



**Spitfire Resources Limited and its
Controlled Entities**

**Half-Year Financial Report
31 December 2010**

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DIRECTORS' REPORT

Your directors are pleased to 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 2010.

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.

John Mackenzie (Managing Director) – appointed 3 February 2011

James Hamilton (Chairman)

Christopher Daws (Non Executive Director)

Russell Hardwick (Director/Secretary)

REVIEW OF OPERATIONS

HIGHLIGHTS

South Woodie Woodie Manganese (SWW)

- *A significant new zone of mineralisation named 'Contact' was discovered in October 2010 with an initial exploration target¹ estimated at 5-10 million tonnes grading 10-25%Mn. Hosted in prospective Carawine Dolomite rock the new discovery remains open and along strike in several directions.*
- *A gradient array induced polarisation survey (GAIP) undertaken in December 2010 identified several new high priority targets and correlated with the confirmed mineralisation at 'Contact'.*
- *Tenement holdings were expanded to 1,804 sq km.*

Northern Territory

- *Preliminary field trip was undertaken in December 2010.*

Corporate

- *Share placement comprising 20.5 million shares at 8.5 cents per share, raising a total of \$1.74 million.*

¹ The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

DIRECTORS' REPORT

South Woodie Woodie Manganese

During the period, Spitfire completed its Phase II drilling program at the South Woodie Woodie Project targeting 23 priority areas within three tenements:

- EL46/616, which contains the Tally-Ho deposit;
- EL46/787, where Spitfire drilled for the first time; and
- EL46/615, located in the northern area of the South Woodie Woodie Project, where a target area had been identified to the south of existing mineralisation.

This drilling program was successful in discovering a significant new zone of near-surface manganese mineralisation in tenement EL46/787, in the newly named "Contact" area 10km north-west of the Company's Tally-Ho deposit (Inferred Resource of 2.94Mt @ 7.07% Mn) and ~70km directly south of the Woodie Woodie Manganese Mine operated by Consolidated Minerals.

The new mineralised zone has so far been intersected by three Reverse Circulation (RC) drill holes and has been shown to extend over an area approximately 220 metres long and 130 metres wide, with the mineralisation appearing to extend in an easterly direction.

Priority assay results have been received for some of these holes, with significant manganese intersections and hole details and locations summarised in Table 1 below:

Table 1 – Significant drilling intersections, Contact Discovery (RC 1m Composites)

Hole ID	Easting	Northing	From	To	Metres	Mn %	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
WWS120	311433	7536951	22	26	4	10.23	19.73	37.48	8.72	0.05
WWS121	311545	7536846	13	30	17	16.18	18.83	34.12	5.58	0.02
including			13	20	7	18.04	17.07	34.00	5.35	0.03
including			22	29	7	18.49	24.21	21.74	5.71	0.01
including			23	27	4	21.98	24.85	15.90	5.02	0.01
WWS105	311382	7536862	2	7	5	19.02	16.94	28.02	8.07	0.01

These results include some of the most significant widths of manganese mineralisation encountered to date by Spitfire at South Woodie Woodie.

As part of the Company's process of assessing the RC drill samples from the drilling program, it was noted that the manganiferous drill chips separated from the non-manganiferous chips relatively easily when sieved. Spitfire's geologist took the initiative to submit in-field sieved portions of the 1 metre composite samples for assay. This was conducted by wet sieving (using a +2mm hand sieve) of a representative portion of the composite samples.

The purpose of this technique was not to ascertain upgradeability or yield information, but rather to indicate whether further metallurgical test work should be undertaken. The results of this simple infield testing were overwhelmingly positive, demonstrating that portions of the intersected mineralised zone have direct shipping qualities (+40%Mn). This is summarised in Tables 2 and 3 below:

Table 2 – In-field +2mm wet screened RC Sample (1m Composite)

Hole ID	Easting	Northing	From	To	Metres	Mn%	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%
WWS120	311433	7536951	22	26	4	21.95	18.33	25.80	5.07	0.04
WWS121	311545	7536846	13	30	17	29.17	14.91	23.07	3.11	0.02
including			13	20	7	27.77	15.72	23.68	3.27	0.03
Including			22	29	7	36.69	15.18	11.32	2.59	0.01
including			23	27	4	41.80	13.58	6.38	2.08	0.00
WWS105	311382	7536862	2	7	5	Awaiting assays				

DIRECTORS' REPORT

Table 3 – Product upgradeability summary, 1m RC Comp vs. in the field wet +2mm wet screen

