
SPITFIRE RESOURCES LIMITED

ACN 125 578 743

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9.00am (WST)

DATE: 25 November 2010

VENUE: Bentleys (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth
Western Australia 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6382 3700.

CONTENTS PAGE

| | |
|---|----|
| Notice of Annual General Meeting (setting out the proposed resolutions) | 3 |
| Explanatory Statement (explaining the proposed resolutions) | 5 |
| Glossary | 9 |
| Schedule 1 – terms and conditions of the Scheme | 10 |
| Proxy Form | 11 |

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9.00am (WST) on 25 November 2010 at:

Bentleys (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth
Western Australia 6005

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Spitfire Resources Limited, Suite 1, 346 Barker Road, Subiaco, Western Australia 6008; or
- (b) facsimile to the Company on facsimile number (+61 8) 6382 3777; or
- (c) email to the Company at admin@spitfireresources.com

so that it is received not later than 9.00am (WST) on 23 November 2010.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 9.00am (WST) on 25 November 2010 at Bentleys (WA) Pty Ltd, Level 1, 12 Kings Park Road, West Perth, Western Australia 6005.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 7.00 pm (WST) on 22 November 2010.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2010 together with the declaration of the Directors, the Directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2010.”

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – CHRIS DAWS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 11.3 of the Constitution and for all other purposes, Chris Daws, a Director who retires by rotation, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 14,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not

disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – PLACEMENT – SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue Shares raising a total of up to \$3,000,000 on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ADOPTION OF EMPLOYEE OPTION SCHEME

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given to adopt the Company’s employee option scheme and to issue securities under that scheme on the terms and conditions summarised in the Explanatory Statement”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED: 15 OCTOBER 2010

BY ORDER OF THE BOARD



**RUSSELL HARDWICK
COMPANY SECRETARY
SPITFIRE RESOURCES LIMITED**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 9.00am (WST) on 25 November 2010 at Bentleys (WA) Pty Ltd, Level 1, 12 Kings Park Road, West Perth, Western Australia 6005.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2010 together with the declaration of the Directors, the Directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so. Shareholders may view the Company annual financial report on its website at www.spitfireresources.com

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2010.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – CHRIS DAWS

Clause 11.3 of the Constitution requires that in the annual general meeting in every year one-third of the Directors for the time being, or, if their number is not three nor a multiple of three, then the number nearest one-third, and any other Director not in such one-third who has held office for three years or more (except the Managing Director), must retire from office.

The Company currently has three Directors and accordingly one must retire.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

Chris Daws retires by rotation and seeks re-election.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES

4.1 General

On 27 April 2010, the Company issued 14,000,000 Shares at 13 cents per Share to sophisticated and professional investors.

The subscribers pursuant to this issue were not related parties of the Company.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Share Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

- (a) 14,000,000 Shares were allotted;
- (b) the issue price was \$0.13 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to sophisticated and professional investors; and
- (e) the funds raised from this issue were used to strengthen the Company's financial position, increasing its cash resources and providing a strong platform to continue its aggressive program of drilling at the South Woodie Woodie Manganese Project in the East Pilbara.

5. RESOLUTION 4 – PLACEMENT - SHARES

5.1 General

Resolution 4 seeks Shareholder approval for the allotment and issue of up to that number of Shares when multiplied by the issue price, will raise up to \$3,000,000 (**Share Placement**).

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to provide the Directors the flexibility to issue the Shares pursuant to the Share Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$3,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use any funds raised from the Share Placement towards exploration activity and for general working capital.

6. RESOLUTION 5 – ADOPTION OF EMPLOYEE OPTION SCHEME

6.1 Background

As part of its review of appropriate remuneration for management and key personnel, the Board considers that it is appropriate to adopt an employee option scheme (**Scheme**). The objective of the Scheme is to provide the Company with a remuneration mechanism to motivate and reward the performance of management and key personnel and align their interests with the interests of Shareholders.

The Scheme will replace the Company's existing employee share option plan which was approved for adoption by Shareholders in April 2008.

6.2 Requirement for Shareholder Approval

Resolution 5 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the issue of Options under the Scheme (**Scheme Options**) as an exception to ASX Listing Rule 7.1.

A summary of ASX Listing Rule 7.1 is set out in section 4.1 of this Explanatory Statement.

