waratahgold LIMITED

ABN: 47 125 688 940

Waratah Gold Ltd

Quarterly Activities Report for the period ended 31st December 2009

Highlights

1. **Drilling program planned for February to test Intrusion Related Gold Deposit (IRGD) exploration model at Stuart Town**

2. **Prefeasibility study underway to review, confirm and optimise operating and capital expenditure estimates for the Mick Adam and Wadi project**

3. **Analysis and review of potential resource development opportunities in Australia and overseas**

Waratah Gold Ltd (ASX: WGO) (Waratah) is a specialist gold exploration and development company which seeks to build shareholder wealth through the efficient development of its gold projects as well as sourcing additional resource opportunities in Australia and internationally.

Waratah's strategy includes drill testing the Intrusion Related Gold Deposit (IRDG) model at Stuart Town in the Lachlan Fold Belt of New South Wales along with reviewing and optimising the Mick Adam and Wadi projects scoping study economics before making a decision to proceed with a Bankable Feasibility Study (BFS).

Waratah is also carefully assessing the acquisition of other complementary advanced projects either in Australia or overseas. Waratah continues to undertake reviews and analysis on a number of projects.

Waratah geologists undertook field visits and reconnaissance work at its 100% owned Stuart Town, Pambula and Majors South gold projects in the Lachlan Fold Belt of New South Wales (NSW) during the quarter. The field work outcomes will form the basis for the February drill program at Stuart Town and for future exploration work at Pambula and Majors South.

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Stuart Town EL 6575 (100% Waratah)

The Stuart Town project is located in the central west of NSW, 65km north of the major provincial town of Orange. The area is easily reached by road and is serviced by the main western railway. There is a well maintained network of shire and farm roads throughout the project area.

There are a number of lode gold deposits in the project area which include historic mines and numerous alluvial gold workings. Approximately 170,000 oz of gold has been historically produced from this area from the date records were taken although significantly more gold may have been produced prior to this. The gold deposits around Stuart Town occur in quartz reefs, and in deep leads as sand and quartz pebble layers beneath basalt flows, or as river bed alluvial deposits (close to quartz reefs).

Gold mineralisation mined to date is hosted in structurally controlled lode-style veins or as alluvial concentrations. Lode gold is often associated with laminated quartz veins and has also been documented associated with stockworks of small quartz veins. Gold mineralisation is associated with a pyrite and minor arsenopyrite, galena, chalcopyrite, and sphalerite sulphide assemblages. Individual veins range in width from 0.1-1.2m with some strike extents for individual veins exceeding several hundred metres. Historical production often documented production head grades of sorted ore at 2-3 ounces per ton. Underground mining has not been documented below 65m depth.

Gold mineralisation occurs intermittently along approximately 6km of the Western Shear and 2km of the Eastern Shear, in relatively narrow quartz veins.

The project overlies an interpreted intrusive unit that has been modelled previously by Kratos Uranium whilst in JV with Freeport (1984). Carpentaria Exploration Company Pty Ltd (owned by MIM Limited) described the deep-seated intrusion related gold hypothesis in 1985. This theory postulates a felsic intrusive body at depth being the source of gold mineralisation at Stuart Town. This is based on ground magnetic and gravity surveys, airborne magnetic and radiometric data in conjunction with Au-As-base metal assays from soil sampling and geological mapping. Only limited drilling has been conducted to date.

The underlying interpreted intrusive has estimated dimensions of 1,200 metres across, has a vertical extent of 1,700 metres and comes to within 200 metres of the surface. Altered, brecciated and mineralised rhyolites occur to the north east of the interpreted intrusion at Quartz Hill and Specimen Hill.

