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# SPITFIRE RESOURCES LIMITED

ACN 125 578 743

## NOTICE OF GENERAL MEETING

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**TIME:** 9.00 am (WST)  
**DATE:** 25 September 2009  
**PLACE:** Suite 1, 346 Barker Rd, Subiaco, WA 6008

***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.***

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6382 3700.***

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9.00 am (WST) on 25 September 2009 at Suite 1, 346 Barker Rd, Subiaco, WA 6008.

**YOUR VOTE IS IMPORTANT**

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

**VOTING IN PERSON**

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

**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return to the Company by:

- (a) post to Spitfire Resources Limited, PO Box 8050, Subiaco East, WA 6008;
- (b) delivery to Suite 1, 346 Barker Road, Subiaco, WA 6008; or
- (c) facsimile on facsimile number (+61 8) 6382 3777,

so that it is received not later than 9.00 am (WST) on 23 September 2009.

**Proxy Forms received later than this time will be invalid.**

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## NOTICE OF GENERAL MEETING

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Notice is given that the General Meeting of Shareholders will be held at 9.00 am (WST) on 25 September 2009 at Suite 1, 346 Barker Rd, Subiaco, WA 6008.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Commonwealth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5pm (WST) on 23 September 2009.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

### AGENDA

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#### 1. RESOLUTION 1 – ISSUE OF SHARES – ACQUISITION OF INTEREST IN TENEMENTS

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

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the allotment and issue of up to 3,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates 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.

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#### 2. RESOLUTION 2 – PLACEMENT – SHARES

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

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 11,194,444 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. 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.

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#### 3. RESOLUTION 3 – ISSUE OF CLASS E DIRECTOR OPTIONS – MR JAMES HAMILTON

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 3,000,000 Class E Director Options to Mr James Hamilton (or his Nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr James Hamilton (or his Nominee) or any of his associates. 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.

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**4. RESOLUTION 4 – ISSUE OF CLASS E DIRECTOR OPTIONS – MR RUSSELL HARDWICK**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 2,000,000 Class E Director Options to Mr Russell Hardwick (or his Nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Russell Hardwick (or his Nominee) or any of his associates. 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.

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**5. RESOLUTION 5 – ISSUE OF CLASS E DIRECTOR OPTIONS – MR CHRISTOPHER DAWS**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 1,000,000 Class E Director Options to Mr Christopher Daws (or his Nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Christopher Daws (or his Nominee) or any of his associates. 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.

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**DATED: 17 AUGUST 2009**

**BY ORDER OF THE BOARD**

**MR RUSSELL HARDWICK  
DIRECTOR/COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 9.00 am (WST) on 25 September 2009 at Suite 1, 346 Barker Rd, Subiaco, WA 6008.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. RESOLUTION 1 – ISSUE OF SHARES

#### 1.1 General

On 17 July 2009, the Company announced that it had been successful in securing a 70% interest in Exploration Licence Application (**ELA**) 27398, ELA 27399, ELA 27400, ELA 27401, ELA 27402, ELA 27403 and ELA 27404 (together, the **Tenements**), which surround the Lindeman's Bore Project, located 380km south west of Katherine in the Northern Territory.

The ownership balance in the Tenements is held privately by Mr Alex Hewlett. The Tenements have a total area of 9,680 square kilometres covering prospective magnetic features surrounding the Lindeman's Bore discovery.

The Company will pay \$120,000 and issue 3,000,000 Shares to Mr Hewlett (or his Nominee) to secure its interest in the Tenements. Two million of these Shares will be subject to a 12 month voluntary escrow.

Resolution 1 seeks Shareholder approval for the allotment and issue of these 3,000,000 Shares at a deemed issue price of \$0.09 per Share.

Mr Hewlett is not a related party of the Company.

ASX Listing Rule 7.1 provides that a Company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Directors to issue the Shares pursuant to Resolution 1 during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

#### 1.2 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 issue of Shares pursuant to Resolution 1:

- (a) the maximum number of Shares to be issued is 3,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the General 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 allotment will occur on the same date;
- (c) the Shares are being issued at a deemed issue price of \$0.09 per Share;
- (d) the Shares will be allotted and issued to Mr Alex Hewlett or Nominee;

- (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) no funds will be raised from the issue as the Shares are being used in consideration for the Company securing its interest in the Tenements.

