

**WARATAH GOLD LIMITED
A.B.N. 47 125 688 940
AND ITS CONSOLIDATED ENTITIES**

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2010

WARATAH GOLD LIMITED
A.B.N. 47 121 688 940

31 DECEMBER 2010

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Waratah Gold Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

WARATAH GOLD LIMITED
A.B.N. 47 125 688 940

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN
Peter Bennetto

NON-EXECUTIVE DIRECTORS
Jonathan Downes
Ian Bruce
Michael Young (Mike)

COMPANY SECRETARY
Robert Orr

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AUDITORS
Mack & Co
Level 2, 35 Havelock Street
WEST PERTH WA 6005

SHARE REGISTER
Security Transfer Registrars Pty Ltd
770 Canning Hwy
APPLECROSS WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 3915 2233

SECURITIES EXCHANGE LISTINGS
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: WGO

BANKERS
National Australia Bank Ltd
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PERTH WA 6000

WEBSITE
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WARATAH GOLD LIMITED
A.B.N. 47 125 688 940

DIRECTORS' REPORT

Your Directors submit the financial report of the economic entity for the half year ended 31 December 2010.

DIRECTORS

The names of Directors who held office during or since the end of the half year:-

Peter Bennetto	Non Executive Chairman
Michael Young (Mike)	Non Executive Director (appointed at 4 February 2011)
Andrew Maurice	Managing Director (resigned at 30 November 2010)
Jonathan Downes	Non Executive Director
Ian Bruce	Non Executive Director

PRINCIPAL ACTIVITIES

During the half year the principal activities of the Consolidated Entity consisted of mineral exploration and development.

REVIEW OF RESULTS

The loss after tax for the half year ended 31 December 2010 was \$1,941,922 (2009: \$438,736).

REVIEW OF OPERATIONS

In early October 2010 Waratah Gold Ltd ("Waratah") announced the signing of an agreement for the purchase of an iron ore project in the Republic of Congo. The Youkou project is located in an emerging iron ore province in the Republic of Congo in Central West Africa and is prospective for hematite rich itabirite iron ore mineralisation. After completion of due diligence, settlement of the transaction occurred in November 2010.

Waratah has purchased 90% of Afriresources Congo S.A., which holds 100% of the Youkou Iron Ore Project (Youkou) which is located in an emerging iron ore province in the ROC in Central West Africa.

Youkou is hosted within the Haut Ivindo Massif, the northern equivalent of the Precambrian Chaillu Massif to the south. Limited recent exploration has been undertaken at Youkou however, based on information compiled by the Geological Survey of South Africa, Waratah is of the opinion that Youkou is prospective for hematite and magnetite rich itabirite iron ore mineralisation.

A historic outcrop of iron ore workings occurs in the license area with recorded hematite and itabirite. An assay grading 69% Fe, 0.08% P₂ O₅ and 0.5% SiO₂ has been returned from a specimen between the years of 1936 and 1939.

More recent sampling reported in July 2010 at Youkou has confirmed the high grade tenor of the project with assays returning 68.66% Fe, 0.1% P₂ O₅ and 0.56% SiO₂.

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.

WARATAH GOLD LIMITED
A.B.N. 47 125 688 940

DIRECTORS REPORT (CONT)

REVIEW OF OPERATIONS (CONT)

Following the acquisition of the project Waratah announced the historic signing of the Convention between the Republic of Congo ("ROC") and Afriresources Congo S.A. (Waratah hold 90%) in relation to mining and exploration for Iron Ore within the Youkou Iron Ore Project.

The ROC and Waratah have finalised this convention which confirms Waratah's ownership of the project and specifies the legal, administrative, technical, economic, financial and social conditions governing the implementation of works in relation to the Youkou Iron Ore Project.

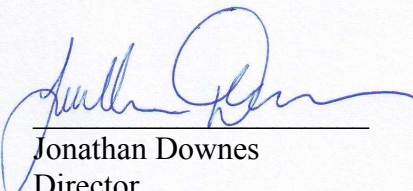
Waratah advised that a comprehensive airborne magnetic and radiometric survey has commenced over the Company's Youkou Iron Project located in the north of the ROC.

