

## NEWS

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**SPITFIRE RESOURCES GETS THE DRILL RIGS TURNING IN THE HUNT FOR MORE MANGANESE AROUND TALLY-HO**

By Our Man in Oz

**The British have been known to judge a man by the school he attended, and the company he keeps. On that score James Hamilton, executive chairman of Spitfire Resources, rates well. He went to a decent private school, the same as Minesite's Man in Oz if you must ask, while the company he keeps, in the service of the company he runs, is miles higher than that to which this simple Aussie scribbler can aspire. A map of the exploration tenement position held by Spitfire in the East Pilbara region of Western Australia is all that's need to highlight the point about the big names. Rubbing shoulders with Spitfire is Australia's richest man, Andrew Forrest, and its richest woman, Gina Rinehart, the Ukraine's richest oligarch, Gennadiy Bogolyubov, and one of South Africa's most famous mining exports, Brian Gilbertson. What brings this cast of billionaires and humble millionaires together is a filthy black mineral that the steel industry craves called manganese.**

Without manganese some speciality steels, such as those used in oil pipelines and drilling pipe, could not be made. Manganese can even work as a substitute for nickel in stainless steel. After being trashed in late 2008, along with everything else during the global financial crisis, the manganese price has been on the rise, and sits today at a very respectable US\$8 a pound. And predictions of a future global manganese shortfall have precipitated a stampede in the hunt for high-grade reserves. In fact, there is such a shortage of the premium dig and ship material that the trend today is towards beneficiating low-grade material in order to meet demand.

That's why a mini-rush has been underway in the godforsaken semi-desert country due east of Port Hedland as Forrest, Rinehart, Bogolyubov, Gilbertson, **Spitfire**, and a few other players elbow their way into a belt of manganese-rich country stretching about 200 kilometres by 100 kilometres. Where there was once just a single mine, the Woodie Woodie operation acquired by Bogolyubov in 2007, today there are three, and there are more to come. Rinehart, best known for her role as an iron ore heiress, has brought the Nicholas Downs mine on line in joint venture with the ASX-listed Minerals Resources. The private (but thinking of going public) Auvex is bringing on the Ant Hill mine, and Bogolyubov, via his Consolidated Minerals, is planning a second processing plant to add value to secondary material.

Around this action can be found Forrest, who holds exploration tenements in the name of Fortescue Metals, Gilbertson, via Jupiter Mines, and **Spitfire**, which has been steadily building up its exploration acreage. Several of its blocks were won in a ballot held to separate competing applications, in which all of the other players put their names into a hat – literally, because that's how a ballot is run in the Australian mining sector. But having your foot on the ground is, however, only the first step in the exploration challenge, and while **Spitfire** has done that part of the process well, it has yet to make the game-changing discovery which will lift the company out of the sub-A10 cent share price range, a price at which it can legitimately, but unkindly be referred to as a penny dreadful.

The latest resource estimate from the company shows 2.94 million tonnes of ore grading 7.07% manganese at the Tally-Ho discovery, with the orebody open in all directions. James acknowledges that there's more work to be done. "That's not enough to start a mine", he said with some candour over a cup of tea. "We need to do more drilling, and we need a bit of luck." Testing the ground, and his luck, is the purpose of a fresh drilling campaign that's scheduled to start next month. "We've got plenty of targets, but finding manganese in the tonnes needed to start a mine, and at a grade suitable for direct shipping or beneficiating, is a challenge", he said. To add additional ore **Spitfire** will investigate targets on the north of its ground, close to its border with that of Consolidated Minerals, and at a location named Bandit, just north of Tally-Ho.

For investors, **Spitfire** is at an interesting point in its short life. There is no question that if manganese is to be its future, then it has tenements in the right place, a point underlined by

the presence of those rich and famous types nearby also hunting the same stuff. There is also no question that the company has the cash to conduct several more rounds of drilling.

**Spitfire's** share price of A7.5 cents values the company at A\$8.6 million, but with A\$4.2 million in the bank, half of that market capitalisation is supported by cash alone.

What the company needs is a substantial manganese drill hit from this year's campaign or from the next campaign, which is scheduled for March and April, after the heat and possible rain of the annual cyclone season is over. "We're going to ask everything we can of the tenements", James said. "But it's never wise to get too attached to an asset. If we can't find the manganese we're looking for, then sometime next year it might be appropriate to bring in a partner and spread our interests wider."

If points were awarded for trying, **Spitfire** would rate highly, cold comfort as this is to shareholders. But investors can be satisfied that the company has worked itself into a strong land-ownership position, put shareholder's money where it ought to be, into the ground, and has set itself the target of completing a few more drilling campaigns before it thinks about changing its plans.

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