

ASX Release – 30 October 2009

## SEPTEMBER 2009 QUARTERLY ACTIVITIES REPORT

### HIGHLIGHTS

#### *South Woodie Woodie Manganese Project, East Pilbara*

- Initial JORC resource completed for South West zone of the Tally-Ho Deposit
- Follow-up program of Diamond and RC drilling commences subsequent to the end of the Quarter to test extensions to the north-east of the initial resource area
- Multiple high priority targets identified from 50km<sup>2</sup> airborne EM survey covering areas to the north and north-west of Tally-Ho – interpretation underway

#### *Corporate*

- A\$1.007 million raised through a share placement of 11.2 million shares at 9 cents per share to sophisticated investors, further strengthening the Company's cash resources
- Acquisition of seven tenements (70% interest) surrounding Lindeman's Bore in the Northern Territory for a payment of A\$120,000 and 3 million shares following shareholder approval on 25 September 2009
- Cash reserves of A\$ 5.08 million at the end of the Quarter

#### *Overview*

During the September Quarter, Spitfire Resources Limited (ASX: SPI – "Spitfire" or "the Company") moved into a new phase of exploration activity at its 80%-owned South Woodie Woodie Manganese Project, located in the Eastern Pilbara region of Western Australia.

The completion of an initial JORC resource estimate for the South West Zone of the Tally-Ho Deposit (based on the results of two previous drilling programs) marked an important milestone for the Company, although Spitfire views this more as a stepping stone towards a significant acceleration of exploration activity in 2010.

Follow-up drilling commenced subsequent to the end of the Quarter (on 15 October) targeting extensions to the north-east of the initial resource zone, however, the Company's focus is shifting towards the 2010 exploration program following the success of an Airborne Electromagnetic (AEM) Survey completed during the Quarter over the Tally-Ho area.



#### **Spitfire Resources Limited**

**ACN 125 578 743**

#### *Corporate Details*

**ASX Code:** SPI

**Issued Capital:**  
101.01M Ordinary Shares

**Substantial Shareholders:**  
Churchill Mining Plc  
Eralloys Holding AS

#### **Directors:**

Chairman and Managing Director:  
James Hamilton

Non Executive Director:  
Russell Hardwick

Non Executive Director:  
Chris Daws

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Initial results were received from this survey which, in conjunction with the knowledge gained from the discovery of Tally-Ho and other geological advances achieved this year, have confirmed a strong pipeline of exploration targets which the Company intends to test during the 2010 field season. This positions Spitfire for an active field season in 2010 at an opportune time with interest returning strongly to the manganese sector.

The renewed level of activity reflects recovering manganese prices and several recent corporate transactions including the proposed transaction between Australian manganese producer OM Holdings Limited and Pallinghurst. Activity is also continuing to increase in the manganese exploration sector in Western Australia.

The Company took advantage of strengthening market conditions during the Quarter to complete a A\$1 million share placement, further strengthening its cash resources, which stood at A\$ 5.08 million at the end of the Quarter.

This ensures that Spitfire is able to continue to fund an aggressive exploration program at the South Woodie Woodie Project while progressing its other resource assets including its Tasmanian coal portfolio and newly acquired exploration applications in the Northern Territory, as well as meet all its other obligations.