Note: all holes were drilled vertically

Hole ID	From	To	Metres	RC Sample		Wet Screen		% Difference	
				Mn%	Fe%	Mn%	Fe%	Mn	Fe
WWS120	22	26	4	10.23	19.73	21.95	18.33	+114.57	-7.10
WWS121	13	30	17	16.19	18.83	29.17	14.91	+80.17	-20.82
including	13	20	7	18.04	17.07	27.77	15.72	+53.94	-7.91
including	22	29	7	18.49	24.21	36.69	15.18	+98.43	-37.30
including	23	27	4	21.98	24.85	41.80	13.58	+90.17	-45.35
WWS105	2	7	5	Awaiting assays					

Based on the overwhelmingly positive results, a number of RC samples were submitted for metallurgical test work to obtain definitive results on the upgradeability of the material. Subsequent to the year end the Company announced that preliminary laboratory based metallurgical test work conducted is in keeping with the initial field tests, suggesting that the ore can be effectively upgraded. The Company believes that diamond core should be collected as part of the follow-up drill campaign to definitively estimate yield and upgradeability.

The recent drill holes from within the mineralised area have revealed the presence of Pinjian Chert Breccia, altered Carawine Dolomite and varying degrees of manganese replacement of dolomite. These are all the ingredients necessary for high-grade Woodie Woodie-style manganese mineralisation.

Accordingly, Spitfire believes that there is significant potential for the discovery of high-grade material (+40% Mn) within the immediate vicinity of the Contact area. The lack of outcropping manganese, together with the masking effect of the chert breccia, makes this style of mineralisation very difficult to locate.

It must be noted that the mineralisation at "Contact" is open in numerous directions. Depth extensions to this style of mineralisation are also possible. The mineralisation style is not like that of the Tally-Ho Deposit to the south-east.

The manganese-rich layers intersected by the drilling at Contact represent some of the largest intersections drilled to date by Spitfire at South Woodie Woodie and are of particular interest as the lateral extents of the mineralisation remain to be fully tested.

At this stage, indications are that the mineralisation remains open in most directions to the north and south-east. The presence of manganiferous Carawine Dolomite also indicates significant potential for the discovery of bodies of high-grade manganese at depth or within the immediate vicinity of the mineralisation.

Following the Contact discovery, Spitfire commissioned a ground-based Gradient Array Induced Polarisation (GAIP) survey covering the greater discovery area in order to define potential extensions to the mineralisation and follow-up drilling targets.

GAIP was one of the key exploration techniques used by Consolidated Minerals to successfully uncover a number of major greenfields discoveries at the nearby Woodie Woodie manganese mine. The GAIP survey evaluated a 3km² area centred on the Contact discovery, identifying numerous anomalies potentially associated with near-surface manganese mineralisation. The Company has received and interpreted the results, which correlate with the known mineralisation identified at Contact, indicating that GAIP has worked well at detecting manganese mineralisation.

DIRECTORS' REPORT

The survey has identified several highly prospective new exploration targets in the area surrounding the "Contact" discovery including a large chargeability anomaly to the north-west of Contact which is of particular interest as the surrounding rocks are Carawine Dolomite, which are the host rocks of the Woodie Woodie mineralisation.

Following the successful 2010 field season and discovery of the Contact mineralisation and new targets, Spitfire has announced plans for a significantly expanded manganese exploration program for 2011, comprising up to 10,000 metres of Reverse Circulation and Diamond Core drilling.

The campaign will focus on:

- RC drilling to in-fill and extend the Contact mineralised zone to test the area of the broader Exploration Target¹ (5-10 million tonnes grading 10% to 25% Mn) and establish an initial JORC Inferred Mineral Resource;
- Diamond drilling to obtain representative core samples for definitive metallurgical test work. This test work program will be designed to confirm the ability to upgrade the Contact material using relatively simple beneficiation techniques to a final direct shipping grade product (+40% Mn);
- Deeper RC and selective diamond drilling based on the results of the GAIP survey to assess the potential for the Contact area and surrounding zones to host high-grade Woodie Woodie-style (+40% Mn) manganese within the Carawine Dolomite host rock – with particular focus on the large anomaly to the north-east of Contact. The presence of Carawine Dolomite has strengthened the potential for this area to host high-grade manganese deposits;
- RC drilling to in-fill and extend the current JORC resource at the Tally-Ho deposit Inferred Resource of 2.94Mt @ 7.07% Mn. The Company believes that there is potential to increase both the manganese resource inventory and grade percentage at Tally-Ho; and
- RC drilling to test selected targets within the Company's tenement holding, particularly targets which have been reassessed and upgraded in light of the recent exploration success at Tally-Ho and Contact.

