



**Spitfire Resources Limited and its  
Controlled Entities**

**Half-Year Financial Report  
31 December 2011**

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## DIRECTORS' REPORT

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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 2011.

### 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)

James Hamilton (Chairman)

Russell Hardwick (Director/Secretary)

Christopher Daws (Non-Executive Director – Resigned 9 February 2012)

Ian Huitson (Non-Executive Director – Appointed 9 February 2012)

### REVIEW OF OPERATIONS

#### HIGHLIGHTS

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

- *In-fill drilling completed at Contact and Contact North with grades reaching up to 49.95% within the Contact North discovery.*
- *Ongoing gradient array induced polarisation surveying (GAIP) identified several new targets for exploration drilling.*
- *Mining and Miscellaneous lease applications submitted.*

##### Northern Territory

- *Native copper found in rock samples during extensive ground mapping field trip.*
- *Aerial geophysical survey completed over target areas refining and identifying viable mineralisation targets.*

##### Corporate

- *Successful \$2.64 million capital raising underpinning the company's exploration drilling campaign*
- *Cash reserves of \$4.56 million at 31 December 2011.*

## DIRECTORS' REPORT

### SOUTH WOODIE WOODIE MANGANESE

#### Infill Drilling Program

During the period, Spitfire completed its in-fill drilling program at the Contact and Contact North deposits. The total program comprised 216 RC holes for 23,146 metres to in-fill and test the boundaries of the mineralisation. Assays from this program are nearly complete with the full set of results expected by February 2012. Once the data is checked and finalised it will be sent for independent modelling, with a maiden JORC resource expected by the end of the first quarter 2012.

#### Metallurgical Testing Program

Spitfire recruited the services of Mineral Engineering Technical Services (METS) to assist with the design of a beneficiation program to metallurgically test the diamond core retrieved from the Contact and Contact North campaign. The program was carried out in late-2011 with results expected in February 2012.

#### Gradient Array Induced Polarisation (GAIP)

Gradient Array Induced Polarisation (GAIP) surveying continued during the period with several large chargeability anomalies identified (Refer Figure 1). Early stage exploration drilling was conducted on one of the targets with three of the six holes drilled intersecting manganese mineralisation (Refer Table 1) Once this area has been completed, the team will move on to the new target areas planned for the first half of 2012.

Hole_ID	Easting	Northing	Depth From	Depth To	Mn %	Al2O3 %	Fe %	SiO2 %	P %	LOI(1000)
CON241	309066	7543239	49	50	12.00	2.18	2.12	73.20	0.01	3.76
CON241			50	51	15.75	1.41	4.31	65.30	0.01	0.97
CON241			51	52	10.00	2.72	2.68	76.80	0.01	1.02
CON241			52	53	12.87	1.23	1.55	75.70	0.01	1.79
CON241			53	54	11.07	1.90	3.41	75.40	0.01	1.23
CON242	309248	7543340	49	50	10.52	3.68	24.60	36.70	0.20	7.78
CON242			50	51	31.74	2.89	13.60	18.60	0.17	12.00
CON243	309196	7543447	63	64	31.32	3.91	12.10	20.80	0.17	11.20
CON243			68	69	18.54	1.56	26.80	24.00	0.15	9.58
CON243			74	75	32.11	1.39	8.88	29.70	0.12	9.57
CON243			75	76	19.67	2.25	7.04	51.50	0.10	6.98

