ABN: 47 125 688 940

REPUBLIC OF CONGO IRON ORE EXPLORATION UPDATE

Drilling to commence in coming weeks targeting high grade direct shipping ore

HIGHLIGHTS

- **Drilling to commence shortly at Youkou high grade direct shipping hematite iron ore (DSO) project utilising two diamond rigs.**
- **Ongoing geological mapping at Youkou confirms potential for high grade DSO mineralisation over 12 km of strike.**
- **Significant road improvements made to Youkou. Construction of four new bridges on Mbomo to Oloba road.**
- **Preliminary assay results from recent rock chips at Youkou expected early October 2011.**
- **Transport and infrastructure studies confirming potential for early production from Youkou.**
- **Geological fieldwork has commenced at Waratah's second West African iron ore project, Okanabora, 75km's south of Youkou.**

Waratah Resources Limited ("Waratah" or "the Company") (ASX:WGO) is pleased to provide an update on its iron ore exploration activities in the Republic of Congo ("ROC") an area that is proving to be a globally significant iron ore province, as highlighted by the recent M&A transactions in the region including the +$1.2 billion proposal for a conditional cash bid of Sundance Resources Limited (ASX:SDL) by Hanlong Mining that is currently ongoing.

Waratah's Republic of Congo iron ore projects are located on the Ivindo Massif which is host to at least 4 billion tonnes of iron ore, including the world class Nabeba, Avima and Badondo projects, as illustrated in the following map.

