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

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2011

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

31 DECEMBER 2011

CONTENTS

This half-year 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 2011 and any public announcements made by Waratah Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN
Terry Streeter

EXECUTIVE MANAGING DIRECTOR
William Witham

NON-EXECUTIVE DIRECTORS
Jonathon Downes
Peter Bennetto
Rod White

COMPANY SECRETARY
Robert Orr

PRINCIPAL & REGISTERED OFFICE
Level 1, 350 Hay Street
SUBIACO WA 6008
Telephone: (08) 6461 4532
Facsimile: (08) 6210 1872

AUDITORS
PKF 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
1232 Hay Street
WEST PERTH WA 6005

WEBSITE
www.waratahresources.com.au

EMAIL
admin@waratahresources.com.au

DIRECTORS' REPORT

Your Directors submit the financial report of the Consolidated Entity for the half-year ended 31 December 2011.

DIRECTORS

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

Terry Streeter	Non Executive Chairman (appointed 6 January 2012)
William Witham	Managing Director
Peter Bennetto	Non Executive Director
Jonathan Downes	Non Executive Director
Rod White	Non Executive Director (appointed 6 January 2012)
Michael Young	Non Executive Director (resigned 6 January 2012)
Ian Bruce	Non Executive Director (resigned 6 January 2012)

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 2011 was $2,336,606 (2010: $1,941,922).

REVIEW OF OPERATIONS

In February 2012 Waratah Resources Ltd ("Waratah" or "the Company") announced hitting hematite-rich itabirite following the commencement of drilling at its flagship Youkou iron ore project in the Republic of Congo ("ROC"). Youkou is located in an emerging iron ore province which is host to a number of large scale iron ore projects and Central Africa is currently seeing unprecedented corporate activity and interest from a number of major resources investors

Regional Mapping observations undertaken throughout the half-year confirmed the Company's geological model and supported the potential for haematite iron mineralisation and direct shipping ore ("DSO"). Preliminary drilling results are expected to be released in the March 2012 quarter. Waratah is targeting the definition of an initial resource during 2012.

Significant progress was made in the provision of infrastructure and logistics requirements for the Company's exploration and development programs. This included the construction of base camps at Youkou and Etoumbi, provision of transport and logistics solutions, the purchase of light and heavy vehicles, communication infrastructure and support facilities.

Waratah engaged a number of contractors to provide vital services aimed at developing the Company's projects and undertook a Transportation Study with Mott McDonald aimed at investigating and optimising the transportation of iron ore from Youkou for initial start up annual production of 0.5 Mtpa, 1 Mtpa, 2Mtpa, 5Mtppa and 10Mtpa.

REVIEW OF OPERATIONS (CONT)

Regional Field work commenced at Waratah’s proposed Okanabora Iron Project (“Okanabora”) 75 kilometres south of Youkou in the ROC. A reconnaissance campaign was conducted at Okanabora which included the collection of rock samples and the selection of base camp sites to facilitate the commencement of a maiden drilling campaign in 2012.

Through its subsidiary Waratah Gabon S.A., the Company secured a Permis de recherché miniere (“Permit”), for area No. G6-508, named “Fer Mekambo-Est” in Gabon. The Permit abuts and is located immediately adjacent to the Youkou Exploration Licence in the ROC. The Permit gives Waratah the exclusive right to commence and execute its exploration work program targeting DSO hematite iron ore for an initial 3 year period, with an option to extend for a further 6 years.

Geological mapping of the Gabon project area indicates the potential strike zone of the iron ore prospective geology crosses between Gabon and the ROC. Waratah will work on both license areas, maintaining respect for the requirements of the governments of both Gabon and ROC, as the Company seeks to define an iron ore resource in 2012 and in the longer term, to work toward the development of a world-class DSO asset that benefits both countries.

Waratah is now a large landholder in the region, with three license totaling over 2,000 km^2. To complement its existing presence in ROC, and to support operations in Gabon, Waratah opened an office in the Gabon capital of Libreville.

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 2011.

