CLUFF RESOURCES PACIFIC NL

ABN 72 002 261 565

THIS IS ANNEXURE A OF 14 PAGES REFERRED TO IN
FORM 7051 - HALF YEARLY REPORTS

SIGNED

SCOTT ENDERBY

12 September 2008

CLUFF RESOURCES PACIFIC NL
ABN 72 002 261 565
AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity for the half-year ended 30 June 2008

Directors

The names of directors who held office during the half-year:

Mr Stephen G Gemell (Retired 15/3/08)
Mr Peter J Kennewell
Mr Scott M Enderby
Mr Peter F Barrow

Consolidated Results

The consolidated loss of the consolidated entity after provision of income tax for the half-year was $620,582.

Review of Operations

Exploration drilling was undertaken at two of the Company's tin prospects. The Company's own diamond drilling rig was utilised to drill two deep holes at the Leviathan Tin Mine near Inverell, and a number of holes were drilled using a contracted RC-Percussion rig at the Little Bygoo tin deposit close to Ardlethan. In total, there were 1,613 metres drilled at Little Bygoo, and 385 metres drilled at the Leviathan Project. Results from both prospects indicated the presence of tin in small concentrations.

At the Buddigower tin tenement, sampling of mullock, surface scree and rock chips throughout the district was carried out earlier in the year, with some very high grades of silver and tin recorded. The highest assay results returned from the sampling were 169.77 ounces of silver per tonne, and 5.53 % tin. These impressive assays, along with the other results shown on the figures below, confirm an extensive zone of silver and tin mineralisation. Further exploration is planned once the appropriate consents are in place.

At the Egerton Gold Project, drilling commenced using the Company's diamond drilling rig. Two holes were commenced at a location close to the historic Black Horse Mine, but were discontinued due to the difficult nature of the ground conditions. It was proposed to continue drilling activities in areas where there was a better chance of success.

In early May the Company announced that four Iron Ore Mining Lease Applications, near Chitradurga in the Indian State of Karnataka, were the subject of a Memorandum of Understanding between Cluff Resources Pacific NL and Sai Construction, Engineers and Contractors, of Bangalore, India. A visit was subsequently undertaken to the area for due diligence purposes, and an independent assessment of the leases and general potential for development was to be published in order to indicate the best possible strategy for the Company to take advantage of the opportunity.

While the Ruby Mine continued under care and maintenance, with successful regeneration of mined areas continuing, the historic data from both Diamond Project locations at Copeton and Bingara was reviewed for the purposes of proposing a model of geology and mineralisation which may be utilised in further exploration upon these tenements.

There was no activity at the Queensland Sapphire Project, with all personnel focussed on the Company's other projects.

Significant Changes in the State of Affairs

During the half-year a Placement of 112,340,000 ordinary shares was made via Martin Place Securities Pty Limited at 0.9 cents per share, which raised $1,011,060 before the costs of the issue.

Matters subsequent to the end of the half year

At the Egerton Gold project, a third drill hole was commenced to target the inferred gold mineralisation beneath the Egerton Gold Mine. As at the beginning of September, the hole had reached a depth of 131 meters, with better ground conditions allowing drilling to proceed without the difficulties encountered in the earlier holes.

The Independent Expert's Report into the Indian Iron Ore tenements was published in late July, and in general revealed that the tenements held promising iron ore grades, however there were several risk factors also identified, and based on these findings the Company indicated that it would be seeking to enter into agreements over existing producing mine tenements or granted mining leases. This process is still continuing.

Auditor's Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 4 for the half-year ended 30 June 2008.

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

PETER J KENNEWELL	SCOTT M ENDERBY
Director	Director

12 September 2008

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CLUFF RESOURCES PACIFIC NL

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2008, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Ronald Smith & Co
Chartered Accountant

Ronald Hamilton Smith
Suite 101
10 Edgeworth David Ave
Hornsby NSW 2077

12 September 2008

CLUFF RESOURCES PACIFIC NL
ABN 72 002 261 565
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

The directors' of the company declare that:

1. The financial statements and notes:

   i) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   ii) give a true and fair view of the economic entity's financial position as at 30 June 2008 and of its performance for the half-year ended on that date;

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.

PETER J KENNEWELL
Director

SCOTT M ENDERBY
Director

12 September 2008

CLUFF RESOURCES PACIFIC NL
ABN 72 002 261 565
AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008

