



ABN 63 114 714 662

**Condensed Half-Year Financial Report
31 December 2008**

CORPORATE INFORMATION

This half-year report covers the consolidated entity comprising Aragon Resources Limited and its subsidiaries (“the Consolidated Entity”, “the Company” or “Aragon”). The Consolidated Entity’s functional and presentation currency is AUD (\$).

A description of the Consolidated Entity’s operations and its principal activities is included in the review of operations and activities in the directors’ report on page 2.

Directors

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Paul Benson
Brian Thomas

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DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2008.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Peter Gerard Cook (Non Executive Chairman)
Paul Garrett Benson (Executive Director and Chief Executive Officer)
Brian David Thomas (Non Executive Director)

REVIEW AND RESULTS OF OPERATIONS

Results of Operations

The consolidated loss for the half-year ended 31 December 2008, after income tax, amounted to \$2,373,448 (2007: \$245,730). The consolidated loss was higher than the previous period due to the write off of exploration and evaluation expenditure of \$2,396,519 (2007: \$102,690) (refer to note 8).

Review of Operations

In the six months to December 2008 Aragon has maintained its focus on gold exploration in the Yandal Belt of Western Australia and on preparations to begin drilling activities in the Northern Territory at the Ammaroo Phosphate Prospect. In Western Australia drilling activity occurred on the key gold prospects of Mission and Cables and at Capellis Find located west of Wiluna. Regional geochemistry surveys have also been completed in an area north of Corboys Find. The period has been dominated by an environment of global uncertainty in the financial markets. The resultant tightening of available credit across all sectors has resulted in a contraction of expenditure in many exploration companies. In response to these conditions Aragon has reviewed its operations in all areas so to increase its operational efficiency. As a result of the review staff cuts have been implemented, a tenement holding review has been conducted and future exploration cash burn rates have been revised so that when the markets stabilise Aragon is well placed to continue its core activities and take advantage of potential project acquisitions. Currently with a healthy cash reserve of \$5,115,372 Aragon is in a good position to maintain prudent exploration in those areas of greatest potential. Aragon has completed the half-year ended 31st December 2008 with exploration activity focused as follows:

- Reverse Circulation (RC) Drilling continued at the Mission and Cables Gold Prospects. This second phase of drilling has continued to return significant high grade gold assays from a sheared magnetic dolerite. This high grade gold system located just 7km north of the Darlot Gold Mine is considered to be extensive and has potential to become a new primary high grade deposit. To date the mineralisation occurs within narrow pod like envelopes within the sheared dolerite. Currently there is insufficient data to report a mineral resource and at this stage it is uncertain as to whether further exploration will result in the determination of a mineral resource. However Aragon believes that this mineralised structure is extensive and is worthy of further investigation along strike. A total of 2,066 meters were completed at Cables and 984 meters completed at Mission. The set of significant results achieved within the period are shown in the following table.

DIRECTORS REPORT (continued)