Exception 9(b) of ASX Listing Rule 7.2 provides that a company may make an issue of securities under an employee incentive scheme (such as the Scheme) if, within three years before the date of issue, holders of ordinary securities in the company have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 5 is passed, the Company will have the ability to issue Scheme Options to eligible participants under the Scheme over a period of three years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

6.3 Information required by the ASX Listing Rules

The following information is provided to satisfy the requirements of the ASX Listing Rules:

- (a) a total of 8,500,000 Options have been issued under the Company's existing employee share option plan since the date of its approval on 29 April 2008. A total of 3,400,000 options issued under the share option plan have lapsed; and
- (b) the main terms of the Scheme are summarised in Schedule 1 and a full copy of the Scheme is available for inspection at the Company's registered office until the date of the Annual General Meeting.

7. ENQUIRIES

Shareholders are welcome to contact Mr Russell Hardwick, Company Secretary, on (+ 61 8) 6382 3700 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Company means Spitfire Resources Limited (ACN 125 578 743).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current Directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Scheme means the Company's employee option scheme, the terms of which are summarised in Schedule 1.

Scheme Option means an Option issued pursuant to the Scheme.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time or Western Summer Time as observed in Perth, Western Australia as the context requires.

SCHEDULE 1 – TERMS AND CONDITIONS OF SCHEME

1. Introduction

The Scheme is designed to provide full-time and part-time employees and executive Directors of the Company (**Eligible Employees**) with an ownership interest in the Company and to provide additional incentives to increase profitability and returns to Shareholders.

2. Acquisition of Options

The Directors may invite Eligible Employees to acquire Options under the Scheme at their discretion. The Shares being the subject of the Options will be fully paid ordinary Shares in the capital of the Company, and will rank equally with other issued Shares.

3. Eligible Employees

Permanent full-time and part-time employees, contractors and sub-contractors determined by the Board to be included within the definition of "Eligible Employee" for the purposes of the Scheme, and executive Directors of the Company or an associated body corporate are eligible to participate in the Scheme.

4. Limit on Scheme Options

The aggregate number of Options in respect of which invitations may be made under the Scheme by the Directors on any date, when added to the number of outstanding Options already issued under the Plan during the 5 years preceding the date on which invitations are made, must not exceed 5% of the total number of Shares on issue in the capital of the Company.

5. Powers of the Board of Directors

The Scheme is administered by the Directors of the Company, who have the power to:

- (a) determine procedures for the administration of the Scheme;
- (b) amend or waive the terms and conditions of the Scheme; and
- (c) suspend or terminate the Scheme.

The Board will retain a discretion to determine when Options will vest, when vested Options may be exercised and when Options may be acquired or cancelled for monetary consideration equivalent to their value.

6. Performance Criteria

The Board, in its absolute discretion, will determine the applicable performance criteria to be achieved and the time period in which those criteria must be satisfied.

PROXY FORM



**APPOINTMENT OF PROXY
SPITFIRE RESOURCES LIMITED
ACN 125 578 743**

ANNUAL GENERAL MEETING

I/We

of

being a member of Spitfire Resources Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 9.00am (WST), on 25 November 2010 at Bentleys (WA) Pty Ltd, Level 1, 12 Kings Park Road, West Perth, Western Australia 6005, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolution 5** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolution 5 and that votes cast by the Chair of the Annual General Meeting for Resolution 5 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolution 5 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 5.

OR

Voting on Business of the Annual General Meeting

| | FOR | AGAINST | ABSTAIN |
|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 – Adoption of remuneration report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 – Re-election of Director – Chris Daws | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 – Ratification of Prior Issue – Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 – Placement – Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 – Adoption of Employee Option Scheme | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signature of Member(s): _____

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (day time):** _____

SPITFIRE RESOURCES LIMITED
ACN 125 578 743

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members must sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole Director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole Director can also sign alone. Otherwise, a Director jointly with either another Director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Spitfire Resources Limited, Suite 1, 346 Barker Road, Subiaco, Western Australia 6008; or
 - (b) facsimile to the Company on facsimile number (+61 8) 6382 3777; or
 - (c) email to the Company at admin@spitfireresources.com

so that it is received not later than 9.00am (WST) on 23 November 2010.

Proxy forms received later than this time will be invalid.