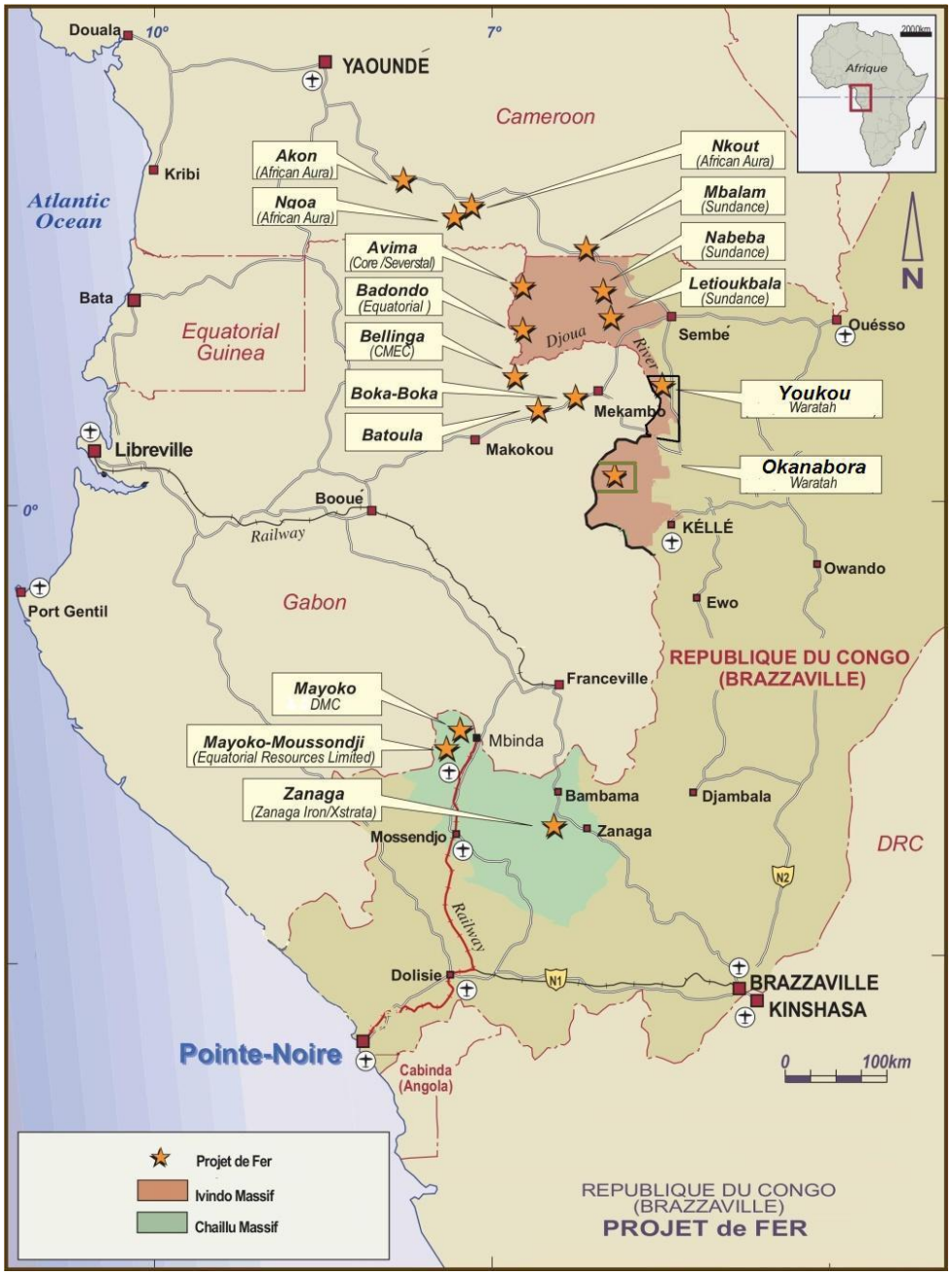


Figure 1 – Waratah's Republic of Congo Iron Projects – Location Map Showing Iron Deposits Nearby

Drilling Preparation

Waratah is pleased to advise that drilling is about to commence at the Company's 90% owned Youkou high grade DSO project ("Youkou") in the ROC. The two purpose-built man-portable diamond drill rigs are currently en route to the Youkou site, presently located at the village of Oloba, only 15kms from site. They are expected to be on site and drilling shortly.

As part of getting the rigs to site, and in preparation for drilling, over recent months Waratah has built a significant presence in the ROC, including:

1. Purchased, shipped, cleared customs and transported to Etoumbi its two 100% owned diamond drilling rigs;
2. Upgraded the Mbomo Oloba road using a large local work force and two heavy earthmoving machines;
3. Rebuilt four bridges en route to Youkou;
4. Held positive meetings with the landowners from all along the road en route to Youkou and at the Youkou project site;
5. Employed a full team of drillers, offsiders and geologists to undertake the drilling programme;
6. Constructed a base camp at Youkou and at Etoumbi;
7. Purchased a light and heavy vehicle fleet, communication infrastructure, and support facilities; and
8. Engaged a number of specialist contractors that will provide vital services to Waratah in the development of the Company's projects.

In addition, the Company is sending another two machines to open up the area around Youkou, including our new excavator imported from Australia, to provide the best access to key drilling locations once the rigs arrive on site.

Figure 2 - Unimog, Fuel Trailer and Containers in Waratah Yard - Etoumbi

Proposed Drilling Programme

The current proposed drilling program will be focussed along the known ridge of exposed outcrops. Initial exploration drill holes will be located along the centre of the ridge, initially along section lines spaced at 400 metres. Once the extent of the strike of the mineralised zone has been determined, additional drill holes will be placed along section lines to determine the top and bottom contacts, providing the width of the mineralised zone.

At this level of exploration drilling, only the hematite layers will be targeted, expected to depths of around 70 to 100m, although some deeper drill holes will be completed in order to identify iron ore beneath.

Once the initial exploration phase of drilling has identified the extent of mineralisation, along strike as well as along section, of the central ridge as well as the extensions, a JORC-compliant Exploration Target can be delineated. Following this, a decision will be made as to the most promising areas defined. A second phase of drilling will then be planned to decrease the section spacing, in order to generate a JORC-compliant resource of higher confidence, most likely to Inferred level. The Company is targeting the definition of an initial iron resource in the first half of 2012.