Prospect	Hole ID	Northing	Easting	Intercept	From (m)	Comment
Mission	ADRC044	6923420	329145	NSA		
	ADRC045	6923420	329125	NSA		
	ADRC046	6923420	329105	1m @ 2.10g/t Au	34	
	ADRC047	6923460	329175	1m @ 3.35g/t Au	15	
				1m @ 4.10g/t Au	41	
				1m @ 1.97g/t Au	50	
				1m @ 1.51g/t Au	64	
	ADRC048	6923460	329130	1m @ 5.08g/t Au	43	
				1m @ 6.64g/t Au	74	
	ADRC049	6923690	329120	1m @ 1.24g/t Au	55	
				3m @ 1.19g/t Au	66	<i>including 1m @ 1.97g/t Au, from 66m</i>
	ADRC050	6923690	329100	NSA		
	ADRC051	6923660	329115	7m @ 11.35g/t Au	84	<i>including 2m @ 33.62g/t Au, from 84m</i>
				1m @ 1.29g/t Au	93	
				1m @ 1.34g/t Au	101	
ADRC052	6923480	329145	2m @ 9.45g/t Au	54	<i>including 1m @ 14.00g/t Au, from 54m</i>	
ADRC053	6923480	329135	1m @ 2.32g/t Au	46		
			1m @ 72.42g/t Au	69		
			1m @ 1.52g/t Au	88		
Cables	ADRC028	6923119	328167	1m @ 1.03g/t Au	32	
				1m @ 2.57g/t Au	85	
				1m @ 1.61g/t Au	97	
	ADRC029	6923062	328182	3m @ 6.63g/t Au	40	<i>including 1m @ 17.30g/t Au, from 41m</i>
	ADRC030	6923059	328236	3m @ 6.36g/t Au	49	<i>including 1m @ 16.10g/t Au, from 50m</i>
				7m @ 4.46g/t Au	54	<i>including 1m @ 17.35g/t Au, from 56m</i>
	ADRC031	6923057	328272	1m @ 1.33g/t Au	155	
	ADRC032	6922980	328282	1m @ 4.58g/t Au	49	
	ADRC033	6922979	328311	1m @ 2.16g/t Au	76	
				3m @ 5.72g/t Au	108	<i>including 1m @ 13.40g/t Au, from 108m</i>
	ADRC034	6922921	328258	1m @ 2.51g/tAu	65	
	ADRC035	6922922	328327	NSA		
	ADRC036	6922920	328373	1m @ 1.11g/t Au	132	
	ADRC037	6922861	328302	1m @ 1.14g/t Au	94	
				1m @ 1.62g/t Au	127	
				1m @ 1.69g/t Au	129	
				1m @ 1.61g/t Au	138	
	ADRC038	6922860	328367	2m @ 3.76g/t Au	87	<i>including 1m @ 7.52g/t Au, from 87m</i>
	ADRC039	6922860	328391	9m @ 1.58g/t Au	71	<i>including 1m @ 5.53g/t Au, from 72m</i>
				1m @ 1.28g.t Au	96	
				1m @ 4.91g/t Au	112	
	ADRC040	6922805	328302	1m @ 1.23g/t Au	67	
			3m @ 1.60g/t Au	90		
ADRC041	6922801	328349	1m @ 4.47g/t Au	117		
ADRC042	6923171	328140	1m @ 1.46g/t Au	109		
ADRC043	6923169	328167	2m @ 1.41g/t Au	24		
			2m @ 23.94g/t Au	69		

DIRECTORS REPORT (continued)

Reported intervals are calculated using a 0.5g/t lower cutoff with no upper cut and up to 1m of internal dilution. All holes at Mission Prospect orientated -60/090 and at Cables Prospect -60/270. Grid is Map Grid Australia 1994 Zone 51. Samples assayed by fire assay / AAS finish (Kalassay Leonora). The intercept widths are down hole lengths and may not reflect true mineralisation widths.

- At Capelli's Find near the township of Wiluna in W.A., historic gold workings have targeted quartz veins over a 200 metre strike length. Significant historical vacuum drill results include 3m @ 13.85g/t, 4m @ 1.32g/t, 2m @ 1.29g/t, 1.5m @ 1.05g/t and 2m @ 1.35g/t. Aragon has targeted this zone of mineralisation with 8 RC drillholes that totaled 1,281 meters. This drilling showed the geology to consist of sheared felsic volcanics, quartz veining and associated sericite-silica-pyrite alteration. The results returned from the recent drilling are typically low grade and confined within narrow sheared zones of quartz veining and therefore downgrades this target as a significant gold system. The significant results are tabled below. This tenement holding is under review as part of the tenement rationalization aimed to reduce costs.

