

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

FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER, 2008

TOGETHER WITH

DIRECTORS' DECLARATION
DIRECTORS' REPORT
AND
AUDIT REPORT

Note – Pages 1 to 9 have been intentionally left blank and will be used for the review of operations and other material to be included in the Annual Report to shareholders.

SCHEDULE OF TENEMENTS (as at 18 March 2009)

Permit/Licence Area	Name & Location	Economic Entity Interest
TIN EXPLORATION		
EL 6986	Ardlethan, NSW	100%
EL 7015	Gibsonvale Tin Field, NSW	100%
EL 6966	Inverell, NSW	100%
EL 7016	Buddigower Tin Field, NSW	100%
EL 7201	Ardlethan, NSW	100%
DIAMOND EXPLORATION AND DEVELOPMENT		
EL 3325	Bingara Central, NSW	100% (see Note 1)
MC 194	Monte Christo, NSW	100%
EL 6073	Copeton Central, NSW	100%
ML 1058	Mount Ross, Copeton, NSW	100%
ML 1059	Mount Ross, Copeton, NSW	100%
ML 1083	Mount Ross, Copeton, NSW	100%
ML 5904	Mount Ross, Copeton, NSW	100%
ML 6153	Malacca, Copeton, NSW	100%
ML 1232	Collas Hill, Copeton, NSW	100%
RUBY EXPLORATION		
EL 5336	Barrington Tops, Gummi, NSW	100%
GOLD EXPLORATION AND DEVELOPMENT		
EL 4844	Gordon-Egerton Goldfields, Victoria	51%
EL 4574	Gordon-Egerton Goldfields, Victoria	51%
SAPPHIRE MINING		
ML 70022	Sapphire, Queensland	100%
ML 70048	Sapphire, Queensland	100%
ML 7232	Sapphire, Queensland	100%
ML 70358	Sapphire, Queensland	100%
ML 70133	Sapphire, Queensland	100%
ML 70066	Sapphire, Queensland	100%
ML 70094	Sapphire, Queensland	100%
MLA 70095	Sapphire, Queensland	100%
MLA 70096	Sapphire, Queensland	100%
RESIDUAL INTERESTS		
PEL 27	Otway Basin, South Australia	0.75% (overriding royalty)

Note 1 – Diamond Ventures NL is entitled to a royalty of 10% of the first \$20 million of any net profits, and 5% thereafter, arising from future production from the licence.

DIRECTORS' REPORT

The directors of Cluff Resources Pacific NL present their report on the Company and its controlled entities for the financial year ended 31 December 2008.

Directors

The names of directors in office at any time during or since the start of the financial year to the date of this report are:

Peter Kennewell	Scott Enderby
Ian Johns	Peter Ashcroft
Peter Barrow	Stephen Gemell

Directors have been in office since the start of the financial year to the date of this report.

Company Secretary

The name of the company secretary in office at any time during or since the start of the financial year to the date of this report is Scott Enderby. The company secretary has been in office since the start of the financial year to the date of this report.

Principal activities

The principal activities of the economic entity during the course of the financial year was exploration and evaluation of mineral interests. There were no other significant changes in the nature of those activities during the financial year.

Operating results

The consolidated loss of the consolidated entity for the 2008 financial year was \$ 1,153,119 (2007: \$1,361,652).

Dividends

No dividends were paid or declared by the consolidated entities since the end of the previous financial year, and the directors recommend that no dividend be paid for the year ended 31 December 2008.

Review of operations

A review of the operations of the consolidated entity during the financial year and the result of those operations precedes this report. During the year the consolidated entity has continued the development of its tin, gold and diamond exploration projects, and conducted negotiations over iron ore projects in India. These activities have been funded by existing cash reserves and share issues.

Significant changes in the state of affairs

During the year the consolidated entity raised \$1,075,052 from share issues and the exercising of options (2007: \$2,807,042). This has enabled the continuation of the exploration and evaluation of mineral interests. There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

There are no matters to report.

Likely developments and expected results of operations

In 2009 the consolidated entity intends to continue its focus on developing its diamond and tin prospects in New South Wales and on gold exploration in Victoria. Negotiations over prospects overseas are also likely to continue, and agreements are expected to be finalised. Information as to likely developments in the consolidated entity's operations, including expected financial results in subsequent financial years would, in the opinion of the Directors, prejudice the interests of the parent entity and the consolidated entity and has therefore not been included in this report.

Environmental regulation performance

The consolidated entity's environmental obligations are regulated under both State and Federal law. All environment performance obligations are monitored by the Directors and subjected from time to time to Government site inspections. The consolidated entity has a policy of at least complying with, but in most cases exceeding its environmental performance obligations. No environmental breaches have been notified by any Government agency during the year ended 31 December 2008.

Information on Directors

Particulars of directors' qualifications and past experience, and current responsibilities:

Peter Ashcroft Acting Chairman (joined 9th December 2008)

Peter Ashcroft is a commercial law specialist with over 30 years experience. He is the owner and principal of Ashlaw Legal Services, which is a specialised commercial legal practice focusing upon the provision of advice to natural resource companies, both in production and exploration stages, and logistic and transport businesses.

Peter is familiar with mining and resource developments throughout Australia, and has advised on joint ventures in Indonesia, New Zealand, Philippines, India, USA, Sweden, Ghana and Canada.

Peter J Kennewell Managing Director
B.Sc

Mr Kennewell has had over thirty years professional experience in the Australian mineral and oil industry, and has been with the parent entity for the past twenty-one years as the Group's Exploration Manager and Managing Director. He has had responsibility for much of the exploration programme of the consolidated entity.

Scott M Enderby Director
B.Com Company Secretary

Since joining the Board in 1996, Mr Enderby has applied his extensive marketing experience to Cluff's varied projects, and held the position of Company Secretary for the past four years.

