



APHRODITE
Gold Limited



ASX / Media Release

4 September 2017

SPITFIRE AND APHRODITE EXECUTE MERGER IMPLEMENTATION AGREEMENT TO CREATE LEADING AUSTRALIAN GOLD COMPANY

HIGHLIGHTS

- **Spitfire Materials Limited (ASX: SPI) and Aphrodite Gold Limited (ASX: AQQ) have signed a formal merger implementation agreement (MIA) to merge the companies by way of a scheme of arrangement.**
 - **The merger will create a leading ASX-listed gold company with an advanced and complementary exploration and development portfolio in Western Australia, Queensland and the Northern Territory (as outlined in the joint ASX announcement dated 14 August 2017).**
 - **Aphrodite's board of directors has unanimously recommended that all Aphrodite shareholders vote in favour of the transaction, in the absence of a superior proposal.**
 - **The Scheme meeting is expected to be held in December 2017.**
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Further to the joint ASX Announcement of 14 August 2017, Spitfire Materials Limited ("Spitfire") (ASX: SPI) and Aphrodite Gold Limited ("Aphrodite") (ASX: AQQ) are pleased to announce that they have executed a formal agreement to implement the merger of the two companies ("Merger Implementation Agreement" or "MIA") to create a significant new diversified Australian gold development company ("Transaction").

The Transaction is to be implemented by way of a scheme of arrangement whereby Spitfire has agreed to acquire all of the issued capital of Aphrodite that it does not already hold. Spitfire currently holds a 10.38% stake in Aphrodite. Pursuant to the MIA, AQQ shareholders (other than SPI) will receive 1 new SPI share for every 2.8959 AQQ shares held.

The Transaction will create a leading gold exploration and development company with a diversified asset base spread including a highly prospective greenfields exploration project at the Alice River Project in QLD, an emerging gold discovery at the Mulwarrie Project in WA, and a resource level, near-term development opportunity at the Aphrodite Gold Project near Kalgoorlie in WA.

The merged entity will have increased scale and liquidity as an emerging Australian gold company, a strengthened investor base and the ability to accelerate exploration and development opportunities within its growth pipeline.

Aphrodite's board of directors has unanimously recommended that all Aphrodite shareholders vote in favour of the Transaction, in the absence of a superior proposal and subject to the Independent Expert concluding and continuing to conclude that the Transaction is in the best interests of AQQ Shareholders. Subject to those same qualifications, each of Aphrodite's directors intends to vote the AQQ shares in which they have a relevant interest in favour of the Transaction.

On completion of the Transaction, the merged entity will be led by the highly skilled management team which founded the highly successful Australian lithium developer, Pilbara Minerals (ASX: PLS), including John Young as Managing Director and Neil Biddle as Executive Director. Two Aphrodite directors, Peter Buttigieg and Roger Mitchell, will join the board of the merged entity. Peter Buttigieg will be the Non-Executive Chairman.

MERGER IMPLEMENTATION AGREEMENT

The MIA is consistent with the binding term sheet entered into between the parties as detailed in the ASX Announcement of 14 August 2017.

The MIA is subject to a number of conditions precedent including the receipt of all necessary regulatory, court and shareholder approvals, no material adverse change in relation to the business, financial condition, results, material licences, operations or prospects of either of SPI or AQQ occurring, no prescribed events in relation to SPI or AQQ occurring, the entry into a binding agreement in relation to the cancellation of existing AQQ options and the receipt of an independent expert's report which concludes that the scheme is in the best interests of AQQ shareholders (excluding SPI).

The MIA contains customary exclusivity provisions, including mutual no shop and no talk restrictions, notification obligations and matching rights (subject to customary carve outs). The MIA also details circumstances where SPI or AQQ may be required to pay a break fee of \$320,000 to the other party.

Full details of the conditions precedent to the scheme and other agreed terms are set out in the MIA, which will be announced separately.

TIMETABLE AND CONDITIONS

Aphrodite 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 Aphrodite shareholders will receive the Scheme Booklet in mid-November 2017.

An indicative timetable for the Transaction is set out below:

Event	Date
ASX Announcement of Transaction	4 September 2017
Scheme Meeting held	11 December 2017
Second Court Date	12 December 2017
Record Date	14 December 2017
Implementation Date	21 December 2017

A more detailed indicative timetable is set out in Schedule 4 to the MIA. These dates are indicative only and are subject to change.

ADVISORS

Hartley's Limited is corporate advisor and Steinepreis Paganin is acting as legal advisor to Spitfire in respect to the Transaction.

GTP Legal is acting as legal advisor to Aphrodite in respect to the Transaction.

DIRECTOR COMMENTS

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

"We are pleased to have finalised the terms of our formal Merger Implementation Agreement with Aphrodite and are now looking forward to completing the Transaction. The deal creates a substantial ASX-listed gold development company with a large resource inventory at the Aphrodite Gold Project near Kalgoorlie, outstanding exploration upside at the Aphrodite, Mulwarrie and Alice River Projects, and the opportunity to become a significant player in the mid-tier Australian gold sector.

"While we work to complete the merger, Spitfire shareholders can look forward to strong news-flow at our own projects with a drilling program currently underway at the Mulwarrie Project and initial assays expected in the coming weeks. At the same time, we are gearing up for our maiden drill program at the Alice River Project in Queensland – an exciting time for the Company."

Aphrodite's Executive Chairman, Mr Peter Buttigieg, said:

"We are looking forward to working closely with the team at Spitfire to complete the merger and integrate the assets and exploration teams of the two companies as quickly as possible. This is a great opportunity for Spitfire and Aphrodite shareholders to participate in the consolidation of our project with other gold projects around Kalgoorlie, and to create value for shareholders with the scale, critical mass and access to funding required to grow quickly into the ranks of Australia's mid-tier gold companies."

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