Hole ID	Northing	Easting	Intercept	From (m)	Comments
WURC001	7058408	210905	1m @ 1.91g/t Au	46	
WURC002	7058424	210954	1m @ 1.89g/t Au	46	
			1m @ 2.72g/t Au	85	
			1m @ 1.19g/t Au	92	
			2m @ 3.70g/t Au	102	<i>Including 1m @ 6.78g/t Au, from 102m</i>
			1m @ 1.71g/t Au	169	
			1m @ 1.76g/t Au	198	
WURC003	7058500	210859	1m @ 2.00g/t Au	38	
			1m @ 1.41g/t Au	50	
WURC004	7058514	210911	2m @ 1.84g/t Au	66	
			1m @ 1.32g/t Au	71	
			1m @ 1.18g/t Au	81	
			1m @ 1.17g/t Au	125	
			1m @ 1.06g/t Au	138	
WURC005	7058595	210850	NSA		
WURC006	7058607	210881	1m @ 3.01g/t Au	154	
WURC007	7058698	210800	NSA		
WURC008	7058702	210864	1m @ 1.29g/t Au	96	
			1m @ 2.13g/t Au	156	

All holes at Capelli's Find (WURC001 to WURC008) orientated -60/250. Grid is Map Grid Australia 1994 Zone 51. Four metre composite (spear sampling) samples, and one metre interval resamples, assayed by fire assay / AAS finish (Kalassay Leonora) Reported intervals are calculated using a 0.5g/t lower cutoff with no upper cut and up to 1m of internal dilution. The intercept widths are downhole lengths and may not reflect true mineralisation widths

- Reconnaissance mapping and soil sampling has occurred over a number of areas north of the known Corboys Resource area during the period. A total of 1,444 surface geochemical samples were collected and submitted for analysis. A number of low order gold anomalies have been identified proximal to the New England historical working and over basalt stratigraphy. Although encouraging Aragon considers this area a low priority and will be assessing it options on how to best gain commercial value from the package.

DIRECTORS REPORT (continued)

- Aragon has entered the fertiliser sector with the acquisition of Territory Phosphate Pty Ltd ("Territory"). The key projects of Territory are exploration titles and applications which cover the Ammaroo and Lady Judith Phosphate Prospects in the southern Georgina Basin and western Wiso Basin of the Northern Territory. Proven significant phosphate mineralisation has been identified by limited drilling of water bores and stratigraphic diamond holes. At Ammaroo drill hole RM13015 on EL25185 was drilled as a water bore and intersected 45 metres @ 6.7% P₂O₅, including 12m @ 12.8% (3m composite samples) within a sequence of phosphoritic chert, clay, sandstone and limestone. Located just 20km to the east diamond hole Elkedra 3 (also within EL25185) intersected 4m @ 9.16% P₂O₅ (2m composite samples) within the same rock unit. This area will be the focus of the first phase of wide spaced scout drilling in 2009. At Lady Judith application ELA24994 is located approximately 280km west of the Alice Springs – Darwin railway line on the western edge of the Wiso Basin. Water bore RN020989 located within the tenement has yielded an assay of 28.2% P₂O₅ over 3 metres from a depth of 15 metres. Given the lack of exploration in the area Aragon believes that Lady Judith has excellent potential for a significant phosphate deposit.
- Aragon has also strengthened its position in the fertiliser sector with the application of tenement ELA27082. This application is located just 20km west of the Buchanan Dam phosphate occurrence where 6m @ 25% P₂O₅ from 12m has been identified from previous drilling. The other phosphate occurrence in the area is that of Alroy where there is an additional significant phosphate intersection of 4.6m @ 15.5% P₂O₅ from 17.4m.

In regards to the applications the Company will continue to address all the statutory requirements and consultation with the traditional owners so that it can proceed to grant.

AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 17 and forms part of this report.

Signed in accordance with a resolution of the Directors.



Paul Benson
Chief Executive Officer

Perth, 9 March 2009

Income Statement for the Half-Year ended 31 December 2008

	Note	CONSOLIDATED	
		31 December 2008 \$	31 December 2007 \$
Revenue	3	198,337	339,688
Depreciation and amortisation expense	4(a)	(16,993)	(8,706)
Employee benefits expense	4(b)	(229,660)	(277,489)
Other expenses	4(c)	(2,576,194)	(299,223)
Loss before income tax		(2,624,510)	(245,730)
Income tax benefit		251,062	-
Loss after tax		(2,373,448)	(245,730)
Net loss attributable to members of Aragon Resources Limited		(2,373,448)	(245,730)
Loss per share (cents per share)			
- basic, for loss for the half-year attributable to ordinary equity holders of the Company		(3.64)	(0.45)
- diluted, for loss for the half-year attributable to ordinary equity holders of the Company		(3.64)	(0.45)

The accompanying notes form an integral part of this income statement.

