



**Spitfire Resources Limited and its  
Controlled Entities**

**Half-Year Financial Report  
31 December 2009**

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## DIRECTORS' REPORT

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Your directors submit their report of Spitfire Resources Limited ("Spitfire" or "the Company") and its controlled entities ("Consolidated Entity" or "Group") for the half-year ended 31 December 2009.

### DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

James T Hamilton (Managing Director)  
Christopher J Daws (Non Executive Director)  
Russell P Hardwick (Director/Secretary)

### REVIEW OF OPERATIONS

#### HIGHLIGHTS

##### South Woodie Woodie Manganese (SWW)

- *Initial Inferred JORC resource completed for South West Zone of Tally-Ho deposit*
- *New round of drilling confirms significant north-eastern extension of the mineralisation*
- *Updated JORC resource for Tally-Ho due for release in the March 2010 Quarter*
- *Multiple high-priority targets identified from 50km<sup>2</sup> airborne EM survey covering areas to the north and north-west of Tally-Ho*

##### Tasmanian Coal

- *Specialist coal advisor retained*
- *Preparations underway for drilling programs in early 2010 at Langloh and Avoca thermal coal projects targeting open pittable coal resources*

##### Northern Territory

- *Acquisition of 70% interest in seven tenements surrounding Lindeman's Bore in the Northern Territory*

#### Manganese

The half year to 31 December 2009 saw the commencement of a new phase of exploration activity at the Company's 80%-owned South Woodie Woodie (SWW) Manganese Project in Western Australia's East Pilbara which has laid the foundations for a significantly expanded exploration program in 2010.

Following the Phase I and Phase II drilling programs in 2008 and the first half of 2009, Spitfire completed an initial JORC Code compliant resource estimate for the South West Zone of the near-surface Tally-Ho deposit, which was discovered in the south-west of portion of its tenements in November 2008.

This resource, which was calculated by independent resource consultants Optiro Pty Ltd, covers an area of 230 metres by 200 metres and comprises an Inferred Resource of 205,000 tonnes grading 10.2% Mn, 8.2% Fe, 57% SiO<sub>2</sub>, 8.1% Al<sub>2</sub>O<sub>3</sub>, 0.019% Pb, 0.033% Pb and 0.016% S, using a cut-off grade of 7.5% Mn.

Although this manganese resource is of low-grade, it represents a diluted resource which was calculated using composite grades.

## DIRECTORS' REPORT

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Metallurgical test work completed on 42 composite samples from the manganiferous zones within the resource indicates that the individual seams can grade up to 42% Mn. These seams are expected to upgrade upon beneficiation to produce a premium product.

During the December 2009 Quarter, Spitfire completed a new program of Diamond and Reverse Circulation (RC) drilling at Tally-Ho comprising 18 RC drill holes for 692 metres (including five pre-collars for a total of 80 metres) as well as 9 diamond holes for 330 metres.

The RC drilling was designed to test for interpreted extensions to the deposit to the north-east, while the diamond drilling recovered core that is undergoing extractive metallurgical test work. Geological logging of the samples indicates that all but two of the RC drill holes and all of the diamond drill holes intersected visible manganese mineralisation. As at the date of this report, assay results had been despatched for analysis and a full suite of results is expected to be received during the March Quarter of 2010.

Importantly, preliminary results indicate that the drilling has extended the known area of mineralisation beyond the current JORC resource envelope to an area some 670 metres long and averaging 210 metres in width. The mineralisation remains open to the north-west, north-east and south-east.

The HQ diamond core has greatly improved Spitfire's geological knowledge and will assist with the downstream exploration targeting process.

RC drill samples have been dispatched to Ultratrace Laboratories for assay analysis. The core samples have been sent to Ammtec for metallurgical test work.

These data will then be provided to the Company's resource modelling consultants, Optiro Pty Ltd, to update the preliminary JORC compliant resource announced in September 2009.

The updated resource estimate is expected to be completed during the March 2010 Quarter.

During the period, Spitfire completed a series of mapping programs as well as an airborne EM (electromagnetic) survey over the entire southern tenement holding at South Woodie Woodie to identify potential primary DSO (direct shipping ore) manganese deposits.

Spitfire regards the Tally-Ho Deposit as a pathfinder for the discovery of primary DSO manganese deposits within its tenements.

The Company has completed a detailed interpretation of results from the airborne EM survey resulting in the identification of numerous areas of interest which are expected to provide a strong pipeline of exploration targets.

Spitfire has to date identified 16 high priority targets using a combination of closely spaced aerial EM geophysics and geological knowledge. One of the targets is located directly over a significant, previously unidentified, manganese outcrop that extends for some 200m.

Further aerial EM geophysics and geological mapping is planned as part of the on-going process for target definition.

