



Condensed Consolidated
Half-Year Financial Report
31 December 2008

**SCIMITAR RESOURCES LIMITED ABN 22 102 912 783
AND CONTROLLED ENTITIES**

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT
For the Half Year Ended 31 December 2008

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**SCIMITAR RESOURCES LIMITED ABN 22 102 912 783
AND CONTROLLED ENTITIES**

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL REPORT

For the Half Year Ended 31 December 2008

COMPANY DIRECTORY

DIRECTORS

Managing Director

Terence Topping

Non-Executive Directors

Kent Hunter

Andrew McBain

Nadaisan Logaraj

COMPANY SECRETARY

Kent Hunter

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Telephone: (08) 9486 7400

Facsimile: (08) 9321 6878

AUDITORS

Bentleys

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SHARE REGISTRAR

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NEDLANDS WA 6009

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STOCK EXCHANGE LISTING

Australian Stock Exchange

(Home Exchange: Perth, Western Australia)

Code: SIM

**SCIMITAR RESOURCES LIMITED ABN 22 102 912 783
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your directors submit the financial report of the Company and its controlled entities for the half-year ended 31 December 2008.

DIRECTORS

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

Terence Topping
Kent Hunter
Andrew McBain
Nadaisan Logaraj

Directors were in office for this entire period unless otherwise stated.

REVIEW OF OPERATIONS

The Company has acquired an extensive portfolio of uranium projects in the Western Australia, Northern Territory and South Australia since listing in early 2005. Exploration of these 100% owned projects continued in the financial year with drilling completed in all three states. This exploration culminated in the Company's first resource outlined at Bennett Well in Western Australia. The Company is well placed to take advantage of renewed interest in the uranium sector by the change in Policy of the new Liberal government in Western Australia to allow uranium mining.

Yanrey Uranium Project, WA.

The Yanrey project is situated 85 kilometres to the south of Onslow and covers sediments that are highly prospective for sandstone hosted roll front uranium mineralisation, similar to that at the adjacent Manyingee Uranium Deposit (Paladin Resources Ltd, ASX code PDN), which was successfully field trialled by In Situ Leach (ISL) mining during the 1980's. The Company continued exploration drilling through 2008 and in July outlined an Inferred Resource of 2,200 tonnes (4.8 million lb) at 300 ppm eU₃O₈ at Bennett Well. On 15 September 2008, the Company announced a Joint Venture to explore Atomic Resources Limited's Uaroo Uranium project. The agreement requires Scimitar to explore the project with a commitment to spend \$500,000 over three years to earn a 70% interest in the project. Scimitar is also required to spend a minimum of \$100,000 before it may withdraw from the joint venture agreement.

Lake Frome Uranium Project, SA.

The Company has nine granted Exploration Licences covering four project areas in the Lake Frome region of South Australia. The Frome Embayment is host to the Beverley Uranium Mine which has a resource of 21,000t U₃O₈, the Honeymoon and Goulds Dam uranium deposits of 2,900t and 2,000t U₃O₈ respectively and the Beverley Four Mile deposit of 15,000t U₃O₈ held by Heathgate Resources and Alliance Resources. Exploration by the company continued with field exploration of targets identified by previous EM surveys and the first exploration drilling in August 2008 identified suitable sandstone horizons and anomalous uranium mineralisation.

On 20 October the Company announced it had entered into a Farm-In and Joint Venture Agreement with a Korean Consortium to jointly explore, drill and develop its highly prospective Marree Uranium Project in South Australia.

DIRECTOR'S REPORT (Continued)

Eclipse Uranium Project, NT.

The Eclipse Uranium Project is comprised of four granted exploration licences and three licence applications covering 6,816 km² in the Ngalia Basin, 250 km north-west of Alice Springs. The basin was the centre of active uranium exploration during the 1970's and early 1980's, with the focus on roll front uranium mineralisation within the Mount Eclipse Sandstone and carnotite mineralisation within recent surficial and near surface calcrete horizons. A number of significant uranium occurrences and deposits are located within the basin including the Bigrlyi Uranium deposit, 10,590t U₃O₈ owned by Energy Metals Limited and the New Well deposit owned by Deep Yellow Ltd. The Project is prospective for sandstone hosted and near surface calcrete uranium mineralisation with shallow drilling completed through the year intersecting anomalous uranium mineralization.

Amadeus Project, NT

The project has three granted exploration licenses covering 2,532 sq km of the Amadeus Basin, adjacent to the Pamela and Angela uranium deposits. The company completed a first pass 3,900m drilling program of the Orange Creek prospect in July 2008, intersecting significant uranium mineralisation.

