

ASX Release- 28 July 2011

JUNE 2011 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

South Woodie Woodie Manganese Project, East Pilbara

- **Significant new zone of manganese** discovered at **Contact North**, 700m north of the Contact deposit, with highly encouraging **near-surface RC drill intercepts of up to 37.27% Mn**, including:
 - **20m @ 23.06% Mn from 51m (CON039), including:**
 - **16m @ 24.26% Mn from 53m**
 - **5m @ 29.50% Mn from 57m**
 - **1m @ 37.27% Mn at 58m**
 - **11m @ 26.54% Mn from 38m (CON064), including:**
 - **4m @ 29.25% Mn from 38m**
 - **2m @ 34.80% Mn from 40m**
 - **11m @ 20.21% Mn from 55m (CON067), including:**
 - **6m @ 24.8% Mn from 58m**
 - **1m @ 33.33% Mn at 60m & 1m @ 32% Mn at 62m**
- Drilling at Contact North defines a **manganese layer averaging 7-20m in thickness and grading +20% Mn**, commencing from an average depth of 36-50m with an **internal high grade layer averaging 4-5m in thickness**.
- **In-fill drilling of the Contact deposit has now been completed**, with **further encouraging results** received.
- **Resource estimation of the Contact deposit** is scheduled to commence once all the assays have been received.

Corporate

- **Tasmanian thermal coal projects** sold to Advaita Power Resources Pty Ltd for **\$1.5 million cash**.
- **Cash reserves of \$4.88 million** as at 30 June 2011, underpinning the Company's ongoing manganese exploration programs.



ASX Code: SPI

Issued Capital:
136.013M Ordinary Shares

Substantial Shareholders:
Churchill Mining Plc
Prosperity Steel United
JP Morgan Nominees
Eralloys Holdings AS
SK Resources

Directors:
Managing Director:
John Mackenzie

Executive Chairman:
James Hamilton

Director/Secretary:
Russell Hardwick

Non Executive Director:
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1. South Woodie Woodie Manganese Project

The South Woodie Woodie Manganese Project comprises 10 granted Exploration Licences and 10 Exploration Licence Applications (ELA's) covering a total area of more than 2,000 sq km in Western Australia's emerging East Pilbara Manganese Province. The tenements lie along strike and to the south of the 1.2Mtpa Woodie Woodie Manganese Mining Centre (operated by Consolidated Minerals Limited) and in close proximity to several emerging manganese projects which are being actively explored or developed.

1.1 2011 Exploration Program

As foreshadowed in the March Quarterly Report, Spitfire embarked upon the largest and most important drilling program in its history during the June Quarter. A total of up to 10,000m of RC and 1,000m of Diamond Drilling was planned to follow up the highly successful 2010 exploration field season, which resulted in the discovery of the Contact deposit, located in the southern part of the South Woodie Woodie Project (see Figure 1).

During the first phase of drilling (87 holes for 9,281m), the Company discovered a significant new zone of manganese mineralisation at Contact North, approximately 700m north of Contact and increased its confidence levels in the Contact deposit.

Contact North represents the third manganese discovery at South Woodie Woodie to date, alongside Tally-Ho (which was discovered in 2008) and Contact (which was discovered in 2010). This further reinforces the prospectivity of the South Woodie Woodie Project and its potential to underpin Spitfire's entry into the global manganese business.

In light of the encouraging results received during the Quarter, the Company commenced a follow-up Phase II drilling program at South Woodie Woodie from late June 2011.

1.2 Phase I Drilling

Reverse Circulation (RC) drilling commenced on 10 April to test the potential for adjacent extensions to the east and north of the manganese mineralisation discovered at the end of the 2010 exploration field season. The drilling initially focused in the area immediately east of previously reported intercepts from the 2010 drill campaign which included 17 metres @ 16.81% Mn from 13 metres, including 5 metres @ 19.02% Mn from 22 metres (see ASX Announcement – 9 November 2010).

The "Contact" area is located in the north-eastern part of Spitfire's 100%-owned tenement EL46/787, 10km north-west of the Company's Tally-Ho deposit and approximately 70km directly south of the world-class Woodie Woodie Manganese Mine operated by Consolidated Minerals Limited (see Figure 1).

