

ASX Release – 25 July 2008

JUNE 2008 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

Coal Acquisition, Tasmania

- Conditional agreement to acquire a portfolio of thermal coal projects in Tasmania through the purchase of Black Rock Energy Pty Ltd, including the advanced Langloh Coal Project. The deal has two stages:
 - Stage 1: the issue of 10M Spitfire shares to Black Rock Energy following successful due diligence and satisfaction of agreed precedents.
 - Stage 2: the issue to Black Rock Energy of 10M Spitfire shares or A\$2M cash payment (at Spitfire's election) conditional on delineation of a 25Mt JORC In Situ Inferred resource across the projects.
- The Langloh Coal Project has an existing 10Mt JORC compliant In Situ Inferred black coal resource.
- Aggressive drilling programme planned to extend the existing JORC resource.

South Woodie Woodie Manganese, East Pilbara

- Maiden RC drilling program commences at South Woodie Woodie Manganese Project.
- Program shortened due to unseasonal heavy rains, with assay results awaited.

Corporate

- Fully subscribed issue of entitlement options raising \$233,833.
- Cash reserves of A\$6.6 million at the end of the Quarter.

Overview

The June 2008 Quarter was an active period for Spitfire, with the commencement of the Company's maiden drilling program at the 80%-owned **South Woodie Woodie Manganese Project** in the East Pilbara region of Western Australia.

Spitfire also took an important step towards diversifying its asset portfolio and commodity base after reaching conditional agreement to acquire a portfolio of highly prospective thermal coal projects in Tasmania.



Spitfire Resources Limited

ACN 125 578 743

Corporate Details

ASX Code: SPI

Issued Capital:
70.2M Ordinary Shares

Substantial Shareholders:
Churchill Mining Plc (35.6%)
Tinfos AS (12.33%)

Directors:

Chairman and Managing Director:
James Hamilton

Non Executive Director:
Russell Hardwick

Non Executive Director:
Chris Daws

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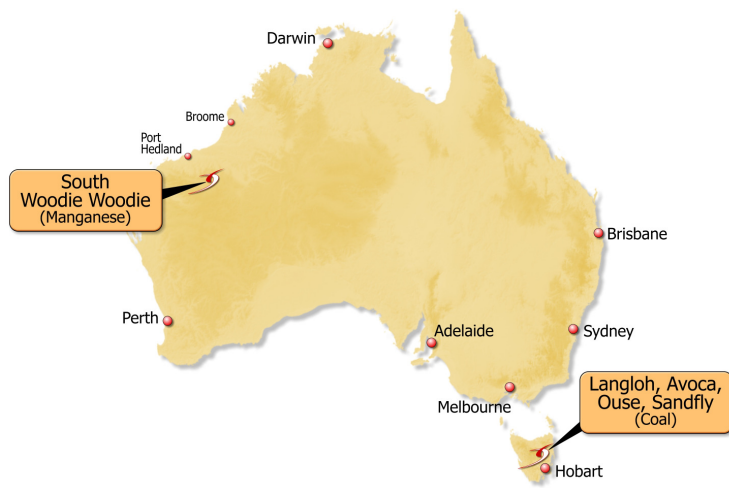


Fig. 1. Spitfire Project locations – including new Tasmanian coal portfolio

1. Black Rock Energy Acquisition

During the Quarter, Spitfire reached conditional agreement to acquire Black Rock Energy Pty Ltd (“Black Rock”), a privately owned company whose assets include an advanced thermal coal project and a prospective portfolio of coal exploration properties located in the Derwent Valley, north-west of Hobart in Tasmania. The key terms of the acquisition are:

- Stage 1 – the issue of 10 million ordinary Spitfire shares to the shareholders of Black Rock (Stage 1); for 100% interest in Black Rock; and
- Stage 2 – the issue of a further 10 million ordinary Spitfire shares to the shareholders of Black Rock or a payment of A\$2 million in cash (or a mixture of both) at Spitfire’s election upon the delineation, at any time within 2 years after the date of the share sale agreement, of a JORC In Situ Inferred coal resource of not less than 25 million tonnes of black bituminous coal either within one of the tenements or across all of the tenements combined.

Spitfire announced on 20 June that it had successfully concluded due diligence on the acquisition. A General Meeting of shareholders has been convened for 23 July to seek approval for the transaction and the issue of shares to the Black Rock vendor shareholders. Subject to obtaining these and other outstanding approvals, it is anticipated that the acquisition will be completed.

At the completion of Stage 1 Black Rock shareholders would be required to enter into voluntary escrow agreements with regard to 100% of the issued vendor shares for a period of 12 months from the date of issue of the Stage 1 shares.

Acquisition Overview

The assets that are subject to acquisition are the following tenement applications:

- The Langloh (Hamilton) Coal Project – EL 28/2008;
- The Avoca Coal Project – EL27/2008;
- The Ouse (Langloh North) Coal Project – EL38/2008; and
- The Sandfly (Kaoota) Coal Project – EL 39/2008.

The proposed acquisition provides Spitfire with an opportunity to significantly expand the existing JORC compliant 10 Mt In Situ Inferred thermal coal resource at Langloh within a 12 month timeframe as the basis for a potential niche thermal coal export business in Tasmania. It also provides an attractive pipeline of exploration opportunities in the region for additional thermal coal deposits.

The Langloh Coal Project comprises tenement applications covering an area of 103 square kilometres in the Derwent Valley region of Tasmania. The project area was extensively drilled and sampled by Capricorn Resources and Petrecon Australia between 1981 and 1982, with a total of 28 holes completed for 1,413 metres of drilling.