Mount Elvire Project, WA

The Mount Elvire Project, 210 km north of Sothern Cross, comprises one granted exploration license covering 120 sq km. The project has the potential to host iron ore within strongly deformed Banded Iron Formations with field mapping and sampling with iron values up to 60%.

CORPORATE

Scimitar Resources Limited entered into a Joint Venture Agreement with Atomic Resources Limited on 15 September 2008, to explore Atomic Resources Limited's Uaroo Uranium project. The agreement requires Scimitar to explore the project with a commitment to spend \$500,000 over three years to earn a 70% interest in the project. Scimitar is also required to spend a minimum of \$100,000 before it may withdraw from the joint venture agreement.

On the 19th December 2008 Scimitar Resources Limited entered a conditional agreement with Jackson Minerals Limited to merge the two companies by way of a Scheme of Arrangement. The merger will combine two companies with highly complementary exploration profiles and provide a substantial Australian and South American exposure to the uranium industry. The merged group will have a large, diversified uranium, gold and base metal exploration portfolio throughout Australia and Argentina.

On the 29th December 2008 Scimitar Resources Limited completed the secured convertible note agreement with Dempsey Resources Pty Ltd ("Dempsey") and raised \$2.3m. Under the terms of the agreement, Dempsey has the right before the repayment date of 24th March 2010 to convert the Note into ordinary shares in Scimitar Resources Limited (SIM), subject to the approval by Scimitar Resources Limited shareholders. The conversion price will be \$0.15. The Parent Entity has agreed to pay interest at a rate of 12% pa on the convertible note. This funding will be utilised for further exploration of the uranium portfolio and the merger with Jackson.

On the 31st December 2008 Scimitar Resources Limited completed a \$1.25m convertible note funding agreement with Jackson Minerals Limited. The convertible note acquired from Jackson Minerals Limited is convertible at the lesser of \$0.03 or the VWAP of Jackson Minerals Limited (JAK) over the 5 days trading prior to the conversion notice being received, on or before 29 March 2010. Jackson Minerals Limited has agreed to pay interest at a rate of 12% pa on the convertible note to the Parent Entity.

DIRECTOR'S REPORT (Continued)

**LEAD AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS
ACT 2001**

The lead auditor's independence declaration is set out on page 15 of the half-year ended 31 December 2008.

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



Mr. Terence Topping
Managing Director

Dated this 3rd day of March 2009

**SCIMITAR RESOURCES LIMITED ABN 22 102 912 783
AND CONTROLLED ENTITIES**

CONSOLIDATED INCOME STATEMENT
For the Half-Year Ended 31 December 2008

	31 December 2008	31 December 2007
	\$	\$
Revenue	40,463	181,136
Net fair value gain on financial assets	-	355,950
Administration expenses	(57,100)	(82,536)
Employee benefits expense	(72,473)	(98,144)
Depreciation expenses	(9,326)	(14,624)
Finance costs	(123,080)	(1,258)
Consultancy expenses	(78,214)	(20,778)
Compliance and regulatory expenses	(84,197)	(89,621)
Occupancy expenses	(63,224)	(31,334)
Directors fees	(80,000)	(102,705)
Promotional and marketing	(18,595)	(49,455)
Share based payments	-	(404,880)
Travel expenses	(11,083)	(43,825)
Exploration expenditure write-off	(69,620)	(180,034)
Net fair value loss on financial assets	(337,461)	-
	<hr/>	<hr/>
Loss before income tax (expense)/benefit	(963,910)	(582,108)
Income tax (expense)/benefit	<hr/>	<hr/>
Loss attributable to members of the parent entity	<u>(963,910)</u>	<u>(582,108)</u>
Basic earnings / (loss) per share (cents per share)	(1.92)	(1.23)

The accompanying notes form part of this financial report.

SCIMITAR RESOURCES LIMITED ABN 22 102 912 783
AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	31 Dec 2008	30 June 2008
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	1,106,741	2,610,715
Available-for sale financial assets	354,172	666,633
Trade and other receivables	98,802	157,714
TOTAL CURRENT ASSETS	1,559,715	3,435,062
NON CURRENT ASSETS		
Held-to-maturity investments	1,250,000	-
Trade and other receivables	129,820	120,000
Property, plant and equipment	47,661	40,193
Exploration and evaluation expenditure	9,207,520	7,702,848
TOTAL NON CURRENT ASSETS	10,635,001	7,863,041
TOTAL ASSETS	12,194,716	11,298,103
CURRENT LIABILITIES		
Trade and other payables	313,189	734,434
Financial liabilities	5,117	4,855
Short-term provisions	15,619	31,487
TOTAL CURRENT LIABILITIES	333,925	770,776
NON CURRENT LIABILITIES		
Financial liabilities	2,302,768	5,394
TOTAL NON CURRENT LIABILITIES	2,302,768	5,394
TOTAL LIABILITIES	2,636,693	776,170
NET ASSETS	9,558,023	10,521,933
EQUITY		
Issued capital	13,377,056	13,025,416
Option reserve	1,069,810	1,421,450
Accumulated losses	(4,888,843)	(3,924,933)
TOTAL EQUITY	9,558,023	10,521,933