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

William Witham
Director

Dated this 28 day of February 2012

PKF MACK & CO

Chartered Accountants & Business Advisers

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

I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2011 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.

PKF Mack & Co

PKF MACK & CO

N A CALDER
PARTNER
WEST PERTH

DATE: 28 FEBRUARY 2012

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | www.pkf.com.au
PKF Mack & Co | ABN 17 830 241 067
2nd Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia
PO Box 609 | West Perth | Western Australia 6872 | Australia

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	31 December 2011 $	31 December 2010 $
Revenue	73,628	42,275
Administrative expenses	(57,388)	(21,784)
Consultancy expenses	(164,274)	(28,386)
Depreciation	(1,930)	-
Directors fees	(75,000)	(50,000)
Exploration expenditure	(1,870,985)	(309,279)
Exploration expenditure write off	-	(1,306)
Employee benefits expense	(132,879)	(188,631)
Equity compensation benefits	-	(1,321,600)
Insurance expenses	(12,710)	(6,023)
Occupancy expenses	(19,059)	(12,339)
Regulatory expenses	(76,009)	(44,849)
Loss before income tax expense	**(2,336,606)**	**(1,941,922)**
Income tax expense	-	-
Loss for the period	**(2,336,606)**	**(1,941,922)**
Other comprehensive income		
Other comprehensive income (net of tax)	-	-
Total comprehensive loss for the period	**(2,336,606)**	**(1,941,922)**
Earnings per share		
Basic and diluted loss per share (cents)	(1.29)	(7.63)

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	31 December 2011 $	30 June 2011 $
CURRENT ASSETS			
Cash and cash equivalents		1,445,854	5,342,196
Trade and other receivables		29,046	19,523
Other current assets		15,472	45,971
TOTAL CURRENT ASSETS		1,490,372	5,407,690
NON-CURRENT ASSETS			
Plant and equipment		2,483	4,413
Exploration and evaluation expenditure	9	11,498,155	4,668,624
TOTAL NON-CURRENT ASSETS		11,500,638	4,673,037
TOTAL ASSETS		12,991,010	10,080,727
CURRENT LIABILITIES			
Trade and other payables		284,646	288,600
Provisions		13,776	10,858
TOTAL CURRENT LIABILITIES		298,422	299,458
TOTAL LIABILITIES		298,422	299,458
NET ASSETS		12,692,588	9,781,269
EQUITY			
Issued capital	8	14,680,632	13,897,707
Reserves		7,444,400	2,979,400
Accumulated losses		(9,432,444)	(7,095,838)
TOTAL EQUITY		12,692,588	9,781,269

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Issued Capital $	Accumulated Losses $	*Other Reserves $	Option Reserves $	Total $
Balance at 1 July 2010	3,506,307	(1,122,911)	-	105,200	2,488,596
Loss for the period	-	(1,941,922)	-	-	(1,941,922)
Total comprehensive loss for the period	-	(1,941,922)	-	-	(1,941,922)
Transactions with owners, recorded directly in equity					
Issue of share capital	4,450,000	-	-	-	4,450,000
Equity compensation benefit	-	-	-	1,321,600	1,321,600
Balance at 31 December 2010	7,956,307	(3,064,833)	-	1,426,800	6,318,274
Balance at 1 July 2011	13,897,707	(7,095,838)	-	2,979,400	9,781,269
Loss for the period	-	(2,336,606)	-	-	(2,336,606)
Total comprehensive loss for the period	-	(2,336,606)	-	-	(2,336,606)
Transactions with owners, recorded directly in equity					
Issue of share capital	950,000	-	-	-	950,000
Costs of raising capital	(167,075)	-	-	-	(167,075)
Contingent consideration	-	-	4,465,000	-	4,465,000
Balance at 31 December 2011	14,680,632	(9,432,444)	4,465,000	2,979,400	12,692,588

*Other reserve relates to contingent consideration issued as part of the acquisition of subsidiary, please refer to note 10 for more detail.

