

25 JUNE 2018

ASX/MEDIA RELEASE

SPITFIRE AND EXCELSIOR GOLD TO MERGE, CREATING +2Moz CONSOLIDATED JORC RESOURCE

The combined company, to be led by Managing Director Mr John Young, aims to fast-track the creation and development of the North Kalgoorlie gold production hub

HIGHLIGHTS

- Spitfire Materials Limited (ASX: SPI) (Spitfire) and Excelsior Gold Limited (ASX: EXG) (Excelsior) have signed a Merger Implementation Agreement (MIA) to combine the companies by way of a court-approved Scheme of Arrangement.
- The merger will create a leading ASX-listed gold company with an attractive diversified portfolio of exploration and development assets and a clear pathway to production in the highly prospective North Kalgoorlie region of Western Australia.
- The merger will allow the two companies to realise the strong synergies that exist between their neighbouring North Kalgoorlie gold projects, located 35-70km north of Kalgoorlie in Western Australia along the highly prospective Bardoc Tectonic Zone within an almost contiguous land-holding of ~200km².
- The merged entity will have a combined Indicated and Inferred Mineral Resource inventory of over 2.1Moz – providing the critical mass required to accelerate development plans with the aim of becoming a recognised mid-tier gold producer.
- The merged entity plans to embark immediately on a Pre-Feasibility Study (PFS) of the combined Aphrodite and Kalgoorlie North gold projects, providing the foundation for a Definitive Feasibility Study (DFS) aimed at fast-tracking the creation of a substantial new WA gold production hub near Kalgoorlie.
- The merged entity will be led by Managing Director Mr John Young, who together with Mr Neil Biddle founded the successful lithium miner Pilbara Minerals (ASX: PLS). Mr Young will be supported by Mr Biddle as an Executive Director and current Excelsior Managing Director Mr Rowan Johnston, also as an Executive Director.
- Post-merger, the Board of the merged entity will be comprised of three members from each of the current Spitfire and Excelsior Boards. The Non-Executive Chairman of the merged entity's Board will be current Excelsior Chairman Mr David Hatch. Excelsior Non-Executive Director Mr Sam Randazzo will join current Spitfire Chairman Mr Peter Buttigieg as Non-Executive Directors of the merged entity.

Spitfire Materials Limited ("Spitfire") (ASX: SPI) and Excelsior Gold Limited ("Excelsior") (ASX: EXG) are pleased to announce that they have entered into an agreement to merge the two companies to create a significant diversified Australian gold company.

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The merged entity will have an extensive resource inventory totalling over 2.1Moz in the prospective North Kalgoorlie district of WA, outstanding synergies due to their neighbouring project locations and near-term production potential, and a strong exploration and growth pipeline covering Tier-1 mineral provinces in WA and Queensland. Refer to Annexure A to this announcement for further details of the merged entity's projects and JORC resource inventory.

The merger is to be implemented by way of a Scheme of Arrangement whereby Spitfire has agreed to acquire all of the issued capital of Excelsior by the issue of 1 new SPI share for every 2.208 Excelsior shares held. Further details of the MIA and Scheme of Arrangement are provided under the heading "Transaction Summary" below.

The merged entity will have an enhanced capital markets profile, a strengthened investor base and a strong growth pipeline of assets – positioning it to become a significant new ASX-listed gold developer at a favourable period in the market cycle for Australian gold companies.

DIRECTOR COMMENTS

Spitfire's Managing Director, Mr John Young, said:

"This is a game-changing transaction for both companies which will result in the creation of a diversified Australian gold developer with a strong pipeline of development and growth assets in the North Kalgoorlie region and a clear pathway to production. The merged entity will have the scale, relevance, access to capital and management capability to build a significant new mid-tier Australian gold producer.

"The combination of our respective WA gold assets gives us the critical mass to pursue a near-term development strategy based on the establishment of a new production hub near the world-class mining centre of Kalgoorlie. The large resource inventory at Aphrodite has exceptional exploration upside and growth potential, and offers significant synergies with our emerging high-grade discovery at Mulwarrie.