The accompanying notes form part of this financial report.

SCIMITAR RESOURCES LIMITED ABN 22 102 912 783
AND CONTROLLED ENTITIES
CONSOLIDATED CASH FLOW STATEMENT
For the Half-Year Ended 31 December 2008

	31 December 2008 \$	31 December 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(467,121)	(522,922)
Interest received	40,535	143,163
Payments for exploration and evaluation	(2,082,820)	(2,196,335)
	(2,509,406)	(2,576,094)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(19,568)	(17,441)
Payments for environmental bonds	-	(32,000)
Proceeds from sale of equity investment	-	51,250
Purchase of equity investment	(25,000)	(190,864)
Repayment of loan to unrelated party	-	123,818
Payment for convertible notes	(1,250,000)	-
	(1,294,568)	(65,237)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of convertible notes	2,300,000	-
Proceeds from issue of ordinary shares	-	6,108,250
Payment of share issue costs	-	(248,562)
	2,300,000	5,859,688
Net increase/(decrease) in cash held	(1,503,974)	3,218,357
Cash at beginning of period	2,610,715	1,356,763
	1,106,741	4,575,120

The accompanying notes form part of this financial report.

SCIMITAR RESOURCES LIMITED ABN 22 102 912 783
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Half-Year Ended 31 December 2008

	Issued Capital	Option Reserve	Accumulated Total Losses	
	\$	\$	\$	\$
Balance at 1 July 2007	7,149,461	511,587	(2,408,903)	5,252,145
Shares issued during the period	6,235,750	-	-	6,235,750
Directors options	-	404,880	-	404,880
Employee/consultant options	-	592,760	-	592,760
Transaction costs	(926,323)	-	-	(926,323)
Profit / (loss) attributable to members	-	-	(931,808)	(931,808)
Balance at 31 December 2007	12,458,888	1,509,227	(3,340,711)	10,627,404
Balance at 1 July 2008	13,025,416	1,421,450	(3,924,933)	10,521,933
Shares issued during the year	-	-	-	-
Convertible notes issued during period	-	-	-	-
Lapse of options	351,640	(351,640)	-	-
Profit / (loss) attributable to members	-	-	(963,910)	(963,910)
Balance at 31 December 2008	13,377,056	1,069,810	(4,888,843)	9,558,023

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Scimitar Resources Limited & its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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 entity's 2008 annual financial report for the financial year ended 30 June 2008.

In the half-year ended 31 December 2008, the entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008.

It has been determined by the entity that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to entity accounting policies.

a) Reporting basis and convention

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.

b) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The loss of the consolidated entity for the period amounted to \$963,910 (2007: \$582,108). Net cash outflow from operations was \$2,509,406 (2007: \$2,576,094), and net assets as at 31 December 2008 were \$9,558,023 (30 June 2008: \$10,521,933).

The entity also has future commitments comprising \$2,840,780 for the Department of Industry and Resources (DoIR) minimum expenditure commitments on granted Australian based tenements, and interest payable of \$276,000 due to the secured convertible note agreement with Dempsey Resources Limited.

In considering whether the going concern basis is appropriate for preparing this financial report, the directors recognise that current levels of working capital may be insufficient to meet the required level of funding in relation to the potential expenditure commitments required to maintain title to the exploration tenements. However, in the informed opinion of the directors, it has been concluded that the going concern basis is the appropriate basis for preparing the financial statements based on the following key considerations:

**SCIMITAR RESOURCES LIMITED ABN 22 102 912 783
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Half Year Ended 31 December 2008

- The company will pursue potential farm out activities on the Company's exploration assets;
- The company will seek where appropriate to obtain exemptions on exploration and mining tenements where minimum expenditure commitments have previously been met or where resources have been defined and are awaiting mining leases approval;

The directors of the Company are confident that the necessary funds will be raised as required. Should the funding not be obtained then the Company may not be able to meet its planned and proposed levels of expenditure for the forthcoming year.