¹ The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Tasmanian Coal

Spitfire Resources Limited currently holds two coal projects located in Tasmania. The first, the Langloh project, is composed of one tenement EL28/2008, which holds a 10 million tonne inferred black thermal JORC coal resource in which the seams are still open at depth.

The inferred resource is composed of three main seams which have an average width of 3.6m and lie no further than 45 metres below the surface.

DIRECTORS' REPORT

A total of 12 coal seam and coal seam composite samples from the Langloh Project were submitted for float-sink testing. The test work results indicate that:

- Export quality thermal coal product can be produced with an average apparent yield 60%;
- The average indicative product quality is 14.3% ash, 0.4% total sulphur with a calorific value of 27.0 Mj/kg (6448 kcal/kg) – all values reported on air dried basis;
- The average Hardgrove Index of >89 indicates that product coal will mill easily; and
- The ash fusion temperature for initial deformation of 1,246 0C and base acid ratio of 0.33 indicate satisfactory boiler slagging and fouling characteristics.

The second project area called Avoca holds promise with drilling intercepting coal seams up to 3.5m thick over a strike of 3 kilometres on tenement EL27/2008. The addition of EL23/2010 to the North where coal outcrops of similar thicknesses have been identified means this strike could extend further.

The Avoca Project does not contain a JORC inferred resource as this was the first time drilling has been undertaken in the project area, however coal has been mined in the area surrounding Avoca almost continually since 1923. The historically worked seams display significant thickness of up to 3.6m in places.

Four coal seam composite samples from the Avoca Project were submitted for float-sink testing, with key results summarized below:

- One sample produced export quality thermal coal with an apparent yield of 85%;
- Indicative product quality is 12.3% ash, 0.51% total sulphur with a calorific value of 28.9 Mj/kg (6,902 kcal/kg) – all values reported on air dried basis;
- The average Hardgrove Index of 52 indicates that product coal will mill satisfactorily; and
- The ash fusion temperature for initial deformation of +1,570 0C and base acid ratio of 0.54 indicate satisfactory boiler slagging and fouling characteristics.

This sample shows that good coal quality can be located at Avoca; however, due to the limited drilling campaign undertaken, more exploration drilling and testing of the area is required to qualify this sample as representative.

During the period the Gibbs Creek Tenement (EL23/2010), which adjoins the northern boundary of the existing Avoca tenement (EL27/2008), was formally granted. This extends the Company's total land-holding at Avoca to 208km².

Coal outcrops of similar thickness to the Avoca drill results have been previously mapped within this new license area and Spitfire believes there is potential to extend the known coal strike length into this new tenement.

Northern Territory Exploration Portfolio

Spitfire holds a 70% interest in a group of four Exploration Licences and three Exploration License Applications (ELA's) which have been lodged surrounding the Lindeman's Bore Project, located 380km south west of Katherine in the Northern Territory. The tenements have a total area of 9,680 square kilometres covering prospective magnetic features surrounding the Lindeman's Bore discovery.

DIRECTORS' REPORT

Following an extensive desktop evaluation, Spitfire has focused its attention on a noted copper anomalous area which coincides with a strong magnetic anomaly and is located in one of the granted exploration licences. The outcome of a short fieldtrip conducted in December 2010 was valuable for field observations which have assisted with the redefining of existing targets for future work which includes geological mapping and sampling. A proposal for a more extensive field visit has begun, with initial contact made with landholders in the area.

Corporate

During the period, Spitfire completed a share placement to new and existing sophisticated investors comprising 20.5 million shares at 8.5 cents per share, raising a total of \$1.74 million.

The Company's existing major shareholder, Prosperity Steel United Singapore Pte Ltd, subscribed for \$1 million worth of shares, with the balance of the placement taken up by professional and sophisticated investors.

As a result of the placement, Prosperity Steel has increased its holding in the Company from 8.4% to 15.8%. Prosperity Steel is a trading company which focuses on the import-export trade of ores, steels, pig iron, ferro-alloys, scrap steels, coal and equipment for steel mills. It has strong connections with major steel mills, ferro-alloys mills and trading groups in mainland China.

The funds raised have further strengthened the Company's cash position, which stood at \$5.067 million as at 31 December 2010, putting it in a strong position to pursue aggressive drilling and exploration programs during 2011 including the planned 10,000 metre drilling program at South Woodie Woodie and initial exploration activities at the Lindeman's Bore Project in the Northern Territory.

During the period 5,100,000 Options were issued under the Employee Share Option Plan of which. 4,000,000 were issued to Key Management Personnel under the same terms and conditions.

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 a Senior Consulting Geologist 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 from the Tasmanian Coal Project 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.