The survey is being completed by Fugro Airborne Surveys and will cover the Company's entire permit area for a total of approximately 8,000 line kilometres at 100m and 200m line spacing. The Company expects the survey data will be available in March 2011.

AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 4 for the half year ended 31 December 2010.

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



Jonathan Downes
Director

Dated this 2 day of March 2011.

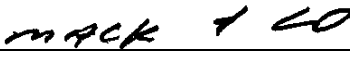
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**AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF WARATAH GOLD LIMITED**

I declare that to the best of my knowledge and belief, during the half year ended 31 December 2010 there has been:

- a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.



MACK & Co



N A CALDER
PARTNER
WEST PERTH

DATE: 2 MARCH 2011

WARATAH GOLD LIMITED
A.B.N. 47 121 688 940

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	31 December 2010 \$	31 December 2009 \$
Revenue	42,275	52,070
Administrative expenses	(21,784)	(18,088)
Consultancy expenses	(28,386)	(7,547)
Directors fees	(50,000)	(61,363)
Exploration expenditure	(309,279)	-
Exploration expenditure write off	(1,306)	(190,321)
Employee benefits expense	(188,631)	(108,323)
Equity compensation benefits	(1,321,600)	-
Insurance expenses	(6,023)	(7,086)
Occupancy expenses	(12,339)	(7,542)
Regulatory expenses	(44,849)	(40,536)
Impairment of investment	-	(50,000)
Loss before income tax expense	(1,941,922)	(438,736)
Income tax expense	-	-
Loss for the period	(1,941,922)	(438,736)
Other comprehensive income		
Other comprehensive income (net of tax)	-	-
Total comprehensive loss for the period	(1,941,922)	(438,736)
Earnings per share		
Basic and diluted loss per share (cents)	(7.63)	(1.95)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

WARATAH GOLD LIMITED
A.B.N. 47 125 688 940

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	31 December 2010 \$	30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents		1,626,182	2,114,117
Trade and other receivables		10,602	4,982
Other current assets		6,719	68,181
Income tax receivables		-	53,787
TOTAL CURRENT ASSETS		<u>1,643,503</u>	<u>2,241,067</u>
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	9	<u>4,794,170</u>	<u>317,767</u>
TOTAL NON-CURRENT ASSETS		<u>4,794,170</u>	<u>317,767</u>
TOTAL ASSETS		<u>6,437,673</u>	<u>2,558,834</u>
CURRENT LIABILITIES			
Trade and other payables		119,399	56,460
Provisions		-	13,778
TOTAL CURRENT LIABILITIES		<u>119,399</u>	<u>70,238</u>
TOTAL LIABILITIES		<u>119,399</u>	<u>70,238</u>
NET ASSETS		<u>6,318,274</u>	<u>2,488,596</u>
EQUITY			
Issued capital	8	7,956,307	3,506,307
Accumulated losses		(3,064,833)	(1,122,911)
Reserves		<u>1,426,800</u>	<u>105,200</u>
TOTAL EQUITY		<u>6,318,274</u>	<u>2,488,596</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

WARATAH GOLD LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Issued Capital \$	Accumulated Losses \$	Option Reserves \$	Total \$
Balance at 1 July 2009	<u>3,506,307</u>	<u>(540,147)</u>	<u>105,200</u>	<u>3,071,360</u>
Loss for the period	-	(438,736)	-	(438,736)
Total comprehensive loss for the period	<u>-</u>	<u>(438,736)</u>	<u>-</u>	<u>(438,736)</u>
<i>Transactions with owners, recorded directly in equity</i>				
Other transactions	-	-	-	-
Balance at 31 December 2009	<u>3,506,307</u>	<u>(978,883)</u>	<u>105,200</u>	<u>2,632,624</u>
Balance at 1 July 2010	<u>3,506,307</u>	<u>(1,122,911)</u>	<u>105,200</u>	<u>2,488,596</u>
Loss for the period	-	(1,941,922)	-	(1,941,922)
Total comprehensive loss for the period	<u>-</u>	<u>(1,941,922)</u>	<u>-</u>	<u>(1,941,922)</u>
<i>Transactions with owners, recorded directly in equity</i>				
Issue of share capital	4,450,000	-	-	4,450,000
Equity compensation benefit	-	-	1,321,600	1,321,600
Balance at 31 December 2010	<u>7,956,307</u>	<u>(3,064,833)</u>	<u>1,426,800</u>	<u>6,318,274</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