Ian Johns Director (Joined 9th December 2008)

Ian Johns brings 20 years of operational business experience to the Cluff Board. He is consults in the manufacturing industry as a business developer and contract negotiator, and was a founding Director of Royalco Resources, a successful royalty income-based mineral exploration company.

Stephen G Gemell Chairman (Retired 17th March 2008)
Peter F Barrow Director (Retired 9th December 2008)

Directors' Meetings

The number and attendances of the directors at meetings of the Board of Directors were:

	Attended	Maximum possible Attended
Stephen G Gemell	2	2
Peter J Kennewell	8	8
Scott M Enderby	8	8
Peter F Barrow	7	7
Peter Ashcroft	1	1
Ian Johns	1	1

Directors' Interests

Interests in the shares and options of the Company as at 31 December 2008

(Includes securities held directly, as well as those in which the Director may not own directly, but holds a beneficial interest)

	Ordinary Shares	Unlisted 13/9/09 \$0.01 Employee Options *	Unlisted 13/9/10 \$0.01 Employee Options *
Peter Ashcroft	1,900,000	-	-
Peter J Kennewell	9,091,134	5,600,000	7,400,000
Scott M Enderby	555,555	3,700,000	4,900,000
Ian A Johns	69,112,029	-	-

* these Unlisted Options were issued during the 2007 year to all eligible employees under the Company's Employee Options Plan. Shown here are the specific numbers of Options issued to each director of the Company

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors, secretaries and senior managers of Cluff Resources Pacific NL (the Company).

Remuneration policy

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors and executives. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Remuneration levels for directors and executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and individual's experience and qualifications.

Remuneration packages contain the following key elements:

- Short-term benefits – salaries and director's fees
- Post-employment benefits – including superannuation;
- Share-based payments - share options granted under the option plan; and

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to the shareholders.

Prior to December 2008, non-executive directors received a fixed fee for their services as directors, however it has been proposed to remunerate the two incoming non-executive directors with non-cash incentives such as options: the terms of this remuneration policy will require shareholder approval at a general meeting.

Where the Company may utilise the services of a non-executive Director for consultancy in their field of expertise, these services are remunerated at their commercially billable rate. There is no direct link between remuneration paid to any of the directors and corporate performance such as bonus payments for achievement of certain key performance indicators. The board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Executive remuneration

Executives receive a fixed remuneration set to provide a base level commensurate with their position and responsibilities within the Company and so as to align the interests of executives with those of shareholders and ensure total remuneration is competitive by market standards.

There is no direct link between remuneration paid and corporate performance such as bonus payments for achievement of certain key performance indicators.

In addition the Company may issue options to executives under the Company's Employee Option Plan to recognise ability and effort, provide incentive to improve company performance, attract appropriate persons and promote loyalty.

Remuneration levels are reviewed annually by the Remuneration Committee by reviewing company performance, personal performance, market trends, industry comparisons, employment market conditions and, where appropriate, external advice.

Details of remuneration for the year ended 31 December 2008

	Salary	Superannuation	Consulting and/or Professional Fees	Directors' Fees	Compensation for expenses incurred	Total
	\$	\$	\$	\$	\$	\$
Peter Ashcroft	-	-	-	-	-	-
Peter J Kennewell	127,850	58,842	-	-	-	186,692
Scott M Enderby	79,964	7,196	-	-	-	90,556
Ian Johns	-	-	-	-	-	-
Stephen G Gemell	-	-	136	10,032	-	10,168
Peter F Barrow	-	-	-	27,728	-	27,728
						<u>315,144</u>

Indemnification of officers and auditors

The Directors and Company Secretary are indemnified in the Articles of Association of the Company. There are no insurance or indemnity arrangements for the auditor of the consolidated entity.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings. The consolidated entity was not party to any such proceedings during the year.

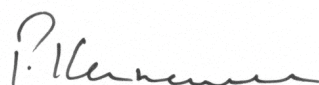
Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2008 has been received and is included in these financial statements.

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



SCOTT ENDERBY
Director



PETER KENNEWELL
Director

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	417,640	1,477,160	382,187	1,415,758
Trade and other receivables	6	35,835	112,110	33,044	46,924
Inventories	7	129,981	101,276	55,707	58,035
TOTAL CURRENT ASSETS		583,456	1,690,546	470,938	1,520,717
NON-CURRENT ASSETS					
Trade and other receivables	8	-	-	4,314,133	4,248,776
Financial assets	9	-	-	-	-
Property, plant & equipment	10	702,075	760,845	702,075	760,845
Exploration, evaluation and pre-development expenditure	11	10,276,445	9,114,079	8,403,458	7,204,170
Development properties	12	2,292,890	2,284,974	-	-
TOTAL NON-CURRENT ASSETS		13,271,410	12,159,898	13,419,666	12,213,791
TOTAL ASSETS		13,854,866	13,850,444	13,890,604	13,734,508
CURRENT LIABILITIES					
Trade and other payables	13	219,347	145,422	194,730	130,557
Short-term provisions	14	153,697	145,137	67,172	54,220
TOTAL CURRENT LIABILITIES		373,044	290,559	261,902	184,777
NON-CURRENT LIABILITIES					
Financial liabilities	15	330,000	330,000	330,000	330,000
TOTAL NON-CURRENT LIABILITIES		330,000	330,000	330,000	330,000
TOTAL LIABILITIES		703,044	620,559	591,902	514,777
NET ASSETS		13,151,822	13,229,885	13,298,702	13,219,731
EQUITY					
Issued capital	16	49,888,859	48,813,807	49,888,859	48,813,807
Reserves	17	108,516	108,516	108,516	108,516
Accumulated losses	2	(36,845,553)	(35,692,438)	(36,698,673)	(35,702,592)
TOTAL EQUITY		13,151,822	13,229,885	13,298,702	13,219,731

