



SPITFIRE RESOURCES LIMITED

And its controlled entities
(ABN 40 125 578 743)

**HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2015**

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DIRECTORS' REPORT

Your Directors are pleased to submit their report of Spitfire Resources Limited ("Spitfire" or "the Company") and its controlled entities ("Consolidated Entity" or "Group") for the half year ended 31 December 2015.

DIRECTORS

The names of the company's directors in office during the half year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

James Hamilton (Executive Chairman)
Russell Hardwick (Director/Company Secretary)
Ian Huitson (Non-Executive Director)

REVIEW OF OPERATIONS

SOUTH WOODIE WOODIE MANGANESE PROJECT

During the Period the international manganese industry continued to endure severe stress as a result of the downturn in the global commodities sector.

In the past 12 months prices for manganese (an important ingredient in the manufacture of steel alloys) have fallen from around US\$4.20 per dry metric tonne unit to circa US\$1.80 per unit at the time of writing. This price capitulation has forced a number of miners globally to cut production, suspend production or close their operations altogether.

Consequently, given the sea change in the sector, Spitfire Resources Limited ("Spitfire" or "the Company") has moved to relinquish much of its ground holding at South Woodie Woodie in Western Australia's East Pilbara Manganese Province.

The Company now retains only the most well explored parts of the South Woodie Woodie portfolio with retention licences being sought for the Contact/Contact North and Tally-Ho manganese discoveries. The Company is also retaining E46/835, an 80 square kilometre exploration tenement, which was drilled in 2014 and returned near surface manganese intercepts.

No fieldwork was conducted at the South Woodie Woodie project during the Period.

CHANGE OF CORPORATE STRATEGY

The severe weakening of the mining sector generally and the chronic shortage of risk capital for junior explorers has forced Spitfire to broaden its horizons in order to reposition itself for future growth.

During the Period Spitfire launched a multi-pronged strategy aimed at reinvigorating the Company's focus, support base and access to capital. The key planks of this strategy are:

- A new focus on Pan-Africa and migration to the construction materials sector
- The purchase of a foundation asset in Zambia to form an operational footprint in the region
- The recruitment of an experienced team with specific industry and earth moving experience
- The creation of a pipeline of new asset opportunities with a focus on near-term cash flow
- A listing on London's Alternative Investment Market to provide access to shareholders who understand both Africa and building materials

DIRECTORS' REPORT

FOUNDATION ASSET ACQUIRED

During the Period a General Meeting of shareholders approved the acquisition of the White Lion limestone project in Zambia. Following approval by shareholders Spitfire has issued the following securities to the vendor (which are subject to a 12 month restriction from the date of issue):

- a) 216,718,266 fully paid ordinary shares
- b) 100 performance shares (which convert upon achieving the relevant milestones into that number of shares which equates to a value of \$4,200,000 on the terms approved at the General Meeting)

The White Lion project is located approximately 100km (by sealed road) from the Zambian capital Lusaka and sits on a granted Large Scale Mining Licence which covers a total area of 245 square kilometres.

During the Period Spitfire completed a large-scale surface sampling program at White Lion with the results showing an extensive high-grade limestone exposure.

The surface sampling program consisted of taking 198 rock chip and soil samples at a 500m x 500m spacing across approximately 60 square kilometres. The program was split into two parts and was designed to focus on the areas containing limestone as well as complimentary cement plant blend materials such as alumina, silica and iron.

Full details on the program and complete assay tables are available on the Company's website: www.spitfireresources.com

Consequently, from the work done to date it appears evident that the White Lion project contains high-grade limestone potentially suitable for cement manufacturing. Greater knowledge of its chemical composition at depth will be further refined by a drilling program scheduled for mid 2016.

Also, due to the excellent consistency of the calcium grade over such a big area Spitfire has set an initial Exploration Target of between 70 and 90 million tonnes with a grade of 45% to 47% CaO.* This would conceptually be enough limestone to supply a large cement works.

