



BRUMBY RESOURCES

ABN 84 118 522 124

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2008

BRUMBY RESOURCES LIMITED

ABN 84 118 522 124

Half Year Financial Report - 31 December 2008

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DIRECTORS' REPORT

The directors present their report on the consolidated entity consisting of Brumby Resources Limited and its controlled entity for the six months ended 31 December 2008 and the auditor's review report thereon:

1. Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
Mr William Ryan <i>Non-Executive Chairman</i>	Director since 23 May 2006
Mr Geoffrey Jones <i>Managing Director</i>	Director since 24 February 2006
Mr John Ikstrums <i>Technical Director</i>	Director since 14 December 2007
Mr Anthony Ho <i>Non-Executive Director</i>	Director since 24 February 2006

2. Results

The loss of the consolidated entity for the half-year was \$1,249,128 (2007: \$1,058,312) after income tax of nil (2007: nil).

3. Review of Operations

Brumby Resources Limited (Brumby) is a diversified Perth-based exploration and resources company with a focus on iron ore and manganese exploration. The Company has assembled extensive and high quality ground holdings in Western Australia and the Northern Territory.

The first half of the 2008/2009 financial year has been a difficult one for all ASX-listed companies with the effects of the global credit crisis and falling commodity prices having a significant negative impact on share prices across the board.

Brumby has continued to undertake exploration activities as prudently as possible whilst continuing to meet the minimum expenditure commitments on its large tenement holding. The Board remains cautious with regard to ongoing expenditure and continues to monitor the changing market circumstances, well aware of the potential challenges facing junior exploration companies in raising additional capital in the short term.

Brumby completed the following exploration activities during the first half:

- A Helicopter-supported Versatile Time Domain Electro-Magnetic (VTEM) survey was flown over the Batten Creek Manganese Project during July 2008, which is located in the south-eastern section of the Batten Creek Exploration Licence (EL 25467) in the Northern Territory. Historical drilling by BHP during 1995 returned a best intersection of 6 metres at 15% manganese from between 30 and 36 metres. The survey was undertaken to better define the extent of the known manganese mineralisation and also to identify any basement conductors that may be associated with base metal mineralisation. A total of 640 line kilometres were flown and the preliminary data has been interpreted, with a total of eleven near surface sub-horizontal manganese-clay target zones between surface and 80 metres depth delineated. The historical BHP intersection was sighted on our highest priority target, which covers an area approximately 4 kilometres long by 1 kilometre wide.
- An aeromagnetic survey was flown over the Balla Yule Project tenements E47/1750 and E45/2939 in the Yule Group Project area (WA) during September 2008. Previous historical drilling (1971) had interested up to 52% iron and associated anomalous vanadium within an intrusive gabbro complex. The Company's geophysical consultants have completed the initial interpretation and modelling of the data generated from the survey and the results indicate an overall 11 kilometre long, east- west striking target area which attains a maximum width of 600 metres.

DIRECTORS' REPORT (cont'd)

3. Review of Operations (cont'd)

- The Programme of Work applications were lodged and approval obtained for the proposed Goldsworthy Project and Pardoo East Project drilling programmes.
- An aeromagnetic survey was completed in late November 2008 over a 128.8 square kilometre block on Pardoo tenement E45/2965 and also over a 123.8 square kilometre block on Goldsworthy tenement E45/2538. The programme was designed to assess the potential presence of magnetic conductors along the line between the existing Goldsworthy, Pardoo East and the Telyagel magnetic anomalies. Interpretation by the Company's geophysical consultant will commence in the coming months once the final data is received.
- Additional tenements were also granted in the Goldsworthy/Pardoo and Yule Group tenement areas, significantly adding to the Company's Pilbara land holding.

4. Auditor's independence declaration under Section 307C of the Corporations Act 2001

The auditor's declaration is set out on page 5 and forms part of the directors' report for the six months ended 31 December 2008.

Dated at Perth, Western Australia, this 13th day of February 2009.

Signed in accordance with a resolution of the directors:



William J Ryan
Non-Executive Chairman

Stantons International

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13 February 2009

Board of Directors
Brumby Resources Limited
Unit 3, 49 Ord Street
WEST PERTH WA 6005

Dear Sirs

RE: BRUMBY RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Brumby Resources Limited.

As Audit Director for the review of the financial statements of Brumby Resources Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)



J P Van Dieren
Director

C O N S O L I D A T E D I N C O M E S T A T E M E N T
for the six months ended 31 December 2008

	Note	2008 \$	2007 \$
Income		68,544	70,280
Exploration and evaluation expenses written off	9	(966,868)	(775,149)
Corporate and administrative expenses		(350,804)	(353,443)
		(1,249,128)	(1,058,312)
Income tax		-	-
		(1,249,128)	(1,058,312)
		(1,249,128)	(1,058,312)
Basic loss per share			
Ordinary shares (cents)		(2.3 cents)	(3.3 cents)

Diluted loss per share is not shown as all potential ordinary shares on issue would decrease the loss per share and are thus not considered dilutive.

