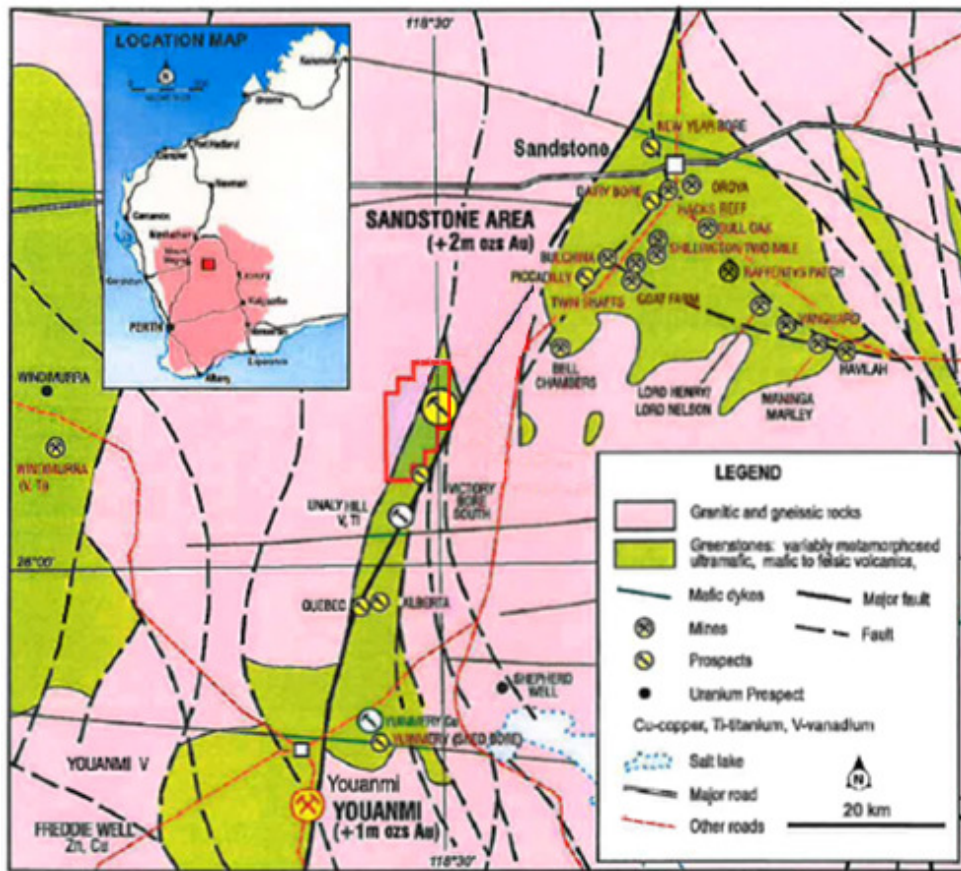
6.4 Estimate of Mineral Resource, 2011

In March 2011, a Maiden Initial Mineral Resource of 151Mt at 0.44% V₂O₅, 25% Fe and 6.73% TiO₂ was established by independent geological consultants CSA Global Pty Ltd, Perth (CSA) in accordance with the JORC Code-2004. This Resource estimate was updated and announced to ASX on 29th June 2017 and further updated and announced to ASX on 23rd August 2018 in accordance with the 2012 JORC Code guidelines:

Category	Tonnes	V ₂ O ₅ %	Fe %	TiO ₂ %	SiO ₂ %	Al ₂ O ₃ %	LOI %	P %
Inferred	151,000,000	0.44	25.0	6.73	28.6	14.8	0.56	0.013

The information in this report that relates to in-situ Mineral Resources is compiled by David Williams of CSA Global Pty Ltd. David Williams is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition)'. Mr Williams consents to the inclusion in this report of the matters based on the information compiled by him, in the form and context in which it appears.

6.4 Estimate of Mineral Resource, 2011 (Continued)

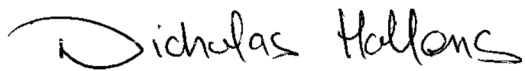


7 Conclusion

We have considered the terms of the HOA, as outlined in the body of this report and have concluded that **the proposed transaction is not fair. Using qualitative factors mentioned elsewhere in this report and the limited information available to us, we consider the transaction to be reasonable for the shareholders.**

Yours faithfully

ELDERTON CAPITAL PTY LTD

A handwritten signature in black ink that reads "Nicholas Hollens". The signature is written in a cursive, flowing style.

Nick Hollens
Director

A handwritten signature in blue ink that reads "Rafay Nabeel". The signature is written in a cursive, flowing style.

Rafay Nabeel
Director

Appendix 1 – Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Surefire for the years ended 30 June 2018 and 30 June 2017;
- Reviewed financial statements of Surefire for the half year ended 31 December 2017;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Surefire.

Appendix 2 – Declarations and Disclosures

Independence

There are no associations and relationships with Surefire other than acting as independent expert for the purposes of this report and an associated entity, Greenwich & Co Audit Pty Ltd being independent auditor of Surefire. Elderton Capital Pty Ltd is entitled to receive a fee of \$12,000 (excluding GST and reimbursement of out of pocket expenses). The fee is payable regardless of the outcome. With the exception of the fee, neither Elderton Capital nor Nick Hollens and Rafay Nabeel have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Elderton Capital Pty Ltd has been indemnified by Surefire in respect of any claim arising from Elderton Capital Pty Ltd's reliance on information provided by the Surefire, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement Elderton Capital Pty Ltd Pty Ltd has considered its independence with respect to Surefire and any of its respective associates with reference to ASIC Regulatory Guide 112 *"Independence of Experts"*. In Elderton Capital Pty Ltd's opinion it is independent of Surefire and the related parties under review in this Report.

A draft of this report was provided to Surefire and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

Qualifications

Elderton Capital Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

Elderton Capital Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the *Corporations Act 2001*.

The people specifically involved in preparing and reviewing this report were Nick Hollens and Rafay Nabeel of Elderton Capital Pty Ltd.

Mr Hollens has significant experience in the preparation of independent expert reports and valuations, as well as the provision of mergers and acquisitions advice across a wide range of industries in Australia and he was supported by other Elderton Capital Pty Ltd staff.