WARATAH GOLD LIMITED
A.B.N. 47 125 688 940

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	31 December 2010 \$	31 December 2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(312,201)	(262,187)
Interest received	110,422	52,070
Research and development rebate	53,787	-
Net cash used in operating activities	(147,992)	(210,117)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans from related parties	(2,956)	-
Payments for exploration and evaluation	(2,036,987)	(126,084)
Net cash used in investing activities	(2,039,943)	(126,084)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,700,000	-
Net cash from financing activities	1,700,000	-
Net increase/(decrease) in cash and cash equivalents	(487,935)	(336,201)
Cash and cash equivalents at the beginning of the period	2,114,117	2,868,520
Cash and cash equivalents at the end of the period	1,626,182	2,532,319

The above statement of cash flows should be read in conjunction with the accompanying notes.

WARATAH GOLD LIMITED
A.B.N. 47 125 688 940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 1: BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

Statement of Compliance

Waratah Gold Limited is a public company, limited by shares, domiciled and incorporated in Australia and listed on the Australian Securities Exchange. The consolidated interim financial report of the company for the six months ended 31 December 2010, comprise the Company and its subsidiaries (the “consolidated entity”).

The half year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Standard IAS 34 *Interim Financial Reporting*.

The half year report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Waratah Gold Limited during the interim reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

These interim financial statements were approved by the Board of Directors on 25 February 2011.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Consolidated Entity’s 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. Those accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Consolidated Entity 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 reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The adoption of these amendments has not resulted in any changes to the Consolidated Entity’s accounting policies and has no effect on the amounts reported for current and prior periods.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

NOTE 1: BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT (CONT)

Going Concern Basis

The financial statements have been prepared on the going concern basis. As at 31 December 2010 the Consolidated Entity had net assets of \$6,318,274 (30 June 2010: \$2,488,596) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2010 the Consolidated Entity had \$1,626,182 (30 June 2010: \$2,114,117) in cash and cash equivalents.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future.

At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount in the financial report. Accordingly there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Consolidated Entity be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Consolidated Entity not continue as a going concern.

Significant accounting estimates, judgments and assumptions

The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next accounting period are:

(i) Share based payment transactions

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model.

(ii) Impairment of exploration and evaluation assets

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

WARATAH GOLD LIMITED
A.B.N. 47 125 688 940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 2: SEGMENT INFORMATION

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by Management based on the mineral resource and exploration activities in Australia and Republic of Congo. Discrete financial information about each project is reported to the chief operating decision maker on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Consolidated Entity operates predominantly in two reportable segments based on the geographical area of the mineral resource and exploration activities in Australia and Republic of Congo. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segment.

	Australia	Republic of Congo	Unallocated	Total
	\$		\$	\$
For the period ended 31 December 2010				
Revenue	-	-	42,275	42,275
Total segment revenue	-	-	42,275	42,275
Segment net operating profit after tax	(1,306)	(309,279)	(1,631,337)	(1,941,922)
Interest revenue	-	-	42,275	42,275
Equity compensation benefits	-	-	1,321,600	1,321,600
As at 31 December 2010				
Segment assets	320,207	4,473,963	1,643,503	6,437,673
Segment Liabilities	-	-	119,399	119,399

WARATAH GOLD LIMITED
A.B.N. 47 125 688 940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 2: SEGMENT INFORMATION (CONT)

	Australia	Republic of Congo	Unallocated	Total
	\$		\$	\$
31 December 2009				
Revenue	-	-	52,070	52,070
Total segment revenue	-	-	52,070	52,070
Segment net operating profit after tax	(240,321)	-	(198,415)	(438,736)
Interest revenue	-	-	52,070	52,070
As at 30 June 2010				
Segment assets	307,767	10,000	2,241,067	2,558,834
Segment Liabilities	-	-	70,238	70,238

NOTE 3: CONTINGENT LIABILITIES

There has been no change to contingent liabilities since the last annual reporting date.

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

On 4 February 2011, Waratah appointed Michael Young (Mike) as Non Executive Director of the Consolidated Entity.