* Exploration Disclaimer: The exploration target is based on previous sampling by the former owner in addition to the 198 new samples taken from the exploration area as detailed in the text. The exploration target is formulated by calculating a one square kilometre sampled area and conceptualises a limestone depth of 50m, multiplied by a 2.7sg (specific gravity) of the material. Because the potential quantity and grade of this Exploration Target is conceptual in nature, Spitfire notes in accordance with Clause 17 of the JORC Code 2012 that there has been insufficient exploration to define a Mineral Resource estimate. It is uncertain if further exploration will result in the determination of a Mineral Resource.

NEW DEVELOPMENT HEAD APPOINTED

During the Period Spitfire appointed seasoned transaction and construction materials expert Maximilian Vermorken as Head of Corporate Development.

DIRECTORS' REPORT

Mr Vermorken was most recently a strategic advisor with the world's biggest construction materials group LafargeHolcim. His last job for the company was to manage the hive-down and integration of two large asset portfolios – a mix which included two cement plants and a multitude of down-stream aggregates and construction materials assets – in the context of the global LafargeHolcim merger.

Mr Vermorken, who holds a PhD in Financial Economics and Bachelor and Master degrees in both Civil Engineering and Economics, is based in London.

DUAL LISTING ON LONDON AIM MARKET

Subsequent to the Period, Spitfire has announced that it is planning to dual list on London's Alternative Investment Market ("AIM") in the second quarter of calendar 2016.

Spitfire has appointed the required service providers to help it ensure a successful AIM listing. Spitfire is also currently meeting with a wide range of interested potential investors to contribute to a capital raising to provide it with funds for additional acquisitions in the aggregates and construction materials space.

The company will also seek approval from its shareholders to change its name to Spitfire Materials Limited – the name better reflecting the Company's new strategic direction.

Further details on the fundraising, its size and pricing, its effect on the Company's share capital and all other matters will be explained in detail to existing shareholders by way of a Notice of General Meeting.

The AIM listing will be funded from Spitfire's existing cash reserves. At the end of the Period the company had \$2,005,072 cash at bank.

Financial Summary

The net operating loss for the period was \$653,690. Key items included in the half year results are:

- Consulting Fees \$355,592 (2014: \$211,530)
- Exploration and Evaluation Expenditure \$70,367 (2014: \$329,486)

The net assets of the Group have increased to \$4,274,389 as at 31 December 2015 (30 June 2015: \$2,750,344). This increase has largely resulted from the acquisition of the White Lion Limestone Project.

Events subsequent to reporting date

On 25 January 2016, Spitfire announced that it plans to dual list on London's Alternative Investment Market ("AIM") in the second quarter of calendar 2016.

There has not been any other matter or circumstance occurring subsequent to the end of the half year, that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

DIRECTORS' REPORT

Rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

Auditor's Independence Declaration

The lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors.



James Hamilton
Executive Chairman
24th February 2016

Competent Person's Statement

SOUTH WOODIE WOODIE PROJECT

The information in this report relating to exploration results and mineral resources is based on information compiled by Mr Stuart Peterson, the Company's Consulting Exploration Manager, who is a Member of the Australian Institute of Mining and Metallurgy. This information in relation to mineral resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Peterson has sufficient experience relevant to the style of mineralisation 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.'

WHITE LION LIMESTONE PROJECT

The information in this report relating to exploration results and mineral resources is based on information compiled by Mr Stuart Peterson, the Company's Consulting Exploration Manager, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Peterson has sufficient experience relevant to the styles of mineralisation mentioned and to the type of activities described to qualify as a competent person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.'

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Spitfire Resources Limited for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 24th day of February 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
For the half year ended 31 December 2015