Spitfire has previously established an Exploration Target* of **5-10Mt grading 15-25% Mn** for the Contact discovery area. The drilling returned significant visual intersections of manganese oxide mineralisation at Contact and also intersected significant intervals of logged manganese mineralisation at the newly-named "Contact North" prospect, located approximately 700m to the north.

The first six holes at Contact North intersected a new zone of manganese mineralisation with visually logged thickness of between 7 and 20 metres, commencing from an average depth of 47m below surface. This area was targeted for drilling because of a strong anomaly identified by a Gradient Array Induced Polarisation (GAIP) last year. A total of 9,281m of RC drilling (87 holes) was completed in total as part of the Phase I drilling, with 7777m completed at Contact and 1504m at Contact North.

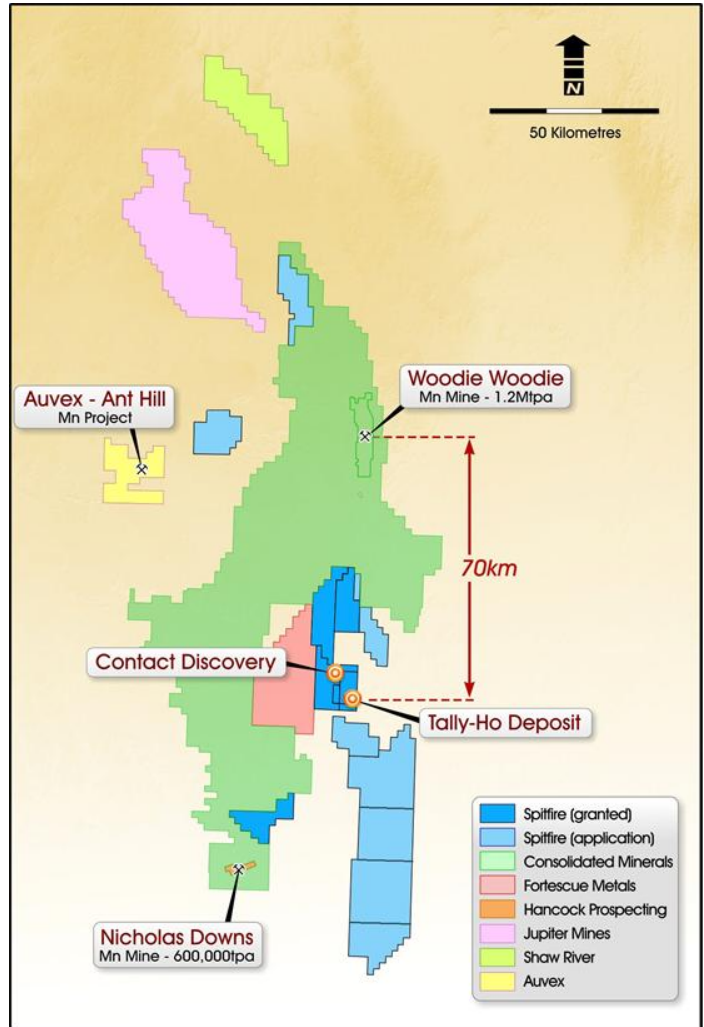


Figure 1: Spitfire tenement holding and deposit locations

1.3 Contact North

Following encouraging indications from visual logging of the samples from Contact North, the Company subsequently received assay results which confirmed the discovery of a substantial new zone of near-surface manganese mineralisation in this area.

The results – which include the highest manganese grades ever reported by Spitfire from its exploration in the East Pilbara region – have confirmed that Contact North is rapidly emerging as the Company's flagship discovery at South Woodie Woodie. Highlighted assay results from Contact North are summarised in **Appendix 1**.

The drilling at contact North has so far identified an extensive zone of near-surface manganese mineralisation at Contact North extending over an area approximately 640 metres by 580 metres which remains open in most directions.

This manganese layer, which averages between 7 and 20 metres in thickness, combined with the presence of an **internal layer of high-grade material with multiple assays grading more than 30% Mn**, makes this a highly attractive exploration target for Spitfire from a potential future mining prospect.