"This transaction is consistent with Spitfire's strategy to create value for our shareholders through aggressive exploration and value-accretive strategic acquisitions in high quality mineral provinces – providing us with what is essentially a fast-track pathway to create Australia's next significant mid-tier gold company. This represents the third significant M&A transaction which Spitfire has undertaken in the Australian gold sector in the past 18 months, demonstrating our commitment to build a company with a sizeable resource inventory and meaningful scale and relevance.

"We are also delighted that Mr Rowan Johnston, Mr David Hatch and Mr Sam Randazzo have agreed to join the Spitfire board and we believe that their skill-sets will be of great value to an enlarged Spitfire into the future."

Excelsior's Managing Director, Mr Rowan Johnston, said:

"This may be one of the few 'one plus one equals three' scenarios in the WA gold sector, as the synergies between the two companies are exceptional. There is no doubling up of management or Board skills, the two companies will blend seamlessly into one, and the leases adjoin each other – which means no duplication of infrastructure or site personnel. So, essentially this merger will result in one project, one office and one board with over 2.1Moz in resource and the critical mass to potentially generate a meaningful production profile.

"By achieving the critical mass and scale to support production, the merged entity will be in a great position to deliver superior returns to our shareholders, with a clear growth pipeline through exploration success and/or future M&A opportunities. The combined leases provide a clear pathway to near-term production, as well as a significantly enhanced exploration portfolio through an extensive and consolidated land-holding covering the highly prospective Bardoc Tectonic Zone."

“We believe that the upgraded resources at Zoroastrian and Excelsior, when combined with the Aphrodite Project, will form the basis of a new standalone mine plan that will support a long-term gold business in the North Kalgoorlie region. At the same time, we are progressing a concerted exploration campaign to test our highly prospective land-holding for new gold deposits and will continue to do so throughout the merger implementation process.”

TRANSACTION SUMMARY

- Merger to be implemented by way of a Scheme of Arrangement.
- Spitfire shareholders will hold approximately 58.3% of the merged entity.
- Excelsior shareholders will hold approximately 41.7 % of the merged entity.
- In exchange for their fully-paid ordinary shares, Excelsior shareholders will receive one (1) new fully- paid ordinary Spitfire share for approximately every 2.208 Excelsior shares held under the Scheme.
- The transaction values Excelsior at approximately A\$0.0443 (based on SPI 30 Day VWAP).
- The MIA includes provisions that the directors of Excelsior, as the Scheme company, will recommend the transaction and intend to vote in favour of the Transaction Resolutions and any general meeting resolutions in relation to their personal shareholdings in Excelsior, in the absence of a superior proposal (and subject to any other applicable voting restrictions and their fiduciary duties).
- The MIA, is subject to:
 - Receipt of all regulatory, shareholder and other approvals including (without limitation) the approval of the ASX and any necessary approvals, waivers or modifications of the Corporations Act from the Australian Securities and Investment Commission;
 - Approval of the Scheme of Arrangement by Excelsior shareholders under section 411(4)(a) of the Corporations Act;
 - Approval of the Scheme of Arrangement by a court of competent jurisdiction under the Corporations Act;
 - The independent expert to be appointed by Excelsior concluding that the Scheme of Arrangement is in the best interests of Excelsior shareholders and the independent expert not withdrawing or adversely modifying that conclusion; and
 - Other customary conditions precedent, including but not limited to the absence of a material adverse change in the business affairs, financial conditions of each of SPI and Excelsior, and no material transactions being entered into by either SPI and Excelsior with the usual or customary carve-outs, no prescribed occurrence occurring, accuracy of representations and warranties, obtaining material third party consents and/or waivers.
- The MIA contains customary provisions covering exclusive dealing, no shop and talk, as well as a mutual break fee (\$300,000).
- A copy of the MIA will be announced separately.

TRANSACTION RATIONALE

The boards of Spitfire and Excelsior believe that the merger of the two companies has a clear strategic rationale and will generate significant value for the shareholders of both companies. Shareholders in the merged entity will have exposure to a large and diversified gold exploration and development portfolio in Western Australia, with a significant JORC compliant Mineral Resource inventory totalling over 2.1Moz and considerable exploration upside.