	Note	31 December 2015 \$000	31 December 2014 \$000
Continuing Operations			
Interest received		31	62
Gross profit/(loss)		31	62
Depreciation expense		(3)	(7)
Consulting expenses		(356)	(212)
Occupancy costs		(23)	(22)
Travel expenses		(67)	(32)
Exploration and Evaluation costs expensed		(70)	(329)
Impairment of Exploration & Evaluation capitalised expenditure		-	-
Share based payments	6	(10)	(13)
Administrative expenses		(156)	(85)
Loss before income tax		(654)	(638)
Income tax (expense)/revenue		-	-
Profit/(Loss) from continuing operations		(654)	(638)
Other comprehensive income		-	-
Total comprehensive income/ (loss) for the period		-	-
Total comprehensive income / (loss) attributable to the members of the Company		(654)	(638)
Profit/(Loss) per share			
From continuing operations:			
Basic and diluted profit/(loss) per share for the half year		(0.195c)	(0.25c)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Note	31 December 2015 \$000	30 June 2015 \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,005	2,735
Trade and other receivables		51	94
TOTAL CURRENT ASSETS		2,056	2,829
NON-CURRENT ASSETS			
Property, plant and equipment		16	19
Exploration and Evaluation assets	7	2,312	-
TOTAL NON-CURRENT ASSETS		2,328	19
TOTAL ASSETS		4,384	2,848
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		110	97
TOTAL CURRENT LIABILITIES		110	97
TOTAL LIABILITIES		110	97
NET ASSETS		4,274	2,751
EQUITY			
Issued capital		27,283	25,116
Reserves		338	567
Accumulated losses		(23,347)	(22,932)
TOTAL EQUITY		4,274	2,751

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2015

	Issued Capital \$000	Option Reserve \$000	Accumulated Losses \$000	Total Equity \$000
Balance at 1 July 2014	25,116	800	(22,095)	3,821
Profit for the period	-	-	(638)	(638)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(638)	(638)
Transactions with owners, recorded directly in equity				
Share based payments	-	13	-	13
Expiry of share options	-	(235)	235	-
Balance at 31 December 2014	25,116	578	(22,498)	3,196
Balance at 1 July 2015	25,116	567	(22,932)	2,751
Profit for the period	-	-	(654)	(654)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(654)	(654)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	2,167	-	-	2,167
Share based payments	-	10	-	10
Expiry of share options	-	(239)	239	-
Balance at 31 December 2015	27,283	338	(23,347)	4,274

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2015

	31 December 2015 \$000	31 December 2014 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash paid to suppliers and employees	(484)	(450)
Payments for exploration and evaluation	(325)	(349)
Other revenue	-	-
Interest received	36	64
Income Tax Benefit	43	946
Net cash used in operating activities	(730)	211
Net cash (used in)/from investing activities	-	-
Net cash from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(730)	211
Cash and cash equivalents at the beginning of the period	2,735	2,939
Cash and cash equivalents at the end of the period	2,005	3,150

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2015

NOTE 1: BASIS OF PREPARATION

REPORTING ENTITY

Spitfire Resources Limited (the "Company") is a Company domiciled in Australia. The address of the Company's registered office is 41 York Street, Subiaco, WA 6008. The consolidated financial statements of the Company as at and for the half year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities. The Group primarily is involved in the minerals exploration industry.

a) Statement of compliance

These General Purpose Financial Statements for the interim half year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Spitfire Resources Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015 together with any public announcements made by Spitfire Resources Limited and its controlled entities during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

b) Reporting Basis and Conventions

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2015, except for the impact of the standards and Interpretations described in 1 (f).

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

c) Financial Instruments

The Group's financial instruments consist of trade and other receivable and trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

Any trading financial assets held by the Group are level-1 financial instruments and valued using the quoted bid prices from the Australian Securities Exchange as at the reporting date.

d) Basis of measurement

The interim financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2015

e) Going Concern

The half year financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

f) New Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. New and revised Standards and amendments thereof and Interpretations effective for the current half-year include:

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

The adoption of the above standard has not had a material impact on this half year financial report.

NOTE 2: SEGMENT REPORTING

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its individual exploration commodity and the remaining treasury function. Operating segments are therefore determined on the same basis.

Types of exploration by project segment

(i) Australia – Manganese Exploration

The manganese exploration segment is the maintenance of the Manganese project at South Woodie in the East Pilbara. Segment assets, including any capitalised exploration expenditure are reported on in this segment.

(ii) Australia – Treasury

In addition the Company has included a Treasury segment that includes the surplus cash of which the majority is invested in Bank term deposits.