The new results also provide strong support for the Company's previously announced Exploration Target* of **5-10Mt grading 15-25% Mn** for the Contact-Contact North discovery.

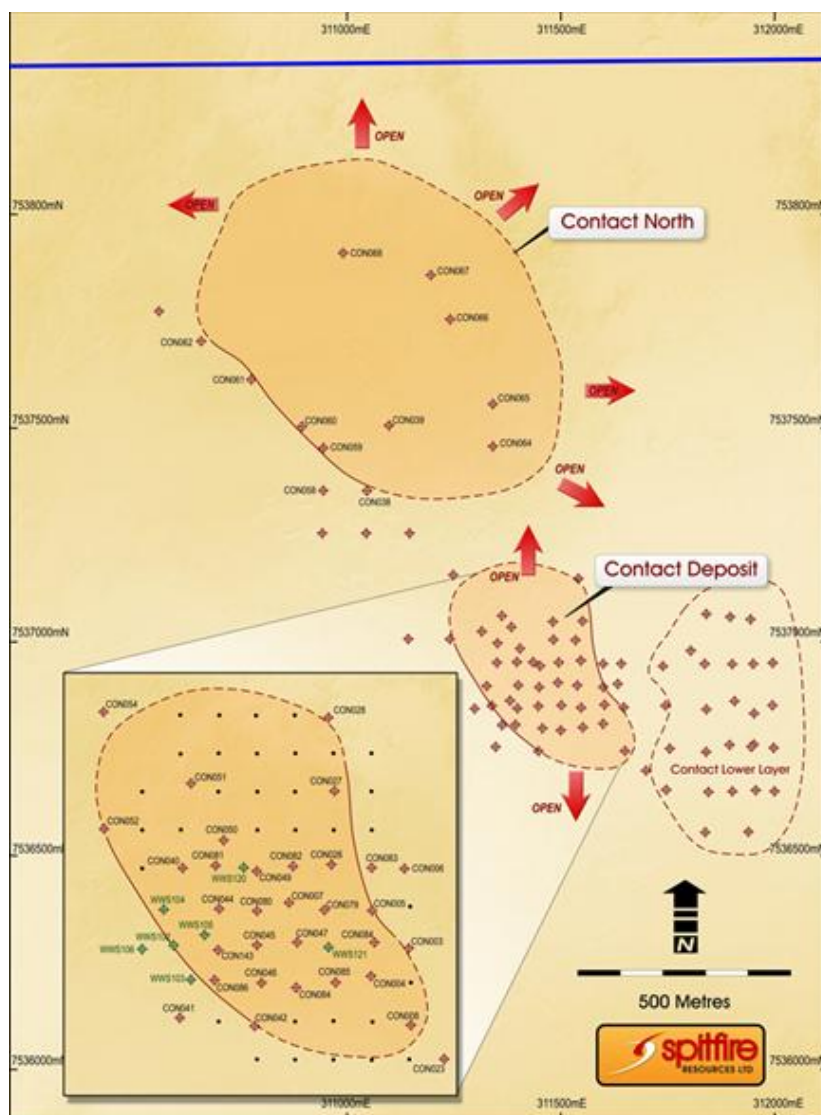


Figure 2: Location Plan of Contact and Contact North

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

1.4 Contact Deposit

The Company received additional drilling results for the Contact deposit, confirming the presence of a zone of near-surface manganese mineralisation. The results include:

Hole ID	From	To	Intercept	Mn %	Al ₂ O ₃ %	Fe %	SiO ₂ %
CON047	15	33	18	18.45	6.78	13.70	36.47
Including	15	21	6	24.75	5.12	14.36	27.13
	17	18	1	33.15	4.52	14.40	14.60
	16	17	1	31.97	3.51	17.00	14.30
CON007	27	37	10	21.12	5.06	11.10	37.49
Including	30	35	5	27.59	4.89	9.57	28.94
	34	35	1	30.07	2.72	10.10	26.50
CON044	8	17	9	21.93	5.92	14.44	30.82
Including	13	17	4	26.30	5.47	12.67	27.25
	15	16	1	30.98	5.44	16.10	14.70
CON040	6	12	6	20.52	7.13	15.18	30.18
Including	6	9	3	24.42	7.52	14.90	24.00
WWS105	3	7	4	19.98	7.44	16.93	27.40
Including	5	6	1	31.30	6.83	9.51	21.70
CON045	14	21	7	15.46	6.04	16.43	38.24

Table 1 – Highlighted assays from the current Drill programme

The results from Contact are encouraging. However, assays from the eastern lower portion of the deposit – where broad visual intersections of mineralisation were initially intersected – indicate that the grade of this material is unlikely to meet Spitfire's immediate criteria of near-surface deposits which can be upgraded to a direct shipping product.