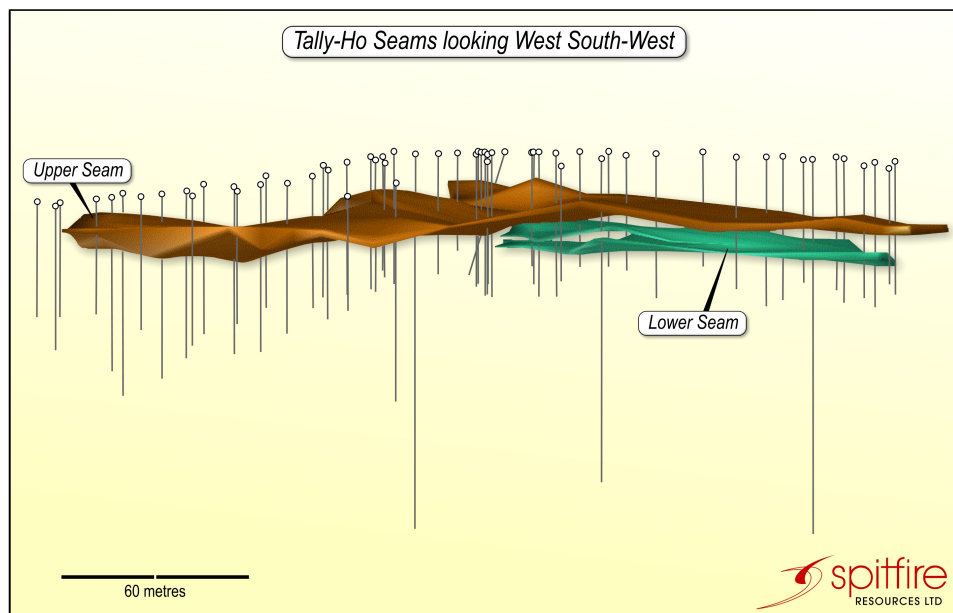
## 1. South Woodie Woodie Manganese

*The South Woodie Woodie Project area comprises three granted Exploration Licences in Western Australia's East Pilbara region. These tenements lie along strike and to the south of the 1Mtpa Woodie Woodie Manganese Mining Centre (operated by Consolidated Minerals Limited) within an emerging manganese province. Spitfire has an 80% interest in these three tenements.*

### **Initial JORC Resource at Tally-Ho Deposit**

Following completion of the Phase I and II drilling programs in 2008 and 2009, the Company engaged independent resource consultants, Optiro Pty Ltd, to complete an initial resource estimate for the Tally-Ho Deposit over an area of 230 metres by 200 metres which has been the focus of drilling to date (see Figure 1 below showing sectional view of Tally-Ho mineralisation wireframes).

**Figure 1 – Tally-Ho deposit showing orientation of stacked manganese seams**



The Tally-Ho deposit comprises multiple stacked narrow seams of in-situ manganese mineralisation located close to surface grading up to 46% Mn.

While sufficient drilling was completed in this zone to produce a JORC resource estimate, the average manganese grade of the resource represents a diluted grade as it includes the barren material between the seams. This assumes a mining scenario where all the material within the mineralised envelope would be extracted via open pit and subsequently processed.

On this basis, Optiro Pty Ltd estimated an initial Inferred Resource for the South-West Zone of the Tally-Ho Deposit as summarised in Table 1 below:

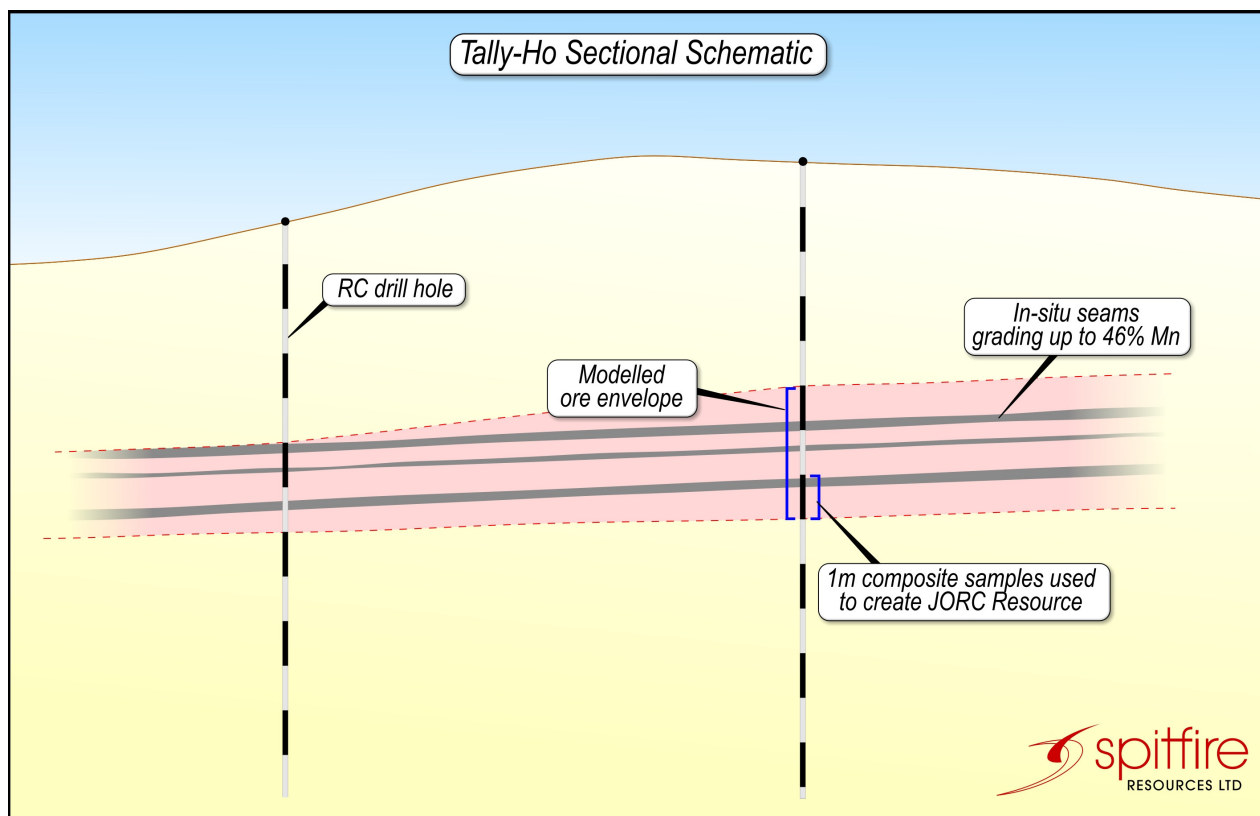
**Table 1: Tally-Ho Deposit – Initial Inferred Resource**

Tonnes	Mn%	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	Pb%	P%	S%
205,000	10.2	8.1	57.0	8.1	0.019	0.033	0.016

Although this initial resource is of low grade, it should be understood that it represents a diluted resource as it has been calculated using composite grades. (See Fig. 2 – Tally-Ho Sectional Schematic)

The cut-off grade for the stated figures was 7.5% Mn.

**Figure 2 – Tally-Ho Sectional Schematic**



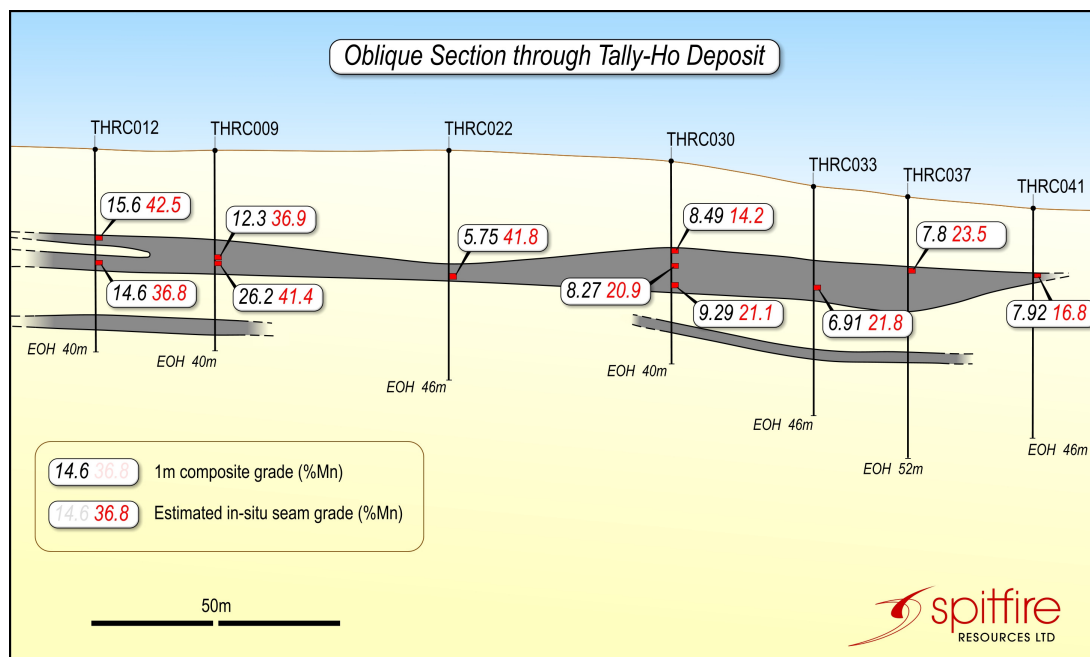
Metallurgical test work on 42 of the composite samples from the manganiferous zones indicates that the individual seams can grade up to 46% manganese.