DIRECTORS' REPORT

Events Subsequent to Reporting Period

On the 3rd February 2011 Mr John Mackenzie was appointed as Managing Director of the Company, other than that no matters or circumstances have arisen since 31 December 2010 which significantly affects the consolidated group.

Financial Position

The net operating loss for the period was \$2,858,216. Included in this result is exploration and evaluation costs expensed of \$662,836 and impairment of the original acquisition cost of \$1,285,294 for the Tasmanian Coal Project. The net assets of the Entity have decreased by \$792,649 to \$14,363,599 as at 31 December 2010 (30 June 2010; \$15,156,248) due mainly to the impairment of the Tasmanian Coal project offset by equity placements during the period.

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 10 for the half-year ended 31 December 2010.

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



John Mackenzie
Managing Director

9 February 2011

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 Resources Limited and Controlled Entities for the half year ended 31 December 2010 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 CA
Director

DATED at PERTH this 9th day of February 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31 December 2010 \$000	31 December 2009 \$000
Revenue		
Interest received	108	96
Rental revenue	8	10
Gross profit/(loss)	116	106
Depreciation expense	(9)	(10)
Consulting expenses	(250)	(207)
Occupancy costs	(40)	(35)
Travel expenses	(30)	(20)
Exploration and Evaluation costs expensed	(693)	-
Impairment Loss	(1,285)	-
Share based payments	(378)	(267)
Administrative expenses	(289)	(223)
Loss before income tax	(2,858)	(656)
Income tax expense	-	-
Loss from continuing operations	(2,858)	(656)
Other comprehensive income	-	-
Total comprehensive income for the period	(2,858)	(656)
Total comprehensive income attributable to members of the company	(2,858)	(656)
Earnings per share (cents per share)		
- Basic loss for the half-year	(2.42c)	(0.66c)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	31 December 2010 \$000	30 June 2010 \$000
ASSETS		
Current Assets		
Cash and cash equivalents	5,067	4,998
Trade and other receivables	169	188
Other current assets	24	-
Total Current Assets	5,260	5,186
Non-Current Assets		
Property, plant and equipment	78	65
Exploration & Evaluation assets	9,234	10,348
Total Non-Current assets	9,312	10,413
TOTAL ASSETS	14,572	15,599
LIABILITIES		
Current liabilities		
Trade and other payables	201	418
Financial liabilities	3	5
Provisions	4	20
Total Current Liabilities	208	443
Non-Current Liabilities		
Financial liabilities	-	-
TOTAL LIABILITIES	208	443
NET ASSETS	14,364	15,156
EQUITY		
Issued Capital	19,465	17,777
Reserves	1,617	1,393
Accumulated Losses	(6,718)	(4,014)
TOTAL EQUITY	14,364	15,156

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31
DECEMBER 2010**

	31 December 2010 \$000	31 December 2009 \$000
Cash flows from operating activities		
Payments to suppliers and employees	(645)	(501)
Payments for exploration and evaluation	(1,046)	(622)
Other revenue	8	10
Interest Received	89	77
Net cash flows from/(used in) operating activities	(1,594)	(1,036)
Cash flows from investing activities		
Payments for exploration assets	-	(144)
Purchase of property, plant and equipment	(23)	-
Net cash flows from/(used in) investing activities	(23)	(144)
Cash flows from financing activities		
Proceeds from issue of shares	1,743	1,008
Proceeds from borrowings	-	-
Repayment of borrowings	(2)	(2)
Expenses of share issue	(55)	(45)
Net cash flows from/(used in) financing activities	1,686	961
Net increase/(decrease) in cash and cash equivalents	69	(219)
Cash and cash equivalents at beginning of period	4,998	4,773
Cash and cash equivalents at end of period	5,067	4,554

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Issued capital \$000	Option reserve \$000	Accumulated losses \$000	Total equity \$000
At 1 July 2009	14,541	1,187	(2,233)	13,495
Total comprehensive income	-	-	(656)	(656)
Shares issued	1,277	-	-	1,277
Share issue expenses	(45)	-	-	(45)
Share-based payment	-	268	-	268
At 31 December 2009	15,773	1,455	(2,889)	14,339
	Issued capital \$000	Option reserve \$000	Accumulated losses \$000	Total equity \$000
At 1 July 2010	17,777	1,393	(4,014)	15,156
Total comprehensive income	-	-	(2,858)	(2,858)
Shares issued	1,743	-	-	1,743
Share issue expenses	(55)	-	-	(55)
Share-based payment	-	378	-	378
Expiry of share options	-	(154)	154	-
At 31 December 2010	19,465	1,617	(6,718)	14,364

1. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 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 2010, 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.