1.5 Phase II Drilling and GAIP Survey

A new phase of Reverse Circulation (RC) drilling (Phase II) commenced at South Woodie Woodie in late June to extend the mineralisation at Contact North, which remains open in most directions, and in-fill the Contact Deposit to enable an initial JORC resource to be calculated.

This new drilling round has already intersected a near-surface manganese layer, extending the Contact deposit to the north-west. Hole CON088 intersected a visually logged 6m manganese layer from 9m depth.

Previously drilled RC Hole CON052, situated 100m west of CON088, returned assays of **6m at 18.92% Mn** from a depth of 4m, including **3m of 19.92% Mn** from a depth of 5m. These two holes have extended the Contact deposit at least another 120m in a north-westerly direction.

In-fill RC drilling has since been completed at the Contact Deposit and resource modelling work is scheduled to commence once assays have been returned.

A diamond drill rig has also recently arrived on site and will undertake PQ diamond core drilling at Contact and Contact North to extract samples for metallurgical test work.

1.6 GAIP Survey

Spitfire also plans to commission a Gradient Array IP (Induced Polarisation) survey to be undertaken over a newly identified prospect to the south-west of Contact. This target area, which was located by surface geological mapping, contains the highly prospective Carawine dolomite, which is the same rock type that hosts Consolidated Mineral's 1.2Mtpa Woodie Woodie manganese mine.

Gradient array IP was the geophysical exploration technique which was successfully used by Spitfire last year in the Contact area. This resulted directly in the discovery of Contact North.

Depending on the results of the survey, consideration will be given to drill this new area during subsequent phases of in-fill drilling at South Woodie Woodie this year.

1.7 Northern Territory Dogfight Copper Project

Spitfire holds a 70% interest in a group of six Exploration Licence Applications (ELA's) surrounding the Lindeman's Bore Project, 380km south-west of Katherine in the Northern Territory. Spitfire's newly named "Dogfight" tenements cover a total area of 6,590 km². This tenement portfolio covers prospective magnetic features targeting "Norilsk-style" Nickel-Copper-PGE mineralisation.

The large land holding has undergone a strategic review over the last Quarter to reduce the expenditure overheads while focusing on the highly prospective geology along the Neave fault.

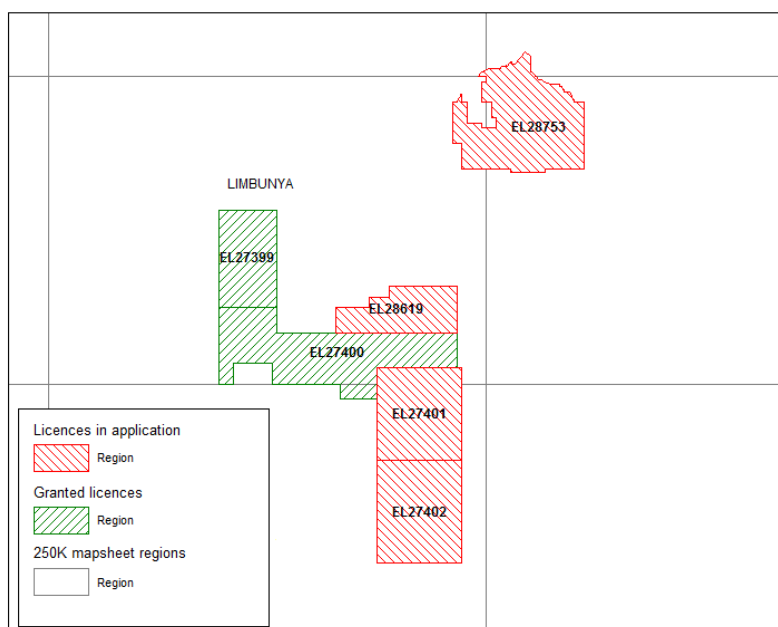
The non-prospective ground on E27-404 and E27-398 has been released and just over half of the granted tenement EL27-399 was dropped. During this time, a new application, E28-619, was secured, directly adjacent to the primary copper target within E27-400. The restructuring of the Dogfight tenement portfolio has reduced the expenditure by 80% while increasing the primary target area.



