ASX Release – 20 April 2011

MARCH 2011
QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

South Woodie Woodie Manganese Project, East Pilbara

- **Major resource definition drilling program** commenced at the new **Contact manganese discovery** on Sunday, 10 April 2011.
- Program will comprise **up to 10,000m of RC drilling** and **1,000m of Diamond Drilling** with provision to extend the program based on results.
- This represents the **most significant drilling campaign** in Spitfire's history and positions the Company, subject to drilling success, for a significant re-rating.
- As at the date of this report, **18 RC holes had been completed** with the **19th** hole currently in progress immediately adjacent to the previously reported intersections at Contact.
- Drilling to test initial Exploration Target* of **5-10Mt manganese grading 15-20% Mn**, as well as multiple high-potential areas identified from the recent Gradient Array Induced Polarisation (IP) survey.
- Targets to be tested include **a large chargeability anomaly to the north-west of Contact** hosted in Carawine Dolomite.
- Metallurgical test work confirms **potential to upgrade Contact mineralisation to +40% Mn**, correlating with and confirming previously reported field results.
- Initial metallurgical results **provide significant support for the 2011 drilling** program.

Business Development – Manganese

- Acquisition of **strategically located tenement 38km due west of the world-class Woodie Woodie manganese mine**, further expanding Spitfire's footprint in the emerging East Pilbara manganese province.
- The new **tenement, E46/935, covers a total area of 149.7km^2** and has no modern ground-based exploration.
- It includes a **large historical geophysical anomaly identified** from a previous State-funded aeromagnetic survey.

Corporate

- Experienced **corporate executive Mr. John Mackenzie** commenced as Managing Director on 3 February 2011.
- **Cash reserves of $4.61 million** as at 31 March 2011, putting the Company in a strong position to progress its aggressive 2011 exploration and drilling programs.

Spitfire Resources Limited
ACN 125 578 743

Corporate Details

ASX Code: SPI

Issued Capital:
135.513M Ordinary Shares

Substantial Shareholders:
Churchill Mining Plc
Prosperity Steel United
Eralloys Holdings AS
SK Resources

Directors:

Executive Chairman:
James Hamilton

Managing Director:
John Mackenzie

Director/Secretary:
Russell Hardwick

Non Executive Director:
Chris Daws

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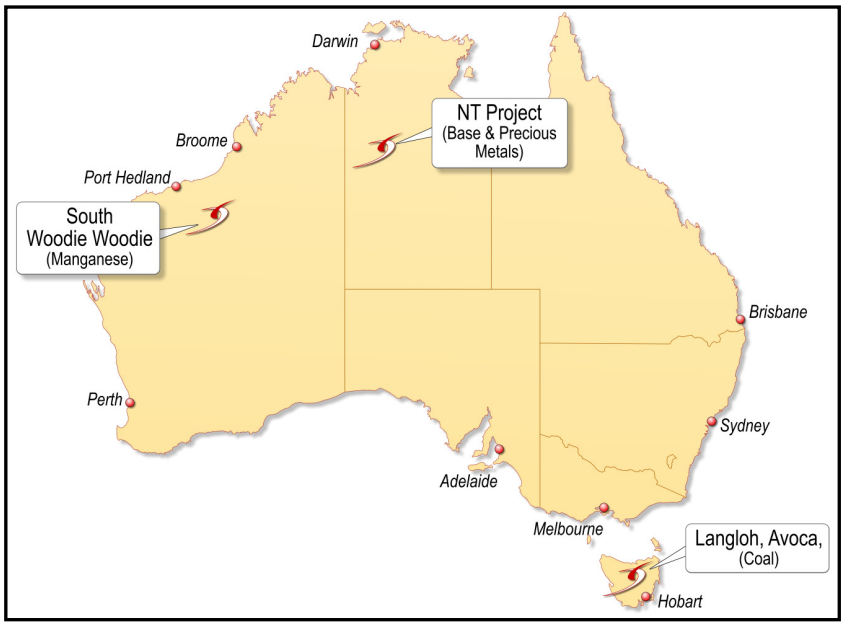

Figure 1 – Spitfire Resources Limited (ASX: SPI) Australian Project Locations

1. South Woodie Woodie Manganese

The South Woodie Woodie Manganese Project comprises 10 granted Exploration Licences and 10 Exploration Licence Applications (ELA's) covering a total area of more than 2,000km^2 in Western Australia's emerging East Pilbara Manganese Province. The tenements lie along strike and to the south of the 1Mtpa Woodie Woodie Manganese Mining Centre (operated by Consolidated Minerals Limited) and in close proximity to several emerging manganese projects which are being actively explored or developed.

1.1 Manganese Drilling Program

During the Quarter, Spitfire completed preparations for its 2011 exploration field season, including a major manganese resource definition and exploration program at the South Woodie Woodie Project in Western Australia's East Pilbara region.

This major new drilling program follows the discovery, in November last year, of a significant new zone of near-surface manganese mineralisation in tenement EL46/787, in the newly named "Contact" area.