These seams are expected to upgrade upon beneficiation to produce a premium product.

Diamond drilling will be used to gain a more accurate understanding of individual seam grades, yields and upgradeability.

Figure 3 below shows an oblique section through the Tally-Ho Deposit with available composite versus in-situ grades.

**Figure 3 – Oblique Section through the Tally-Ho deposit showing the high grade tenor of the in-situ seams**



### **New Drilling Program**

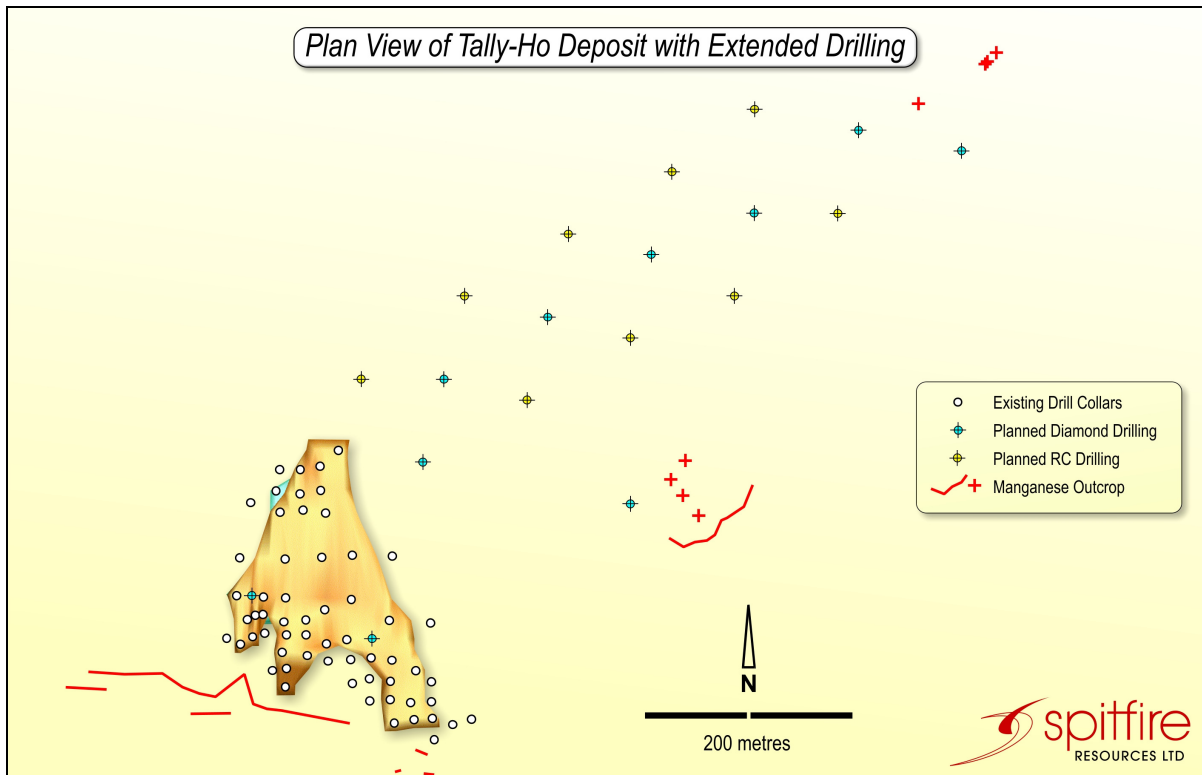
Spitfire's geological team believes that there is potential for the manganiferous seams to extend over the entire target strike zone and this area will be a priority focus for follow-up (see Figure 4 - Plan View of Tally-Ho Deposit showing existing and planned drilling).