During the half year, the Company strengthened its tenement position in the South Woodie Woodie area by acquiring privately owned company Bellpiper Pty Ltd, which holds five tenement applications. In addition, the Company also acquired the granted tenement EL46/787 in the South Woodie Woodie area.

### **Coal**

Spitfire progressed activities leading to a proposed drilling program within its Tasmanian coal portfolio commencing in the early part of 2010. These included the appointment of a specialist coal advisor and preparation of drilling programs for the Langloh and Avoca coal projects.

The Company is aiming to expand its open pittable coal resources and is currently designing drilling programs to support the achievement of this objective. Current planning envisages 10 core holes to be undertaken at the Langloh Project and 32 open holes at the Avoca Project.

The drilling is expected to take approximately six weeks and will be conducted in conjunction with a testwork program to verify historic coal quality data from these projects. The follow-up test work program will take approximately 10 weeks to complete.

Spitfire continued discussions during the Quarter with potential joint venture partners to assist with the development of its coal portfolio as the foundation for a niche thermal coal business in Australia.

### **Northern Territory Acquisition**

During the half year, Spitfire acquired 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.

The consideration for this acquisition comprised a payment of A\$120,000 and the issue of 3 million Spitfire shares.

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.

The tenements have a total area of 9,680 square kilometres covering prospective magnetic features surrounding the Lindeman's Bore discovery.

*The information in this Report relating to exploration is based on information compiled by Mr. N. 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 type of report of the information as presented. He 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.'*

*The information in this Report that relates 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.*

### ***Events Subsequent to Balance Date***

No matters or circumstances have arisen since 31 December 2009 which significantly affects the consolidated group.

### ***Financial Position***

The net operating loss for the period is \$656,330 which is line with expectations. The net assets of the Entity have increased by \$843,861 to \$14,338,537 as at 31 December 2009 (30 June 2009; \$13,494,676) due to an increase in issued capital and the capitalisation of exploration expenditure.

### ***Rounding of Amounts***

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and directors' report have been rounded off to the nearest \$1,000

### ***Auditor's Declaration***

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2009.

This report is signed in accordance with a resolution of the Board of Directors.



James T Hamilton  
Managing Director  
19<sup>th</sup> February 2010

To The Board of Directors

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

This declaration is made in connection with our review of the financial report of Spitfire Resources Limited for the half year ended 31 December 2009 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully

*Bentleys*

**BENTLEYS**  
Chartered Accountants



**CHRIS WATTS**  
Director

DATED at PERTH this 19th day of February 2010

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	31 December 2009 \$000	31 December 2008 \$000
<b>Revenue</b>		
Interest received	96	206
Rental revenue	10	5
<b>Gross profit/(loss)</b>	<b>106</b>	<b>211</b>
Depreciation expense	(10)	(12)
Consulting expenses	(207)	(257)
Occupancy costs	(35)	(39)
Travel expenses	(20)	(23)
Administrative expenses	(490)	(444)
<b>Loss before income tax</b>	<b>(656)</b>	<b>(564)</b>
Income tax expense	-	-
<b>Loss from continuing operations</b>	<b>(656)</b>	<b>(564)</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>(656)</b>	<b>(564)</b>
<b>Total comprehensive income attributable to members of the company</b>	<b>(656)</b>	<b>(564)</b>
Earnings per share (cents per share)		
- Basic loss for the half-year	(0.66c)	(0.78c)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009**

	31 December 2009 \$000	30 June 2009 \$000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4,554	4,773
Trade and other receivables	135	121
Other current assets	19	-
<b>Total Current Assets</b>	<b>4,708</b>	<b>4,894</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	73	83
Exploration & Evaluation assets	9,689	8,715
<b>Total Non-Current assets</b>	<b>9,762</b>	<b>8,798</b>
<b>TOTAL ASSETS</b>	<b>14,470</b>	<b>13,692</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	113	173
Financial liabilities	4	3
Provisions	11	16
<b>Total Current Liabilities</b>	<b>128</b>	<b>192</b>
<b>Non –Current Liabilities</b>		
Financial liabilities	3	5
<b>TOTAL LIABILITIES</b>	<b>131</b>	<b>197</b>
<b>NET ASSETS</b>	<b>14,339</b>	<b>13,495</b>
<b>EQUITY</b>		
Issued Capital	15,773	14,541
Reserves	1,455	1,187
Accumulated Losses	(2,889)	(2,233)
<b>TOTAL EQUITY</b>	<b>14,339</b>	<b>13,495</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31  
DECEMBER 2009**