The portfolio will include Spitfire’s advanced, PFS-level Aphrodite Gold Project and Excelsior’s KNGP near Kalgoorlie, providing an advanced gold development opportunity with the potential to add further value via the emerging high-grade gold discovery at Spitfire’s nearby Mulwarrie Gold Project and the highly prospective Excelsior leases.

Both companies have made significant recent exploration and resource development progress at their respective gold projects in the North Kalgoorlie region of WA.

Spitfire has recently completed a highly successful resource in-fill and extensional diamond drilling program at its flagship 100%-owned 1.26Moz Aphrodite Gold Project, located 65km north of Kalgoorlie in the Eastern Goldfields of WA (see Figure 1).

The results received so far have confirmed the quality and consistency of the mineralisation within the Underground Inferred Resource of 1.4Mt at 7.5g/t for 332,000oz (see Spitfire's ASX releases dated 25 January 2018 and 29 May 2018), further supporting Spitfire's objective of upgrading its Inferred Resource as the cornerstone of its development studies. An additional follow-up diamond drilling program has just commenced.

Excelsior recently re-established its resource position with updates on the Zoroastrian and Excelsior deposits following the completion of a resource drilling program at its 100%-owned Kalgoorlie North Gold Project ("KNGP"), located 30-55km north of Kalgoorlie in Western Australia. Excelsior's ASX announcement of 22 May 2018 reported a high confidence resource foundation of 825,000oz, primarily at the adjacent Zoroastrian and Excelsior deposits, reflecting a higher degree of geological confidence and with the updated Resources constrained by open pit optimisation shells, leading the way to the potential establishment of Reserves in the near future, which will form the foundation of a combined Spitfire/Excelsior mine plan.

Having established robust resources at Zoroastrian and Excelsior, the merged entity will continue Excelsior's concerted exploration campaign targeting potential new gold discoveries within its highly prospective land-holding.

The combination of the two companies' respective North Kalgoorlie gold projects provides a strong foundation for the merged entity to pursue a strategy of developing a new standalone West Australian gold production hub with the aim to become a recognised gold producer (+100,000oz per annum), with considerable scope to add further value through exploration success and the consolidation of additional and complementary gold deposits.

Shareholders will also benefit from a strengthened Board and management team which will include:

- Mr John Young (continuing as Managing Director) and Mr Neil Biddle (Executive Director), the founding directors of the highly successful lithium miner Pilbara Minerals Limited (ASX: PLS);
- The continuing involvement of experienced mining executive and current Excelsior Managing Director Mr Rowan Johnston as Executive Director;
- Mr David Hatch in the role of Non-Executive Chairman; and
- Mr Peter Buttigieg and Mr Sam Randazzo will be Non-Executive Directors.

The merged entity will also be well positioned to leverage its increased scale to drive operational efficiencies and pursue further value-accretive growth opportunities in the Kalgoorlie region.