Apart from the above, no matter or circumstance has arisen subsequent to 31 December 2010 that has significantly affected, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

NOTE 5: DIVIDENDS

No dividends have been declared or paid during the half year ended 31 December 2010.

WARATAH GOLD LIMITED
A.B.N. 47 125 688 940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 6: CAPITAL COMMITMENTS

In order to maintain current rights of tenure to mining tenements, the Consolidated Entity has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	\$
Exploration and evaluation expenditure payable not later than 12 months	244,000

If the Consolidated Entity decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

NOTE 7: KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, during the interim period, a termination fee of \$50,000 was paid to Andrew Maurice, in accordance with his employment contract following his resignation.

NOTE 8: CONTRIBUTED EQUITY

(a) Issued and fully paid shares

Fully paid ordinary shares

Less: capital issue costs net of tax

	31 December 2010 \$	30 June 2010 \$
	8,050,100	3,600,100
	(93,793)	(93,793)
	<u>7,956,307</u>	<u>3,506,307</u>
	Number of shares	\$
Balance at the beginning of the period	22,500,100	3,506,307
Shares issued during the period	<u>16,833,334</u>	<u>4,450,000</u>
Balance at the end of the period	<u>39,333,434</u>	<u>7,956,307</u>

WARATAH GOLD LIMITED
A.B.N. 47 125 688 940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	31 December 2010 \$	30 June 2010 \$
NOTE 9: EXPLORATION AND EVALUATION EXPENDITURE		
Balance at the beginning of the period	317,767	167,728
Exploration expenditure capitalised during the year	4,477,709	346,765
Impairment on exploration expenditure	(1,306)	(196,726)
Balance at the end of the period	<u>4,794,170</u>	<u>317,767</u>

The value of the exploration expenditure is dependent upon:

- The continuance of the rights to tenure of the areas of interest;
- The results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

NOTE 10: ACQUISITION OF SUBSIDIARY

On 8 October 2010, the Consolidated Entity acquired a 90% interest in Afriresources Congo S.A., which holds 100% of Youkou Iron Ore Project (Youkou). This was acquired with the objective of developing potential for a large scale iron ore mineralisation.

Consideration transferred

	\$
Cash	1,723,963
5,500,000 fully paid issued shares	<u>2,750,000</u>
	<u>4,473,963</u>

The only asset of the acquired subsidiary is an exploration tenement – Youkou project. Therefore, the acquisition is in substance an acquisition of the exploration and evaluation interest. Accordingly, in the consolidated financial statements, such transaction is accounted for in accordance with AASB 6, *Exploration for and Evaluation of Mineral Resources*.

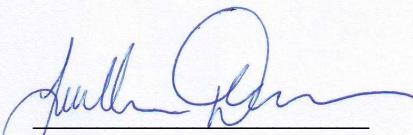
WARATAH GOLD LIMITED
A.B.N. 47 125 688 940

DIRECTORS' DECLARATION

The Directors of the Consolidated Entity declare that:-

1. The financial statements and notes, as set out on pages 5 to 14 are in accordance with the Corporations Act 2001, and:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, and Corporation Regulations 2001; and
 - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and
 - (c) the half year financial statements are compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements.
2. In the Directors' opinion there are reasonable grounds to believe that the Consolidated Entity 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:


Jonathan Downes
Director

Dated this 2 day of March 2011.

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF WARATAH GOLD LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Waratah Gold Ltd and controlled entity (the consolidated entity) which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at 31 December 2010, or during the half year.

Director's Responsibility for the Half-Year Financial Report

The directors of Waratah Gold Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that 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 Standards 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 2010 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporation Regulations 2001*. As the auditor of Waratah Gold Ltd and controlled 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the Corporations Act 2001, we have given the directors' of the company a written auditor's independence declaration.

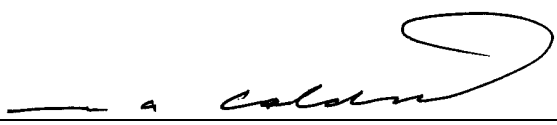
Conclusion

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 Waratah Gold Ltd and controlled entity 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 2010 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.



MACK & Co



N A CALDER
PARTNER
WEST PERTH

DATE: 2 MARCH 2011