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Sales revenue	3	2,111	272,573	2,111	29,580
Cost of sales		(51,812)	(405,106)	(1,310)	(100,337)
Gross profit		(49,701)	(132,533)	801	(70,757)
Other revenues	3	132,210	60,727	95,199	60,703
Distribution expenses		(43,448)	(37,303)	(43,448)	(37,303)
Marketing expenses		(22,273)	(30,929)	(22,273)	(30,929)
Occupancy expenses		(8,673)	(7,308)	(8,673)	(7,308)
Administrative expenses		(760,361)	(1,029,709)	(633,435)	(877,748)
Borrowing costs		(34,192)	(30,155)	(34,192)	(30,155)
Other expenses		(366,681)	(137,869)	(350,061)	(140,155)
Exploration and development	pre-	-	(16,573)	-	-
Loss before income tax	2	(1,153,119)	(1,361,652)	(996,082)	(1,133,652)
Income tax expense		-	-	-	-
Profit for year		(1,153,119)	(1,361,652)	(996,082)	(1,133,652)
Basic earnings per share	18	(0.09)	(0.12)		

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Group			Parent Entity		
		Issued Capital	Retained Earnings	Asset Revaluation Reserve	Issued Capital	Retained Earnings	Asset Revaluation Reserve
		\$	\$	\$	\$	\$	\$
Balance as at 1 January 2007		46,011,759	(34,330,7842)	108,516	46,011,759	(34,568,939)	108,516
Shares issued during year		2,802,048			2,802,048		
Loss attributable to members			(1,361,652)			(1,133,652)	
Balance as at 31 December 2007		48,813,807	(35,692,434)	108,516	48,813,807	(35,702,591)	108,516
Shares issued during year		1,075,052			1,075,052		
Loss attributable to members			(1,153,119)			(996,082)	
Balance as at 31 December 2008	16,17	49,888,859	(36,845,553)	108,516	49,888,859	(36,698,673)	108,516

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Group		Parent	Entity
		2008	2007	2008	2007
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		75,596	279,669	36,602	36,677
Payments to suppliers and employees		(971,785)	(1,462,958)	(923,125)	(1,027,497)
Interest received		55,725	47,930	55,708	47,906
Borrowing costs		(34,192)	(30,155)	(34,192)	(30,155)
Goods and services tax paid		(4,477)	(21,444)	(5,209)	(161,904)
Net operating cash flows	21(b)	(879,133)	(1,186,958)	(870,216)	(1,134,973)
CASH FLOWS FROM INVESTING ACTIVITIES					
Exploration and development expenditure		(1,116,564)	(479,811)	(1,145,570)	(422,368)
Payments for property, plant & equipment		(141,875)	(70,279)	(141,875)	(70,279)
Proceeds from sale of property, plant & equipment		3,000	5,700	3,000	5,700
Loans to controlled entities		-	-	46,038	(109,305)
Net investing cash flows		(1,255,439)	(544,390)	(1,238,407)	(596,252)
CASH FLOWS FROM FINANCING ACTIVITIES					
Allotted share proceeds		1,075,052	2,802,048	1,075,052	2,802,048
Unallotted share proceeds		-	-	-	-
Receipt of bank loan		-	-	-	-
Net financing cash flows		1,075,052	2,802,048	1,075,052	2,802,048
Net (decrease) / increase in cash held		(1,059,520)	1,070,700	(1,033,571)	1,070,823
Cash at the beginning of the year		1,477,160	406,460	1,415,758	344,935
Cash at the end of the year	21(a)	417,640	1,477,160	382,187	1,415,758

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated group of Cluff Resources Pacific NL and controlled entities, and Cluff Resources Pacific NL as an individual parent entity. Cluff Resources Pacific NL is a listed public company, incorporated and domiciled in Australia.

The financial report of Cluff Resources Pacific NL and controlled entities, and Cluff Resources Pacific NL as an individual parent entity comply with all International Financial Reporting Standards (IFRS) in their entirety.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

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

Accounting Policies

Principals of Consolidation

A controlled entity is any entity Cluff Resources Pacific NL has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 9 to the financial statements. All controlled entities have a December financial year-end.

All inter-company balances and transactions between entities in the controlled group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Going Concern

The financial report has been prepared on the basis that the consolidated group is a going concern.

It is the Directors' intentions to expand the controlled group's operations to exploit and develop its mining tenements. The directors have been conducting assessments of the alternative paths to take with respect to developing appropriate markets. The directors are containing cost levels and presently believe that there are sufficient funds to carry out these ongoing operations. If as a result of this assessment a project is to be developed economically, then at that point in time the Company will consider its funding options which would include raising further capital from share placements or rights issues.

Exploration, Evaluation and Pre-development Expenditure

Exploration, evaluation and pre-development expenditures incurred are charged against earnings as incurred except in the case of identifiable areas of interest where:

- A. it is expected that the expenditure will be recouped by successful development or sale; or
- B. at balance date, exploration and evaluation activities have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and active and significant operations are continuing.

Where conditions set out in A or B above is met, expenditure is capitalised.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. A regular review is undertaken of each identifiable area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Development Properties

Development expenditure incurred is accumulated separately for each identifiable area of interest in which economically recoverable mineral resources have been identified to the satisfaction of the directors.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated with the costs of development and classified under non-current assets as "Development Properties". All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward, to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

Amortisation is not charged until production commences. Amortisation charges are determined on the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each identifiable area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Property, Plant & Equipment

Property, plant and equipment are held at cost or at directors' valuation. A review by the Directors of the carrying value of the consolidated group's property, plant and equipment showed that the current carry values were appropriate and no impairment was noted.