(iii) Zambia – Limestone Exploration

The Limestone exploration segment is the maintenance of the Limestone project in Zambia. Segment assets, including any capitalised exploration expenditure are reported on in this segment.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, as the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2015

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Other corporate charges

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2015

Consolidated 31 December 2015	Australia - Manganese Exploration \$000	Zambia - Limestone Exploration \$000	Australia - Treasury \$000	Consolidated Group \$000
SEGMENT PERFORMANCE				
Finance revenue	-	-	31	31
Total segment and group revenue	-	-	31	31
<i>Reconciliation of segment revenue to group revenue</i>				
Other revenue				-
Total group revenue				31
Segment net profit/(loss) from continuing operations before tax	(74)	(32)	31	(75)
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>				
- Other tax revenue	-	-	-	-
Unallocated Items				
- Consulting Fees				(356)
- Depreciation				(3)
- Other				(220)
Net Profit/(loss) before tax from continuing operations	(74)			(654)
SEGMENT ASSETS				
Segment assets	38	2,312	1,986	4,336
<i>Reconciliation of segment assets to group assets</i>				
Unallocated items				
- Other				48
Total group assets				4,384
Segment asset increases/(decreases) for the period:				
- Cash	4	-	(734)	(730)
- Other	(96)	2,312	-	2,216
- Unallocated	-	-	-	52
	(92)	2,312	(734)	1,538
SEGMENT LIABILITIES				
Segment liabilities	6	-	-	6
Payables				
<i>Reconciliation of segment liabilities to group liabilities</i>				
Unallocated items				
- Other				104
Total group liabilities				110

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2015

Consolidated 31 December 2014	Australia - Manganese Exploration \$000	Australia - Treasury \$000	Consolidated Group \$000
SEGMENT PERFORMANCE			
Finance revenue	-	62	62
Total segment and group revenue	-	62	62
<i>Reconciliation of segment revenue to group revenue</i>			
Other revenue			-
Total group revenue			62
Segment net profit/(loss) from continuing operations before tax	(337)	62	(275)
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
- Other tax revenue	-		-
Unallocated Items			
- Consulting Fees			(212)
- Depreciation			(7)
- Other			(144)
Net Profit/(loss) before tax from continuing operations	(337)		(638)
SEGMENT ASSETS			
Segment assets	82	2,720	2,802
<i>Reconciliation of segment assets to group assets</i>			
Unallocated items			
- Other			46
Total group assets			2,848
Segment asset increases/(decreases) for the period:			
- Cash	(2)	(202)	(204)
- Other	(946)	-	(946)
	(948)	(202)	(1,150)
SEGMENT LIABILITIES			
Segment liabilities	8	-	8
Payables			
<i>Reconciliation of segment liabilities to group liabilities</i>			
Unallocated items			
- Other			89
Total group liabilities			97

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2015

NOTE 3: COMMITMENTS

a) Operating Lease Commitments

	Consolidated	
	31 December 2015 \$000	30 June 2015 \$000
Non-cancellable operating lease contracted for but not capitalised in the financial statements:		
Payable		
- Within one year	36	49
- One year or later and no later than five years	-	-
	36	49

The above amounts relate to the property lease at 41 York Street, Subiaco expiring 31 May 2016, with rent payable monthly in advance and the property lease at Suite 1, 346 Barker Road, Subiaco commencing on 1st April 2016 and expiring on 31st March 2017 with rent payable monthly in advance.

b) Exploration Commitments

	Consolidated	
	31 December 2015 \$000	30 June 2015 \$000
In order to maintain current rights of tenure to exploration tenements, the Company has the following discretionary exploration expenditure up until the expiry of leases. These obligations are not provided for in the financial statements and are payable :		
- Within one year	94	305
- One year or later and no later than five years	99	305
	193	610

The sale, transfer, surrender or farm-out of exploration rights to third parties reduces or extinguish these obligations.

NOTE 4: CONTINGENCIES

Included in the consideration payable for the White Lion Project was the issue of 100 performance shares which can convert into that number of shares which equates to a value of \$4,200,000 upon achieving the following relevant milestones:

- (i) Receiving confirmation of a delineation of not less than 80,000,000 JORC inferred tonnes of Limestone product on the Tenement; and
- (ii) receiving a Scoping Study that demonstrates the potential for a large scale, long life, economic Limestone orebody to be developed and mined and the Board resolving to proceed with the development and commercialisation of the project.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2015

Upon the relevant milestones being achieved all of the Performance Shares will collectively convert into that number of Shares that equates to a value of A\$4,200,000 based on the higher of A\$0.028 or the 30 Day VWAP on that date being the last ASX trading day immediately prior to satisfaction of the milestone.