The consolidated income statement is to be read in conjunction with the accompanying notes.

C O N S O L I D A T E D B A L A N C E S H E E T
as at 31 December 2008

	Note	31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents		1,581,595	2,776,055
Trade and other receivables		24,414	37,961
Prepayments		1,929	13,503
Total Current Assets		1,607,938	2,827,519
NON CURRENT ASSETS			
Trade and other receivables		18,140	17,000
Property, plant and equipment	8	8,965	9,646
Exploration and evaluation expenditure	9	1,498,727	1,688,126
Total Non Current Assets		1,525,832	1,714,772
TOTAL ASSETS		3,133,770	4,542,291
CURRENT LIABILITIES			
Trade and other payables		45,179	207,231
Provisions		40,224	40,374
TOTAL LIABILITIES		85,403	247,605
NET ASSETS		3,048,367	4,294,686
EQUITY			
Issued capital	10	7,850,279	7,848,779
Reserves		348,222	346,913
Accumulated losses		(5,150,134)	(3,901,006)
TOTAL EQUITY		3,048,367	4,294,686

The consolidated balance sheet is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 31 December 2008

	2008	2007
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(1,261,294)	(857,625)
Interest received	67,404	70,280
Net cash used in operating activities	(1,193,890)	(787,345)
Cash flows from investing activities		
Payments for property, plant and equipment	(2,070)	(976)
Payments for exploration and evaluation assets	-	(25,000)
Net cash used in investing activities	(2,070)	(25,976)
Cash flows from financing activities		
Net proceeds from issue of share capital	1,500	-
Net cash provided by financing activities	1,500	-
Net decrease in cash held	(1,194,460)	(813,321)
Cash and cash equivalents at the beginning of the period	2,776,055	2,626,049
Cash and cash equivalents at the end of the period	1,581,595	1,812,728

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 December 2008

2008	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2008	<u>7,848,779</u>	<u>346,913</u>	<u>(3,901,006)</u>	<u>4,294,686</u>
Recognised income and expense	-	-	(1,249,128)	(1,249,128)
Total expense for the half-year	-	-	(1,249,128)	(1,249,128)
Issue of share capital	1,500	-	-	1,500
Share based payments	-	1,309	-	1,309
Balance as at 31 December 2008	<u>7,850,279</u>	<u>348,222</u>	<u>(5,150,134)</u>	<u>3,048,367</u>
2007	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2007	<u>4,684,979</u>	<u>69,309</u>	<u>(1,278,388)</u>	<u>3,475,900</u>
Recognised income and expense	-	-	(1,058,312)	(1,058,312)
Total expense for the half-year	-	-	(1,058,312)	(1,058,312)
Issue of share capital	55,000	-	-	55,000
Share based payments	-	1,357	-	1,357
Balance as at 31 December 2007	<u>4,739,979</u>	<u>70,666</u>	<u>(2,336,700)</u>	<u>2,473,945</u>

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Brumby Resources Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report as at and for the six months ended 31 December 2008 covers the consolidated group of Brumby Resources Limited and its subsidiary (together referred to as the "consolidated entity" or "Group").

The annual financial report of the consolidated entity as at and for the year ended 30 June 2008 is available upon request from the Company's registered office or may be viewed on the Company's website, www.brumbyresources.com.au.

2. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated interim financial report has been prepared on the accruals basis and on an historical cost basis.

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the interim financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by Brumby Resources Limited during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

This consolidated interim financial report was approved by the Board of Directors on 13 February 2009.

3. GOING CONCERN

The directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The directors believe this to be appropriate for the following reasons:

- The Group has net working capital of \$1,522,535, including a cash reserve of \$1,581,595 at 31 December 2008;
- The corporate and administrative cost overheads of the Group have been restructured in recent months to achieve a reasonable level of cost reductions;
- The Group is undertaking the review of joint venture and/or farm-out opportunities in relation to certain exploration projects to manage the exploration commitments on those projects within its funding capacity; and
- The Company is reviewing opportunities to raise further equity from interested investors.

Based on the above, the directors are confident that the Group will be able to continue operations as a going concern into the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2008.

The Group has not elected to early adopt any new standards or amendments.

5. ESTIMATES

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS (cont'd)

5. ESTIMATES (cont'd)

In preparing this consolidated interim financial report, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2008.

6. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2008.