On this basis, subsequent to the end of the Quarter (on 15 October), Spitfire commenced a new program of diamond and RC Drilling comprising approximately 400 metres of Diamond and 400 metres of RC drilling.

The RC drilling is designed to test for extensions to the target strike zone to the north, where it is interpreted to extend for a distance of up to 900 metres. The new round of RC drilling will also assess the potential to further increase the JORC resource tonnage.

The diamond drilling will allow the Company to accurately determine seam width and grade, as well as provide quality metallurgical samples. Given the geometry and distribution of the seams at Tally-Ho this work is considered to be central to determining the future economic potential of the Deposit.

Figure 4 – Plan View of Tally-Ho Deposit showing existing and planned drilling



Spitfire believes that with further work, the Tally-Ho Deposit has the potential to become the first deposit in its resource inventory in the East Pilbara region.

Critically, the discovery of mineralisation in this area has served as a pathfinder for the identification of primary Woodie Woodie-style deposits which will be the main focus of ongoing exploration.

### **Regional Exploration and EM Survey**

Following the discovery of Tally-Ho, Spitfire engaged in a series of mapping programs. This mapping identified a zone of interest to the north west of the deposit (see Figure 5).

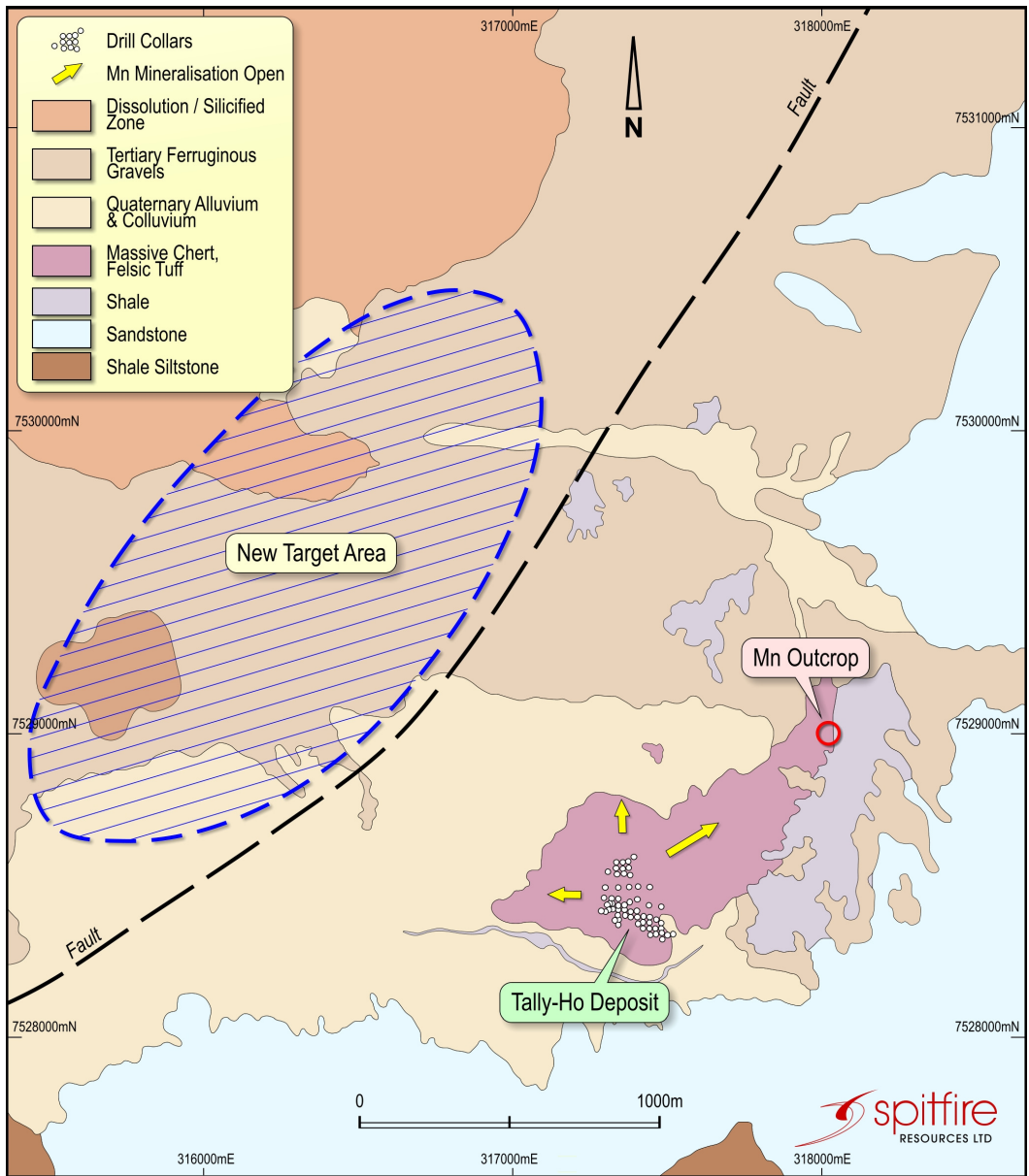
The geological interpretation of the mapping includes a large scale interpreted fault separating the Manganese Group sediments (hosting the Tally-Ho Deposit), from silica covered altered carawine dolomite.