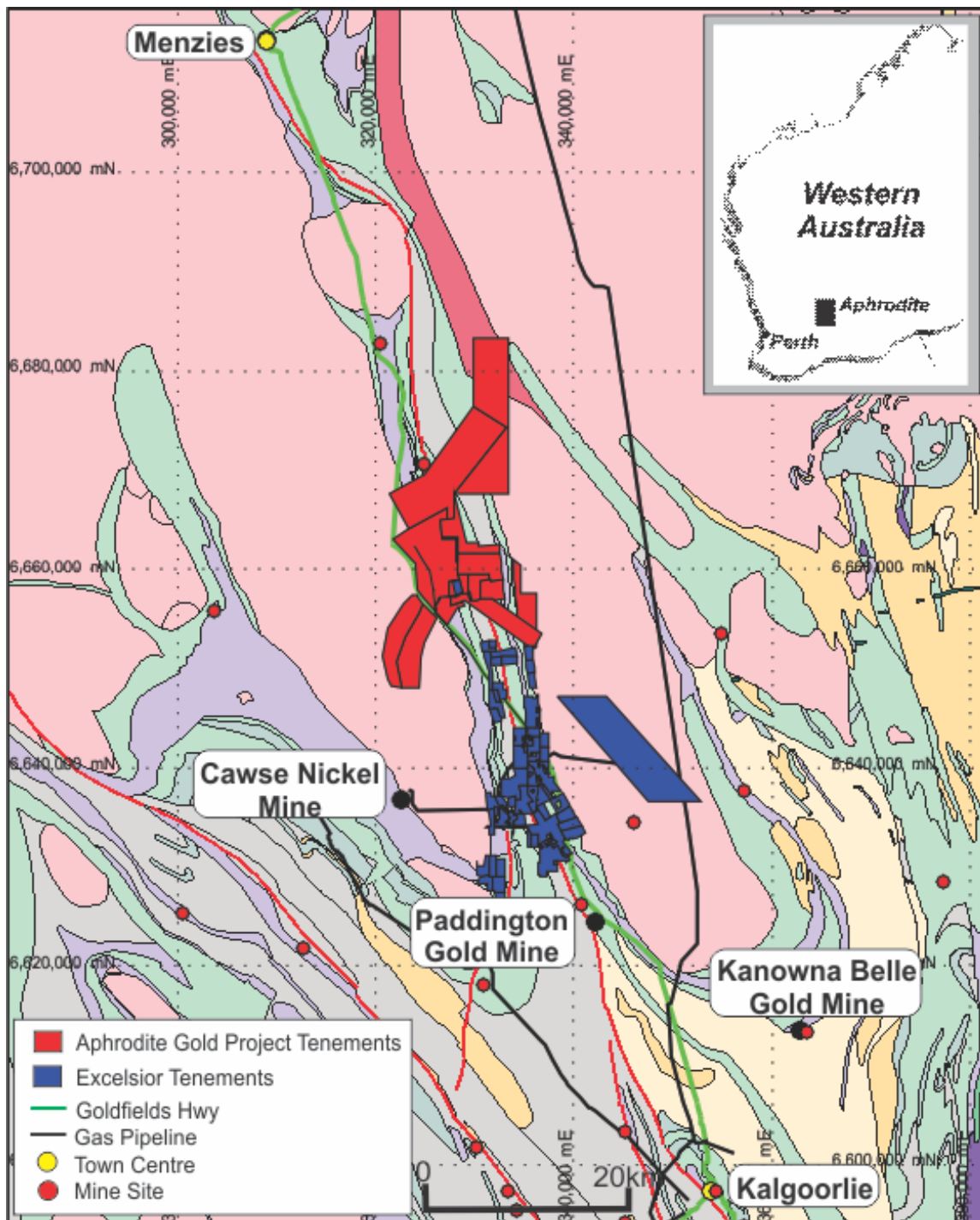


Figure 1 – Combined tenement holdings, Spitfire Materials and Excelsior Gold.

EXISTING EXCELSIOR OPTION-HOLDERS

Spitfire has entered into an agreement with the holder of all of the unlisted Excelsior options, pursuant to which the option-holder has agreed to the cancellation of their unlisted Excelsior options in exchange for unlisted Spitfire options on comparable terms, taking into account the exchange ratio under the Scheme.

EXISTING EXCELSIOR PERFORMANCE RIGHTS-HOLDERS

Under the MIA, Excelsior will enter into an agreement with Mr Rowan Johnston, who holds all of the Excelsior Performance Rights on issue, pursuant to which Mr Johnston will exercise his vested Performance Rights prior to the Record Date for the Scheme so that the shares issued on exercise will be exchanged for Spitfire Shares under the Scheme on the same terms as the other Excelsior Shares on issue. Mr Johnston's unvested Performance Rights will be cancelled for no consideration.

EXCELSIOR LOAN SHARE PLANS

Under the MIA, Spitfire will enter into agreements with the holders of shares in Excelsior pursuant to which, on implementation of the Scheme, the outstanding loan amount owing to Excelsior by the holder under the applicable Excelsior Loan Share Plan will be forgiven or deemed to be repaid, and replaced by a loan for the same amount owing to Spitfire and the relevant Excelsior shares will be dealt with under the Scheme in the same way as the other Scheme shares. A holding lock will be placed on the Spitfire shares issued to the holder under the Scheme until the applicable loan has been repaid to Spitfire. The loan will be on the same terms as the loan from Excelsior under the applicable Excelsior Loan Share Plan, including limited in recourse to the applicable Spitfire shares and repayable 5 years from issue of the relevant Excelsior shares under the applicable Loan Share Plan. However, the early repayment trigger on ceasing to be an eligible participant under the applicable Excelsior Loan Share Plan will not apply in all cases.