Disclaimers and consents

This report has been prepared at the request of Surefire Management. Surefire engaged Elderton Capital Pty Ltd to prepare an independent expert's report to include in the Notice of Meeting for the approval of the Resolution 1 (Approval of Payment of Royalty to Mutual Holdings Pty Ltd).

Elderton Capital Pty Ltd has not independently verified the information and explanations supplied to us. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of Elderton Capital Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. Elderton Capital Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of Elderton Capital Pty Ltd Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the transactions, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Surefire, or any other party.

Elderton Capital Pty Ltd has also considered and relied upon an independent mineral valuation for properties held by Surefire.

The valuer engaged for the geological valuation, Al Maynard & Associates Pty Ltd, possesses the appropriate qualifications and experience in the minerals industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

Appendix 2 – Declarations and Disclosures *(Continued)*

Disclaimers and consents (Continued)

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that Elderton Capital Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Appendix 3 – Glossary of Terms

Reference	Definition
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Elderton	Elderton Capital Pty Ltd
FOS	Financial Ombudsmen Service
FSG	Financial Services Guide
Going concern	A continuing business operation
Surefire	Surefire Resources NL
NOM	Notice of Meeting
Our Report	This Independent Expert's Report prepared by Elderton Capital
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Shareholders	Shareholders of Surefire
The Act	<i>The Corporations Act 2001</i>
The Company	Surefire Resources NL
Au	Gold
Fe	Iron
Pb	Lead
PM	Precious Metals
Ti	Titanium
BM	Base Metals
Ni	Nickel
P	Phosphorus
V	Vanadium
B	Billion
cm	Centimetre
ha	Hectare
km	Kilometre
km ²	Square Kilometre
m ²	Square Metre
m	Metre
m ³	Cubic Metre
mm	Millimetre
M	Million
t	Tonne
tpa	Tonnes per annum
ppb	Parts per billion
Ppm	Parts per million

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al@geological.com.au

Australian and International Exploration and Evaluation of Mineral Properties

**INDEPENDENT VALUATION OF THE VICTORY BORE
TENEMENT E57/1036 ROYALTY
HELD BY MUTUAL HOLDINGS PTY LTD**

Author: A. J. Maynard BAppSc(Geol), MAIG MAusIMM
Company: Al Maynard & Associates Pty Ltd
Date: 14th January 2019

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Executive Summary

This Independent Technical Valuation Report has been prepared by Allen J. Maynard, principal of Al Maynard & Associates (“AM&A”) at the request of Elderton Capital Pty Ltd on the Victory Bore tenement EL57/1036 (“**Victory Bore**”) mineral asset royalty.

Surefire Resources NL ACN 083 274 024 (“**SRN**”) entered into an Agreement on or about 20 August 2018 with High Grade Metals Limited ACN 062 879 583 (“**HGM**”), Acacia Mining Pty Ltd ACN 146 338 427 and Mutual Holdings Pty Ltd ACN 092 024 336 (“**Mutual**”), to acquire the Victory Bore project located in the Mid-West Region of Western Australia, near the town of Sandstone, 560 km north east of Perth and 450 km east of the shipping port of Geraldton (**Figure 1**).

The Sandstone area has been a major historical producer of gold with an estimated total of about 730,000 ounces of gold won between 1895 and 1915 and a further 585,000 ounces to 1984. The majority of this production has come from the Oroya Mine and Hacks Reef within the immediate vicinity of the Sandstone township. Hacks Reef produced 206,000 ounces from 260,000 tonnes of ore at an average grade of 24 g/t gold. Oroya Mine produced 220,000 ounces from 420,000 tonnes at 16.5 g/t gold.

Herald Resources NL mined in the district for nearly twenty years to 1999 producing over 250,000 ounces of gold. It sold its Sandstone interests including its Twin Shafts treatment plant to Troy Resources NL who commenced open pit mining of the newly discovered Bulchina orebody in August 1999. Around 50,000 ounces of gold per year have been produced. The operation closed and moved to care and maintenance in September 2010 quarter.

Several promising gold deposits have been recently located including the Two-Mile Hill Deposit and the Phoenix Prospect on ground held by Troy Resources NL. In early 2004, two further new gold discoveries, the Lord Henry and Lord Nelson deposits, were found near the old gold mining centre of Maninga Marley about 30 km southeast of the Bulchina Mine. These discoveries demonstrate that the Sandstone Belt was and is underexplored and may host more substantial gold deposits.

Previous Exploration

Between 1979 and 1998, gold-specific exploration, including rotary air blast (RAB) and RC drilling, was carried out in the broader area by Battle Mountain Gold, a Canadian company. This work confirmed the potential of the area and in particular the Youanmi Fault Zone, a major mineralized structure that strikes through the centre of the tenement area over a distance of 1kms.

Within the tenement E57/550, adjacent to this fault, five anomalous gold values have been recognised. Within this zone, folding, thrust and cross faults, together with rock contact zones provide available, and likely, conduits for mineralised deposits, especially gold bearing.

In 1998, a review of all previous exploration data concluded that the tenement was prospective, with large tracts of extensive greenstones underexplored by modern methods and advanced targets exhibiting encouraging results, which warranted further exploration. Beneath a predominantly depositional regolith (covering alluvium and weathered material) are extensive RAB anomalies with sporadic primary gold mineralisation, which are considered to be a strong focus for exploration.

A further assessment was carried out in the same year that concluded that the exploration to date had lacked focus due to a poor understanding of controls on mineralisation and a concentration on geochemistry to develop targets. The assessment also concluded that the project remained highly prospective for a significant discovery and mapping and aeromagnetic interpretations be conducted to generate a more refined exploration model.

Iron/Vanadium

There have been several phases of modern exploration since 1981. The potential of the area to host an iron deposit was first indicated from aeromagnetic surveys, to be later confirmed by detailed ground magnetics and diamond drilling. While more work is required to delineate a resource, the combination of geological and geophysical interpretation, as well as follow-up diamond and reverse circulation drilling (RC), has clearly demonstrated the potential of the area to host iron/vanadium deposit(s) of significant size. Very preliminary metallurgical assessment is encouraging in terms of the processing potential of the deposit.

