

SPITFIRE RESOURCES (SPI)
\$0.135c
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Company Overview
SPEC BUY

Originally established in 2007 as a spin-off of the Australian manganese assets of the AIM-listed coal company, Churchill Mining PLC, Spitfire's flagship asset is the South Woodie Woodie Manganese Project, which covers a total area of 1,800km² in Western Australia's emerging East Pilbara Manganese Province.

EV/Resource Valuation:

These tenements lie approximately 50km down-strike to the south from the 1Mtpa Woodie Woodie manganese mine and in close proximity to several other emerging manganese projects including the Nicholas Downs Mine and Ant Hill Mine and the Baramine Manganese Project.

\$0.22c Current Resources
\$0.76c Exploration Target

SPI has defined a JORC compliant manganese resource inventory of 2.94Mt @ 7.07% Mn at the Tally-Ho deposit and in late 2010 discovered a new zone of mineralisation referred to as the "Contact" discovery.

After recently selling its coal assets in Tasmania, SPI is now fully focused in exploiting its excellent manganese assets in the Pilbara.



Source: Aegis

Recent Exploration Results

Contact North area, which is situated some 500m north of Contact deposit (within the South Woodie Woodie project) has to date returned the best assay results we've seen versus peers. All mineralisation encountered thus far is found with 100m of surface and best results include:

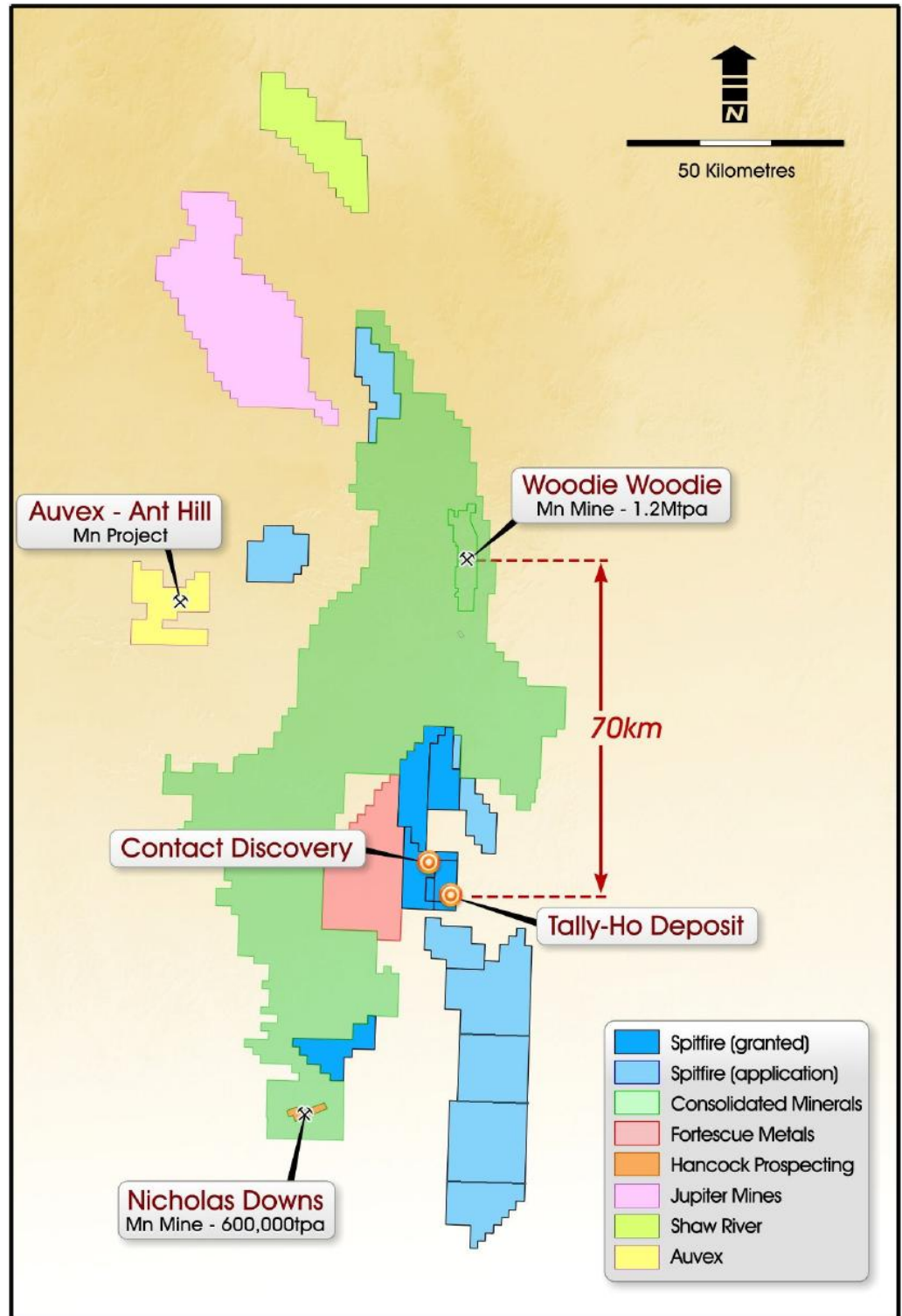
20m @ 23.06% Mn from 51m including 2m @ 34.23% Mn from 57m
 11m @ 26.54% Mn from 38m including 2m @ 34.80% Mn from 40m
 11m @ 20.21% Mn from 55m including 1m @ 33.33% Mn from 60m
 7m @ 21.06% Mn from 36m including 2m @ 30.45% Mn from 38m
 7m @ 20.76% Mn from 49m including 1m @ 30.88% Mn from 49m

The key takeaways from the early drilling success at Contact North are:

- Relative high grade of Mn mineralisation, which could be upgraded to a premium high grade Mn product >40% Mn.
- Mineralisation thickness of 7-20m and grading of >20% Mn is one of the best we've come across in the area, potentially forming a high grade deposit
- Contact North mineralisation has been drilled over an area of 640m x 588m and remains open in most directions. We calculate that at this stage using these figures there is ~10Mt of Mn at Contact North alone which should easily surpass SPI's moderate target of 5-10Mt grading 15-25% Mn for Contact/Contact North discovery.
- There is a possibility that manganese mineralisation exists between Contact & Contact North, forming one large deposit and further enhancing project economics.

SPI's tenements are strategically positioned in a highly prospective manganese field and as such could be attractive to current producers in the area. The planned 15-20,000m program should underpin a JORC resource statement at Contact/Contact North and establishing SPI as a serious manganese player in the area. Further testing of exploration targets could offer more upside.

Investment Data	
Share Price (\$)	0.135
Ord Shares (m)	135.5
Market Cap (\$m)	18.3
EV (\$m)	13.7
EV (\$m) (diluted)	18.1
Options (m)	28.2
(Net Debt) /Cash \$m	4.6
12m Low/High (\$)	0.07/0.26



Source: SPI

South Woodie Woodie

The project is located about 1,200 km north of Perth, and 230 km NE of Newman in the East Pilbara Manganese Province, WA. The Tally Ho target was SPI's first significant discovery within the South Woodie Woodie Project area, and comprises a zone of near-surface manganese mineralisation. In May 2010, SPI announced an expanded JORC compliant Inferred Resource estimate comprising 2.94 million tonnes grading 7.07% Mn.

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