Fig. 2. Location of Tasmanian Coal Projects

The drilling covered an area 7.25km long by 4.5km wide and delineated three seams averaging 3.6 metres in cumulative width. The seams lie within 45 metres of the surface and dip gently to the south-east. The deposit remains open along strike. Mining One Pty Ltd has estimated an existing 10 million tonne JORC compliant In Situ Inferred black coal resource.

Historical analysis of the coal indicates that it is of medium calorific value (~5,600 kcal/kg) with low sulphur and phosphorus. The Langlosh Project area adjoins a working open pit coal mine operated by The Cornwall Coal Company Pty Ltd (Cornwall Coal), owner of the Fingal Coal Mine (Tasmania’s only other operating coal mine).

The Langlosh Project is well served by infrastructure, with the project area transected by a major power line between Hobart and the West Coast. It lies approximately 15km from the Derwent Valley railway and 2km from the town of Hamilton. The Project has three deepwater port options, all of which can accommodate large vessels and are served by rail links namely:

- Hobart, approx. 45km from the site;
- Bell Bay, which can accommodate Panamax sized (40 - 60,000 tonnes) vessels; and
- Burnie.

The Avoca Coal Project – EL 27/2008

Coal has been mined in the area surrounding Avoca almost continually since 1923. The historically worked seams were of significant thickness up to 3.6m in places. Extensive exploration was conducted in the region by Western Mining Corporation (Tas) Pty Ltd in 1977, Shell Company of Australia in 1980 and by the Avoca Transport Company Pty Ltd in the late 80’s. Western Mining Corporation stated that “Coal analysis has indicated some of the coal to possess Coking properties.”

The Ouse Coal Project EL 38/2008

Ouse has been identified as being an area of significant exploration potential. The coal bearing stratigraphy at Ouse is believed to be similar to that of the Langlosh area. In 1964 a six hole drill program to test the area’s potential was recommended by the previous tenement holder but the drilling was not undertaken.

The Sandfly Coal Project EL 39/2008

The Sandfly (Kaoota) coal field consists of Triassic coal measures containing a number of seams up to two metres thick. Previous small scale mining has occurred at the project intermittently between 1881 and 1971. A total of 11 drill holes were drilled by the Department of Mines between 1895 and 1973, and a further five drill holes completed by Capricorn Mining Limited.

Exploration Potential

Based on recent modelling (non-JORC compliant) completed by Black Rock Energy in 2008 and the historical drilling and sampling information, Spitfire has determined an initial Exploration Target range for the combined Black Rock tenement portfolio of an additional 35 to 45 million tonnes* of thermal coal.

The Company intends to move promptly on completion of the acquisition to establish an Exploration Office and commence an extensive program of resource definition extension and exploration drilling during the fourth quarter of 2008, with the objective of expanding the current JORC compliant resource across the Black Rock tenement portfolio during 2009.

During the quarter additional preliminary modelling work was carried out on the Langloh coal deposit using Surpac software. Historical drill data was appended to recent topographic data and wireframes representing the coal seams were constructed. A block model volumetric comparison was made with the wireframes to validate volumes. Mine pit shells, with perceived profitable strip ratios, were constructed to estimate possible in-ground reserves. Short, medium, and long term mine scenarios were investigated. This work has helped the company identify priority areas to drill in the future.

The Black Rock acquisition represents an exciting opportunity for Spitfire to establish a presence in the coal export industry, currently one of the strongest performing sectors in the global mining industry. Prices for high-quality thermal export coal from Australia have more than trebled in the past three years. Significantly, some analysts are predicting that prices will remain strong through to the end of this decade and beyond, underpinned by surging energy demand in China, India and elsewhere in Asia.

** Because the potential quantity and grade of the 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.*

2. South Woodie Woodie (Manganese)

During the quarter, Spitfire commenced its maiden drilling program at the South Woodie Woodie Manganese Project in Western Australia's East Pilbara region. The program was originally designed to comprise 34 holes of Reverse Circulation (RC) drilling at seven defined targets which were selected on the basis of geophysical surveys and field work previously undertaken over the South Woodie Woodie tenements.



Heritage clearance was attained to allow drilling activities to progress over seven target areas.

Three field excursions were completed to assess areas of geological interest and access through challenging terrain.

A reverse circulation drilling program commenced on the 26th April. Sixteen holes were drilled over six target areas. A total of 2,227m was drilled with the maximum depth attained being 214 metres. All holes were vertical.

Favourable geology was intersected and assays are awaited.

Unseasonal rainfall caused a premature close to drilling activities on the 8th of June. Access to drill sites was cut off. Consequently one target and numerous follow-up drill holes were not drilled. These holes may be drilled in the following drill campaign.

The exploration camp was re-established ready for the upcoming field mapping program due to commence early in July.

The exploration strategy will now focus on identifying broad areas of geological interest by way of field mapping. Drill results to date have afforded geological knowledge of overburden thickness trends. Further geophysical work may be warranted prior to drilling these targets. A second round of drilling is slated for October 2008.

3. Corporate

The Company completed its office relocation to new premises in Barker Road, Subiaco, at the end of the Quarter.

A General Meeting of Shareholders has been convened for 23 July to approve the acquisition of Black Rock Energy Pty Ltd.



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Competent Person's Statement – South Woodie Woodie Project

The information in this report relating to exploration results from the South Woodie Woodie Manganese Project 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 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.

Competent Person's Statement

Information in this announcement that relates to a JORC compliant In Situ Inferred black coal resource of 10 million tonnes is based on information prepared for Black Rock Energy Pty Ltd by Mining One Pty Ltd. The report was prepared by Rob Gaulton (MAusIMM), a consultant affiliated with Mining One Pty Ltd, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and who qualifies as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Rob Gaulton (MAusIMM) and Mining One Pty Ltd consents to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.