A major aeromagnetic anomaly associated with the regional scale Youanmi Fault, extends in a SW-NE direction for more than 22 km, including 11 km through the western half of the Victory Bore licence. Magnetic trends within this anomaly probably represent magnetite layers in the basal part of the Atley layered mafic/ultramafic intrusion. To date, two diamond drill holes and 21 RC holes have targeted some of these magnetic trends.

Indications of a Mineralised Zone, 2009

Interpretation of the drilling and detailed magnetics indicates that there are at least four zones up to 30 m thick and 4 km long, which appear to represent magnetite bodies. The drilling has shown that two of these zones are magnetite horizons, which extend to at least 100m below surface. The other two zones have yet to be tested by drilling.

A project review by Greg Ryan in March 2009 estimated that the true thickness of the four zones range from 25-30 m for each zone with grades estimated at approximately 25% to 30% Fe and 0.4% to 0.5% vanadium based on previous drilling and surface sampling.

Any discussion in relation to exploration targets or resource potential is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

There is additional, untested potential to the north, where magnetic bodies are located in what appears to be the hinge of an anticline structure. The overburden ratio is likely to be significantly reduced in that area, thereby reducing mining costs. No detailed work had been carried out over the magnetic anomaly where it traverses the southern half of the licence, where there is also the potential for magnetite horizons.

Estimate of Mineral Resource, 2011

In March 2011, a Maiden Initial Mineral Resource of 151 Mt at 0.44% V₂O₅, 25% Fe and 6.73% TiO₂ was established by independent geological consultants CSA Global Pty Ltd, Perth (CSA). The Mineral Resource was updated and reported by Surefire in accordance with the JORC Code (2012) in August 2018:

Category	Tonnes	V ₂ O ₅ %	Fe %	TiO ₂ %	SiO ₂ %	Al ₂ O ₃ %	LOI %	P %
Inferred	151,000,000	0.44	25.0	6.73	28.6	14.8	0.56	0.013

Table 1: Inferred Mineral Resource for Victory Bore Project.

* The information in this report that relates to in-situ Mineral Resources is compiled by David Williams of CSA Global Pty Ltd. David Williams is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). Mr Williams consents to the inclusion in this report of the matters based on the information compiled by him, in the form and context in which it appears.

This Report concludes that the current cash value of the Royalty is ascribed at \$0.00 (Zero).

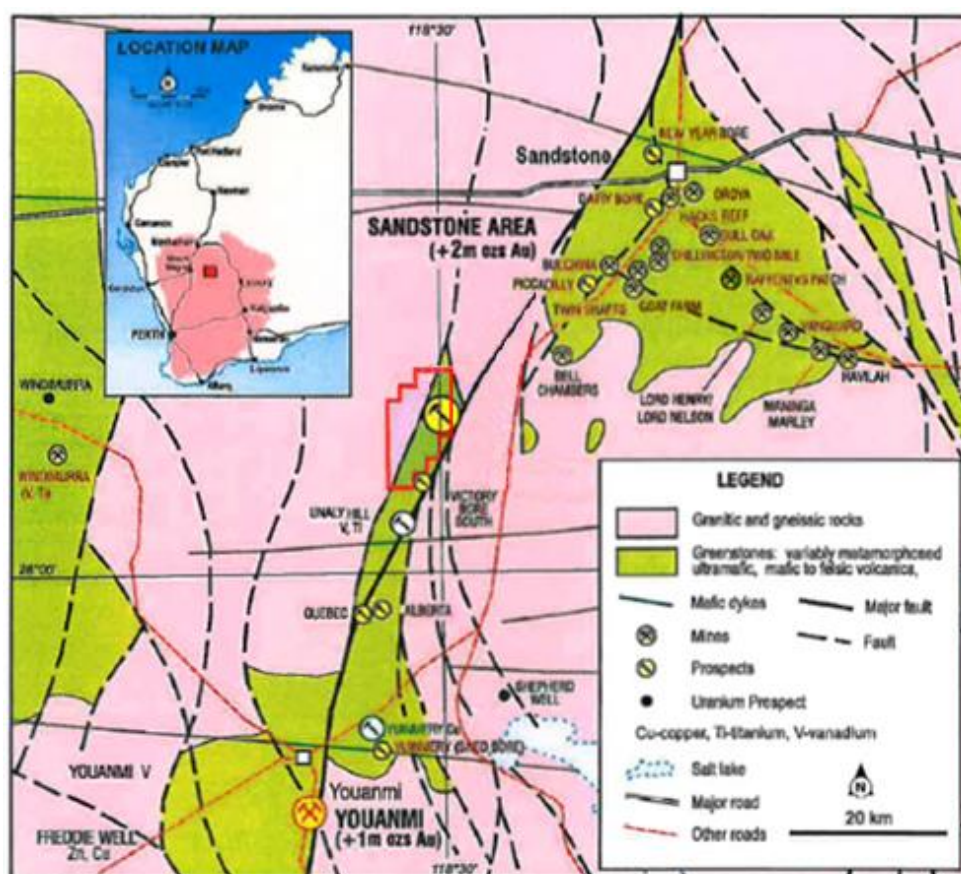


Figure 1: Victory Bore location and regional geology.

The Board of Directors
Surefire Resources NL
45 Ventnor Avenue
WEST PERTH WA 6005

14th January 2019

Dear Directors,

VALUATION OF THE VICTORY BORE PROJECT ROYALTY

1.0 Introduction

This Independent Technical Valuation Report ("Report") has been prepared by Al Maynard & Associates ("AM&A") at the request of Surefire Resources NL and Elderton Capital Pty Ltd to provide a valuation of the Royalty attached to the project. The Project is located in the Mid-West Region of Western Australia, near the town of Sandstone, 560 km north east of Perth and 450 km east of the shipping port of Geraldton. There is good bitumen road access to the area from both Perth and Geraldton.

1.1 Scope and Limitations

This Report has been prepared in accordance with the requirements of the Valuation of Mineral Assets and Mineral Securities for Independent Expert's Reports (the 'Valmin Code') (2015) as adopted by the Australian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM').