Youkou Field Mapping

Further geological mapping observations have confirmed the Company's geological model and supported the potential for high grade hematite direct shipping ore, indicating over 12kms of strike with samples over 60% Fe. Preliminary assay results from recent rock chipping are expected to be released in early October 2011.

Table 6.1_1
Sample Locations (WGS84, zone 33N)

Sample	East	North	Elevation	Description
YK01	439883	88755	659	Massive, dark grey itabirite boulder
YK02	440072	88923	693	Banded, dark grey itabirite outcrop
YK03	440214	89474	682	Banded, dark grey itabirite outcrop
YK04	439692	87801	651	Banded, reddish itabirite outcrop
YK05	440016	88501	663	Massive, dark grey itabirite outcrop
YK06	440297	89774	700	Massive light grey itabirite outcrop
YK07	440317	90206	688	Banded reddish itabirite from old pits
YK08	439652	87451	650	Massive, dark grey itabirite outcrop
YK09	439503	86657	665	Yellow-red colluvium
YK10	439470	85616	672	Banded red-grey itabirite outcrop

Assays

All samples will be submitted to the ALS Chemex laboratory in Johannesburg for analysis. A portable XRF analyser (NITON Gold XL2) is present on site, and each sample was tested with results as follows:

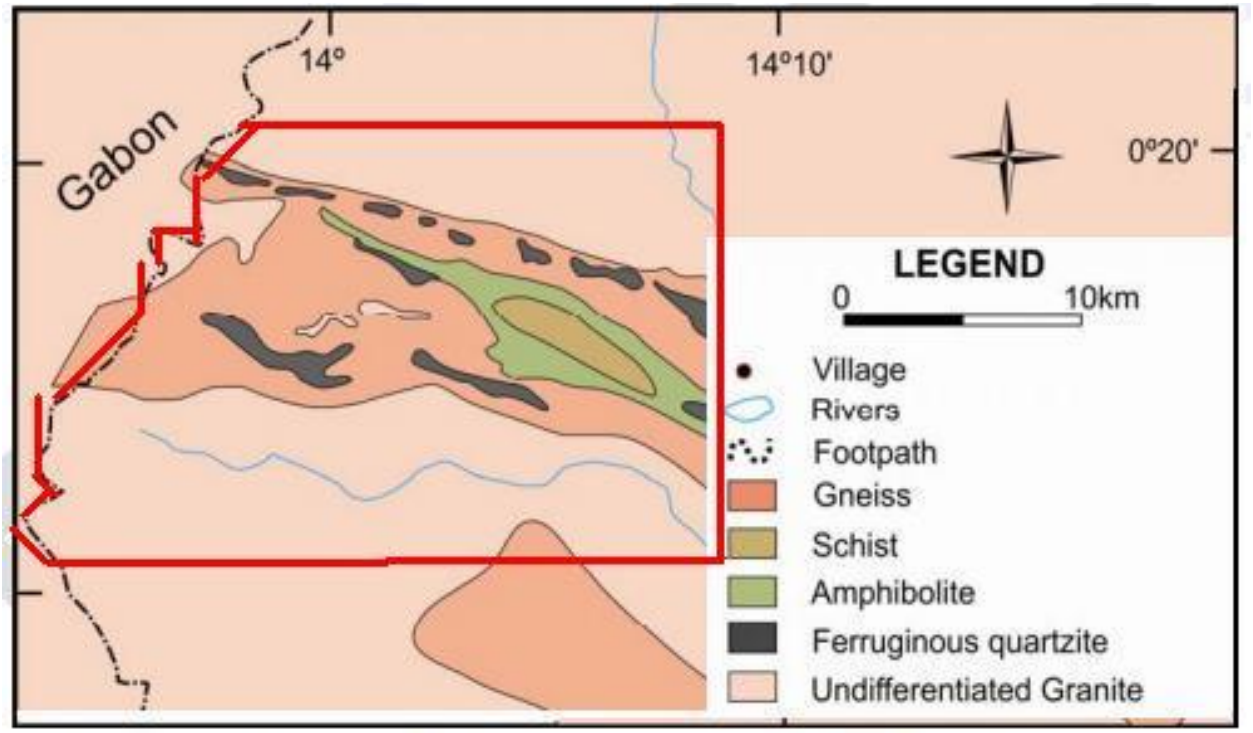
Table 6.2_1
Niton results (wt %)