The Contact discovery is located 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 (*see Figure 2*).

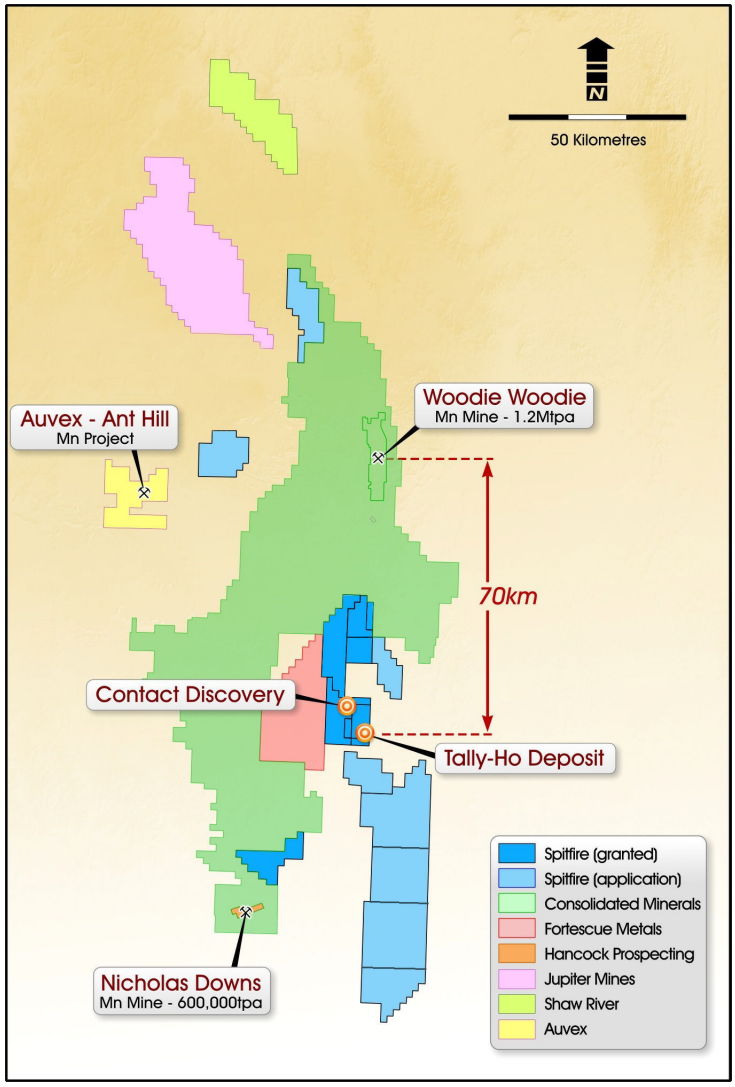

Figure 2 – Spitfire's South Woodie Woodie Project and nearby manganese projects in the East Pilbara

The new drilling program, which will comprise approximately 10,000 metres of Reverse Circulation and 1,000 metres of Diamond Core drilling, will take approximately three months to complete.

Despite the Pilbara experiencing the wettest summer in a number years, Spitfire's team was able to transport and install the exploration camp and other logistical preparations to enable the drilling programme to commence one day earlier than planned, on Sunday 10th April 2011.

The key objectives of the drilling campaign are:

- RC drilling to extend and then in-fill the Contact mineralised zone and establish an initial JORC compliant 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 to a final direct shipping grade product (+40% Mn); and

- Selective RC based drilling on the targets generated from 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.

As at the date of this report, 18 RC drill holes had been completed with a 19th in progress. Drilling will initially focus on determining the boundaries of the Contact discovery and then shift to exploration at 13 targets identified by the Gradient Array Induced Polarisation survey undertaken in December last year.

The Company plans to conclude the program with in-fill drilling to delineate a JORC manganese resource based on the previously announced Exploration Target of 5-10Mt* grading 15-20% Mn.

Up to 1,000m of diamond drilling is planned to provide samples for metallurgical testing to determine grade, yield and beneficiation data for a potential mining operation.

** Because the potential quantity and grade of this Exploration Target is conceptual in nature, Spitfire notes in accordance with Section 18 of the JORC Code that there has been insufficient verification of previous exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.*

1.2 Metallurgical Test Work Supports Ability to Upgrade Contact Mineralisation

Preliminary field-based metallurgical testing on RC samples taken at ***Contact*** last year showed that the ore could be upgraded to as much as 37% Mn using a simple screening process. The Company believes that with additional heavy media separation the ore could potentially upgrade further to >40% Mn, delivering a premium grade product.

During the Quarter, the Company undertook preliminary laboratory-based metallurgical test work on RC chip samples of Contact mineralisation.

The results of this test work were very encouraging and are in keeping with the initial field tests, suggesting that the ore can be effectively upgraded. In addition, it is expected that Heavy Media Separation of the ore will further enhance the above grades, returning an achievable product specification grading 40% manganese.

The preliminary laboratory test work was undertaken to follow-up on initial simple field sieving tests which suggested the ore could be easily upgraded. Spitfire's aim was to ensure the process could be replicated under laboratory conditions.