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## **2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – SHARES**

### **2.1 General**

As previously announced to ASX, on 3 August 2009, the Company issued 11,194,444 Shares in a placement to various parties who qualify to participate in an excluded offer pursuant to Section 708 of the Corporations Act - sophisticated and professional investors.

The allottees pursuant to this issue were not related parties of the Company.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Share Ratification**).

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a Company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **2.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

- (a) 11,194,444 Shares were allotted;
- (b) the issue price was \$0.09 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to various parties who qualify to participate in an excluded offer pursuant to Section 708 of the Corporations Act - sophisticated and professional investors, none of whom were related parties of the Company; and
- (e) the funds raised from this issue will be used for exploration at the SWW manganese project and for working capital purposes.

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## **3. RESOLUTIONS 3 TO 5 – ISSUE OF CLASS E DIRECTOR OPTIONS**

### **3.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 6,000,000 Options (**Class E Director Options**) to Messrs James

Hamilton, Russell Hardwick and Christopher Daws (**Related Parties**) on the terms and conditions set out below.

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.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of the Class E Director Options to the Related Parties requires the Company to obtain Shareholder approval because the grant of Class E Director Options constitutes giving a financial benefit and as Directors, Messrs Hamilton, Hardwick and Daws are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Class E Director Options to the Related Parties.

### **3.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Class E Director Options:

- (a) the related parties are Messrs Hamilton, Hardwick and Daws and they are related parties by virtue of being Directors;
- (b) the maximum number of Class E Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
  - (i) 3,000,000 Class E Director Options to Mr Hamilton;
  - (ii) 2,000,000 Class E Director Options to Mr Hardwick; and
  - (iii) 1,000,000 Class E Director Options to Mr Daws.
- (c) the Class E Director Options will be granted to the Related Parties (or Nominees) no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Class E Director Options will be issued on one date;
- (d) 3,000,000 of the Class E Director Options (1,500,000 to Mr Hamilton, 1,000,000 to Mr Hardwick and 500,000 to Mr Daws) will vest, and only become exercisable, on the earlier of the weighted average share price for the Company ordinary being greater than \$0.30 for 5 consecutive days, or 1 year after the grant date;

- (e) 3,000,000 of the Class E Director Options (1,500,000 to Mr Hamilton, 1,000,000 to Mr Hardwick and 500,000 to Mr Daws) will vest, and only become exercisable, on the earlier of the weighted average share price for the Company ordinary being greater than \$0.30 for 5 consecutive days, or 2 years after the grant date;
- (f) the Class E Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (g) the terms and conditions of the Class E Director Options are set out in Schedule 1;
- (h) the value of the Class E Director Options and the pricing methodology is set out in Schedule 2;
- (i) the relevant interests of the Related Parties in securities of the Company are set out below;

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>
Mr James Hamilton	1,000,000	8,519,967 <sup>1</sup>
Mr Christopher Daws	700,000	3,690,634 <sup>2</sup>
Mr Russell Hardwick	225,000	3,461,634 <sup>3</sup>

<sup>1</sup> 2,000,000 Options exercisable at \$0.20 each on or before 8 February 2013, 2,000,000 Options exercisable at \$0.25 each on or before 8 February 2013, 2,000,000 Options exercisable at \$0.10 each on or before 6 March 2014, 2,000,000 Options exercisable at \$0.125 each on or before 6 March 2014 and 519,967 Options exercisable at \$0.20 each on or before 30 June 2010.

<sup>2</sup> 750,000 Options exercisable at \$0.20 each on or before 8 February 2013, 750,000 Options exercisable at \$0.25 each on or before 8 February 2013, 750 Options exercisable at \$0.10 each on or before 6 March 2014, 750,000 Options exercisable at \$0.125 each on or before 6 March 2014 and 690,634 Options exercisable at \$0.20 each on or before 30 June 2010.