Should the Company be unable to continue as a going concern, they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classifications of liabilities that may be necessary should the Company be unable to continue as a going concern.

c) Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2008.

In the half-year ended 31 December 2008, management reassessed its estimates in respect of:

Non-Derivative Instruments (Convertible Notes)

A note convertible by the holder into a fixed number of ordinary shares comprises two components:

- (i) a financial liability, being a contractual obligation to deliver cash or another financial asset; and
- (ii) an equity instrument, being a call option exercisable by the holder to convert the note into ordinary shares.

The convertible note liability has been accounted for using the discounted net present value (NPV) method as per AASB 139. The discount rate used in this calculation is 12% which takes into consideration current business loan rates (over a similar period) and market risk. The residual value of the calculated net present value of the future cash-flows is recognised as the equity component of the financial instrument, and is included in issued capital on the balance sheet.

2. SEGMENT REPORTING

The Company operates predominantly in one geographical and segment, being Australia, and in one business segment, mineral mining and exploration and substantially all of the entity's resources are deployed for this purpose.

**SCIMITAR RESOURCES LIMITED ABN 22 102 912 783
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Half Year Ended 31 December 2008

3. REVENUE

31 December 2008
\$

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

Interest revenue	40,383
Other revenue	80
	40,463

4. HELD-TO-MATURITY ASSETS

On the 31st December 2008 Scimitar Resources Limited completed a \$1,250,000 convertible note funding agreement with Jackson Minerals Limited. The convertible note acquired from Jackson Minerals Limited is convertible at the lesser of \$0.03 or the VWAP of Jackson Minerals Limited (JAK) over the 5 days trading prior to the conversion notice being received, on or before 29 March 2010. Jackson Minerals Limited has agreed to pay interest at a rate of 12% pa on the convertible note.

5. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

6. FINANCIAL LIABILITIES

On the 29th December 2008 Scimitar Resources Limited completed the secured convertible note agreement with Dempsey Resources Pty Ltd ("Dempsey") and raised \$2.3m. Under the terms of the agreement, Dempsey has the right before the repayment date of 24th March 2010 to convert the Note into ordinary shares in the Parent Entity, subject to the approval by Scimitar Resources Limited shareholders. The conversion price will be \$0.15. The Parent Entity has agreed to pay interest at a rate of 12% pa on the convertible note until such time as the note has been redeemed or converted.

Due to the calculated discount net present value of the future cash-flows of the liability exceeding the issue proceeds of the convertible note, there is no residual value which would have been recognised as the equity component of this financial instrument.

Therefore the gross issue proceeds of the secured convertible note (\$2,300,000) has been initially recognised in the financial statements as a financial liability.

The following items are relevant in explaining the financial liabilities of the Consolidated Entity for the half year:

	31 Dec 2008	30 June 2008
	\$	\$
Current		
Lease liability	5,117	4,855
Non-Current		
Lease Liability	2,768	5,394
Convertible Note	2,300,000	-
	2,302,768	5,394

**SCIMITAR RESOURCES LIMITED ABN 22 102 912 783
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Half Year Ended 31 December 2008

7. ISSUED CAPITAL

	Consolidated Entity & Parent Entity		Consolidated Entity & Parent Entity	
	2008	2007	2008	2007
	No	No	\$	\$
ISSUED AND FULLY PAID UP CAPITAL				
Ordinary Shares				
Opening balance	50,111,996	39,016,113	13,025,416	7,149,461
Shares issued during period				
- Placement 27 Jul 2007	-	6,000,882	-	5,100,750
- Consultant shares 1 Aug 2007	-	100,000	-	85,000
Exercise of options		4,995,001		1,580,000
Transfer of value of exercised options from option reserve (ii)	-	-	-	87,777
Transfer of value of lapsed options from option reserve	-	-	351,640	-
Transaction costs relating to share issues	-	-	-	(977,572)
Closing balance	<u>50,111,996</u>	<u>50,111,996</u>	<u>13,377,056</u>	<u>13,025,416</u>

i) During the half year ended 31st December 2008, the following allotments of options expired, the value of which has been transferred to issued capital:

- 3,000,000 director options exercisable at \$0.75 on or before 30 November 2008
- 1,000,000 consultant options exercisable at \$0.75 on or before 30 November 2008

8. CONTINGENT ASSETS & LIABILITIES

Under the secured convertible note agreement with Dempsey Resources Pty Ltd ("Dempsey"), Scimitar has offered a number exploration licenses as security. The exploration licenses affected by this charge include:

LICENSE	VALUE
Yanrey - EL08/1489	520,241.41
Yanrey - EL08/1490	186,742.05
Yanrey - EL08/1493	2,322,431.02
Yanrey - EL08/1501	281,428.25
Yanrey - EL08/1588	78,146.66
Yanrey - EL08/1589	98,931.08
Yanrey - EL08/1590	67,181.49
TOTAL OFFERED AS SECURITY	3,555,101.96

This charge over the Company's assets will be extinguished upon repayment of all amounts owing to the note holder ("Dempsey"), or on successful conversion of the note on or before 24th March 2010.