Sample	Fe	Al	Si
YK01	73	11	15
YK02	55	9	32
YK03	68	3	27
YK04	58	11	29
YK05	79	4	15
YK06	71	2	26
YK07	56	17	25
YK08	48	4	40
YK09	61	18	18
YK10	44	4	50

Figure 3 – Typical Youkou Project Terrain

New Okanabora Project

The Okanabora Project is 75kms south of Youkou. The project area is significantly under-explored but historical mapping of ferruginous quartzites and recent field results returning results up to 60% Fe2O3 have highlighted the extreme prospectivity of the site for itabirite iron ore.



Simplified Geology of the area around the Kelle – Ngoyeboma area, showing part of the Kéka Range (BRGM, 1965)

In addition to field work at Youkou, geological field work has commenced at the Company's second ROC iron ore project (acquisition subject to certain conditions – see ASX release 23rd Sept Notice of Meeting), the Okanabora Iron Project ("Okanabora"), 75kms south of Youkou. A reconnaissance campaign was recently conducted at the Okanabora Prospect which included the collection of rock samples and the selection of base camp sites to enable a drilling campaign at Okanabora in the first quarter of 2012.

Transport Study for Initial Mining Operation

Waratah recognises the value in a quick start-up production capability for its ROC iron ore projects. Significant progress has been made in assessing infrastructure and logistics requirements for production from Youkou, with studies indicating the potential for early production upon delineation of a mineable resource.

The Company has undertaken a transportation study with Mott McDonald aimed at investigating and optimising the transportation of iron ore from the Youkou project for initial start-up annual production rates of 0.5Mtpa, 1Mtpa, 2Mtpa, 5Mtppa and 10Mtpa.

The report found that it may be feasible to transport ore using bottom discharge bins. Key findings were:

- 5 million tonnes potential for start-up with a road haul 130kms to Etoumbi;
- Smaller barges for 1st leg between Etoumbi & Congo River;
- Larger barges on Congo River to Brazzaville;
- Rail to Point Noire port on CFCO line;
- Transportation was considered feasible from Youkou to Pointe Noire using a combination of new and existing infrastructure.

In addition to the Mott McDonald transportation study, a rail engineering study is being carried out by RRL Grindrod ("RRLG") and results are expected to be released in the coming weeks.