As of the 31st December 2015, the company has not met the milestones and the conversion has not taken place.

Other than the above, there has been no change in contingent liabilities since the last annual reporting date.

NOTE 5: ISSUED CAPITAL

	Consolidated	
	31 December 2015	30 June 2015
	\$000	\$000
a. Ordinary shares		
471,831,740 (2015: 255,113,474) fully paid ordinary shares	28,264	26,097
Share issue expenses	(1,215)	(1,215)
Share options expired	234	234
	27,283	25,116

b. Performance shares		
100 performance shares	-	-

	Consolidated	
	31 December 2015	30 June 2015
	No.	No.
a. Ordinary shares		
At the beginning of reporting period	255,113,474	255,113,474
Shares issued during the year		
- Shares issued for acquisition of White Lion Project	216,718,266	-
At reporting date	471,831,740	255,113,474
b. Performance shares		
At the beginning of reporting period	-	-
Shares issued during the year		
- Shares issued for acquisition of White Lion Project	100	-
At reporting date	100	-

At the Shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each Shareholder has one vote on a show of hands.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2015

NOTE 6: SHARE BASED PAYMENTS

All options granted to key management personnel are exercisable into ordinary shares in Spitfire Resources Limited, which confer a right of one ordinary share for every option held. During the half year 5,000,000 options previously issued to key management personnel expired. No options were issued during the half year.

The number and weighted average exercise prices of share options issued to Key Management Personnel are as follows:

Consolidated	Weighted average exercise price	Number of options
Options outstanding as at 30 June 2015	9.77c	17,250,000
Granted	-	-
Expired	15c	(5,000,000)
Options outstanding as at 31 December 2015	7.63c	12,250,000
Options exercisable as at 31 December 2015:		9,000,000
Options exercisable as at 30 June 2015:		10,750,000

The weighted average remaining contractual life of options outstanding at year end was 2.94 years. The range of exercise prices of outstanding options at reporting date is from 4.5c to 12c.

Included under employee benefits expense in the income statement is \$10,553 which relates to the vesting expense of share-based payments (30 June 2015: \$24,552).

On 18th August 2015 the following shares were issued as consideration for the acquisition of the White Lion Project:

- a.) 216,718,266 fully paid ordinary shares. Value using a share price of \$0.01 was \$2,167,182
- b.) 100 Performance shares (which convert upon achieving the relevant milestones into that number of shares which equates to a value of \$4,200,000 based on the higher of A\$0.028 or the 30 Day VWAP on that date being the last ASX trading day immediately prior to satisfaction of the milestone).

As at the 31st December 2015, the company has not met the milestones and the conversion has not taken place and on that basis no value has been recognised for the Performance Shares in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2015

NOTE 7: EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	31 December 2015 \$000	30 June 2015 \$000
ASSETS		
NON-CURRENT		
Exploration and Evaluation		
- At Cost	2,167	-
- Exploration and evaluation	145	-
	2,312	-

NOTE 8: EVENTS AFTER THE BALANCE SHEET DATE

On 25 January 2016, Spitfire announced that it plans to dual list on London's Alternative Investment Market ("AIM") in the second quarter of calendar 2016.

There has not been any other matter or circumstance occurring subsequent to the end of the half year, that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

NOTE 9: FINANCIAL INSTRUMENTS

The Group's financial instruments consist of trade and other receivables and trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amounts of the financial assets and liabilities approximate their fair value.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 20, are in accordance with the Corporations Act 2001 and:
 - a. Comply with Accounting Standards AASB 134: Interim Financial Reporting; and
 - b. Give a true and fair view of the financial position as at 31 December 2015 and of the performance for the half year ended on that date of the Company and consolidated Group.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'James Hamilton', is written over the printed name and title.

JAMES HAMILTON
Executive Chairman

Dated this 24th day of February 2016

Independent Auditor's Review Report

To the Members of Spitfire Resources Limited

We have reviewed the accompanying half-year financial report of Spitfire Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Review Report

To the Members of Spitfire Resources Limited (Continued)



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Spitfire Resources Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 24th day of February 2016