Spitfire Resources Northern Territory Land Holdings

Previous			Current		
	Tenement ID	Size (km ²)		Tenement ID	Size (km ²)
Granted	E 27398	1559.53	Granted	E 27399	746.45
	E 27399	1607.11		E 27400	1586.65
	E 27400	1586.65			
	E 27404	1288.26		E 27401	1050.01
Application	E 27401	1050.01	Application	E 27402	1146.62
	E 27402	1146.62		E 27403	1442.66
	E 27403	1442.66		New Application	E 28619

SPI NORTHERN TERRITORY DOGFIGHT PROJECT



2. Corporate

2.1 *Divestment of Tasmanian Coal Projects*

During the Quarter, Spitfire reached an agreement with coal exploration and development company Advaita Power Resources Pty Ltd (“Advaita”) to divest its portfolio of coal assets in Tasmania for \$1.5 million in cash. Settlement was completed during the Quarter with Advaita acquiring all of the shares in Spitfire’s 100%-owned subsidiary, Black Rock Energy Pty Ltd.

The proceeds from the sale have further strengthened Spitfire’s existing cash resources, underpinning its core focus which is exploration and resource development drilling at the South Woodie Woodie Manganese Project.

2.2 *Cash Position*

The Company had cash reserves of A\$4.88 million at the end of the Quarter.



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Competent Person’s Statement – South Woodie Woodie and Northern Territory Projects

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

APPENDIX 1: Highlighted weighted average assays from the Phase I drilling program at Contact North

Hole ID	From	To	Intercept	Mn %	Al ₂ O ₃ %	Fe %	SiO ₂ %
CON039	51	71	20m	23.06	4.46	16.02	27.18
Including	53	69	16m	23.41	5.07	15.78	26.10
	57	62	5m	29.50	5.56	15.14	16.22
	57	59	2m	34.24	5.66	11.30	14.85
	58	59	1m	37.27	4.39	12.20	10.50
CON064	38	49	11m	26.54	3.30	20.62	17.31
Including	38	42	4m	29.25	2.76	21.18	13.17
	40	42	2m	34.80	2.56	14.95	14.21
CON067	55	66	11m	20.21	4.07	15.71	32.71
Including	58	64	6m	24.81	4.71	17.18	21.53
	60	61	1m	33.33	3.01	13.30	15.90
	62	63	1m	32.00	2.48	15.00	16.90
CON068	36	43	7m	21.06	5.90	15.38	32.56
Including	36	40	4m	29.48	6.23	15.08	18.93
	38	40	2m	30.46	3.38	17.30	18.40
	36	37	1m	32.65	7.56	13.30	14.00
CON066	49	56	7m	20.76	1.34	16.77	36.21
Including	49	54	5m	23.94	1.33	13.42	36.56
	49	50	1m	30.88	0.88	3.81	41.90
CON059	50	55	5m	18.00	2.67	13.15	43.18
	59	67	8m	13.29	0.83	4.00	69.40
Including	66	67	1m	32.13	0.36	12.10	26.10
CON058	71	74	3m	24.36	1.57	1.17	56.30
Including	71	72	1m	29.03	1.89	1.49	47.30
	73	74	1m	30.45	1.16	0.75	48.50
CON062	45	53	8m	13.95	3.23	16.41	43.79
Including	47	50	3m	20.27	2.04	18.93	31.53
CON065	67	73	6m	10.06	4.54	10.88	58.35
Including	68	71	3m	14.69	3.43	11.36	51.57
CON038	67	77	10m	5.01	4.69	18.82	52.94