Figure 4 - Brazzaville Port with Rail Line Adjacent to Wharf

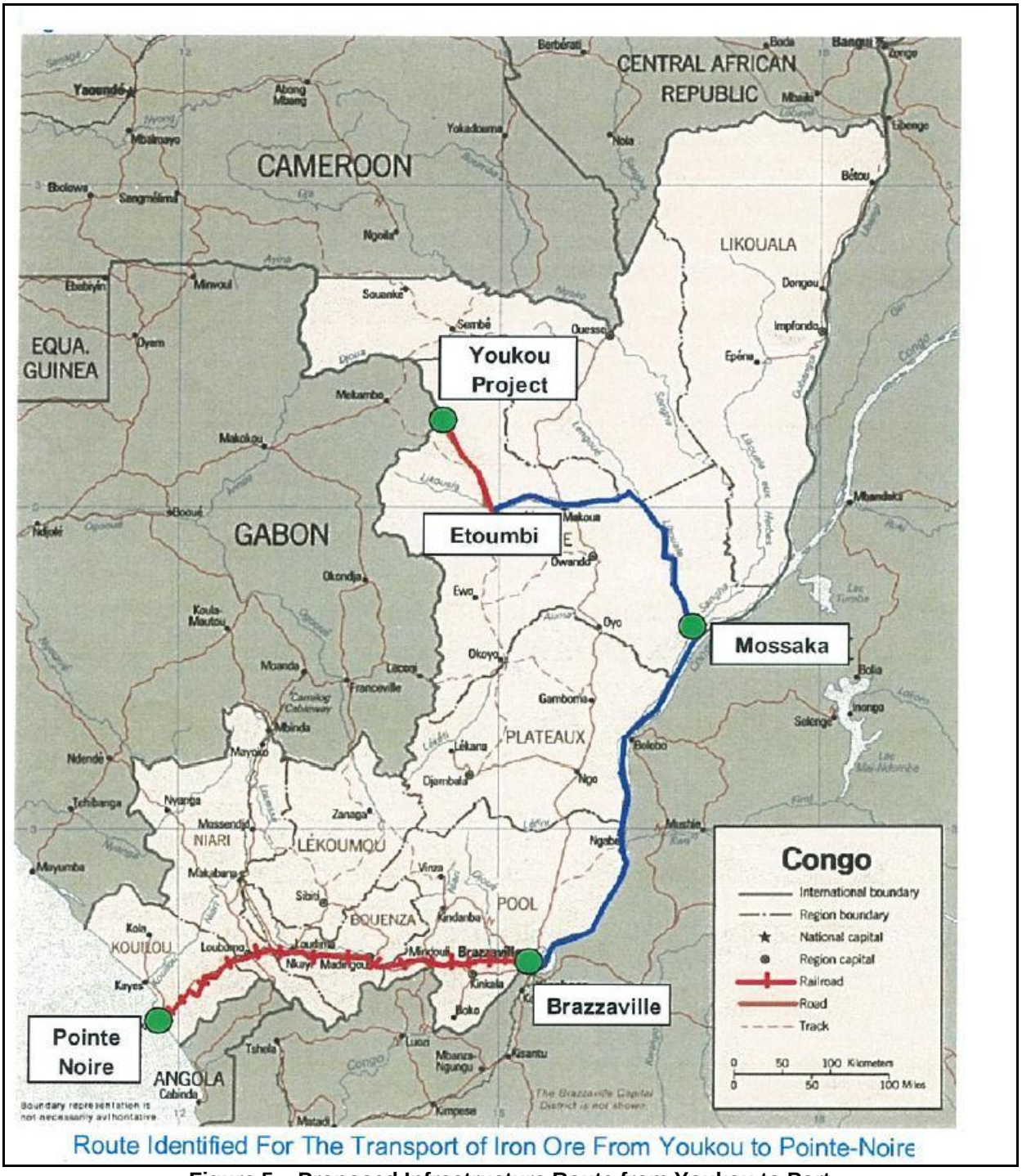


Figure 5 – Proposed Infrastructure Route from Youkou to Port

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The Republic of the Congo - Background

The Republic of Congo (ROC) is also sometimes referred to as Congo Brazzaville to distinguish it from its neighbour to the east, the Democratic Republic of Congo (DRC). The ROC is a unitary republic and the current government has been in power since 1997. The ROC enjoys relative political and social stability and has a government which is supportive of mineral development and foreign investment is actively encouraged. A number of Australian and other foreign mining and oil companies have been successfully operating in the ROC for many years.

ENDS

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Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr WJA Witham B.Sc (Hons), MAIG an employee of Waratah Resources Limited. Mr Witham has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Witham consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Waratah routinely uses a Niton hand-held portable XRF (Niton) to analyse rock samples and provide a preliminary estimate of iron content using regular reading and averaging of intervals. Niton results from previous samples that have been released to the ASX are consistent with laboratory assay results. This re-affirms Waratah's view that the Niton, when used properly with an appropriate rigorous testing procedure, is a valid tool for reporting the tenor of iron exploration results.

Rock Chip samples are then submitted from the field and sent to ALS Laboratories in Johannesburg South Africa for sample preparation, with final analysis using Fusion XRF. Independent certified laboratory standards are submitted for quality control.