The cost of property, plant and equipment is depreciated on a straight-line basis over the period of the estimated useful lives of the consolidated group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

	<u>Life</u>	<u>Method</u>
Buildings	50 years	Straight line
Office furniture and equipment	4 years	Straight line
Motor vehicle	4 years	Straight line
Plant and equipment	4 years	Straight line

Inventories

Inventories of diamonds, rubies and sapphires are valued at the lower of cost and net realisable value. Cost comprises direct material, labour and transportation expenditure in getting such inventories to their existing location and condition, together with an appropriate portion of fixed and variable overhead expenditure. Cost also includes an appropriate allocation of exploration, evaluation and pre-development expenditure once production has commenced in an area of interest. Net realisable value is the amount estimated as obtainable from the sale of the item of inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

Borrowing Costs

Borrowing costs are expensed as incurred.

Foreign Exchange

Transactions in foreign currencies have been converted at the rates of exchange applicable at the date of each transaction. Foreign currency balances arising from these transactions have been converted at the rates of exchange ruling at 31 December 2007. Gains and losses arising from exchange rate fluctuations are brought to account in the income statement.

Provision for Rehabilitation

The provision for rehabilitation represents charges against profits for future estimated total restoration and rehabilitation costs relating to areas from which natural resources have been extracted. In determining the costs of site restoration there is uncertainty regarding the nature and the extent of the restoration due to community expectations and future legislation.

Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date. Deferred tax assets and liabilities are ascertained based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be

recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets relating to temporary differences and unused tax losses are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Cluff Resources Pacific NL and its wholly owned Australian subsidiaries have formed an income tax consolidation group under tax consolidation legislation.

Employee Entitlements

The amounts expected to be paid to employees for their pro-rata entitlement to long service and annual leave are accrued annually at current pay rates, including on costs such as payroll tax, superannuation and workers compensation, having regard to experience of employee turnover rates and periods of service.

Impairment

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

2. LOSS FOR THE YEAR

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Depreciation of property, plant & equipment		146,927	173,754	35,532	47,356
Auditors' remuneration					
- Audit		20,000	25,000	12,000	15,000
- Other		-	-	-	-
Write-off of exploration expenditure on surrender of tenement	11	-	-	-	-
Write down of inventories to net realisable value		16,888	-	1,248	-
Provision for write-down of pre-development expenditure		-	16,573	-	-
(Profit)/Loss on disposal of property, plant and equipment		(3,000)	(5,700)	(3,000)	(5,700)
Finance charges		34,358	43,861	34,358	43,861

3. REVENUE

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Operating activities				
Sales of gemstones & jewellery sets	2,111	272,573	2,111	29,580
Other revenue:				
Interest received or receivable				
- other corporations	55,725	47,930	55,708	47,906
Profit/(Loss) on disposal of property, plant and equipment	3,000	5,700	3,000	5,700
Other revenue	73,485	7,096	36,491	7,097
	132,210	60,726	95,199	60,703
Total Revenue	134,321	333,299	97,310	90,283

4. INCOME TAX

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Reconciliation of prima facie income tax:				
Loss from ordinary activities before income tax	(1,153,119)	(1,361,652)	(996,092)	(1,133,652)
Prima facie income tax on operating loss at 30%	(345,936)	(408,496)	(298,828)	(340,096)
Tax effect of adjustments to derive income tax expense:				
Timing differences - provisions	4,068	2,895	3,886	2,895
Exploration and pre-development expenditure	(362,161)	(162,660)	(343,671)	(135,563)
Income tax effect of current year tax loss not brought to account	(704,029)	(568,261)	(638,613)	(472,764)
Income tax credit	-	-	-	-

The consolidated entity has unconfirmed carry forward tax losses, calculated according to Australian income tax legislation, estimated at \$30,500,000 (2007 - \$29,800,000), which will be deductible from future assessable income provided that income is derived, and:

- the parent entity and its controlled entities carry on prescribed petroleum or mining operations as defined in the Income Tax Assessment Act, as appropriate, or
- the parent entity and its controlled entities carry on a business of, or a business that includes, exploration or prospecting in Australia, for the purpose of discovering or extraction of minerals, as appropriate, and
- no changes in tax legislation adversely affect the parent entity and its controlled entities in realising the benefit from the deductions for the losses.

The benefit of these losses will only be recognised where it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

5. CASH ASSETS

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash at bank and in hand	31,394	1,076,020	31,941	1,075,512
Bank short-term deposits	128,066	128,066	128,066	128,066
Other short-term deposits	258,180	273,074	222,180	212,180
Total cash and cash equivalents	417,640	1,477,160	382,187	1,415,758

The effective interest rate on short-term bank deposits was 6.8% (2007 – 6.3%); these deposits have an average maturity of 360 days.

6. RECEIVABLES

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
Trade receivables	388	67,107	388	9,607
Other receivables	35,447	45,003	32,656	37,317
	35,835	112,110	33,044	46,924
Provision for impairment	-	-	-	-
Net receivables	35,835	112,110	33,044	46,924

7. INVENTORIES

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
At net realisable value				
Stock on hand – uncut loose gems	42,362	35,284	19,200	19,968
Stock on hand – cut loose gems	57,058	34,351	5,946	6,426
Stock on hand – jewellery	30,561	31,641	30,561	31,641
Total inventories	129,981	101,276	55,707	58,035

8. RECEIVABLES

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NON-CURRENT				
Receivable from wholly owned subsidiaries	-	-	8,494,189	8,428,832
Provision for impairment	-	-	(4,180,056)	(4,180,056)
Net receivables	-	-	4,314,133	4,248,776

9. OTHER FINANCIAL ASSETS

Investments in controlled entities	Parent Entity	
	2008	2007
	\$	\$
Shares in controlled entities, at cost	746,021	746,021
Provision for impairment	(746,021)	(746,021)
Shares in controlled entities, net	-	-

The following were controlled entities at or during the year ended 31 December 2008 and have been included in the consolidated accounts. The shares issued by the controlled entities are all ordinary shares.