This Report is valid as of 3rd December 2018 which is the date of the latest review of the data and technical information. The valuation can be expected to change over time having regard to political, economic, market and legal factors. The valuation can also vary due to the success or otherwise of any mineral exploration that is conducted either on the mineral assets concerned or by other explorers on prospects in the near environs. The valuation could also possibly be affected by the consideration of other exploration data from adjacent licences with production history affecting the mineral assets which have not been made available to the writer.

In order to form an opinion as to the value of any mineral asset, it is necessary to make assumptions as to certain future events, which might include economic and political factors and the likely exploration success. The writer has taken all reasonable care in formulating these assumptions to ensure that they are appropriate to the case. These assumptions are based on the writers' technical training and experience in the mining industry. Whilst the opinions expressed represent the writer's fair and reasonable professional opinion at the time of this Report, these opinions are not however, forecasts as it is never possible to predict accurately the many variable factors that need to be considered in forming an opinion as to the value of any mineral asset.

The valuation methodology of mineral assets is subjective. The values obtained are estimates of the amount of money, or cash equivalent, which would be likely to change hands between a willing buyer and a willing seller in an arms' length transaction, wherein each party had acted knowledgeably, prudently and without compulsion. This is the required basis for the estimation to be in accordance with the provisions of the Valmin Code. There are a number of generally accepted procedures for establishing the value of

mineral assets with the method employed depending upon the circumstances of the mineral asset. When relevant, AM&A uses the appropriate methods to enable a balanced analysis. Values are presented as a range and the preferred value is identified. The readers should therefore form their own opinion as to the reasonableness of the assumptions made and the consequent likelihood of the values being achieved.

The information presented in this Report is based solely on technical reports provided by Surefire Resources NL supplemented by our own inquiries. At the request of AM&A, copies of relevant technical reports and agreements were readily made available. Such information is available in the public domain and relevant references are listed in Sect. 6.0 – References.

Surefire Resources NL will be invoiced and expected to pay a fee of \$6,000 for the preparation of this Report. This fee comprises a normal, commercial daily rate plus expenses. Payment is not contingent on the results of this report or the passing of the relevant resolution the subject of the IER under the Notice of Meeting. Except for these fees, neither the writer nor any associates have any interest, nor the rights to any interest in HGM nor the mineral assets reported upon. HGM has confirmed in writing that all technical data known to the public domain is available to the writers.

The valuation presented in this Report is restricted to a statement of the fair value of the mineral asset royalty. The Valmin Code defines fair value as “The estimated amount of money, or the cash equivalent of some other consideration, for which, in the opinion of the Expert reached in accordance with the provisions of the Valmin Code, the mineral asset or security shall change hands on the Valuation date between a willing buyer and a willing seller in an arms’ length transaction, wherein each party had acted knowledgeably, prudently and without compulsion”.

It should be noted that in all cases, the fair valuation of the mineral assets presented is analogous with the concept of “valuation in use” commonly applied to other commercial valuations. This concept holds that the assets have a particular value only in the context of the usual business of the company as a going concern. This value will invariably be significantly higher than the disposal value, where, there is not a willing seller. Disposal values for mineral assets may be a small fraction of going concern values.

In accordance with the Valmin Code, we have prepared the “Range of Values” as shown below Regarding the Project it is considered that more than sufficient geotechnical data has been provided from the reports covering the previous exploration of the relevant area to enable an understanding of the geology. This provides adequate information to form an informed opinion as to the current value of the royalty. No site visit was undertaken by the author since he has prior knowledge of the district from earlier work in the general area.

1.2 Statement of Competence

This Report has been prepared by Allen J. Maynard BAppSc(Geol), MAIG (No 2062) MAusIMM (No 104986), a geologist with over 40 continuous years in the industry and 35 years in mineral asset valuation. The writer holds the appropriate qualifications, experience and independence to qualify as an independent “Expert” under the definitions of the Valmin Code.

2.0 Valuation of the Mineral Assets – Methods and Guides

With due regard to the guidelines for assessment and valuation of mineral assets and mineral securities as adopted by the AusIMM Mineral Valuation Committee on 17 February 1995 – the Valmin Code (2015) – we have derived the estimates listed below using the appropriate method for the current technical value of the mineral assets as described.

The ASIC publications “Regulatory Guides ‘111 & 112” have also been duly referred to and considered in relation to the valuation procedure. The subjective nature of the valuation task is kept as objective as possible by the application of the guideline criteria of a “fair value”. This is a value that an informed, willing, but not anxious, arms’ length purchaser will pay for a mineral (or other similar) asset in a transaction devoid of “forced sale” circumstances.

2.1 General Valuation Methods

The Valmin Code identifies various methods of valuing mineral assets, including:-

- Discounted cash flow,
- Joint Venture and farm-in terms for arms’ length transactions,
- Precedents from similar asset sales/valuations,
- Multiples of exploration expenditure,
- Ratings systems related to perceived prospectivity,
- Real estate value and,
- Rule of thumb or yardstick approach.

2.2 Discounted Cash Flow/Net Present Value

This method provides an indication of the value of a mineral asset with identified reserves. It utilises an economic model based upon known resources, capital and operating costs, commodity prices and a discount for risk estimated to be inherent in the project.

Net present value (‘NPV’) is determined from discounted cash flow (‘DCF’) analysis where reasonable mining and processing parameters can be applied to an identified ore reserve. It is a process that allows perceived capital costs, operating costs, royalties, taxes and project financing requirements to be analysed in conjunction with a discount rate to reflect the perceived technical and financial risks and the depleting value of the mineral asset over time. The NPV method relies on reasonable estimates of capital requirements, mining and processing costs.

2.3 Joint Venture Terms

The terms of a proposed joint venture agreement may be used to provide a market value based upon the amount an incoming partner is prepared to spend to earn an interest in part or all of the mineral asset. This pre-supposes some form of subjectivity on the part of the incoming party when grass roots mineral assets are involved.

2.4 Similar or Comparable Transactions

When commercial transactions concerning mineral assets in similar circumstances have recently occurred, the market value precedent may be applied in part or in full to the

mineral asset under consideration. This usually takes the form of the value per square kilometre of the area involved in the transaction.