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.

2. 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 has 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.

NOTES TO THE FINANCIAL STATEMENTS

(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.

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 2010	Australia – Manganese Exploration \$000	Australia – Coal Exploration \$000	Australia – Copper (NT) Exploration \$000	Australia – Treasury \$000	Unallocated \$000	Consolidated Group \$000
SEGMENT PERFORMANCE						
Finance revenue	-	-	-	108	-	108
Other revenue	-	-	-	-	8	8
Total segment and group revenue						116
Segment net profit/(loss) before tax	(19)	(1,948)	(30)	108	-	(1,889)
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>						
Unallocated Items						
- Consulting Fees	-	-	-	-	(250)	(250)
- Salaries	-	-	-	-	(103)	(103)
- Depreciation	-	-	-	-	(9)	(9)
- Other	-	-	-	-	(607)	(607)
Net Profit/(loss) before tax from continuing operations	(19)	(1,948)	(30)	108	(969)	(2,858)
SEGMENT ASSETS						
Segment assets	9,328	53	-	5,039	152	14,572
Total group assets from continuing operations						14,572
Segment asset increases for the period:						
- Capitalised expenditure	1,334	(94)	-	-	-	1,240
- Cash	(25)	(13)	-	552	-	514
- Other	57	(1,292)	-	-	(417)	(1,652)
	1,366	(1,399)	-	552	(417)	102
SEGMENT LIABILITIES						
Segment liabilities	115	1	-	-	92	208
Total group liabilities from continuing operations						208

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
SEGMENT PERFORMANCE						
Finance revenue	-	2	-	94	-	96
Other revenue	-	-	-	-	10	10
Total segment and group revenue	-	2	-	94	10	106
Segment net profit/(loss) before tax	(2)	1	-	94	-	93
<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)
Net Profit/(loss) before tax from continuing operations	(2)	1	-	94	(749)	(656)
SEGMENT ASSETS						
Segment assets	7,961	1,453	414	4,487	155	14,470
Total group assets from continuing operations						14,470
Segment asset increases for the period						
- Capitalised Expenditure	517	46	414	-	-	977
- Cash	-	-	-	(227)	-	(227)
- Other	-	-	-	-	27	27
	517	46	414	(227)	27	777
SEGMENT LIABILITIES						
Segment liabilities	26	-	-	-	105	131
Total group liabilities from continuing operations						131

NOTES TO THE FINANCIAL STATEMENTS

3. COMMITMENTS

a) Operating Lease Commitments

	Consolidated	
	31 December 2010	30 June 2010
	\$000	\$000
Non-cancellable operating lease contracted for but not capitalised in the financial statements:		
Payable		
- Within one year	25	55
- One year or later and no later than five years	-	-
- Later than five years	-	-
	25	55
<p>The above amounts relate to the property lease for Suite 1, 346 Barker Road, Subiaco which is a non-cancellable lease with a 36 month term expiring on 31 May 2011, with rent payable monthly in advance.</p>		

b) Finance Lease Commitments

	Consolidated	
	31 December 2010	30 June 2010
	\$000	\$000
Payable		
- Within one year	2	5
- One year or later and no later than five years	-	-
- Later than five years	-	-
Minimum lease payments	2	5
Less future finance charges	-	-
Present value of minimum lease payments	2	5
<p>The above amounts includes equipment lease with a 36 month term expiring on 31 May 2011.</p>		

NOTES TO THE FINANCIAL STATEMENTS

c) Exploration Commitments

	Consolidated	
	31 December 2010	30 June 2010
	\$000	\$000
In order to maintain current rights of tenure to exploration tenements, the Company has the following discretionary exploration expenditure up until the expiry of leases. These obligations are not provided for in the financial statements and are payable:		
- Within one year	438	1,321
- One year or later and no later than five years	427	533
- Later than five years	-	-
	865	1,854
If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.		

4. CONTINGENT LIABILITIES

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

5. EVENTS AFTER THE REPORTING DATE

On the 3rd February 2011, Mr John Mackenzie was appointed as Managing Director of the Company, other than that no matters or circumstances have arisen since 31 December 2010 which significantly affects the consolidated group.

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 20 are in accordance with the Corporations Act 2001 including:
 - a. Complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of 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.



John Mackenzie
Managing Director

9 February 2011

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 statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 Consolidated Entity's financial position as at 31 December 2010 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.

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 Consolidated Entity's financial position as at 31 December 2010 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

BENTLEYS
Chartered Accountants



CHRIS WATTS CA
Director

DATED at PERTH this 9th day of February 2011