Table 1: Assay results from new chargeable anomaly

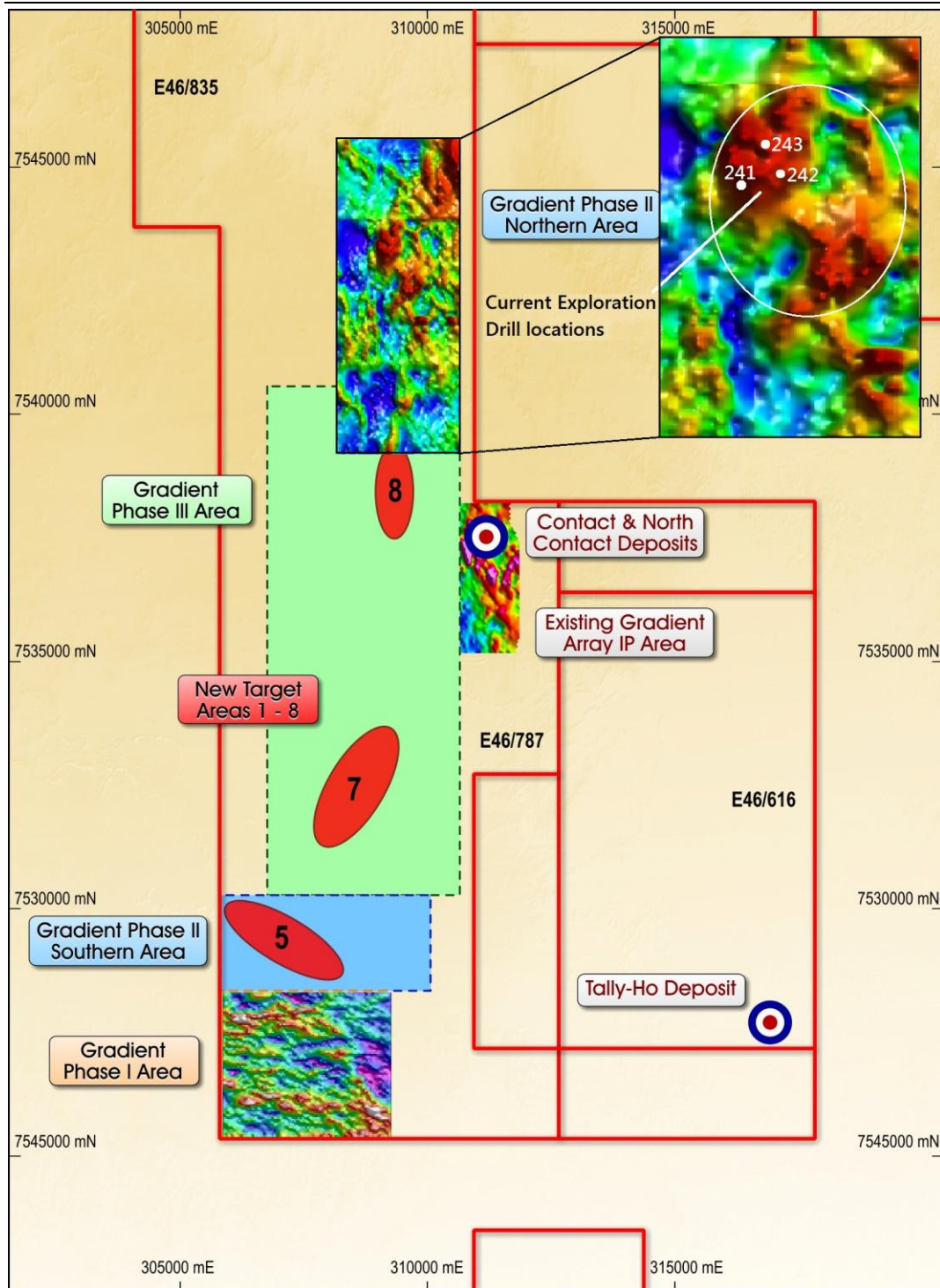


Figure 1: GAIP and exploration drill location map

**Exploration Program looking forward**

The focus of the 2012 exploration programme is to continue the GAIP surveys over larger areas of highly prospective geological targets within the tenements E46/835, E46/787, E46/710, E46/615 and E46/875 to identify multiple new drilling targets. The next drilling campaign is tentatively scheduled for April to October 2012 and will specifically target the new anomalies located by the GAIP program.

## **DIRECTORS' REPORT**

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In addition to this, Spitfire has been awarded a \$150,000 grant by the Department of Mines and Petroleum after submitting an application under the government co-funded exploration scheme which will assist with continuing the aggressive exploration Spitfire is undertaking at the South Woodie Woodie project.

### **Mining lease**

Spitfire has submitted a mining lease application (M46/0521) that covers the Contact/Contact North deposits and surrounding area.

Two miscellaneous licence applications (L46/0103, L46/0102) have also been pegged between the mining lease and the Woodie Woodie access road to the north and the Hancock Prospecting mine to the south respectively. These miscellaneous licences will allow construction of a heavy vehicle haul road for future haulage use between the planned mine site and Port Hedland and a transport and freight corridor to Newman.

### **NORTHERN TERRITORY EXPLORATION PORTFOLIO**

Following on from helicopter reconnaissance and mapping undertaken in August 2011, an aerial magnetic and radiometric survey was flown over identified areas of interest within E27/399 and E27/400 by Daishsat Geodetic surveyors in November 2011. The aeromagnetics have refined and identified targets which will be followed up with further reconnaissance and sampling, as well as more definitive geophysical surveying in preparation for exploration drilling.