The laboratory test work was conducted on composite RC samples of the Contact ore, and comprised of assay by size testing that determined a +1mm cut-off size. The raw RC composites were then subjected to a 1mm wet screening test and the samples showed notably improved manganese grades.

Key results are shown below:

Hole ID	Composite No	Composite		Metres	Raw RC Sample		Lab Analysis		% Difference		% Yield
		From	To		Mn%	Fe%	Mn%	Fe%	Mn	Fe	Mn
WWS120	2	21	29	9	9.44	14.45	**18.51**	12.3	**+96.08**	**-14.88**	**21.3**
WWS121	4	14	20	7	18.04	17.07	**34.15**	16.8	**+89.30**	**-1.58**	**27.3**
WWS121	5	23	30	8	17.02	21.8	**37.17**	14.5	**+118.39**	**-33.49**	**29.9**

Table 1 – Assay results for Raw RC composite samples before and after 1mm wet screening in lab

Please note: *Due to the nature of an RC sample the results listed here are skewed towards a Fines (-8mm) product rather than a Lump (+8mm) product. The PQ diamond drilling campaign scheduled to commence in mid 2011 will provide comprehensive metallurgical test results to accurately represent the upgradeability of the "Contact" deposit.*

The preliminary test work demonstrates the Contact manganese has good potential to beneficiate into a saleable product and provides significant momentum for the 2011 exploration and drilling program.

The Contact mineralisation remains open along strike in several directions, and is hosted in the highly prospective Carawine Dolomite, which also hosts the high-grade (+40% Mn) Woodie Woodie deposits owned by Consolidated Minerals which lie 70km to the north.

1.3 Acquisition of New Tenement

During the Quarter, Spitfire was successful in applying for a prospective exploration tenement located 38km due west of the world-class Woodie Woodie Manganese Mine in Western Australia, further expanding its strategic footprint in the East Pilbara manganese province.

The new tenement application, E46/935, covers a total area of 149.7km^2 and has had no modern ground based exploration. It includes a large historical geophysical anomaly identified from a previous State-funded aeromagnetic survey. Spitfire intends to review the historical data with a view to planning an exploration program on the tenement once it is granted.

The acquisition reflects the Company's aggressive approach to expand and enhance its tenement holding in the East Pilbara, which now covers a total area of more than 2,000 square kilometres.

2. Tasmanian Coal

During the Quarter, the Company announced the results of quality analysis conducted on drill core from the Avoca and Langloh thermal coal projects in Tasmania.

A total of 12 coal seam and coal seam composite samples from Langloh and four coal seam composite samples from Avoca were submitted for float-sink testing. The results for Langloh indicate that export quality thermal coal product can be produced with an average apparent yield 60% and a calorific value of 6,448kcal/kg. The results for Avoca showed that one sample produced export quality thermal coal with an apparent yield of 85% and calorific value of 6,902kcal/kg.

This sample shows that good coal quality can be located at Avoca; however, due to the limited drilling campaign undertaken last year, more exploration drilling and testing of the area is required to qualify this sample as representative. All values reported were on an air dried basis.

The Gibbs Creek Tenement (E23/2010) located adjacent to the Avoca Project was granted during the Quarter, increasing the known coal strike length controlled by the Company.

3. Northern Territory Exploration Portfolio

During the Quarter, Spitfire applied for a new tenement located directly north of EL27/400, which contains the northern part of a large magnetic anomaly extending from within the central part of the tenement where a historically noted copper anomalous area occurs. Planning was undertaken during the Quarter for a field trip to be conducted in August 2011 to identify target areas along this 30km magnetic anomaly for exploration drilling.

The Company has decided to relinquish tenements EL27/398, EL27/404 and half of EL/27/399 following completion of a regional geological review. This will reduce expenditure commitments and enable Spitfire to focus its resources and time on the more prospective parts of its ground holding.

4. Corporate

Experienced corporate executive Mr. John Mackenzie commenced as the Company's Managing Director on 3 February and was appointed to the Spitfire Board.

Mr. Mackenzie, who was previously an Associate Director of business development with global accounting group Ernst & Young, joined Spitfire as CEO and Managing Director-designate on 11 October 2010.

Following Mr. Mackenzie's appointment, Spitfire's Executive Chairman and founding Managing Director, Mr. James Hamilton, assumed the role of Executive Chairman moving forward, but continues to play an active role in the Company's strategic and corporate direction.

Mr. Mackenzie will lead the Company's management team as it embarks on the largest ever exploration program in its history at the South Woodie Woodie Manganese Project. This drilling program commenced on 10 April, as reported above.

The Company had cash reserves of A$4.61 million at the end of the March 2011 Quarter.

JOHN MACKENZIE
Managing Director

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

The information in this report relating to Exploration Results and Mineral Resources from the South Woodie Woodie Manganese Project and the Northern Territory Project is based on information compiled by Nathan Cull who is a Member of the Australian Institute of Geoscientists. Mr. Cull is 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 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.