Altered dolomites commonly host Woodie Woodie-style ore bodies. The Company's geological team believes that this zone may have acted as a mineralisation 'feeder' to the Tally-Ho deposit.

An airborne EM (electromagnetic) survey was conducted during the Quarter over the entire southern tenement holding (E46/616) (see Figure 6). The north east trending fault was confirmed and a large area of non-conducting material has been identified. This will need to be drill tested although it is likely to be altered carawine dolomite.

Numerous anomalies occur at various locations around its periphery. This is in accordance with the Woodie Woodie-style mineralisation in that manganese mineralisation commonly occurs about the boundaries of altered dolomites. Processing of the EM data is now complete. Further ground-based geophysics may be necessary prior to drilling.

**Figure 5 – Mapping and EM has identified a new priority exploration area**

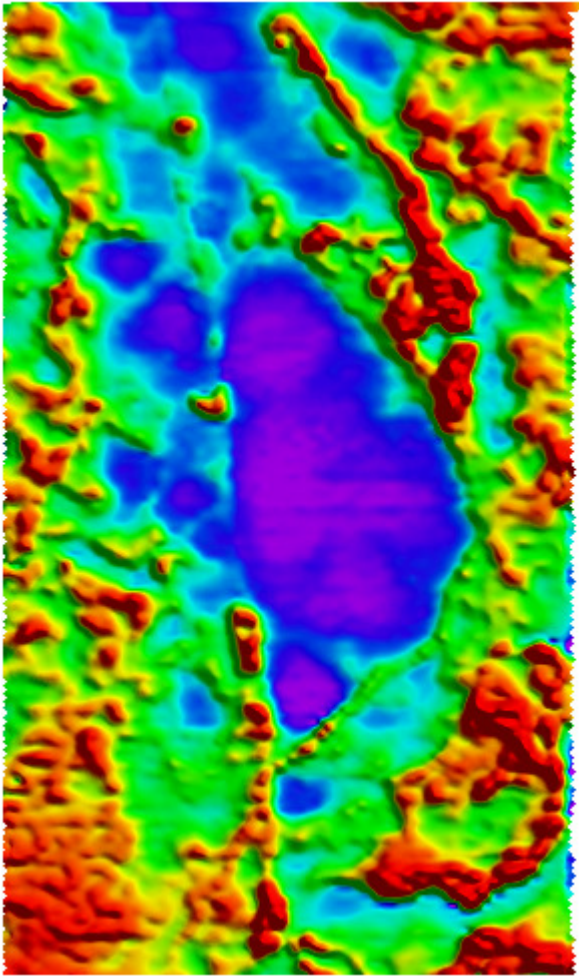


Spitfire’s geological team, in conjunction with independent consultants, is currently completing a detailed interpretation of the results of the recently completed airborne EM survey over the broader Target Area which includes the Tally-Ho Deposit.