	Consolidated Group		
	June 2008 $	December 2007 $	June 2007 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1,463,527	1,477,160	1,372,615
Inventories	130,985	101,276	101,807
Trade and other receivables	91,750	112,110	119,373
TOTAL CURRENT ASSETS	1,686,262	1,690,546	1,593,795
NON CURRENT ASSETS			
Receivables	-	-	-
Financial assets	-	-	-
Property, plant and equipment	784,409	760,845	801,170
Exploration, evaluation and pre-development expenditure	9,769,219	9,114,079	8,850,330
Development properties	2,284,974	2,284,974	2,293,301
TOTAL NON CURRENT ASSETS	12,838,602	12,159,898	11,944,801
TOTAL ASSETS	14,524,864	13,850,444	13,538,596
CURRENT LIABILITIES			
Trade and other payables	421,821	145,422	359,896
Short-term provisions	152,680	145,137	140,262
TOTAL CURRENT LIABILITIES	574,501	290,559	500,158
Financial liabilities	330,000	330,000	330,000
TOTAL NON-CURRENT LIABILITIES	330,000	330,000	330,000
TOTAL LIABILITIES	904,501	620,559	830,158
NET ASSETS	13,620,363	13,229,885	12,708,438
EQUITY			
Issued capital	49,824,867	48,813,807	47,611,584
Reserves	108,516	108,516	108,516
Accumulated losses	-36,313,020	-35,692,438	-35,011,662
TOTAL EQUITY	13,620,363	13,229,885	12,708,438

CLUFF RESOURCES PACIFIC NL
ABN 72 002 261 565
AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2008

	Note	Consolidated Group	
		June 2008	June 2007
		$	$
Sales revenue		1,851	271,328
Cost of sales		-1,130	-371,650
Gross profit		721	-100,322
Other revenues		57,862	10,471
Distribution expenses		-19,888	-16,170
Marketing expenses		-5,519	-5,778
Occupancy expenses		-3,688	-3,714
Administrative expenses		-448,412	-448,498
Amortisation ruby mine		-	-16,963
Inventories write-down		-16,888	-
Borrowing costs		-16,771	-25,400
Rehabilitation costs		-39,326	-
Exploration and pre-development		-73,373	-
Legal expenses		-22,000	-38,032
Other expenses		-33,300	-36,469
Loss before income tax		-620,582	-680,875
Income tax expense		-	-
Loss for the period		-620,582	-680,875
Basic earnings per share (cents per share)		(0.05) cents	(0.07) cents

CLUFF RESOURCES PACIFIC NL
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AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2008

		Consolidated Group		
		Issued Capital	**Retained Earnings**	**Asset Revaluation Reserve**
	Note	**$**	**$**	**$**
Balance as at 31 December 2006		46,011,759	(34,330,787)	108,516
Shares issued during period		1,599,825		
Loss attributable to members			(680,875)	
Balance as at 30 June 2007		47,611,584	35,011,662	108,516
Balance as at 31 December 2007		48,813,807	(35,692,438)	108,516
Shares issued during period		1,011,060		
Loss attributable to members			(620,582)	
Balance as at 30 June 2008		49,824,867	(36,313,020)	108,516

CLUFF RESOURCES PACIFIC NL
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AND CONTROLLED ENTITIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2008

	Consolidated Group	
	June 2008 $	June 2007 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	26,342	278,146
Payments to suppliers and employees	-191,384	-571,134
Interest received	30,371	3,653
Finance costs	-16,771	-25,400
Goods and services tax paid	-111,334	-70,111
Net operating cash flows	-262,776	-384,846
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and development	-632,456	-246,653
Payments for property, plant & equipment	-129,461	-2,171
Net investing cash flows	-761,917	-248,824
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,011,060	1,599,825
Net financing cash flows	1,011,060	1,599,825
Net (decrease) / increase in cash	-13,633	966,155
Cash at beginning of the period	1,477,160	406,460
Cash at end of the period	1,463,527	1,372,615

Note 1: Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001. Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2007 and any public announcements made by Cluff Resources Pacific NL and its controlled entitles during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the December 2007 financial report.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Note 2: Going Concern

The Directors have prepared the half-year financial report on the basis that the Company is a going concern. During the half-year ended 30 June 2008, the Company successfully raised $1,011,060 from a share issue. It is however the Directors' intentions to continue to expand the Company's operations to exploit and develop its mining tenements. To achieve these plans the Directors may need to raise further capital from share placements and rights issues. Current cash reserves and cash from these raisings should be sufficient for the company to pay its debts as and when they fall due for the next twelve months if expenditures are controlled in line with 2007 and current year levels.

Independent Review Report

To the Members of Cluff Resources Pacific NL:

Scope of Review

I have reviewed the accompanying half-year financial report of Cluff Resources Pacific NL and Controlled Entities (the consolidated entity) which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express a conclusion on the Half-year financial report based on my review. I conducted my review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Report Performed by an Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, I have become aware of any matter that makes me 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 30 June 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial reporting and the Corporations Act 2001. As auditor of Cluff Resources Pacific NL and Controlled Entities, ASRE 2410 requires that I comply with the ethical requirements relevant to the audit of the annual financial audit.

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 me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Independence

In conducting my review, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Cluff Resources Pacific NL and Controlled Entities on 12 September 2008 would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on my review, which is not an audit, I have not become aware of any matter that makes me believe that the half-year financial report of Cluff Resources Pacific NL 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 30 June 2008 and of its performance for the half-year ended on that date; and

B. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Ronald Smith & Co
Chartered Accountant

Ronald Smith

Ronald Hamilton Smith
Suite 101
10 Edgeworth David Ave
Hornsby NSW 2077

12 September 2008