In addition exploration licence E28/619 (100% SPI) has been granted, allowing Spitfire to hold ground situated directly over the Neave fault line to the north of E27/400 (Spitfire 70%). This structure holds potential as a feeder source for the Antrim volcanics and as a conduit for copper-bearing fluid movement and will also be a focus for upcoming exploration activities. An application has also been submitted to the Northern Territory Department of Resources to partially relinquish areas of E27/400 deemed to hold no potential which will allow Spitfire to better focus on the main E27/400 target anomaly.

### **CORPORATE**

During the period the company successfully raised \$2.64M through a share placement to new and existing strategic and sophisticated investors. The share placement, comprising 20.32 million shares at 13 cents per share, was made within the 15% limit allowed under the ASX listing rules.

The Company's existing major shareholder, Prosperity Steel United Singapore Pte Ltd, subscribed for \$1.04 million of shares, with the balance of the placement being taken up by sophisticated investors.

The funds raised were applied to:

- The GAIP program at South Woodie Woodie over multiple high priority targets around the Contact and Contact North deposits;
- the Phase III drilling program at South Woodie Woodie, including in-fill and extension drilling at Contact North and initial drill testing of other high priority targets; and
- General working capital.

As of the half year Spitfire had cash reserves of \$4.56 million.

## DIRECTORS' REPORT

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### ***Events Subsequent to Reporting Period***

On 9 February 2012 Mr Christopher Daws resigned as a Director. On the same day Mr Ian Huitson was appointed to the board.

Other than the above, no matters or circumstances have arisen since 31 December 2011 which significantly affects the consolidated group.

### ***Financial Position***

The net operating loss for the period was \$624,233. Included in this result is exploration and evaluation costs expensed of \$162,515. The net assets of the Entity have increased by \$1,962,170 to \$17,471,103 as at 31 December 2011 (30 June 2011; \$15,508,933) due mainly to an equity placement during the period and capitalised exploration and evaluation expenditure.

At the end of the half year Spitfire had cash reserves of \$4.56 million and is well funded to continue its exploration programs.

### ***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 9 for the half-year ended 31 December 2011.

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



John Mackenzie  
**Managing Director**

15 February 2011

### **Competent Person's Statement – South Woodie Woodie Project**

*The information in this report relating to Exploration Results and Mineral Resources from the South Woodie Woodie Manganese 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 – Northern Territory Project**

*The information in this report relating to Exploration Results and Mineral Resources from the Northern Territory Dogfight Project is based on information compiled by Neil Fraser who is a full time employee of Golder Associates Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr. Fraser 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'.*

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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 and Controlled Entities for the half-year ended 31 December 2011 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**  
Chartered Accountants



**CHRIS WATTS CA**  
Director

DATED at PERTH this 15<sup>th</sup> day of February 2012

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	31 December 2011 \$000	31 December 2010 \$000
<b>Revenue</b>		
Interest received	149	108
Revenue	-	8
<b>Gross profit/(loss)</b>	<b>149</b>	<b>116</b>
Depreciation expense	(19)	(9)
Consulting expenses	(230)	(250)
Occupancy costs	(44)	(40)
Travel expenses	(14)	(30)
Exploration and Evaluation costs expensed	(163)	(693)
Impairment Loss	-	(1,285)
Share based payments	-	(378)
Administrative expenses	(303)	(289)
<b>Loss before income tax</b>	<b>(624)</b>	<b>(2,858)</b>
Income tax expense	-	-
<b>Loss from continuing operations</b>	<b>(624)</b>	<b>(2,858)</b>
Other comprehensive income	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>(624)</b>	<b>(2,858)</b>
<b>Total comprehensive income/(loss) attributable to members of the company</b>	<b>(624)</b>	<b>(2,858)</b>
Loss per share (cents per share)		
- Basic loss for the half-year	(0.42c)	(2.42c)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

	31 December 2011 \$000	30 June 2011 \$000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4,560	4,888
Trade and other receivables	271	465
Other current assets	27	-
<b>Total Current Assets</b>	<b>4,858</b>	<b>5,353</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	107	111
Exploration & Evaluation assets	13,020	10,557
<b>Total Non-Current assets</b>	<b>13,127</b>	<b>10,668</b>
<b>TOTAL ASSETS</b>	<b>17,985</b>	<b>16,021</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	503	499
Provisions	11	13
<b>Total Current Liabilities</b>	<b>514</b>	<b>512</b>
<b>TOTAL LIABILITIES</b>	<b>514</b>	<b>512</b>
<b>NET ASSETS</b>	<b>17,471</b>	<b>15,509</b>
<b>EQUITY</b>		
Issued Capital	22,051	19,465
Reserves	1,606	1,643
Accumulated Losses	(6,186)	(5,599)
<b>TOTAL EQUITY</b>	<b>17,471</b>	<b>15,509</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31  
DECEMBER 2011**

