



10 February 2010

Dear Shareholder

NON-RENOUNCEABLE ENTITLEMENT ISSUE OF SHARES AND OPTIONS

Brumby Resources Limited (**Brumby Resources**) is undertaking a 1 for 4 pro rata non-renounceable entitlements issue to shareholders, to raise a minimum of approximately \$1.78 million (**Entitlement Issue**). The Company also announced it would be conducting a priority placement on a pro-rata basis to holders as at 29 January 2010 of quoted options (exercisable at \$0.15 each and expiring 31 January 2010) (**Priority Placements**), to raise a minimum of approximately \$0.38 million (**Priority Placement**). Together, the Entitlement Issue and Priority Placement will raise up to \$2.16 million (the **Offers**).

The Entitlement Issue will be offered to existing shareholders on the basis of one (1) new share for every four (4) shares held at the record date at an issue price of \$0.075 per share (**New Share**) to raise approximately \$1.78m (before costs). For every New Share issued there will be granted for no additional consideration one (1) quoted option, exercisable at \$0.08 each, with an expiry date of 30 September 2011 (**New Options**). Based on the Company's current issued capital the Entitlement Issue will result in 23,743,277 New Shares and 23,743,277 New Options being issued.

The Priority Placement will be offered on a pro-rata basis to Priority Placements at an issue price of \$0.075 per share (**Placement Share**) to raise approximately \$0.38m (before costs). For every Placement Share issued there will be granted for no additional consideration one (1) New Option. The Priority Placement will result in 5,084,740 Placement Shares and 5,084,740 New Options being issued.

The Offers are underwritten by Argonaut Capital Limited.

The Company lodged a prospectus with ASIC on 8 February 2010 containing details of the Offers (**Prospectus**). The Prospectus is available for viewing on the ASX website and the Company's website, www.brumbyresources.com.au. The timetable and important dates of the issue are set out below:

Lodgement of Prospectus with ASIC	8 February 2010
Notice of Entitlement Issue sent to shareholders	10 February 2010
Existing shares quoted ex-entitlements	11 February 2010
Record Date to determine Entitlements under Entitlement Issue	17 February 2010
Despatch of Prospectus and Opening Date	22 February 2010
Closing Date of Offers	9 March 2010
Notify ASX of under-subscriptions	12 March 2010
Statements for Securities despatched	17 March 2010

The funds raised are to provide additional working capital and fund an aggressive exploration work programme during 2010, focussing on the Company's Goldsworthy, Balla Yule and Ethel Creek iron ore prospects and the Oakover manganese project, all located in Western Australia.

The capital structure of the Company on completion of the Offers will be as follows:

Shares

	Number
Share currently on issue	94,973,108
Shares offered pursuant to the Entitlement Issue ¹	23,743,277
Shares offered pursuant to the Priority Placement	5,084,740
Total Shares on issue	123,801,125

Options

	Number
Options currently on issue	2,650,000
Options offered pursuant to the Entitlement Issue ¹	23,743,277
Options offered pursuant to the Priority Placement	5,084,740
Total options on issue	31,478,017

1. Assumes the Entitlement Issue is fully subscribed and no options are exercised prior to the Record Date.

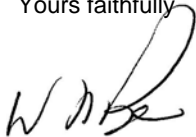
In calculating entitlements under the Entitlement Issue fractions will be rounded up to the nearest whole number.

The Entitlement Issue is being made to shareholders with a registered address in Australia or New Zealand only. Overseas shareholders should contact the Company Secretary with any queries.

Full detail of the Offers will be contained in the Prospectus that will be mailed to all shareholders who are registered on the Record Date. Shareholders eligible to participate in the Entitlement Issue should read the Prospectus carefully.

If you have any questions in relation to the Offers, please do not hesitate to contact the Company Secretary on (61-8) 6389 2688.

Yours faithfully



William J Ryan
Chairman