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Spitfire Closes In On Its Manganese Target At South Woodie Woodie

By Our Man in Oz

Three important events occurred in Western Australia last month. The Queen paid a social call, the state was cut off from the rest of the world when the national airline, Qantas, stopped flying for a few days, and [Spitfire](#) Resources re-started drilling at its South Woodie Woodie manganese exploration project in the remote East Pilbara region.

Not surprisingly, H.M.'s visit for the Commonwealth Heads of Government meeting, and the grounding of the Qantas fleet attracted more publicity than [Spitfire](#)'s drilling. But from an investment perspective that might prove to be a mistake, because while manganese is a far from attractive mineral, it can be a very profitable one.

Chinese investors in particular are warming to the [Spitfire](#) story, and accordingly Singapore-based commodities trader, Prosperity Steel, has built its stake in the company to an impressive 18.7 per cent. That's slightly ahead of [Spitfire](#)'s close associate, Aim-listed coal explorer, [Churchill Mining](#), which has a 16 per cent stake. Prosperity's presence on the register in particular speaks volumes about the importance of manganese to the steel mills of Asia.

"Every time I speak with the Chinese investors they ask when can they have some manganese", said [Spitfire](#) executive chairman, James Hamilton, when Minesite's Man in Oz caught up with him for a chat over a pizza and a glass of New Zealand sauvignon blanc. "Demand for the material is strong, and the price has been holding up well even while other commodities have slipped. Asian steel mills are keen to secure a steady flow of future supplies and that's why there is growing interest in what we're doing."

And what exactly is [Spitfire](#) doing? In a word, lots. October saw the return of drilling rigs to South Woodie Woodie, this time with a much more precise series of targets identified by a geophysical tool known as gradient array induced polarisation. Long a favourite of Canadian explorers, induced polarisation (IP) has had a chequered history in Australia.

A lifetime ago, when Minesite's Man in Oz was studying geology (with limited success), he served time as a field assistant running IP surveys. But back in the late 1960s, IP in Australian conditions was disliked, or not trusted, as critics at the time said high levels of salt in the ground generated false readings from the return signals of electricity pumped into the ground. And so, IP was dropped as a commonly-used tool, other ways were found to pump electricity into the ground, and Minesite's Man in Oz found other ways to make a living.

But [Spitfire](#)'s gradient array IP, backed up by geological boots on the ground, appears to have produced much clearer results than the critics of old might have expected. It's succeeded in outlining a series of manganese targets using parameters worked out at the company's other earlier manganese discoveries, Contact and Contact North. In

effect, the new targets have been “discovered” thanks to a technique applied with some success by other manganese explorers in the region.

The trick now is to drill areas which have given off a geophysical signature similar to those at the original discoveries. Those smaller discoveries have already allowed [Spitfire](#) to report a small initial JORC-code compliant resource. But the work at South Woodie Woodie is a step up towards a much bigger number which could see [Spitfire](#) in production by early 2014.

[Spitfire](#)'s effort to unlock the secrets of South Woodie Woodie, located just 70 kilometres south of the world class Woodie Woodie manganese mine, started two years ago with the discovery of the Tally Ho deposit, which has been measured at a non-commercial 2.97 million tonnes grading 7.07% manganese. The Contact and Contact North discoveries, about 10 kilometres to the north-west of Tally Ho, appear to be a much higher class discovery, with manganese grades running at up to 46.68% over a thin one metre section, a grade which qualifies as direct-shipping ore – if there's enough of it. Other intersections at the Contact discoveries include eight metres at 40.33% manganese from a depth of 91 metres in one hole, and three metres at 40.93% from a depth of 57 metres in another.

“Those drill hits were tremendously exciting”, James said. “They confirmed the potential for South Woodie Woodie to host direct shipping ore of the sort exported from Woodie Woodie. Our aim with this new program is to complete 14,000 metres of reverse circulation drilling on the targets identified by the IP survey, while also drilling out the Contact and Contact North discoveries to enable the calculation of a JORC compliant resource.” If all goes to plan, [Spitfire](#) aims to hit its initial exploration target of between 10 million and 15 million tonnes of ore grading between 15% and 25% manganese oxide early next year, with further upgrades are likely after that.

On the market, [Spitfire](#) has been trading in a narrow band between A12 cents and A15 cents for the past few months. Those prices are some way below the A24 cent price target set by analysts at the Perth stockbroking firm of DJ Carmichael. Carmichael told clients in late October that if [Spitfire](#) delineates a 12.5 million tonne resource at South Woodie Woodie the project would have a value of A\$36 million, which implies a value per [Spitfire](#) share of A24 cents.

The newsflow which ought to stimulate that re-rating should come through within the next three months or so. So we won't have long to wait to see if Carmichael is right or not.

Source: <http://minesite.com/news/spitfire-closes-in-on-its-manganese-target-at-south-woodie-woodie>