Balance Sheet as at 31 December 2008

	Note	CONSOLIDATED	
		As at 31 December 2008 \$	As at 30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents	5	5,114,372	6,289,216
Trade and other receivables		42,615	100,661
Prepayments		23,533	11,007
Total current assets		5,180,520	6,400,884
NON-CURRENT ASSETS			
Receivables		50,000	50,000
Property, plant and equipment		182,066	157,529
Exploration and evaluation expenditure		3,337,903	3,570,549
Total non-current assets		3,569,969	3,778,078
TOTAL ASSETS		8,750,489	10,178,962
CURRENT LIABILITIES			
Trade and other payables		141,150	512,187
Provisions		28,583	25,735
Total current liabilities		169,733	537,922
NON-CURRENT LIABILITIES			
Provisions		39,000	-
Deferred tax liabilities		-	248,759
Total non-current liabilities		39,000	248,759
TOTAL LIABILITIES		208,733	786,681
NET ASSETS		8,541,756	9,392,281
EQUITY			
Issued capital	6	11,794,859	10,597,162
Option premium reserve		550,831	225,605
Accumulated losses		(3,321,065)	(947,617)
Other reserves		(482,869)	(482,869)
TOTAL EQUITY		8,541,756	9,392,281

The accompanying notes form an integral part of this balance sheet.

Cash Flow Statement for the Half-Year ended 31 December 2008

		CONSOLIDATED	
	Note	31 December 2008 \$	31 December 2007 \$
Cash flows from operating activities			
Other income		29,943	72,947
Interest received		162,129	266,741
Payments to suppliers and employees		(391,370)	(118,735)
Payments for office rental bond		-	(30,738)
Net cash flows (used in)/from operating activities		<u>(199,298)</u>	<u>190,215</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(2,530)	(179,847)
Payments for exploration and evaluation		(968,366)	(747,991)
Costs incurred on acquisition of subsidiary	8	(4,650)	-
Net cash flows used in investing activities		<u>(975,546)</u>	<u>(927,838)</u>
Cash flows from financing activities			
Proceeds from the issue of shares		-	8,758,439
Payment of share issue costs		-	(76,756)
Repayment of oversubscription		-	(1,592,974)
Net cash flows from financing activities		<u>-</u>	<u>7,088,709</u>
Net increase/(decrease) in cash and cash equivalents		(1,174,844)	6,351,086
Cash and cash equivalents at the beginning of the financial period		6,289,216	1,744,217
Cash and cash equivalents at the end of the period	5	<u>5,114,372</u>	<u>8,095,303</u>

The accompanying notes form an integral part of this cash flow statement.

Statement of Changes in Equity for the Half-Year ended 31 December 2008

Consolidated

Attributable to equity holders of the parent

	Issued capital	Option premium reserve	Other reserves	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
At 1 July 2007	1,898,058	10,758	-	(236,198)	1,672,618
Loss for the period	-	-	-	(245,730)	(245,730)
Total expense for the period	-	-	-	(245,730)	(245,730)
Equity transactions					
Shares issued	8,758,439	-	-	-	8,758,439
Cost of share-based payment	-	104,050	-	-	104,050
Share issue costs	(76,756)	-	-	-	(76,756)
At 31 December 2007	10,579,741	114,808	-	(481,928)	10,212,621
At 1 July 2008	10,597,162	225,605	(482,869)	(947,617)	9,392,281
Loss for the period	-	-	-	(2,373,448)	(2,373,448)
Total expense for the period	-	-	-	(2,373,448)	(2,373,448)
Equity transactions					
Shares and options issued	1,200,000	300,000	-	-	1,500,000
Cost of share-based payment	-	25,226	-	-	25,226
Share issue costs	(2,303)	-	-	-	(2,303)
At 31 December 2008	11,794,859	550,831	(482,869)	(3,321,065)	8,541,756

The accompanying notes form an integral part of this statement of changes in equity.