	31 December 2011	31 December 2010
	\$000	\$000
<b>Cash flows from operating activities</b>		
Cash paid to suppliers and employees	(665)	(645)
Payments for exploration and evaluation	(2,283)	(1,046)
Other revenue	-	8
Interest received	148	89
<b>Net cash used in operating activities</b>	<b>(2,800)</b>	<b>(1,594)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(14)	(23)
Commissions paid	(100)	-
<b>Net cash flows used in investing activities</b>	<b>(114)</b>	<b>(23)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	2,691	1,743
Repayment of borrowings	-	(2)
Expense of share issue	(105)	(55)
<b>Net cash flows from financing activities</b>	<b>2,586</b>	<b>1,686</b>
Net increase/(decrease) in cash and cash equivalents	(328)	69
Cash and cash equivalents at beginning of period	4,888	4,998
<b>Cash and cash equivalents at end of period</b>	<b>4,560</b>	<b>5,067</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	<b>Issued capital \$000</b>	<b>Option reserve \$000</b>	<b>Accumulated losses \$000</b>	<b>Total equity \$000</b>
<b>Balance at 1 July 2010</b>	<b>17,777</b>	<b>1,393</b>	<b>(4,014)</b>	<b>15,156</b>
Loss for the period	-	-	(2,858)	<b>(2,858)</b>
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(2,858)	<b>(2,858)</b>
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	1,743	-	-	<b>1,743</b>
Share issue expenses	(55)	-	-	<b>(55)</b>
Share-based payment	-	378	-	<b>378</b>
Expiry of share options	-	(154)	154	-
<b>Balance at 31 December 2010</b>	<b>19,465</b>	<b>1,617</b>	<b>(6,718)</b>	<b>14,364</b>
	<b>Issued capital \$000</b>	<b>Option reserve \$000</b>	<b>Accumulated losses \$000</b>	<b>Total equity \$000</b>
<b>Balance at 1 July 2011</b>	<b>19,465</b>	<b>1,643</b>	<b>(5,599)</b>	<b>15,509</b>
Loss for the period	-	-	(624)	<b>(624)</b>
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(624)	<b>(624)</b>
Transactions with owners recorded directly in equity				
Issue of ordinary shares	2,691	-	-	<b>2,691</b>
Share issue expenses	(105)	-	-	<b>(105)</b>
Conversion of share options	-	(16)	16	-
Expiry of share options	-	(21)	21	-
<b>Balance at 31 December 2011</b>	<b>22,051</b>	<b>1,606</b>	<b>(6,186)</b>	<b>17,471</b>

### 1. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 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 2011, 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 interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2011, except for the adoption of Improvements to AASBs 2010 (2010 Improvements) as of 1 January 2011. The 2010 Improvements made several minor amendments to AASBs. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

#### **Amendment to AASB 101 Presentation of Financial Statements**

The amendment provides a choice of presenting the reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has elected to retain reconciliations within the Consolidated Statement of Changes in Equity as previously disclosed.

#### **Amendments to AASB 134 Interim Financial Reporting**

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the Group's circumstances since the last annual financial statements<sup>3</sup>. The Group's interim financial statements as of 31 December 2011 reflect these amended disclosure requirements, where applicable.

### 2. SEGMENT REPORTING

#### 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 – Copper (NT)*

The NT tenements segment includes a 70% interest in a five exploration licence applications (two granted) and a 100% interest in two exploration licence applications (one granted) 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

## NOTES TO THE FINANCIAL STATEMENTS

Consolidated 31 December 2011	Australia – Manganese Exploration \$000	Australia – Copper (NT) Exploration \$000	Australia – Treasury \$000	Consolidated Group \$000
<b>SEGMENT PERFORMANCE</b>				
Finance revenue	1	-	148	149
<b>Total segment and group revenue</b>	<b>1</b>	<b>-</b>	<b>148</b>	<b>149</b>
<b>Segment net profit/(loss) from continuing operations before tax</b>	<b>(13)</b>	<b>(163)</b>	<b>148</b>	<b>(28)</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>				
Unallocated Items				
- Consulting Fees				(230)
- Salaries				(59)
- Depreciation				(7)
- Other				(300)
<b>Net Profit/(loss) before tax from continuing operations</b>				<b>(624)</b>
<b>SEGMENT ASSETS</b>				
Segment assets	13,307	-	4,524	17,831
<i>Reconciliation of segment assets to group assets</i>				
<b>Unallocated Items</b>				
- Other				154
<b>Total group assets</b>				<b>17,985</b>
Segment asset increases for the period:				
- Capitalised expenditure	2,462	-	-	2,462
- Cash	17	-	(345)	(328)
- Other	46	-	-	46
	<b>2,525</b>	<b>-</b>	<b>(345)</b>	<b>2,180</b>
<b>SEGMENT LIABILITIES</b>				
Segment liabilities	451	-	-	451
<i>Reconciliation of segment liabilities to group liabilities</i>				
<b>Unallocated Items</b>				
- Other				63
<b>Total group liabilities</b>				<b>514</b>