2.5 Multiple of Exploration Expenditure

The multiple of exploration expenditure method ('MEE') is used whereby a subjective factor (also called the prospectivity enhancement multiplier or 'PEM') is based on previous expenditure on a mineral asset with or without future committed exploration expenditure and is used to establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented positive results a MEE multiplier can be selected that take into account the valuer's judgment of the prospectivity of the mineral asset and the value of the database. PEMs can typically range between 0 to 3.0 and occasionally up to 5.0 where very favourable exploration results have been achieved, applied to previous exploration expenditure to derive a dollar value.

2.6 Ratings System of Prospectivity (Kilburn)

The most readily accepted method of this type is the modified Kilburn Geological Engineering/Geoscience Method and is a rating method based on the basic acquisition cost ('BAC') of the mineral asset that applies incremental, fractional or integer ratings to a BAC cost with respect to various prospectivity factors to derive a value. Under the Kilburn method the valuer is required to systematically assess four key technical factors which enhance, downgrade or have no impact on the value of the mineral asset. The factors are then applied serially to the BAC of each mineral asset in order to derive a value for the mineral asset. The factors used are; off-property attributes, on-property attributes, anomalies and geology. A fifth factor that may be applied is the current state of the market.

2.7 Empirical Methods (Yardstick – Real Estate)

The market value determinations may be made according to the independent expert's knowledge of the particular mineral asset. This can include a discount applied to values arrived at by considering conceptual target models for the area. The market value may also be rated in terms of a dollar value per unit area or dollar value per unit of resource in the ground. This includes the range of values that can be estimated for an exploration mineral asset based on current market prices for equivalent assets, existing or previous joint venture and sale agreements, the geological potential of the mineral assets, regarding possible potential resources, and the probability of present value being derived from individual recognised areas of mineralisation. This method is termed a "Yardstick" or a "Real Estate" approach. Both methods are inherently subjective according to technical considerations and the informed opinion of the valuer. The Valmin Code (2015) prohibits the use of 'in situ' valuation methods.

2.8 General Comments

The aims of the various methods are to provide an independent opinion of a "fair value" for the mineral asset under consideration and to provide as much detail as possible of the manner in which the value is reached. It is necessarily subjective according to the degree of risk perceived by the mineral asset valuer in addition to all other commercial considerations. Efforts to construct a transparent valuation using sophisticated financial models are still hindered by the nature of the original assumptions where a known

resource exists and are not applicable to mineral assets without an identified resource or reserve.

The values derived for this Report have been concluded after taking into account the general geological environment of the mineral asset under consideration with respect to the exploration potential.

2.9 Environmental implications

Information to date is that there are no identified existing material environmental liabilities on the mineral assets. Accordingly, no adjustment was made during this Report for environmental implications.

2.10 Indigenous Title Claims

Neither the Company nor the author is aware of any indigenous title claims within the mineral assets. Accordingly, no adjustment was made during this Report for indigenous title implications.

2.11 Commodities-Metal prices

Metal prices have not been considered in assessing the values but are sourced from www.kitco.com or Canaccord Genuity newsletter where applicable.

2.12 Resource/Reserve Summary

A JORC Code (2012) compliant inferred resource estimate was provided.

2.13 Previous Valuations

No previous valuations have been declared within the last five years

2.14 Encumbrances/Royalty

The Project may be subject to state royalties as stipulated by the Western Australian Government where currently applicable;

3.0 Background Information

3.1 Introduction

This valuation has been determined by of a detailed study of existing information.

3.2 Specific Valuation Method

The royalty details clearly define the dollar value of any royalty to be paid.

For the Project the average of the MEE and Comparable Transaction Method has been applied to determine a current value range.

4.0 Victory Bore Project

4.1 Location and Access

The Victory Bore Project is situated in the Mid-West Region of Western Australia, near the town of Sandstone, 560 km north east of Perth and 450 km east of the shipping port of Geraldton. There is good bitumen road access to the area from both Perth and Geraldton. The Midwest gas pipeline traverses the project area. On 20/3/09, an agreement was signed by the Western Australian Government for a new, deep water

shipping port at Oakajee, 20 km north of Geraldton. This \$3.5 billion port and rail development will be purpose built to service the iron ore deposits of Western Australia's Mid-West Region. There are several gold processing facilities close to the licence.

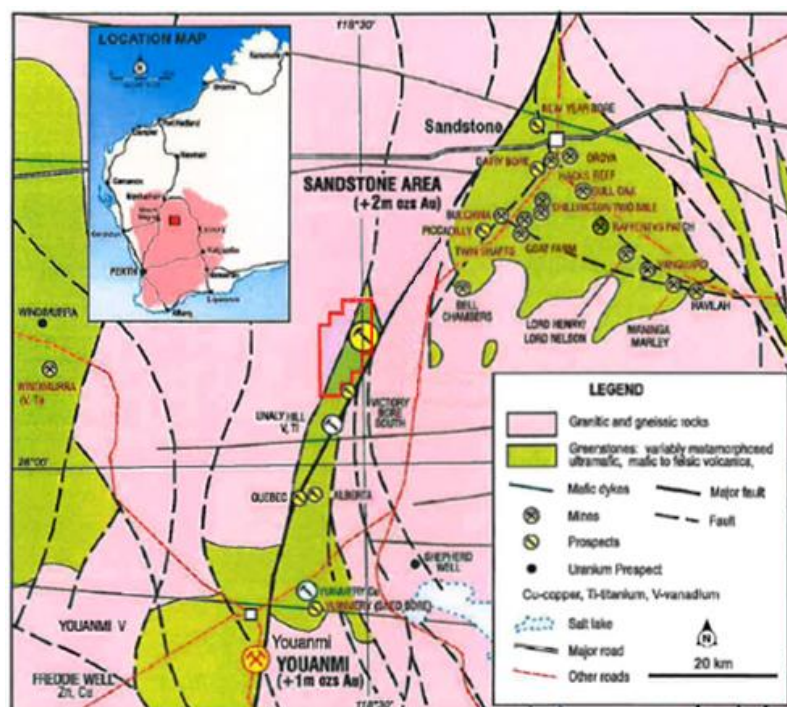


Figure 2: Victory Bore location and regional geology.