TIMETABLE

Excelsior shareholders do not need to take any action at the present time. Shareholders will receive a Scheme Booklet providing full details of the Transaction, including reasons to vote in favour or against the Scheme, in advance of the Scheme Meeting. It is expected that Excelsior shareholders will receive the Scheme Booklet in or about mid-August 2018.

An indicative timetable for the Transaction is set out below:

| Event | Date |
|---------------------|-------------------|
| Scheme Meeting held | 11 September 2018 |
| Second Court Date | 12 September 2018 |
| Record Date | 17 September 2018 |
| Implementation Date | 24 September 2018 |

PRINCIPAL ADVISORS

Hartleys Limited is corporate advisor and DLA Piper is acting as legal advisor to Spitfire in respect to the Transaction.

Steinepreis Paganin is acting as legal advisor to Excelsior in respect to the Transaction.

INVESTORS:

| | |
|-----------------------|-----------------------------------|
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| Telephone: | 0419 954 020 |
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MEDIA:

| | |
|----------------------|---------------------------|
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ANNEXURE A – MERGED ENTITY RESOURCE INVENTORY

The merged entity will have a JORC compliant Indicated and Inferred Mineral Resource inventory comprising:

| KALGOORLIE NORTH GOLD RESOURCES | | | | | | | | | | | | | | |
|---------------------------------|------------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|-----------------|----------------|---------------|-----------------|
| Deposit | Cut-Off (g/t Au) | MEASURED | | | INDICATED | | | INFERRED | | | TOTAL RESOURCES | | | ASX Report Date |
| | | Tonnes (,000t) | Grade (g/t Au) | Ounces (,000) | Tonnes (,000t) | Grade (g/t Au) | Ounces (,000) | Tonnes (,000t) | Grade (g/t Au) | Ounces (,000) | Tonnes (,000t) | Grade (g/t Au) | Ounces (,000) | |
| Excelsior | 0.6 | | | | 5,144 | 1.39 | 230 | 1,103 | 1.3 | 43 | 6,247 | 1.4 | 273 | 18-May-18 |
| Zoroastrian (O/P) | 0.6 | | | | 3,590 | 2.1 | 242 | 1,196 | 1.9 | 71 | 4,786 | 2.0 | 314 | 18-May-18 |
| Zoroastrian (U/G) | 2.5 | | | | 100 | 4.1 | 13 | 251 | 4 | 32 | 351 | 4.0 | 45 | 18-May-18 |
| Zoroastrian Total | 0.6 | | | | 3,690 | 2.2 | 255.5 | | | 103 | 5,137 | 2.2 | 359 | |
| Lochinvar | 0.6 | | | | 448 | 1.7 | 25 | | | 3 | 508 | 1.7 | 28 | 19-Feb-14 |
| Nerrin Nerrin | 0.6 | | | | 74 | | 6 | | | 8 | 181 | 2.4 | 14 | 15-Nov-13 |
| Ophir | 0.6 | | | | | | | | | 5 | 75 | 1.9 | 5 | 11-Dec-13 |
| Vettesburg South | 0.6 | | | | | | | | | 26 | 552 | 1.5 | 26 | 11-Dec-13 |
| Eldorado | 0.6 | | | | 382 | 1.6 | 19 | 31 | 1.4 | 1 | 393 | 1.4 | 20 | 11-Dec-13 |
| Talbot *North | 0.6 | | | | | | | | | 36 | 662 | 1.7 | 36 | 11-Sep-13 |
| Bulletin South | 0.6 | 38 | 1.9 | 2 | | | | | | 10 | 645 | 2.3 | 47 | 31-Mar-13 |
| Windanya | 0.6 | | | | | | | | | 17 | 360 | 1.5 | 17 | 23-Jan-17 |
| Total Other Resources | | 38.2 | 1.9 | 2.3 | 1,366 | 1.9 | 85 | 1,971 | 1.7 | 106 | 3,375 | 1.8 | 193 | 11-Dec-13 |
| TOTAL RESOURCES | | 38 | 1.9 | 2 | 10,200 | 1.7 | 570 | 4,521 | 1.7 | 252 | 14,759 | 1.7 | 825 | |