	31 December 2009 \$000	31 December 2008 \$000
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(501)	(570)
Payments for exploration and evaluation	(622)	(828)
Other revenue	10	-
Interest Received	77	260
<b>Net cash flows from/(used in) operating activities</b>	<b>(1,036)</b>	<b>(1,138)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration assets	(144)	-
Purchase of property, plant and equipment	-	(83)
<b>Net cash flows from/(used in) investing activities</b>	<b>(144)</b>	<b>(83)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	1,008	-
Proceeds from borrowings	-	-
Repayment of borrowings	(2)	(1)
Expenses of share issue	(45)	-
<b>Net cash flows from/(used in) financing activities</b>	<b>961</b>	<b>(1)</b>
Net increase/(decrease) in cash and cash equivalents	(219)	(1,222)
Cash and cash equivalents at beginning of period	4,773	6,623
<b>Cash and cash equivalents at end of period</b>	<b>4,554</b>	<b>5,401</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Issued capital \$000	Option reserve \$000	Accumulated losses \$000	Total equity \$000
<b>At 1 July 2008</b>	<b>12,846</b>	<b>489</b>	<b>(843)</b>	<b>12,492</b>
Total comprehensive income	-	-	(564)	(564)
Shares issued	1,300	-	-	1,300
Share-based payment	-	238	-	238
<b>At 31 December 2008</b>	<b>14,146</b>	<b>727</b>	<b>(1,407)</b>	<b>13,466</b>

	Issued capital \$000	Option reserve \$000	Accumulated losses \$000	Total equity \$000
<b>At 1 July 2009</b>	<b>14,541</b>	<b>1,187</b>	<b>(2,233)</b>	<b>13,495</b>
Total comprehensive income	-	-	(656)	(656)
Shares issued	1,277	-	-	1,277
Share issue expenses	(45)	-	-	(45)
Share-based payment	-	268	-	268
<b>At 31 December 2009</b>	<b>15,773</b>	<b>1,455</b>	<b>(2,889)</b>	<b>14,339</b>

### 1. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirement of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Spitfire Resources Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2009, together with any public announcements made by Spitfire Resources Limited and its controlled entities during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

#### ***Reporting Basis and Conventions***

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### **Accounting Standards not Previously Applied**

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

#### ***Presentation of Financial Statements***

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- The replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- The adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- Other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

### ***Operating Segments***

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

As a result of the adoption of the revised AASB 8, certain cash generating units have been redefined having regard to the requirements in AASB 136: Impairment of Assets.

### ***Business Combinations and Consolidation Procedures***

Revised AASB 3 is applicable prospectively from 1 July 2008. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

### ***Revenue Recognition***

Dividends received from a subsidiary, joint venture or associate shall be recognised as dividend revenue in the profit or loss irrespective of whether such dividends may have been paid out of pre-acquisition profits. Previously, such dividends were treated as a return of capital invested. Such dividends may be an indicator of impairment where the carrying amount of the investment exceeds the consolidated net assets relating to that investment or where the dividend exceeds the total comprehensive income of the respective investee in the period the dividend is declared.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. BUSINESS COMBINATIONS

	Consolidated Group	
	Acquiree's Carrying Amount	Fair Value
	\$000	\$000
On 30 <sup>th</sup> November 2009 the parent entity acquired 100% of Bellpiper Pty Ltd, with Spitfire Resources Limited entitled to all profits or loss incurred from 30 <sup>th</sup> November 2009. The purchase consideration was \$25,000.		
Assets and liabilities acquired at acquisition date:		
Receivables	1	1
Exploration & Evaluation assets	12	24
Total	<b>13</b>	<b>25</b>

The assets and liabilities arising from the acquisition are recognised at fair values which are equal to their carrying value at acquisition date.

Had the results relating to Bellpiper Pty Ltd been consolidated from 1 July 2009, the loss would have been \$7,000.91 resulting in a consolidated loss of \$663,330 for the half-year ended 31 December 2009.

### 3. OPERATING SEGMENTS

#### Segment Information

##### Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of exploration commodity since the diversification of the Group's operations inherently have notably different commodity risk profiles. Operating segments are therefore determined on the same basis.

##### Types of exploration by project segment

###### (i) *Australia – Manganese Exploration*

The manganese exploration segment is exploring for Manganese ore at South Woodie Woody in the East Pilbara. Segment assets, including capitalised exploration expenditure are reported on in this segment.

###### (ii) *Australia – Coal Exploration*

The coal exploration segment includes the Tasmanian coal project which comprises a prospective portfolio of coal exploration properties located in Tasmania. Segment assets including capitalised expenditure are reported on in this segment.

###### (iii) *Australia – NT tenements*

The NT tenements segment includes at 70% interest in a group of seven Exploration Licence Applications surrounding the Lindeman's Bore Project in the Northern Territory.

## NOTES TO THE FINANCIAL STATEMENTS

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In addition the Company has included a Treasury segment that includes the surplus cash of which the majority is invested in Bank term deposits.