	% Ownership	Place of Incorporation and business
NSW Tin Pty Ltd	100	New South Wales Aust
Cluff Minerals (Australia) Pty Limited	100	New South Wales Aust
NSW Gold NL	100	New South Wales Aust
Cluff Mining Pty Limited	100	New South Wales Aust
Cluff Open Cut Mining Pty Limited	100	New South Wales Aust
Elephant Gold Pty Limited	100	New South Wales Aust
Egerton Gold Pty Limited	100	New South Wales, Aust
Elephant Metals Pty Limited	100	New South Wales, Aust

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Office furniture and equipment, at deemed cost				
Opening balance	8,288	8,288	8,288	8,288
Additions	-	-	-	-
Disposals	-	-	-	-
Closing balance	8,288	8,288	8,288	8,288
Accumulated depreciation				
Opening balance	(8,288)	(8,288)	(8,288)	(8,288)
Depreciation for year	-	-	-	-
Disposals	-	-	-	-
Closing balance	(8,288)	(8,288)	(8,288)	(8,288)
Net book value	-	-	-	-
Office furniture and equipment, at cost				
Opening balance	117,435	113,633	117,435	113,633
Additions	1,494	3,802	1,494	3,802
Disposals	-	-	-	-
Closing balance	118,929	117,435	118,929	117,435
Accumulated depreciation				
Opening balance	(106,800)	(99,644)	(106,800)	(99,644)
Depreciation for year	(5,948)	(7,156)	(5,948)	(7,156)
Disposals	-	-	-	-
Closing balance	(112,748)	(106,800)	(112,748)	(106,800)
Net book value	6,181	10,635	6,181	10,635
Motor vehicles, at deemed cost				
Opening balance	22,938	22,938	22,938	22,938
Additions	-	-	-	-
Disposals	-	-	-	-
Closing balance	22,938	22,938	22,938	22,938
Motor vehicles, at cost				
Opening balance	327,779	327,779	327,779	327,779
Additions	9,414	-	9,414	-
Disposals	-	-	-	-
Closing balance	337,193	327,779	337,193	327,779
Accumulated depreciation				
Opening balance	(298,434)	(255,811)	(298,434)	(255,811)
Depreciation for year	(30,325)	(42,623)	(30,325)	(42,623)
Disposals	-	-	-	-
Closing balance	(328,759)	(298,434)	(328,759)	(298,434)
Net book value	8,434	29,345	8,434	29,345
Plant and equipment, at cost				
Opening balance	1,317,590	1,283,853	1,317,590	1,283,853
Additions	130,968	66,477	130,968	66,477
Disposals	(75,000)	(32,740)	(75,000)	(32,740)
Closing balance	1,373,558	1,317,590	1,373,558	1,317,590
Accumulated depreciation				
Opening balance	(1,080,990)	(968,599)	(1,080,990)	(968,599)
Depreciation for year	(163,604)	(145,131)	(163,604)	(145,131)
Disposals	75,000	32,740	75,000	32,740
Closing balance	(1,169,594)	(1,080,990)	(1,169,594)	(1,080,990)
Net book value	203,964	236,600	203,964	236,600

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Plant and equipment, at deemed cost				
Opening balance	541,978	541,978	541,978	541,978
Additions	-	-	-	-
Disposals	-	-	-	-
Closing balance	541,978	541,978	541,978	541,978
Accumulated depreciation				
Opening balance	(541,978)	(541,978)	(541,978)	(541,978)
Depreciation for year	-	-	-	-
Disposals	-	-	-	-
Closing balance	(541,978)	(541,978)	(541,978)	(541,978)
Net book value	-	-	-	-
Land and buildings, at cost				
Opening balance	495,951	495,951	495,951	495,951
Additions	-	-	-	-
Disposals	-	-	-	-
Closing balance	495,951	495,951	495,951	495,951
Accumulated Depreciation				
Opening balance	-	-	(11,686)	-
Depreciation for year	11,686	(11,686)	(769)	(11,686)
Disposals	(769)	-	-	-
Closing balance	-	(11,686)	(12,455)	(11,686)
	(12,455)			
Net book value	483,496	484,265	483,496	484,265
Total property, plant & equipment				
- at deemed cost	573,204	573,204	573,204	573,204
- at cost	2,325,632	2,258,757	2,325,632	2,258,757
Total Accumulated depreciation	(2,196,761)	(2,071,116)	(2,196,761)	(2,071,116)
Property, plant & equipment	702,075	760,845	702,075	760,845

Office furniture and equipment, motor vehicles and plant and equipment were last revalued by the Directors as at 31 December 2002. Valuations were based on the Directors' assessments of recoverable values of each asset, having regard to current market values.