4.2 Tenure

Surefire Resources NL has entered into an agreement to acquire Tenement E57/1036, subject to contractual conditions.

Mutual Holdings Pty Ltd holds a royalty of \$1.00 for each tonne of iron ore derived from the Tenement and a royalty equal to 1% of the Gross Revenue received by SRN from the sale of gold, any other precious metal or base metal derived from the Tenement for each Quarter.

The tenement boundaries and location areas shown in **Figure 2**.

Tenement ID	Holder	Grant Date	Expiry Date	Area km ²	Interest %
E57/1036	Acacia Mining	1 July 2017	30 June 2021	13 Graticule blocks ~39.3 Km ²	100

Table 2: Victory Bore Licence Details.

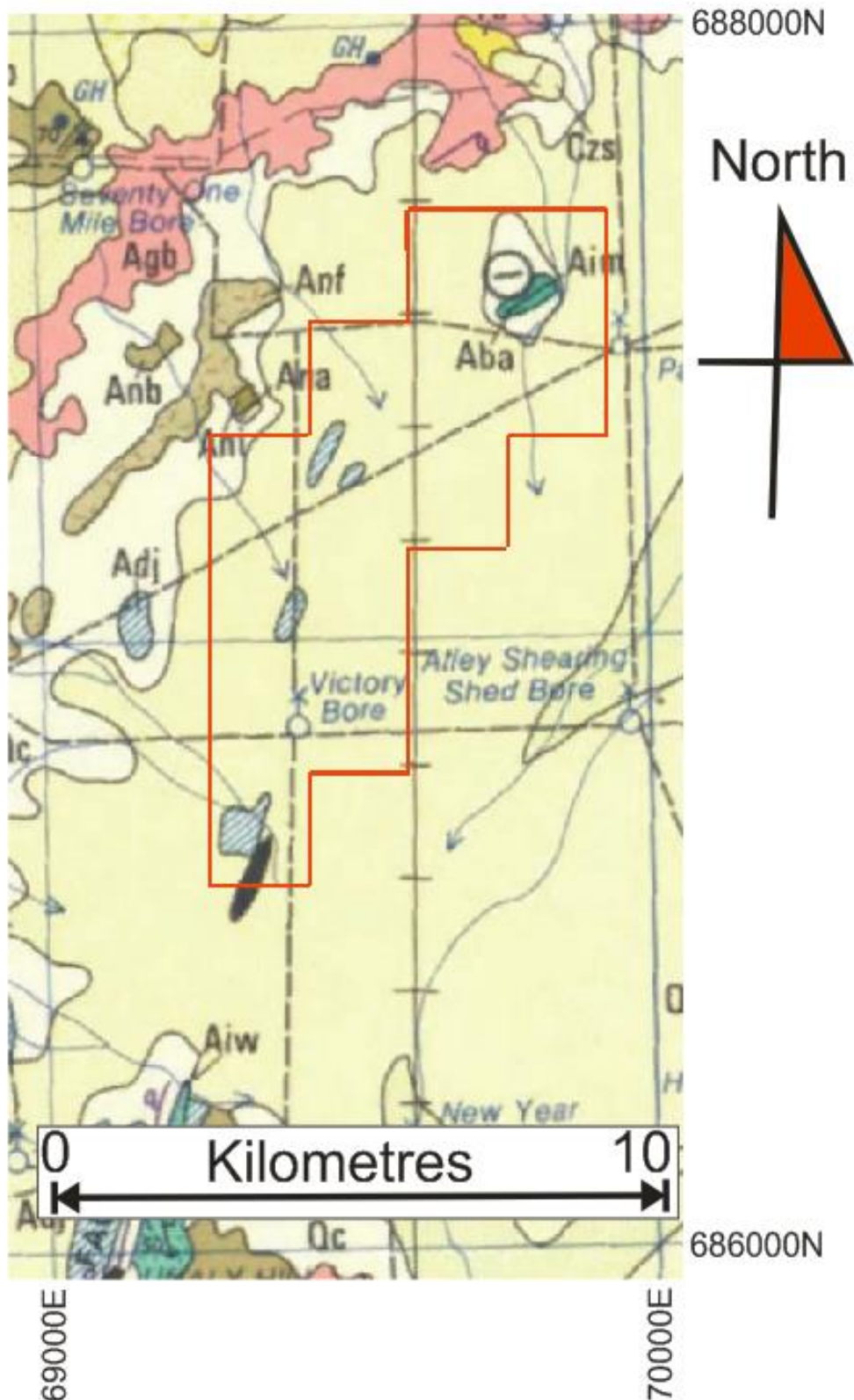


Figure 3: Victory Bore tenement and local geology map.

(Portion of GSWA Youanmi 1:250,000 scale geology map, SH50-04).

4.3 Geological Setting

4.3.1 Regional Geology

The Sandstone area has been a major historical producer of gold with an estimated total of about 730,000 ounces of gold won between 1895 and 1915 and a further 585,000 ounces to 1984. The most of this production has come from the Oroya Mine and Hacks Reef within the immediate vicinity of the Sandstone township. Hacks Reef produced 206,000 ounces from 260,000 tonnes of ore at an average grade of 24g/t gold. Oroya Mine produced 220,000 ounces from 420,000 tonnes at 16.5g/t gold. The largest regional tenement holder until 1999 was Herald Resources NL. Herald had been actively mining for nearly twenty years producing over 250,000 ounces of gold. It sold all of its Sandstone interests including its Twin Shafts treatment plant to Troy Resources NL who commenced open pit mining of the newly discovered Bulchina orebody in August 1999. Around 50,000 ounces of gold per year have been produced. The operation closed and moved to care and maintenance in September 2010 quarter.

Several promising gold deposits have been recently located including the Two Mile Hill Deposit and the Phoenix Prospect on ground held by Troy Resources NL. In early 2004 two further new gold discoveries, the Lord Henry and Lord Nelson deposits, were found near the old gold mining centre of Maninga Marley about 30 km southeast of the Bulchina Mine. These discoveries demonstrate that the Sandstone Belt was and is underexplored and may host more substantial gold deposits.