<sup>3</sup> 750,000 Options exercisable at \$0.20 each on or before 8 February 2013, 750,000 Options exercisable at \$0.25 each on or before 8 February 2013, 750,000 Options exercisable at \$0.10 each on or before 6 March 2014, 750,000 Options exercisable at \$0.125 each on or before 6 March 2014 and 461,634 Options exercisable at \$0.20 each on or before 30 June 2010.

- (j) the cash remuneration and emoluments from the Company to the Related Parties for both the current financial year (actual and forecast) and previous financial year are set out below:

<b>Related Party</b>	<b>Current Financial Year</b>	<b>Year ended 30 June 2009</b>
Mr James Hamilton	\$285,000	\$285,000
Mr Christopher Daws	\$25,000	\$25,000
Mr Russell Hardwick	\$119,400	\$119,400

- (k) if the Class E Director Options granted to the Related Parties are exercised, a total of 6,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 98,012,791 to 104,012,791 (assuming that

no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

<b>Related Party</b>	<b>Issued Shares as at the date of this Notice of Meeting</b>	<b>Class E Director Options to be issued</b>	<b>Issued Shares upon exercise of all Class E Director Options</b>	<b>Dilutionary effect upon exercise of Director Options</b>
Mr James Hamilton	98,012,791	3,000,000	101,012,791	2.97%
Mr Russell Hardwick	98,012,791	2,000,000	100,012,791	2.00%
Mr Christopher Daws	98,012,791	1,000,000	99,012,791	1.01%
<b>TOTAL</b>	<b>98,012,791</b>	<b>6,000,000</b>	<b>104,012,791</b>	<b>5.98%</b>

The market price for Shares during the term of the Class E Director Options would normally determine whether or not the Class E Director Options are exercised. If, at any time any of the Class E Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Class E Director Options, there may be a perceived cost to the Company. Shareholders should note that the Company will, however receive subscription monies totalling \$900,000 if all the Class E Director's Options are exercised.

- (l) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	<b>Price</b>	<b>Date</b>
Highest	\$0.195	11 August 2008
Lowest	\$0.05	16 December 2008
Last	\$0.091	14 August 2009

- (m) the primary purpose of the grant of Class E Director Options to the Related Parties is to provide cost effective consideration to the Related Parties for their ongoing commitment and contribution to the Company in their respective roles as Directors. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Class E Director Options upon the terms proposed;
- (n) the Board acknowledges the grant of Class E Director Options to Messrs Mr Daws and Mr Hardwick is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Class E Director Options to Messrs Mr Daws and Mr Hardwick reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves. The Board considers that in view of the financial, legal and other responsibilities assumed by directors of Public companies, the payment of monetary directors fees alone is often not an adequate reward and does not provide an adequate incentive to

keep board members and directors of the requisite level of experience and qualifications;

- (o) Mr Hamilton declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 3, recommend that Shareholders vote in favour of Resolution 3. The Board (other than Mr Hamilton) 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 the Resolution;
- (p) Mr Hardwick declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4. The Board (other than Mr Hardwick) 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 the Resolution; and
- (q) Mr Daws declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 5, recommend that Shareholders vote in favour of Resolution 5. The Board (other than Mr Daws) 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 the Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Class E Director Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Class E Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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#### **4. ENQUIRIES**

Shareholders are required to contact Mr. Russell Hardwick on (+ 61 8) 6382 3700 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**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.

**Class E Director Option** means Class E Director Options granted pursuant to Resolutions 3 to 5 with the terms and conditions set out in Schedule 1.

**Company** means Spitfire Resources Limited (ACN 125 578 743).

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**General Meeting** means the meeting convened by the Notice of Meeting.

**Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of a Class E Director Option.

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

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

**Shareholder** means a holder of a Share.

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

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## **SCHEDULE 1 – TERMS AND CONDITIONS OF CLASS E DIRECTOR OPTIONS**

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Subject to the vesting conditions referred to in Section 3.2 (d) & (e) of the Explanatory Statement (**Vesting Conditions**), the Class E Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Class E Director Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Class E Director Option, the Optionholder must exercise the Class E Director Options in accordance with the terms and conditions of the Class E Director Options.
  - (b) The Class E Director Options will expire at 5:00 pm (Western Standard Time) 5 years from the date of issue (**Expiry Date**). Any Class E Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) The amount payable upon exercise of each Class E Director Option will be \$0.15 (**Exercise Price**).
  - (d) The Class E Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (e) An Optionholder may exercise their Class E Director Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Class E Director Options specifying the number of Class E Director Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Class E Director Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Class E Director Options specified in the Exercise Notice.
  - (h) The Class E Director Options are transferable.
  - (i) All Shares allotted upon the exercise of Class E Director Options will upon allotment rank pari passu in all respects with other Shares.
  - (j) The Company will not apply for quotation of the Class E Director Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Class E Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
  - (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
  - (l) There are no participating rights or entitlements inherent in the Class E Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Class E Director Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Class E Director Options prior to the date for determining entitlements to participate in any such issue.

- (m) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Class E Director Options, the exercise price of the Class E Director Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (n) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Class E Director Options, the number of securities over which a Class E Director Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Class E Director Option had been exercised before the record date for the bonus issue.
- (o) Notwithstanding any other terms and conditions, all Class E Director Options may be exercised:
  - (i) during a bid period (being in relation to a takeover bid in respect of shares in the Company, means the period referred to in the definition of that expression in Section 9 of the Corporations Act provided that where a takeover bid is Publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid period shall be deemed to have commenced at the time of that announcement);
  - (ii) at any time after a Change in Control Event (being a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability and that ability is successfully exercised, in a general meeting, to replace all or a member of the board) has occurred; or
  - (iii) on an application under Section 411 of the Corporations Act if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other Company.

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## SCHEDULE 2 – VALUATION OF CLASS E DIRECTOR OPTIONS

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The Class E Director Options to be issued to the Related Parties pursuant to Resolutions 3 to 5 have been valued by using the theoretical Black & Scholes option model and based on the assumptions set out below, the Class E Director Options were ascribed a value range, as follows:

<b>Assumptions:</b>	<b>Class E</b>
Valuation date	12 August 2009
Market price of Shares	9 cents
Exercise price	15 cents
Expiry date	25 September 2014
Risk free interest rate	5.5%
Volatility	60%
<b>Indicative value per Class E Director Option</b>	<b>3.09 cents</b>

<b>Total Value of Class E Director Options</b>	<b>Class E Director Options</b>	<b>\$ Total</b>
- Mr James Hamilton	\$117,000	<b>\$117,000</b>
- Mr Russell Hardwick	\$78,000	<b>\$78,000</b>
- Mr Christopher Daws	\$39,000	<b>\$39,000</b>

Note: The valuation ranges noted above are not necessarily the market prices that the Class E Director Options could be traded at and they are not automatically the market prices for taxation purposes.

**PROXY FORM**



**APPOINTMENT OF PROXY  
SPITFIRE RESOURCES LIMITED  
ACN 125 578 743**

**GENERAL MEETING**

I/We   
of

being a member of Spitfire Resources Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR  the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's Nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 9.00 am (WST), on 25 September 2009 at Suite 1, 346 Barker Rd, Subiaco, WA 6008, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolution 3** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolution 3 and that votes cast by the Chair of the General Meeting for Resolution 3 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolution 3 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 3.

**OR**

**Voting on Business of the General Meeting**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 – Issue of Shares – Acquisition of Interest in Tenements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Ratification of Prior Issue – Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of Class E Director Options – Mr James Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Class E Director Options – Mr Russell Hardwick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Class E Director Options – Mr Christopher Daws	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**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 to be counted in computing the required majority on a poll.

**Signature of Member(s):** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Individual or Member 1**

**Sole Director/Company Secretary**

**Member 2**

**Director**

**Member 3**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**SPITFIRE RESOURCES LIMITED**  
**ACN 125 578 743**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. 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 member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members 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 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.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return to the Company by:
  - (a) post to Spitfire Resources Limited, PO Box 8050, Subiaco East, WA 6008;
  - (b) delivery to Suite 1, 346 Barker Road, Subiaco, WA 6008; or
  - (c) facsimile on facsimile number (+61 8) 6382 3777,

so that it is received not later than 9.00 am (WST) on 23 September 2009.

**Proxy forms received later than this time will be invalid.**