11. EXPLORATION, EVALUATION AND PRE-DEVELOPMENT EXPENDITURE

	Consolidated Group		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
Exploration and evaluation expenditure, at cost				
Expenditure brought forward	1,608,964	1,474,870	608,417	561,051
Less: transfer to pre-development	-	-	-	-
Add: expenditure for year	500,466	134,094	500,466	47,366
Less: expenditure written off on areas relinquished		-		-
	<u>2,109,430</u>	<u>1,608,964</u>	<u>1,108,883</u>	<u>608,417</u>
Provision for impairment				
Provision brought forward	602	602	-	-
Add: Increase during year	-	-	-	-
	<u>602</u>	<u>602</u>	<u>-</u>	<u>-</u>
Exploration and evaluation expenditure	<u>2,108,828</u>	<u>1,608,362</u>	<u>1,108,883</u>	<u>608,417</u>
Pre-development expenditure, at cost				
Expenditure brought forward	9,525,567	9,147,270	7,272,552	6,864,707
Add: transfer from exploration and evaluation	-	-	-	-
Add: expenditure for year	661,900	378,297	661,900	407,845
Less: transfer to development properties		-		-
	<u>10,187,467</u>	<u>9,525,567</u>	<u>7,934,452</u>	<u>7,272,552</u>
Provision for impairment				
Provision brought forward	2,019,850	2,019,850	676,799	676,799
Add: Increase during year	-	-	-	-
	<u>2,019,850</u>	<u>2,019,850</u>	<u>676,799</u>	<u>676,799</u>
Pre-development, net	<u>8,167,617</u>	<u>7,505,717</u>	<u>7,257,653</u>	<u>6,595,753</u>
Total exploration, evaluation and pre-development expenditure	<u>10,276,445</u>	<u>9,114,079</u>	<u>8,366,536</u>	<u>7,204,170</u>

The exploration and evaluation expenditure has been accounted for on the basis set out in Note 1 and relates to areas of interest in the exploration phase and which have not yet reached the stage where a reasonable estimate of the existence or otherwise of economically recoverable reserves can be made.

Pre-development exploration expenditure has been accounted for on the basis set out in Note 1. Pre-development expenditure relates to areas of interest in the sampling and trial mining phase and for which the directors believe economically recoverable mineral reserves have not yet been established, and commercial levels of production have not yet commenced. No amortisation is provided in respect of such expenditure until commercial mining has commenced.

The ultimate recovery of the costs incurred on areas for which current title is held is dependent upon the successful exploration, exploitation and development of areas of interest or by their sale, and accordingly is uncertain. As disclosed in Note 1, the directors will need to raise further capital from share placements and/or rights issues to enable ongoing activity in these areas of interest.

12. DEVELOPMENT PROPERTIES

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Development properties expenditure, at cost				
Expenditure brought forward	2,290,472	2,306,782	-	-
Add: expenditure for year	7,916	263	-	-
Less: production amortisation	-	(16,573)	-	-
	<u>2,298,388</u>	<u>2,290,472</u>	-	-
Provision for impairment				
Provision brought forward	5,498	5,498	-	-
Add: Increase during year	-	-	-	-
	<u>5,498</u>	<u>5,498</u>	-	-
Total development properties expenditure	<u>2,292,890</u>	<u>2,284,974</u>	-	-

13. PAYABLES

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
Unsecured				
Trade creditors	134,574	94,891	134,574	94,891
Accrued expenses	84,773	50,531	60,156	35,666
	<u>219,347</u>	<u>145,422</u>	<u>194,730</u>	<u>130,557</u>

14. PROVISIONS

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
Rehabilitation of mining properties	85,923	85,923	25,000	25,000
Annual Leave	67,774	59,214	42,172	29,220
	<u>153,697</u>	<u>145,137</u>	<u>67,172</u>	<u>54,220</u>

Obligations under exploration and mining leases granted by NSW Department of Mineral Resources are secured against cash deposits with the NSW Department of Mineral Resources. Included with Cash and cash equivalents of \$ 417,640 for the consolidated entity (2007 – \$ 1,477,160) are cash deposits of \$386,246 (2007 - \$401,140) held by the NSW Department of Mineral Resources as security against rehabilitation of mining properties.

15. FINANCIAL LIABILITIES

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NON-CURRENT Secured liabilities Bank Loan	330,000	330,000	330,000	330,000

The carrying amounts of non-current assets pledged as security are:

	2008	2007	2008	2007
First Mortgage				
Freehold land & buildings	483,496	484,265	483,496	484,265
Cash and cash equivalents	128,066	128,066	128,066	128,066

The bank loan is for a term of ten years and expires on 22 December 2015. Repayments are interest only for 3 years and principal and interest from 22 December 2008 to repay the loan over the remaining term of seven year.

16. ISSUED CAPITAL

	2008		2007	
	Number of shares	\$	Number of shares	\$
Issued capital fully paid				
At the beginning of the year	1,498,288,472	48,713,807	1,176,450,631	45,911,759
Issued during the year (a)	118,679,650	1,075,052	321,837,841	2,802,048
On issue at the end of the year	<u>1,616,968,122</u>	<u>49,788,859</u>	<u>1,498,288,472</u>	<u>48,713,807</u>
Issued capital partly paid				
At the beginning of the year	73,724,328	100,000	73,724,328	100,000
Issued during the year	-	-	-	-
On issue at the end of the year	<u>73,724,328</u>	<u>100,000</u>	<u>73,724,328</u>	<u>100,000</u>
Total shares on issue at the end of the year	<u>1,690,692,450</u>	<u>49,888,859</u>	<u>1,572,012,800</u>	<u>48,813,807</u>

During the year, a total of 118,679,650 (2007 – 321,837,841) fully paid listed shares were issued to provide an increase in working capital and funds for the carrying out the Company's exploration and mining program.

17. RESERVES

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Asset revaluation reserve	108,516	108,516	108,516	108,516

The Asset revaluation reserve records revaluations of non-current assets.

18. EARNINGS PER SHARE

	Consolidated Group	
	2008	2007
Basic earnings per share (cents per share)	Cents (0.09)	Cents (0.12)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<u>1,230,613,288</u>	<u>1,171,273,463</u>

19. FINANCIAL REPORTING BY SEGMENTS

The consolidated entity and parent entity operate predominantly in one industry and one geographic area, being the participation in prospecting and mining for rubies, diamonds and sapphires within Australia.