4.3.2 Local Geology

Iron/vanadium

There have been several phases of modern exploration since 1981. The potential of the area to host an iron deposit was first indicated from aeromagnetic surveys, to be later confirmed by detailed ground magnetics and diamond drilling. While more work is required to delineate a resource, the combination of geological and geophysical interpretation, as well as follow-up diamond and reverse circulation drilling (RC), has clearly demonstrated the potential of the area to host iron/vanadium deposit(s) of significant size. Very preliminary metallurgical assessment is encouraging in terms of the processing potential of the deposit.

A major aeromagnetic anomaly associated with the regional scale Youanmi Fault, extends in a SW-NE direction for more than 22km, including 11km through the western half of the Victory Bore licence. Magnetic trends within this anomaly probably represent magnetite layers in the basal part of the Atley layered mafic/ultramafic intrusion. To date, two diamond drill holes and 21 RC holes have targeted some of these magnetic trends.

Indications of a Mineralised Zone, 2009

Interpretation of the drilling and detailed magnetics indicates that there are at least four zones up to 30 m thick and 4 km long, which appear to represent magnetite bodies. The drilling has shown that two of these zones are magnetite horizons, which extend to at least 100 m below surface. The other two zones have yet to be tested by drilling.

A project review by Greg Ryan in March 2009 estimated the true thickness of the zones range from 25-30 m for each zone and an exploration target for all four zones over a 4 km strike length to a depth of 100 m is 60 to 70 million tonnes for the two zones tested. Grades were estimated at approximately 25% to 30% iron and 0.4% to 0.5% vanadium

based on the previous drilling and surface sampling. As the suggested tonnage and grades are consistent with the various other iron and iron/vanadium deposits in the region, these figures were considered by Jones to be realistic. The two untested zones have not been included in the exploration target due to lack of substantial information.

While the Company remains optimistic that it will report resources and reserves in the future, any discussion in relation to exploration targets or resource potential is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

There is additional, untested potential to the north, where the magnetic bodies are located in what appears to be the hinge of an anticline structure. The overburden ratio is likely to be significantly reduced in that area, thereby reducing mining costs. No detailed work had been carried out over the magnetic anomaly where it traverses the southern half of the licence, where there is also the potential for magnetite horizons.

4.3.3 Estimate of Mineral Resource, 2011

In March 2011, a Maiden Initial Mineral Resource of 151 Mt at 0.44% V₂O₅, 25% Fe and 6.73% TiO₂ was established by independent geological consultants CSA Global Pty Ltd, Perth (CSA) in accordance with the JORC Code -2004. This Resource estimate was updated and announced to ASX on 29th June 2017 and further updated and announced to ASX on 23rd August 2018 in accordance with the 2012 JORC Code guidelines:

Category	Tonnes	V ₂ O ₅ %	Fe %	TiO ₂ %	SiO ₂ %	Al ₂ O ₃ %	LOI %	P %
Inferred	151,000,000	0.44	25.0	6.73	28.6	14.8	0.56	0.013

Table 3: Inferred Mineral Resource for Victory Bore Project.

The information in this report that relates to in-situ Mineral Resources is compiled by David Williams of CSA Global Pty Ltd. David Williams is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). Mr. Williams consents to the inclusion in this report of the matters based on the information compiled by him, in the form and context in which it appears.

The information contained in this Mineral Resource summary replicates information contained in Quest Minerals Limited's Announcement "Maiden 151Mt JORC Reported Magnetite Vanadium Resource at Victory Bore" and released to the ASX on 4 March 2011.

The author of this Report is not aware of any new information or data that materially affects the information included in the ASX release dated 4 March 2011 other than an update of the Mineral Resource Estimate to the 2012 JORC Code – no further drilling was done and, in the case of mineral resources, that all the material assumptions and technical parameters underpinning the estimates in the ASX release dated 4 March 2011

continue to apply and have not materially changed. The form and context in which the findings of CSA Global and Mr. Williams are presented have not been materially modified.

4.3.4 Historical Financial Modelling of the Mineral Resource

NOTE: The historical financial modelling is out of date as Indicated Resources need to be estimated to enable financial modelling to proceed.

Thus, there is no reasonable basis for providing forecast financial information on the Victory Bore project.

4.3.5 Gold

In 1997 Battle Mountain Gold (BMG) entered into a farm-in to ELs held by Gindalbie Gold in the Youanmi – Sandstone area. BMG undertook extensive RAB and RC drilling of gold-in-soil anomalies, including a prospect near Victory Bore on the then E70/228. This subsequently was covered by Quest's E70/550.

Extensive vertical RAB drilling on a 200 x 100 m pattern defined a gold-in-saprolite anomaly 600 x 4,000 m at the 10 ppb Au contour, in an area just south of the identified magnetite lenses.

At the main anomaly, the depth of oxidation is shallow in the west (<10 m) increasing to 40 m over the magnetite mineralised zone. Battle Mountain state that "supergene mineralisation occurs in the saprolite with values up to 8 m @ 10.24 ppm Au. In section view the supergene saprolite mineralisation forms a classic mushroom dispersion pattern over the primary mineralization". This would indicate the presence of strong depletion in gold in the saprolite, which could give false results in RAB drilling.

In a follow-up RC program, primary ore-grade gold mineralisation was intersected in holes YR867 (4 m @ 3.51 g/t Au from 52 m) & YR875 (12 m @ 1.6 g/t Au from 56 m). The mineralised horizon appears to strike 020° and dips 60° west. It occurs in medium to coarse grained gabbro with moderate silica-carbonate alteration noted in YR875. The mineralised horizon is open along strike in both directions. 2.0 km to the south is another RAB anomaly recording several intersections >0.2 g/t Au. It is considered that the gold mineralised zone extends this far south. Review of structural data suggests the mineralisation may occur in cross-cutting fractures that intersect the gabbro lenses, or the Youanmi Fault. The more significant hits at >0.2 g/t Au are tabulated below:

Hole ID	Hole Type	North	East	From m	Interval m	g/t Au
YP571	RAB	6870400	694900	34	2	0.21
YP590	RAB	6870000	694950	36	4	0.25
YP684	RAB	6868400	693550	28	2	0.22
YP780	RC	6870600	694600	20	8	10.20
YP867	RC	6870600	694590	52	4	3.50
YP875	RC	6870400	694550	56	12	1.60
YP883	RC	6868400	693490	58	14	0.24
YP885	RC	6868400	693570	76	4	0.39

Table 4: Significant gold intersection from historical drilling.