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	31 December 2011 $	31 December 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(588,764)	(312,201)
Payments for exploration and evaluation expenditures	(1,988,836)	-
Interest received	95,788	110,422
Research and development rebate	-	53,787
Net cash used in operating activities	(2,481,812)	(147,992)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans from related parties	-	(2,956)
Payments for acquisition of project prospects	(1,414,530)	-
Payments for exploration and evaluation capitalised	-	(2,036,987)
Net cash used in investing activities	(1,414,530)	(2,039,943)
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	(3,896,342)	(487,935)
Cash and cash equivalents at the beginning of the period	5,342,196	2,114,117
Cash and cash equivalents at the end of the period	1,445,854	1,626,182

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

NOTE 1: BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

Statement of Compliance
Waratah Resources Limited (the Company) is a public company, limited by shares, domiciled and incorporated in Australia and listed on the Australian Securities Exchange. The consolidated half-year financial report of the company for the six months ended 31 December 2011, 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 Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this half-year financial report be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Waratah Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

These half-year financial statements were approved by the Board of Directors on 28 February 2012.

Basis of preparation
The half-year financial 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 2011 annual financial report for the financial year ended 30 June 2011, 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.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group.

The adoption of all the new and revised Standards and Interpretation has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

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 2011 the Consolidated Entity had net assets of $12,692,588 (30 June 2011: $9,781,269) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 31 December 2011 the Consolidated Entity had $1,445,854 (30 June 2011: $5,342,196) in cash and cash equivalents.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because the Directors have a plan to raise additional funds as when it is required. In light of the Group's current exploration and development projects, the Directors believe that the additional capital required can be raised in the market.

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.

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

(ii) *Impairment of exploration and evaluation assets*

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.

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 Africa. 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 Africa. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segment.

	Australia	Africa	Unallocated	Total
	$	$	$	$
For the period ended 31 December 2011				
Revenue	-	-	73,628	73,628
Total segment revenue	-	-	73,628	73,628
Segment net operating profit after tax	(455)	(1,870,530)	(465,621)	(2,336,606)
Interest revenue	-	-	73,628	73,628
Depreciation	-	-	1,930	1,930
As at 31 December 2011				
Segment assets	-	11,498,155	1,492,855	12,991,010
Segment Liabilities	-	57,292	241,130	298,422

NOTE 2: SEGMENT INFORMATION (CONT)

	Australia	Africa	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 30 June 2011				
Segment assets	-	4,668,624	5,412,103	10,080,727
Segment Liabilities	-	175,143	124,315	299,458

The accounting policies of the reportable segment are the same as the Group accounting policies.

NOTE 3: CONTINGENT LIABILITIES

There has been no change to contingent liabilities since the last annual reporting date, subject to disclosures in note 10.

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

On 6 January 2012, the Company appointed Mr Terry Streeter as Non Executive Chairman and Mr Rod White as Non Executive Director. Mr Michael Young and Mr Ian Bruce have both resigned as Non Executive Directors effective from 6 January 2012.

On 28 February 2012, the Company has announced that it had resolved to complete a capital raising of $3,500,000.

Apart from the above, no matter or circumstance has arisen subsequent to 31 December 2011 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 2011.

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	1,000,000

If the Consolidated Entity decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position 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.

	31 December 2011 $	30 June 2011 $
NOTE 8: CONTRIBUTED EQUITY		
(a) Issued and fully paid shares		
Fully paid ordinary shares	15,165,300	14,215,300
Less: capital issue costs net of tax	(484,668)	(317,593)
	14,680,632	13,897,707

	Number of shares	$
Balance at the beginning of the period	180,533,736	13,897,707
Shares issued for the acquisition of subsidiary	5,000,000	950,000
Less: capital issue costs net of tax	-	(167,075)
Balance at the end of the period	185,533,736	14,680,632

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 9: EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2011 $	30 June 2011 $
Balance at the beginning of the period	4,668,624	317,767
Exploration assets acquired during the year	6,829,531	4,663,200
Exploration expenditure capitalised during the year	1,870,985	2,128,709
Exploration expenditure expensed off to income statement	(1,870,985)	(2,119,509)
Impairment on exploration expenditure	-	(321,543)
Balance at the end of the period	11,498,155	4,668,624

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.