Numerous areas of interest have already been identified from this work.

The Company will announce details of this important regional exploration initiative, as well as proposed exploration and drilling targets for the 2010 field season, once this work has been completed.

**Figure 6 – Preliminary EM results showing multiple conductors for ground-based geophysical follow up**



## **2. Northern Territory Exploration Portfolio**

During the Quarter, Spitfire was successful in securing a 70% interest in a group of seven Exploration Licence Applications (ELA's) which have been lodged surrounding the **Lindeman's Bore Project**, located 380km south west of Katherine in the Northern Territory (see Fig. 7 below).

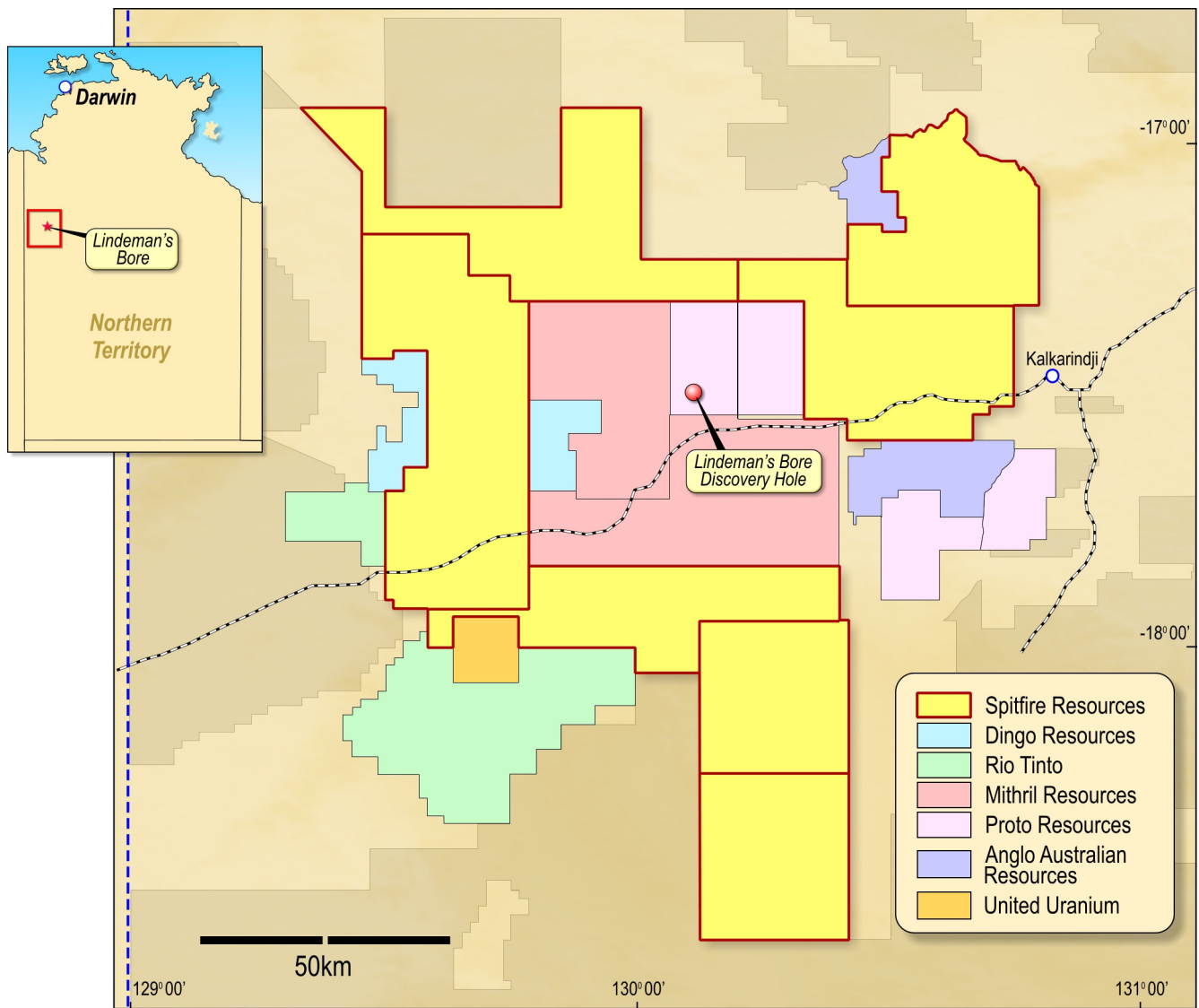
The Lindeman's Bore Project is owned and operated by Proto Resources & Investments Ltd (ASX: PRW), which recently reported a new mineral discovery at the LBD-1 target where it has completed a deep drill hole targeting "Norilsk-style" Nickel-Copper-PGE mineralisation.