Apart from the above, there have been no other changes in contingent assets and liabilities since the last annual reporting date.

**SCIMITAR RESOURCES LIMITED ABN 22 102 912 783
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Half Year Ended 31 December 2008

9. SUBSEQUENT EVENTS

The first half of the 2009 financial year ended with Scimitar Resources Limited and Australian uranium company, Jackson Minerals Limited (ASX: JAK) ("Jackson"), announcing they had entered into a conditional merger implementation agreement to merge the two companies by way of a Scheme of Arrangement. The merger will combine two companies with highly complementary exploration profiles and provide substantial Australian and South American exposure to the uranium industry.

The Scimitar and Jackson boards believe the merger represents an opportunity to create an entity that will be better positioned for growth, than either company on a standalone basis. Experienced resources executive, Mr Tony Sage, will be appointed Non-Executive Chairman of the merged company, with both companies to have equal representation on the merged company's board.

As part of the terms of the Scheme, Scimitar will make offers to acquire all of the issued shares in Jackson in exchange for the issue of shares in Scimitar.

The parties have appointed independent experts to value the companies for the purpose of forming a basis of negotiation in determining the scheme consideration to be issued by Scimitar to the holders of shares in Jackson. Scimitar will announce this valuation and the details of the scheme consideration upon its receipt.

Key steps to be undertaken as part of the merger include:

- (a) lodgement of Scheme documents with the ASIC;
- (b) obtaining Court approval to hold the Scheme meeting for Shareholders to vote on the Scheme;
- (c) obtaining Scimitar Shareholders approval for the Scheme; and
- (d) if Scimitar Shareholders approve the Scheme, Court ratification of the Scheme.

A transaction timetable, including details of the dates for the above steps and implementation of the Scheme, will be provided to shareholders in due course.

Implementation of the Scheme is subject to conditions including:

- (a) both parties being satisfied with the independent valuation for the purpose of determining the scheme consideration;
- (b) satisfactory completion of due diligence by the Boards of both companies;
- (c) Scimitar shareholder approval and court approvals in respect of the Scheme;
- (d) all relevant regulatory approvals; and
- (e) other conditions customary for a public transaction of this nature.

Apart from the above, no other event has arisen that would be likely to materially affect the operations of the company, or the state of affairs of the company not otherwise disclosed in the company's financial report.

**SCIMITAR RESOURCES LIMITED ABN 22 102 912 783
AND CONTROLLED ENTITIES**

DIRECTORS' DECLARATION
For the Half Year Ended 31 December 2007

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 13:
 - (a) comply with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the Company's financial position as at 31 December 2008 and its performance for the half-year ended on that date.
2. subject to matters referred in Note 1(b), 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.



Mr. Terence Topping
Managing Director

Dated this 3rd day of March

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

This declaration is made in connection with our review of the financial report of Scimitar Resources Limited for the half year ended 31 December 2008 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



RANKO MATIĆ
Director

DATED at PERTH this 3rd day of March 2009

Independent Auditor's Review Report

To the Members of Scimitar Resources Limited

We have reviewed the accompanying half-year financial report of Scimitar Resources Limited and Controlled Entities (the consolidated entity) which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

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Directors Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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 an Interim 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 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Scimitar Resources Limited and Controlled Entities, 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.

Independent Auditor's Review Report

To the Members of Scimitar Resources Limited and Controlled Entities (Continued)



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 Scimitar Resources Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to Note 1(b) Going Concern to the financial report, which describes that a significant uncertainty exists whether Scimitar Resources Limited and its Controlled Entities will be able to continue as a going concern and therefore whether the entities will be able to pay their debts as and when they fall due and realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. Although the Directors believe that they will be successful in raising the necessary funds as required or adjusting expenditure as necessary, should they not be, the Company and the consolidated entity may be unable to continue as a going concern.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern

BENTLEYS
Chartered Accountants

RANKO MATIĆ
Director

DATED at PERTH this 3rd day of March 2009