## 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	Consolidated Group \$000
<b>SEGMENT PERFORMANCE</b>					
Finance revenue	-	-	-	108	108
<b>Total segment and group revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108</b>	<b>108</b>
<i>Reconciliation of segment revenue to group revenue</i>					
Other revenue					8
<b>Total group revenue</b>					<b>116</b>
<b>Segment net profit/(loss) from continuing operations before tax</b>					
	<b>(19)</b>	<b>(1,948)</b>	<b>(30)</b>	<b>108</b>	<b>(1,889)</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Unallocated Items					
- Consulting Fees					(250)
- Salaries					(103)
- Depreciation					(9)
- Other					(607)
<b>Net Profit/(loss) before tax from continuing operations</b>					<b>(2,858)</b>
<b>Consolidated 30 June 2011</b>					
<b>SEGMENT ASSETS</b>					
Segment assets	10,833	-	-	4,869	15,702
<i>Reconciliation of segment assets to group assets</i>					
Unallocated items					
- Other					319
<b>Total group assets</b>					<b>16,021</b>
<i>Segment asset increases for the period</i>					
- Capitalised Expenditure	2,028	(566)	-	-	1,462
- Cash	8	(15)	-	(103)	(110)
- Other	101	(1,370)	-	-	(1,269)
	<b>2,137</b>	<b>(1,951)</b>	<b>-</b>	<b>(103)</b>	<b>83</b>
<b>SEGMENT LIABILITIES</b>					
Segment liabilities	273	-	-	-	273
<i>Reconciliation of segment liabilities to group liabilities</i>					
Unallocated items					
- Other					239
<b>Total group liabilities</b>					<b>512</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 3. COMMITMENTS

#### a) Operating Lease Commitments

	Consolidated	
	31 December 2011	30 June 2011
	\$000	\$000
Non-cancellable operating lease contracted for but not capitalised in the financial statements:		
Payable		
- Within one year	62	62
- One year or later and no later than five years	26	57
	<b>88</b>	<b>119</b>
The above amounts relate to the property lease for Suite 1, 346 Barker Road, Subiaco which is a non-cancellable lease with a 24 month term expiring on 31 May 2013, with rent payable monthly in advance.		

#### b) Exploration Commitments

	Consolidated	
	31 December	30 June
	2011	2011
	\$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	534	425
- One year or later and no later than five years	1,455	1,068
	<b>1,989</b>	<b>1,493</b>
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.		

## NOTES TO THE FINANCIAL STATEMENTS

### 4. ISSUED CAPITAL

	Consolidated	
	31 December 2011 No.	30 June 2011 No.
<b>a. Ordinary shares</b>		
At the beginning of reporting period	135,513,731	115,013,731
Shares issued during the year		
- 2 December 2010 @ 8.5c pursuant to a placement	-	20,500,000
- 5 July 2011 @ 10c upon the conversion of options	500,000	-
- 8 September 2011 @ 13c pursuant to a placement	20,320,000	-
<b>At reporting date</b>	<b>156,333,731</b>	<b>135,513,731</b>

### 5. CONTINGENT LIABILITIES

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

### 6. EVENTS AFTER THE REPORTING DATE

On 9 February 2012 Mr Christopher Daws resigned as a Director. On the same day Mr Ian Huitson was appointed to the board.

Other than the above, no matters or circumstances have arisen since 31 December 2011 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 10 to 19 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 2011 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**

15 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 consolidated statement of financial position as at 31 December 2011, 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 2011 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.

# Independent Auditor's Review Report

To the Members of Spitfire Resources Limited(Continued)

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## 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 2011 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.

A handwritten signature in blue ink that reads "Bentleys".

**BENTLEYS**  
Chartered Accountants

A handwritten signature in blue ink, appearing to be "Chris Watts".

**CHRIS WATTS CA**  
Director

DATED at PERTH this 15<sup>th</sup> day of February 2012