The Company has elected to expense the exploration expenditure incurred to statement of comprehensive income in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*.

NOTE 10: ACQUISITION OF SUBSIDIARY

On 28 July 2011, the Consolidated Entity acquired a 100% interest in Galina Iron Limited, which holds 80% of Okanabora Iron Ore Project ("Okanabora", previously known as Keka). This was acquired with the objective of developing potential for a large scale iron ore mineralisation.

	$
Consideration paid	
Cash paid	1,414,530
5,000,000 fully paid issued shares	950,000
Contingent consideration arrangement – Okanabora 2 (i)	-
Contingent consideration arrangement – Milestones A&B (ii)	4,465,000
Total	6,829,530

(i) Under the contingent consideration arrangement, the consolidated entity is required to pay the vendor an additional $1,500,000 and issue an additional 5,000,000 fully paid ordinary shares to the vendors and facilitators if Galina is granted the unconditional licence of Okanabora 2. The directors have assessed that certain pre-conditions have not been met in relation to the grant of Okanabora 2 and the grant is therefore uncertain.

(ii) Under the contingent consideration arrangement, the consolidated entity is required to issue an additional 25,500,000 and 21,500,000 fully paid ordinary shares to the vendors and facilitators if Okanabora reach the delineation of greater than a 100,000,000 and 200,000,000 tonne iron ore JORC Code compliant resource at greater than 30% Fe and completion of an economically viable prefeasibility study. The directors are confident with the prospect of the project, however, the value/success of the project is dependent on the future commercialisation of the iron ore interest. The directors consider it is probable that this issue of shares will be required but consider a 50% probability is appropriate given the risks associated with achieving the JORC milestone. $4,465,000 represents the estimated fair value of this obligation at the acquisition date.

(iii) A waiver has been granted by ASX to conditionally allow the Company to issue:
- 5,000,000 fully paid ordinary shares subject to the satisfaction of the condition noted in (i) and no later than 12 months after the date of shareholder approval.
- 47,000,000 fully paid ordinary shares subject to the satisfaction of the condition noted in (ii) and no later than 36 months after the date of shareholder approval.

The only asset of the acquired subsidiary is an exploration tenement – Okanabora 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 RESOURCES 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 15 are in accordance with the Corporations Act 2001, and:

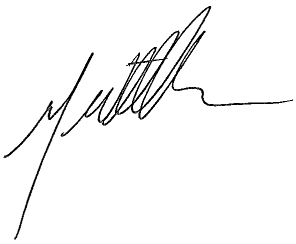
   (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, and Corporation Regulations 2001; and

   (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 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 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:



William Witham
Director

Dated this 28 day of February 2012

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WARATAH RESOURCES LTD

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Waratah Resources Ltd (the Company) which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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 entities it controlled at 31 December 2011, or 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 the Australian Accounting Standards and the Corporations Act 2001 and for such internal 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 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 half-year 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 2011 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Waratah Resources Ltd, 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.

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | www.pkf.com.au
PKF Mack & Co | ABN 17 830 241 067
2nd Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia
PO Box 609 | West Perth | Western Australia 6872 | Australia

PKF MACK & CO

Chartered Accountants & Business Advisers

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 Resources Ltd 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 2011 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.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of \$(2,336,606) during the half year ended 31 December 2011 (31 December 2010: \$(1,941,922)) and had negative operating cashflow of \$(2,481,812) (31 December 2010: \$(147,992)). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

PKF MACK & CO

PKF MACK & CO

N A CALDER
PARTNER

28 FEBRUARY 2012
WEST PERTH,
WESTERN AUSTRALIA

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | www.pkf.com.au
PKF Mack & Co | ABN 17 830 241 067
2nd Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia
PO Box 609 | West Perth | Western Australia 6872 | Australia