20. OTHER COMMITMENTS

Exploration

To retain its interest in various permits the consolidated entity is committed to contribute its share of costs as they are incurred. Due to the nature of the consolidated entity's operations in the exploration and evaluation of areas of interest it is not possible to forecast the nature or amount of such future expenditure.

Guarantees

Bank guarantees in respect of the controlled entity's share of mineral exploration expenditure commitments for certain areas of interest which were outstanding at 31 December, 2008 amounted to \$115,000 for the consolidated entity (2007 - \$115,000) and \$Nil for the parent entity (2007 - \$Nil). Included in Cash and cash equivalents of \$417,640 for the consolidated entity (2007 - \$1,477,160) are short term deposits of \$Nil (2007 - \$4,869) held by Westpac Banking Corporation as security against bank guarantees issued.

Security Deposit

Security deposits have been lodged with the NSW Department of Mineral Resources, Queensland Department of Natural Resources and Mines Guyra Shire Council, the Commonwealth Bank and the Westpac Banking Corporation. Included in Cash and cash equivalents of \$417,640 for the consolidated entity (2007 - \$1,477,160) are short term deposits of \$386,246 (2007 - \$396,246).

21. CASH FLOW INFORMATION

(a) Reconciliation of Cash

For the purpose of the Cash Flow Statement, cash includes cash on hand and at banks and deposits. Cash at the end of the financial year in the Cash Flow Statement is reconciled to Cash and cash equivalents in the Balance Sheet as follows:

	Consolidated Group		Parent Entity	
	2008	2007	2007	2007
	\$	\$	\$	\$
Cash and cash equivalents	417,640	1,477,160	382,187	1,415,758

(b) Reconciliation of Cash Flow from Operations with Loss after Income Tax

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Loss from after income tax	(1,153,119)	(1,361,652)	(996,082)	(1,133,652)
Non Cash Flows in Loss from Ordinary Activities				
Provision for write-down of pre-development expenditure		-		-
Depreciation expense	146,927	173,754	35,532	47,356
Audit fee accrual	20,000	20,000	12,000	10,000
Write-off of exploration and development properties expenditure	-	16,573	-	-
(Profit)/Loss on disposal of property, plant & equipment	(3,000)	(5,700)	(3,000)	(5,700)
Stock write-down	16,888	-	1,248	-
Change in assets and liabilities				
(Decrease) / increase in creditors and provisions	67,485	(290,833)	65,126	(177,162)
Decrease / (increase) in receivables	71,279	37,152	13,880	24,967
Decrease / (increase) in inventories	(45,593)	223,748	1,080	99,218
Net cash outflow from operating activities	(879,133)	(1,186,958)	(870,216)	(1,134,973)

22. STAFF COSTS

Remuneration of Directors

The number of directors of the parent entity and of the consolidated entity who received, or were due to receive, remuneration including brokerage, commissions, bonuses and salaries, directly or indirectly, from the parent entity or any related corporation, as shown in the following bands, were:

\$	2008	2007
10,000 - 19,999	1	0
20,000 - 29,999	1	1
40,000 - 59,999	0	1
80,000 - 89,999	1	1
120,000 - 169,999	0	0
170,000 - 189,999	1	1

The aggregate remuneration of the directors referred to in the above bands is \$315,144 (2007 - \$362,489).

Superannuation Commitments

The consolidated entity contributes to a number of superannuation funds in respect of superannuation guarantee obligations to employees and salary sacrifice.

23. COMPARATIVE INFORMATION

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

DIRECTORS' DECLARATION

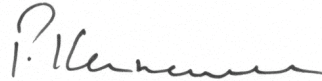
The director's of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001:
 - i) comply with Accounting Standards and the Corporations Regulations 2001; and
 - ii) give a true and fair view of the financial position as at 31 December 2008 and of the performance for the year ended on that date of the company and consolidated group;
2. the Chief Executive Officer and the Chief Finance Officer have each declared that:
 - i) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - iii) the financial statements and notes for the financial year give a true and fair view.
3. 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.



SCOTT ENDERBY
Director



PETER KENNEWELL
Director

Hornsby, NSW
19 March 2009

STATEMENT OF CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS

The Company, being an independent exploration and mining company, operates such that the majority of management and other decisions are undertaken by the Board of Directors directly. Accordingly, the Board takes responsibility for corporate governance and operates in accordance with the following principles:

- the Board comprises a minimum of four directors;
- not less than half the Board should be Non-executive Directors;
- the Chairman should be a Non-executive Director who is elected by the full Board;
- the Board should comprise Directors with a broad range of skills and experience relevant to the business of the Company; and
- the issue of board membership is generally a matter to be decided by the shareholders at general meetings.

INDEPENDENT PROFESSIONAL ADVICE

Directors may seek independent professional advice at the Company's expense with the approval of the Board of Directors.

TRADING POLICY

The Company's policy regarding directors and employees trading in its securities is set by the Remuneration Committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities' prices.

REMUNERATION POLICIES

The remuneration of directors is determined by the Remuneration Committee based on commercial rates relevant to the nature of services provided. The members of the Remuneration Committee during the year were S Gemell, P Barrow, P Kennewell and S Enderby. The remuneration is disclosed in notes 21 and the director's report.

AUDIT COMMITTEE

The role of the Audit Committee is to advise on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the consolidated group. It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report. Among its specific responsibilities, the committee reviews and advises the Board on the nomination and remuneration of auditors and reviews the terms of their engagement, and the scope and quality of their audit.

The members of the Audit Committee during the year were S Gemell, P Barrow, P Kennewell, S Enderby, I Johns and P Ashcroft.