Notes to the Financial Statements for the Half-Year ended 31 December 2008

1. CORPORATE INFORMATION

The financial report of Aragon Resources Limited for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the Directors on 9 March 2009.

Aragon Resources Limited is a Company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The principal activity of the Consolidated Entity is exploration for minerals.

The address of the registered office is Level 1, 168 Adelaide Terrace, East Perth, WA 6004.

2. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of preparation of the half-year financial report

This general purpose condensed financial report for the half year ended 31 December 2008 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year 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 half-year 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 Aragon Resources Limited and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year financial report has been prepared on a historical cost basis.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(b) Changes in accounting policy

From 1 July 2008 The Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2008.

The following standards and interpretations have been adopted from 1 July 2008:

- AASB 2008-10 *Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)*
- Interpretation 12 and AASB 2007-2 *Service Concession Arrangements* and consequential amendments to other Australian Accounting Standards
- Interpretation 129 *Service Concession Arrangements: Disclosures*
- Interpretation 4 (revised) *Determining whether an arrangement contains a lease*
- Interpretation 13 *Customer Loyalty Programmes*.
- Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

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

Notes to the Financial Statements for the Half-Year ended 31 December 2008 (continued)

(c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Aragon Resources Limited and its controlled entities ('the Consolidated Entity').

The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Controlled entities are consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

Investments in controlled entities are carried in the balance sheet of the Company at cost less any impairment losses, if any.

Notes to the Financial Statements for the Half-Year ended 31 December 2008 (continued)

3. REVENUE AND INCOME

	CONSOLIDATED	
	31 December 2008 \$	31 December 2007 \$
Revenue		
Interest received - other corporations	168,394	266,741
Total revenue	<u>168,394</u>	<u>266,741</u>
Other income	29,943	72,947
Total revenue & other income	<u><u>198,337</u></u>	<u><u>339,688</u></u>

4. EXPENSES AND LOSSES

(a) Depreciation and amortisation

Depreciation of property plant and equipment	16,993	8,706
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(b) Employee benefits expense

Wages and salaries	165,996	150,553
Superannuation expenses	37,452	22,528
Other employee benefits	986	358
Share based payments	25,226	104,050
Total employee benefits	<u>229,660</u>	<u>277,489</u>

(c) Other expenses

Administration expense	178,646	188,144
Legal and professional fees	1,029	8,389
Exploration and evaluation expenditure written off (refer to note 7)	2,396,519	102,690
Total other expenses	<u>2,576,194</u>	<u>299,223</u>

Total expenses	<u><u>2,822,847</u></u>	<u><u>585,418</u></u>
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5. CASH AND CASH EQUIVALENTS

For the purposes of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank and in hand	5,114,372	8,095,303
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Notes to the Financial Statements for the Half-Year ended 31 December 2008 (continued)

6. ISSUED CAPITAL	CONSOLIDATED	
	31 December 2008 \$	30 June 2008 \$
<i>Ordinary Shares</i> Issued and fully paid	11,794,859	10,597,162
	Number of shares	\$
At 1 July 2008	60,029,755	10,597,162
Issued during the year	7,500,000	1,200,000
Share issue costs	-	(2,303)
At 31 December 2008	67,529,755	11,794,859

7. EXPLORATION AND EVALUATION EXPENDITURE

During the half-year ended 31 December 2008 the Consolidated Entity paid \$973,017 (2007: \$747,991) for exploration and evaluation expenditure.

During the half-year a review was undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty existed as to the future viability of certain areas, the value of that area of interest was written off to the income statement. Exploration and evaluation expenditure of \$2,396,519 (2007: \$102,690) was written off to the income statement.

8. ACQUISITION OF SUBSIDIARY

On 29 August 2008, Aragon Resources Limited acquired 100% of Territory Phosphate Pty Limited, an unlisted company based in Australia which has a significant portfolio of phosphate projects in the Georgina and Wiso Basins in the Northern Territory.