### **Basis of accounting for purposes of reporting by operating segments**

#### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

#### *Segment assets*

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

#### *Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

#### *Unallocated items*

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Rental income
- Other corporate charges

#### *Comparative information*

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

## NOTES TO THE FINANCIAL STATEMENTS

Consolidated 31 December 2009	Australia – Manganese Exploration \$000	Australia – Coal Exploration \$000	Australia – Copper (NT) Exploration \$000	Australia – Treasury \$000	Unallocated \$000	Consolidated Group \$000
<b>SEGMENT PERFORMANCE</b>						
Finance revenue	-	2	-	94	-	96
Other revenue	-	-	-	-	10	10
<b>Total segment and group revenue</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>94</b>	<b>10</b>	<b>106</b>
<b>Segment net profit/(loss) before tax</b>	<b>(2)</b>	<b>1</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>93</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>						
Unallocated Items						
- Consulting Fees	-	-	-	-	(207)	(207)
- Salaries	-	-	-	-	(54)	(54)
- Depreciation	-	-	-	-	(10)	(10)
- Other	-	-	-	-	(478)	(478)
<b>Net Profit/(loss) before tax from continuing operations</b>	<b>(2)</b>	<b>1</b>	<b>-</b>	<b>94</b>	<b>(749)</b>	<b>(656)</b>
<b>SEGMENT ASSETS</b>						
Segment assets	7,961	1,453	414	4,487	155	14,470
<b>Total group assets from continuing operations</b>						<b>14,470</b>
Segment asset increases for the period:						
- Capitalised expenditure	517	46	414	-	-	977
- Cash	-	-	-	(227)	-	(227)
- Other	-	-	-	-	27	27
	<b>517</b>	<b>46</b>	<b>414</b>	<b>(227)</b>	<b>27</b>	<b>777</b>
<b>SEGMENT LIABILITIES</b>						
Segment liabilities	26	-	-	-	105	131
<b>Total group liabilities from continuing operations</b>						<b>131</b>

## NOTES TO THE FINANCIAL STATEMENTS

Consolidated 31 December 2008	Australia – Manganese Exploration \$000	Australia – Coal Exploration \$000	Australia – Treasury \$000	Unallocated \$000	Consolidated Group \$000
<b>SEGMENT PERFORMANCE</b>					
Finance revenue	1	-	205	-	206
Other revenue	-	-	-	5	5
<b>Total segment and group revenue</b>	<b>1</b>	<b>-</b>	<b>205</b>	<b>5</b>	<b>211</b>
<b>Segment net profit/(loss) before tax</b>	<b>(1)</b>	<b>(7)</b>	<b>205</b>	<b>-</b>	<b>197</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Unallocated Items					
- Consulting Fees	-	-	-	(257)	(257)
- Salaries	-	-	-	(51)	(51)
- Depreciation	-	-	-	(12)	(12)
- Other	-	-	-	(441)	(441)
<b>Net Profit/(loss) before tax from continuing operations</b>	<b>(1)</b>	<b>(7)</b>	<b>205</b>	<b>(761)</b>	<b>(564)</b>
<b>Consolidated 30 June 2009</b>					
<b>SEGMENT ASSETS</b>					
Segment assets	7,444	1,406	4,714	128	13,692
<b>Total group assets from continuing operations</b>					<b>13,692</b>
Segment asset increases for the period					
- Capitalised Expenditure	273	71	-	-	344
- Cash	-	-	(489)	-	(489)
- Other	-	-	-	(8)	(8)
	<b>273</b>	<b>71</b>	<b>(489)</b>	<b>(8)</b>	<b>(153)</b>
<b>SEGMENT LIABILITIES</b>					
Segment liabilities	82	5	-	110	197
<b>Total group liabilities from continuing operations</b>					<b>197</b>

**4. CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

**5. EVENTS AFTER THE BALANCE SHEET DATE**

No matters or circumstances have arisen since 31 December 2009 which significantly affects the consolidated group.

## DIRECTORS' DECLARATION

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The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 18 are in accordance with the Corporations Act 2001, including:
  - a. Comply with Accounting Standard AASB 134 Interim Financial Reporting; and
  - b. Give a true and fair view of the economic entity's financial position at 31 December 2009 and its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



James T Hamilton  
Managing Director

19<sup>th</sup> February 2010

PERTH, WA

## Independent Auditor's Review Report

### To the Members of Spitfire Resources Limited

We have reviewed the accompanying half-year financial report of Spitfire Resources Limited ("the Company") and Controlled Entities ("the consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

**Bentleys Audit  
& Corporate (WA) Pty Ltd**  
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### Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Spitfire Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of Spitfire Resources Limited for the half-year ended 31 December 2009 included on the website of Spitfire Resources Limited. The directors of the Company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the Company's website.

**Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Spitfire Resources Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



**BENTLEYS**  
Chartered Accountants



**CHRIS WATTS**  
Director

DATED at PERTH this 19th day of February 2010