INDEPENDENT AUDIT REPORT

To the Members of Cluff Resources Pacific NL:

Scope

I have audited the financial report of Cluff Resources Pacific NL and controlled entities for the financial year ended 31 December 2008 as set on pages 14 to 33. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with my understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting my audit I followed applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, I declare to the best of my knowledge and belief that the auditor's independence declaration set out on page 38 of the financial report has not changed as at the date of providing my audit opinion.

Audit Opinion

In my opinion, the financial report of Cluff Resources Pacific NL is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 and their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001 and
- (b) other mandatory professional reporting requirements in Australia

Inherent Uncertainty Regarding Continuation as a Going Concern and Recoverability of Assets

Without qualification to the opinion expressed above, attention is drawn to the following matter:

As a result of the matter described in Note 1, there is uncertainty whether the company will be able to continue as a going concern, and therefore, whether it will realize its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial statements.

Included in current assets are gemstone inventories of \$129,981 and in other non-current assets, exploration, evaluation and pre development expenditure of \$10,276,445 and development properties of \$2,292,890. The ability of the company to continue as a going concern is dependent on the recovery of the book value of these assets, the raising of further capital through rights issues and share placements, successful development of current and future areas of interest and the expansion of new markets for the company's gemstone products.

Ronald Smith & Co
Chartered Accountant



Ronald Hamilton Smith
Signed at Hornsby, NSW on 19 March 2009

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

I declare to the best of my knowledge and belief that during the year ended 31 December 2008 there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

Ronald Smith & Co
Chartered Accountant

A handwritten signature in black ink that reads "Ronald Smith". The signature is written in a cursive, flowing style.

Ronald Hamilton Smith

Signed at Hornsby, NSW on 19 March 2009

SUBSTANTIAL SHAREHOLDERS

The company's register of substantial shareholders recorded the following information as at 18 March 2009. Shareholdings in this name represent 5 percent or more of each class of equity.

Name	Number	% of Holdings
Fully paid shares		
Citicorp Nominees Pty Limited	206,528,490	12.77 %
Partly paid shares		
Television Corporation of Australia Pty Limited	73,724,328	100.00%

SPREAD OF SHAREHOLDINGS AND VOTING RIGHTS

At 18 March 2009 there were 7,524 holders of shares. The shareholders are entitled to one vote for each share held.

Distribution of Shareholdings	Shareholders
1 - 1,000	156
1,001 - 5,000	777
5,001 - 10,000	786
10,001 - 100,000	3,812
Over 100,001	<u>1,993</u>
	<u>7,524</u>

As at 18 March 2009 there were 5,771 shareholders holding less than a marketable parcel of 125,000 shares.

TWENTY LARGEST SHAREHOLDERS AND OPTIONHOLDERS

The 20 largest holders of fully paid ordinary shares held 27.52% of the total issued.

The 20 largest holders of partly paid ordinary shares held 100.00% of the total issued.

The principal registered office in Australia is Unit 1, 30 Leighton Place, Hornsby NSW 2077.
Telephone (02) 9482 4655. Facsimile (02) 9482 4987.

The share register is held at Registries Limited, Level 7, 207 Kent Street, Sydney, NSW 2000.
Telephone (02) 9290 9600. Facsimile (02) 9279 0664.

The names and addresses of the twenty largest shareholders as at 18 March 2008 have been lodged with the Australian Stock Exchange (Sydney) Limited.

The following are the names of and number of equity securities held by the 20 largest holders as at 18 March 2009.

**Cluff Resources Pacific NL Fully Paid Ordinary Shares
Top 20 Holdings as at 18-03-2009**

Holder Name	Balance at 18-03-2009	%
CITICORP NOMINEES PTY LIMITED	206,528,490	12.773
JOHNS CORPORATION PTY LTD <JOHNS FAMILY A/C>	65,449,029	4.048
JONENDERBEE INVESTMENTS PTY LIMITED	22,380,200	1.384
JONENDERBEE INVESTMENTS PTY LTD <STARLOTTERS STAFF A/C>	17,000,000	1.051
MR PHILIP MICHAEL BALDACCHINO	12,925,000	0.799
MRS CARMELA BAIAMONTE	12,825,000	0.793
MARNET PTY LTD <THE M L WEINBERG FAMILY A/C>	9,600,000	0.594
BIGSON PTY LTD <MIKE GIBSON SUPER A/C>	9,333,333	0.577
MARLOSS FIFTEEN PTY LTD <THE MCMURRICK FAMILY A/C>	9,333,333	0.577
BOULEVADE INVESTMENTS PTY LTD	9,000,000	0.557
MR THOMAS THOMSON & MRS BARBARA HUTTON THOMSON MR CRAIG STUART THOMSON <THOMSON FAMILY SMSF A/C>	9,000,000	0.557
DIAMOGEM PTY LIMITED	8,450,000	0.523
JARRA GLEN PTY LTD	8,000,000	0.495
MR VICTOR STANLEY KUDRA & MRS AMANDA EILEEN KUDRA <VSK & AEK FAM RETIREMENT A/C>	7,533,334	0.466
MR PETER JOHN FALKENSTEIN	7,000,000	0.433
GOLDRIM INVESTMENTS PROPRIETARY LIMITED	6,964,994	0.431
LINREY PTY LTD <LINREY SUPER FUND A/C>	6,130,982	0.379
DR MARK JOHN OBLAK	6,000,000	0.371
M & M NICHOLSON PTY LTD	6,000,000	0.371
VSK & AEK NOMINEES PTY LTD <FAMILY RETIREMENT FUND A/C>	5,503,514	0.340
	444,957,209	27.518
TOTAL FULLY PAID ORDINARY SHARES		1,616,968,122