7. SEGMENT REPORTING

The consolidated entity operates predominantly in the mineral exploration industry in Australia.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2008 the Group acquired assets with a cost of \$2,070 (six months ended 31 December 2007: \$976).

9. EXPLORATION AND EVALUATION EXPENDITURE

Exploration, evaluation and development costs carried forward in respect of areas of interest (net of amounts written off) (a)

Reconciliation

	31 December 2008 \$	30 June 2008 \$
	<u>1,498,727</u>	<u>1,688,126</u>
Carrying amount at beginning of period	1,688,126	918,126
Expenditure during the period - exploration	777,469	1,829,557
Expenditure during the period - acquisitions	-	790,000
Expenditure written off	<u>(966,868)</u>	<u>(1,849,557)</u>
Carrying amount at end of period	<u>1,498,727</u>	<u>1,688,126</u>

(a) The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. During the six months ended 31 December 2008 the consolidated entity wrote off expenditure totalling \$966,868 (six months ended 31 December 2007: \$775,149).

10. ISSUED CAPITAL

55,056,874 (30 June 2008: 55,046,874) fully paid ordinary shares **7,850,279** **7,848,779**

The following movements in issued capital occurred during the six months ended 31 December 2008:

	Number of Shares	\$
Balance 1 July 2008	55,046,874	7,848,779
Issue of shares at \$0.15 each upon exercise of options	<u>10,000</u>	<u>1,500</u>
Balance 31 December 2008	<u>55,056,874</u>	<u>7,850,279</u>

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

10. ISSUED CAPITAL (cont'd)

The following movements in issued capital occurred during the six months ended 31 December 2007:

	Number of Shares	\$
Balance 1 July 2007	31,666,666	4,684,979
Issue of shares at \$0.16 each pursuant to the option and joint venture agreement	343,750	55,000
Balance 31 December 2007	<u>32,010,416</u>	<u>4,739,979</u>

Options

The following options to subscribe for ordinary fully paid shares were outstanding at the end of the period:

Class	Expiry Date	Exercise Price	Number of Options
Listed options (BMYO)	31 Jan 2010	\$0.15	20,338,958
Unlisted Options	31 Jan 2010	\$0.20	9,000,000
Unlisted Options	31 Jan 2010	\$0.25	1,500,000
Employee Options	31 Jan 2010	\$0.25	850,000
Employee Options	31 Jan 2010	\$0.35	700,000
Director Options	31 May 2011	\$0.30	2,650,000

These options do not entitle the holder to participate in any share issue of the Company or any other entity.

There were no options to subscribe for ordinary fully paid shares granted during the six months ended 31 December 2008.

The following options to subscribe for ordinary fully paid shares were exercised during the six months ended 31 December 2008:

Class	Expiry Date	Exercise Price	Number of Options
Listed Options	31 Jan 2010	\$0.15	10,000

No options lapsed during the six months ended 31 December 2008.

11. RELATED PARTIES

Other key management personnel transactions

	Transactions value six months ended		Balance outstanding as at	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Expenses	\$	\$	\$	\$
Company associated with a director - secretarial and accounting fees	42,047	40,267	10,500	6,533

All outstanding balances with these related parties are to be settled in cash within 2 months of the balance sheet date. None of the balances are secured.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS (cont'd)

12. SUBSEQUENT EVENTS

There are no events subsequent to balance date that would have a material financial effect on the financial statements for the six months ended 31 December 2008.

13. COMMITMENTS AND CONTINGENCIES

The only change to the commitments and contingencies disclosed in the most recent annual report are specified below.

Exploration commitments

The consolidated entity has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the consolidated entity's exploration program and priorities. These obligations are also subject to variations by negotiation, joint venturing or relinquishing some of the relevant tenements. As at balance date, total exploration expenditure commitments of the consolidated entity which have not been provided for in the financial statements amount to \$1,631,760 per annum.

DIRECTORS' DECLARATION

In the opinion of the directors of Brumby Resources Limited:

1. the financial statements and notes, set out on pages 6 to 13, are 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 its performance for the six months ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth, Western Australia this 13th day of February 2009.

Signed in accordance with a resolution of the directors.



William J Ryan
Non-Executive Director

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BRUMBY RESOURCES LIMITED

Report on the Half-Year Financial Report

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

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 designing, implementing and maintaining internal controls 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 Interim And Other Financial Reports 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 Brumby Resources Limited, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Brumby Resources Limited on 13 February 2009.

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 Brumby Resources Limited 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.

STANTONS INTERNATIONAL
(Authorised Audit Company)

A handwritten signature in black ink, appearing to read 'J P Van Dieren', with a long horizontal flourish extending to the right.

J P Van Dieren
Director

West Perth, Western Australia
13 February 2009