* This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

** Differences may occur due to rounding.

*** The Zoroastrian and Excelsior Open Pit resources are reported within a A\$2,700 per ounce gold price pit shell. The Bulletin South open pit resource is reported within a A\$2,750 per ounce gold price pit shell. Other resources are reported above applicable depth's below surface.

Note: Spitfire has not undertaken sufficient work to independently verify the JORC Mineral Resource for the Kalgoorlie North Gold Project announced by Excelsior on 22 May 2018. Further evaluation work and appropriate studies may be required for Spitfire to independently verify the JORC Mineral Resource at the Kalgoorlie North Gold Project. Subject to completion of the merger, Spitfire expects to undertake this work within 12 months.

| APHRODITE GOLD PROJECT | Indicated | | | Inferred | | | Indicated + Inferred | | |
|------------------------|------------|----------|------------|------------|----------|------------|----------------------|----------|--------------|
| | Tonnes | Gold | | Tonnes | Gold | | Tonnes | Gold | |
| | (Mt) | (g/t) | (koz) | (Mt) | (g/t) | (koz) | (Mt) | (g/t) | (koz) |
| OP (0.5g/t cut-off) | 6.2 | 2.1 | 411 | 4 | 1.5 | 187 | 10.2 | 1.8 | 598 |
| UG (3.0g/t cut-off) | 1.6 | 6.6 | 330 | 1.4 | 7.5 | 332 | 2.9 | 7 | 663 |
| TOTAL RESOURCE | 7.8 | 3 | 741 | 5.3 | 3 | 520 | 13.1 | 3 | 1,261 |

The resource estimate was classified in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC Code 2012) – Refer ASX Release 25 January 2018.

COMPETENT PERSON'S STATEMENT - SPITFIRE

The Company confirms it is not aware of any new information or data that materially affects the information included in the 25 January 2018 Aphrodite Mineral Resource Estimate and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed when referring to its resource announcement made on January 25, 2018.

The information in this announcement relating to Exploration Targets, Exploration Results and Mineral Resources is based on information compiled by the Company's Managing Director, Mr John Young, a competent person, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Young has sufficient experience relevant to the style of mineralisation and to the type of activity described 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 Young has disclosed to the Company that he is a shareholder in the Company. Mr Young consents to the inclusion in this announcement of the matters based on his information in the form and content in which it appears.

COMPETENT PERSON STATEMENT – EXCELSIOR MINERAL RESOURCE ESTIMATES

The Information in this report that relates to Mineral Resources is based on information compiled by Mr Ross Whittle-Herbert, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Whittle-Herbert is a full-time employee of Excelsior Gold Ltd. Mr Whittle-Herbert has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken 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 Whittle-Herbert consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this announcement that relates to the Bulletin South Mineral Resource results is based on information compiled by Mr. Patrick Adams who is a Director of Cube Consulting Pty Ltd. Mr. Adams is a Fellow of the AusIMM (CP) and a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Adams consents to the inclusion in the document of the information in the form and context in which it appears.

DISCLAIMERS AND FORWARD-LOOKING STATEMENTS

This announcement is for information purposes only and does not constitute a prospectus or prospectus equivalent document. It is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase or otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, nor shall there be any offer, sale, issuance or transfer of securities in any jurisdiction in contravention of any applicable law.

This announcement contains forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "target", "anticipate", "forecast", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions.

The forward-looking statements in this announcement are based on current expectations, estimates, forecasts and projections about Spitfire and Excelsior and the industry in which they operate. They do, however, relate to future matters and are subject to various inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied by any forward-looking statements. The past performance of Spitfire and Excelsior is no guarantee of future performance.

None of Spitfire, Excelsior or any of their directors, officers, employees, agents or contractors makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law.

You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.