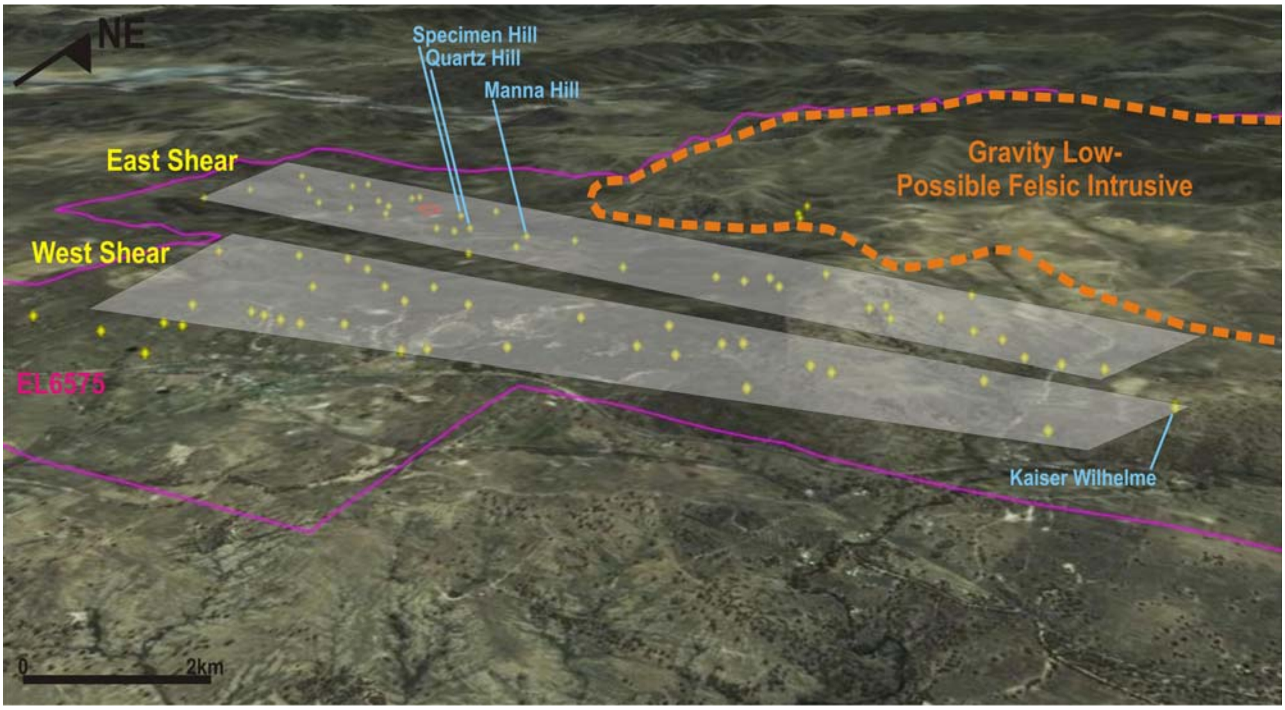

Figure 1: Stuart Town Gold Project - Aerial view looking NE

Waratah believes the project is prospective for large scale intrusion related gold deposit (IRGD) systems and is encouraged by the following points:-

- Significant historical production (>170,000 oz Au) sourced from a range of relatively small lode and alluvial gold sources. No apparent source or pathway identified for gold mineralisation
- Nindethana/Ilgingerry thrust fault zones providing favourable pathways for interpreted gold bearing intrusive felsic body
- Coincident magnetic and gravity anomalies interpreted to be a large, relatively shallow intrusive felsic unit
- Mineralised brecciated rhyolites observed at Quartz Hill may represent minor eruptions of an underlying mineralised intrusive unit and accompanying high levels of arsenic
- Project lies within a west-north-west transverse zone
- Coincident potassium radiometric signature
- No effective testing to date of the deep-seated intrusive model

A detailed review of the IRGD model in 2009 undertaken by Burrell Exploration Services Pty Ltd confirmed that the model could be applied to the Stuart Town field and as such Waratah is planning a limited drill program to test the exploration model.

Waratah geologists visited the Stuart Town project area during the quarter to confirm and identify drill sites. Based on this visit a drill rig has been booked for mid February 2010, to drill test the areas with the best potential for discovery.

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Mick Adam and Wadi Farm-In and JV

The results of the scoping study for the project were released to the market in the September Quarter 2009. Given the scoping study level of accuracy +/- 30% Waratah engaged consultants to undertake a prefeasibility study to review, confirm and optimise the capital and operating expenditures prior to the Board making a decision to proceed to a full Bankable Feasibility Study (BFS). The outcomes from the study are being finalised and will be reviewed by the Board prior to any decisions to proceed being made.

Corporate

As at 31st December 2009 Waratah has a cash balance of $2,532,000 and has 22,500,100 shares on issue.

Waratah continues to actively seek out and assess the potential for the acquisition of complementary resource projects in Australia and overseas. Waratah has assessed many opportunities during the quarter and will continue to undertake due diligence only on those projects which meet the Boards selection criteria.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr J Downes, B.Sc (Geol), MAIG a director of Waratah Gold Limited. Mr Downes has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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. Mr Downes consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

For further information:

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