The total cost of the acquisition was \$1,504,650 and comprised an issue of equity instruments, and costs of \$4,650 directly attributable to the acquisition. The Company issued 7,500,000 ordinary shares with a fair value of \$0.16 each and 7,500,000 quoted options with a fair value of \$0.04 each, based on the quoted price of the shares and options of the Company at the date control was obtained. The quoted share options became exercisable on 1 September 2008.

The fair value of the identifiable assets of Territory Phosphate Pty Limited as at the date of acquisition are:

	Recognised on acquisition \$	Carrying value \$
Exploration assets	1,504,650	22,687
	1,504,650	22,687
Fair value of identifiable assets	1,504,650	22,687
Cost of the acquisition:		
Shares issued at fair value	1,200,000	
Options issued at fair value	300,000	
Costs associated with the acquisition	4,650	
Total cost of the acquisition	1,504,650	

Notes to the Financial Statements for the Half-Year ended 31 December 2008 (continued)

9. EVENTS AFTER THE BALANCE SHEET DATE

There has not arisen in the period between the end of the half-year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future years.

10. COMMITMENTS	31 December 2008 \$	31 December 2007 \$
(a) Operating lease commitments - Company as lessee		
The Company has entered into a commercial lease for office space which will expire in August 2010.		
Future minimal rentals payable under non-cancellable operating lease as at 31 December:		
Within one year	91,373	87,011
One year or later and no later than five years	60,915	145,018
	152,288	232,029
Operating lease commitments - Company as lessor		
The Company has entered into a commercial sub-lease on the above mentioned office space which will expire in August 2010.		
Future minimal rentals receivable under non-cancellable operating lease as at 31 December:		
Within one year	11,422	10,876
	11,422	10,876
(b) Exploration commitments		
In order to maintain current rights of tenure to exploration permits, the Consolidated Entity has certain obligations to expend minimum amounts of money. The following exploration expenditure requirements have not been provided for in the financial report		
Within one year	941,600	1,223,418
One year or later and no later than five years	1,571,237	2,200,052
	2,512,837	3,423,470

Notes to the Financial Statements for the Half-Year ended 31 December 2008 (continued)

11. CONTINGENCIES

At a general meeting held on 29 August 2008 shareholders of the Company approved the acquisition of 100% of the issued capital of Territory Phosphate Pty Ltd and its interests in granted tenements EL25183, EL25184 and EL25185 for a consideration of 7,500,000 fully paid ordinary shares and 7,500,000 options over fully paid ordinary shares (convertible at \$0.25 on or before 30 September 2010) in the Company (refer to note 8)..

At the same general meeting the shareholders also approved the deferred consideration of 2,500,000 fully paid ordinary shares and 2,500,000 options over fully paid ordinary shares (convertible at \$0.25 on or before 30 September 2010) in the Company which is to be issued upon the granting of exploration licence 24994 (ELA24994) and registration in the name of Territory Phosphate Pty Ltd. In the event that the ELA24994 is not granted by 30 June 2010, then the Company shall not be required to issue the deferred consideration securities to the Vendors and the Vendors will retain the full right, title and interest in the ELA24994.

Directors' Declaration

In accordance with a resolution of the Directors of Aragon Resources Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.


On behalf of the Board



Paul Benson
Chief Executive Officer

Perth, 9 March 2009

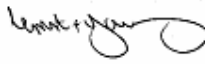
Auditor's Independence Declaration




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Auditor's Independence Declaration to the Directors of Aragon Resources Limited

In relation to our review of the financial report of Aragon Resources Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



G H Meyerowitz
Partner
Perth
9 March 2009

GHM:HQ:ARAGON:023

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Independent Review Report



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To the members of Aragon Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Aragon Resources Limited, 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, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 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 Aragon Resources Limited and the entities it controlled during the half-year, 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 have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.


Independent Review Report (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 Aragon Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- i) 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
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



G H Meyerowitz
Partner
Perth
9 March 2009