



**BRUMBY RESOURCES**

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 Placees**), 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 Placees 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 New Shares will be offered under the Entitlement Issue at an issue price of \$0.075 per New Share, which represents a discount of approximately 18% to the closing price of ordinary shares on 28 January 2010, the last full trading day prior to the announcement on ASX of the material terms of the Entitlement Issue (including the issue price).

The Offers will raise a minimum of approximately \$2.16m (before costs) 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 New Shares will rank equally with all existing ordinary shares from their date of issue. The New Options will form a new class of security. Application for quotation of the New Shares and New Options on the ASX was made on 8 February 2010.

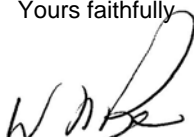
The Entitlement Issue is being made to all registered shareholders as at close of business on 17 February 2010 (**Record Date**) whose registered address on Brumby Resources' share register is in Australia or New Zealand. Shareholders on the Record Date whose registered address on Brumby Resources' share register is outside Australia or New Zealand (**Non-Qualifying Foreign Holders**) will not be eligible to participate in the Entitlement Issue. The decision has been made by Brumby Resources taking into account the small number of Non-Qualifying Foreign Holders in each jurisdiction, the small number and value of New Shares which would otherwise have been offered to those Non-Qualifying Foreign Holders, and the costs of complying with the legal and regulatory requirements in those jurisdictions.

It has been determined that you are a Non-Qualifying Foreign Holder because your registered address on Brumby Resources' share register is outside Australia and New Zealand and accordingly we regret that you will not be eligible to participate in the Entitlement Issue.

Brumby Resources lodged a prospectus containing the full details of the Entitlement Issue with ASIC and ASX on 8 February 2010 (**Prospectus**), including important dates as set out in section 1 of the Prospectus and details with respect to Non-Qualifying Foreign Holders as set out in section 3.9 of the Prospectus. The Prospectus is available on the ASX website (company announcements section, ASX code: BMY) at [www.asx.com.au](http://www.asx.com.au).

If you have any queries in relation to the above, please contact your professional adviser or the Company Secretary, on (61-8) 6389 2688 during normal business hours.

Yours faithfully

  
William J Ryan  
Chairman

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