From aeromagnetic studies, it can be seen that the north-eastern tip of an anticlinal structure (including the aeromagnetic anomaly) has been both offset and rotated. Furthermore, an east-west trending structure appears to intersect the Youanmi fault zone at this point. Such major intersections provide ideal structural settings for gold mineralisation.

Gold mineralisation is likely to occur along splay faults to the major shear zone, and other dilational structures such as dilational jogs and 'pull-aparts' associated with strike-slip movement along the Youanmi fault.

4.3.6 Nickel/Platinum Group Elements (PGE)

Layered mafic/ultramafic intrusions can host nickel and/or PGE deposits. The basal parts of the intrusions, where magnetite and chromite horizons also occur, are the parts most likely to host economic concentrations of these metals. As yet, there has been no serious assessment by a nickel/platinum specialist, of the potential for the Atley layered intrusion to host nickel and/or PGE deposits. However, preliminary work in similar mafic/ultramafic intrusive rocks on Troy Resources Ltd ground along strike to the north has delineated several target areas for follow-up.

Project Conclusions

The previous financial modelling is now out of date.

Further exploration, mainly by way of more closely spaced drilling is required to update the estimated resources from the Inferred category to at least Indicated and preferably Measured to enable scoping studies to be made. At this stage the royalty value is zero as described below.

5.0 Valuation of the Project

The **Victory Bore project** consists of one Exploration Licence and outside the limits of the Mineral Resource is classed as an advanced exploration project. Several methods of valuation are available for such projects where a Mineral Resource has not yet been estimated in accordance with the JORC code. These include the use of valuations based on past exploration expenditure and valuations based on perceived prospectivity.

Exploration projects can be extremely variable, and the use of comparable transactions is unlikely to produce a statistical spread of values for "similar" projects. The *Prospectivity Exploration Multiplier (PEM)* is based on past expenditure while the Kilburn Geoscience Rating (*Geo-factor Rating*) is based on opinions of the prospectivity hence tenements can have marked variation in value between the methods.

The exploration targets estimated in 2009 are assumed to be encapsulated in the value ascribed for exploration potential and a separate value for the target is not considered warranted nor part of this report.

The 'Geo-factor Rating' method of valuation for exploration tenements is the preferred valuation method for the Company's current tenements as it focuses on the future prospectivity of the area.

The Geo-factor Rating method systematically assesses and grades of four key technical attributes of a tenement to arrive at a series of multiplier factors. The Basic Acquisition Cost (BAC) is the important input to the method and it is calculated by summing the

application fees, annual rent, work required to facilitate granting (e.g. native title, environment) and statutory expenditure for a period of 12 months. This is usually expressed as average expenditure per square kilometre. Equity and grant status are also taken into account. Each factor then multiplied serially to the BAC. The 'Base Value' is multiplied by the prospectivity rating (the assessment of prospectivity factors multiplied together) to establish the overall technical value of each mineral property.

Where exploration expenditure has produced documented results, a PEM can be derived which takes into account the valuer's judgment of the success of the previous exploration techniques and results.

Paragraph 65 of RG 111 discusses a preference for the use of more than one valuation methodology. In the absence of a resource estimate in accordance with the JORC code an alternative method to the Geo-factor Rating method might consider past expenditure on the tenements and the uplift of value provided by encouraging result.

Past expenditures for the Company's current tenements are not available from the previous explorers of the same ground over the duration of modern exploration and reliance is mainly placed on the Geo-factor method.

Valuation opinion

Based on an assessment of the factors involved, the estimated current value for the royalty payable regarding future production from Exploration Licence E57/1036 is considered to be \$Zero. This valuation is effective on 3 December 2018.

Royalty Payment on "Announcement to ASX"

Element	Inferred	Indicated	Measured	Totals \$/t
V, Ti, P, Fe	0.02	0.04	0.06	0.12
U/BM	0.05	0.08	0.10	0.23
Au /PM	0.20	0.30	0.50	1.00
	Paid/Settled*	N/A	N/A	
Fe/t/moved			N/A	1.00

A royalty of \$1.00 for each tonne of iron ore derived from the Tenement and a royalty equal to 1% of the Gross Revenue received by SRN from the sale of gold, any other precious metal or base metal derived from the Tenement for each Quarter. Provider pays GST.

NOTES:

*The royalty determined as payable in respect of the announcement of an Inferred Mineral Resource by Quest (ASX:QNL) on 4.3.2011 was calculated as being \$3,020,000 (151 Mt at \$0.02).

This was settled as follows:

1. \$660,000 - by the issuance of 60 million fully paid shares at \$0.011 each in Quest Mineral Ltd (ASX:QNL) on 22.8.2012;
2. \$812,915 - by an assignment of debt to Haramount Pty Ltd

as advised by QNL to ASX on 19.4.2013;

3. The remaining debt was written off pursuant to a Deed of Company Arrangement executed on 18.8.2014 by Adam Shepard (Administrator appointed 9.5.2014).

As no other Resources have yet been defined or announced, then no royalty is payable until such Resources are defined or announced.

Thus current royalty value is zero.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'A Maynard', with a stylized flourish underneath.

Allen J. Maynard

BAppSc(Geol), MAIG, MAusIMM.

6.0 References

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Windimurra: <http://atlanticltd.com.au/projects/windimurra>

CHEMICAL SYMBOLS

Au	Gold	BM	Base Metals
Fe	Iron	Ni	Nickel
Pb	Lead	P	Phosphorus
PM	Precious Metals		
Ti	Titanium	V	Vanadium

ABBREVIATIONS

B	billion	cm	centimetre
ha	hectare	km	kilometre
km ²	square kilometre	m	metre
m ²	square metre	m ³	cubic metre
mm	millimetre	M	million
t	tonne	tpa	tonnes per annum

UNITS OF CONCENTRATION

ppb	parts per billion	ppm	parts per million
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