This discovery has enhanced the prospectivity of this area and the future potential for a new mineral province. Mithril Resources Limited (ASX: MTH) also recently lodged two ELA's immediately adjacent to the Lindeman's Bore discovery to the south and east, forming its Antrim Project.

Spitfire has secured its 70% interest in ELA's 27398, 27399, 27400, 27401, 27402, 27403 and 27404. The ownership balance is held privately by geologist Mr Alex Hewlett. The tenements have a total area of 9,680 square kilometres covering prospective magnetic features surrounding the Lindeman's Bore discovery.

During the Quarter, Spitfire paid \$120,000 and issued three million fully paid shares to secure its interest in the ground package following receipt of shareholder approval on 25 September 2009. Two million of these shares are subject to a 12 month voluntary escrow restriction.

Figure 7 – Spitfire Resources ELA's surrounding the Lindeman's Bore Project



### 3. Tasmanian Coal

The Tasmanian Coal project comprises a prospective portfolio of coal exploration properties located in the Derwent Valley, north-west of Hobart in Tasmania. In May 2008, Spitfire reached agreement with the shareholders of Black Rock to acquire all of its issued capital. Black Rock's assets comprise of the Langloh Coal Project (which has an existing 10 million tonne in-situ thermal Coal resource), the Avoca Coal Project, the Ouse Coal Project and the Elderslie Project.

No significant activities were undertaken during the Quarter on the Company's Tasmanian coal portfolio.

### 4. Corporate

In August 2009 Spitfire advised that it had agreed to place a total of 11,194,444 shares at a price of 9 cents per share to new and existing sophisticated investors, raising a total of **A\$1,007,500**.

The funds raised are to ensure that Spitfire has adequate working capital to continue to pursue an aggressive exploration and development program at South Woodie Woodie



The placement was made within the 15% limit allowed under the ASX listing rules and all shares issued under the placement are fully paid ordinary shares.

The proceeds of the capital raising have strengthened the Company's cash position which at 30 September 2009 stood at A\$ 5.08 million.

During the Quarter, the Company made a A\$120,000 cash payment as part of the consideration to acquire a 70% interest in seven (7) tenements surrounding Lindeman's Bore in the Northern Territory. The final payment of 3 million shares was completed following receipt of shareholder approval on 25 September 2009.



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#### **Competent Person's Statement – South Woodie Woodie and Northern Territory Projects**

*The information in this Report relating to Exploration Results and Mineral Resources from the South Woodie Woodie Manganese Project and the Northern Territory Project is based on information compiled by Nathan Cull who is a Member of the Australian Institute of Geoscientists. Mr. Cull is Exploration Manager for Spitfire Resources Ltd, and consents to the inclusion in this report of the information as presented. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the type of activity described to qualify as a competent person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.*

#### **Competent Person's Statement – Tasmanian Coal Project**

*The information in this Report relating to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Neil Fraser who is a Member of The Australasian Institute of Mining and Metallurgy. Neil Fraser is employed by Marston International Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Neil Fraser consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.*