
WEDGETAIL EXPLORATION NL
ABN 85 003 257 556

Half Year Financial Report
For The Half Year Ended 30 June 2006

Corporate Particulars

DIRECTORS

Clive Donner (Chairman)
Frank Vanspeybroeck
Ross Gillon
Geoffrey Lambert
Evan Kirby
Richard Procter

COMPANY SECRETARY

Stephen Brown

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Ground Floor
24 Outram Street
WEST PERTH WA 6005
Telephone : +61 8 9488 8800
Facsimile : +61 8 9481 0288

SHARE REGISTRY

Corporate Investor Services Pty Ltd
Reserve Bank Building
Level 2, 45 St George's Terrace
PERTH WA 6000
Telephone : +61 8 9323 2000
Facsimile: +61 8 9323 2033

SOLICITORS

Lawton Gillon
3rd Floor, 19 Pier Street
PERTH WA 6000

AUDITORS

Rothsay Chartered Accountants
Level 1, 2 Barrack Street
SYDNEY NSW 2000
Telephone: +61 2 9299 0091
Facsimile: +61 2 9299 2595

Directors' Report

Your directors present their report on the financial statements for the half-year ended 30 June 2006.

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.

Clive Donner (Chairman)
Frank Vanspeybroeck
Ross Gillon
Geoffrey Lambert
Evan Kirby
Richard Procter

REVIEW AND RESULTS OF OPERATIONS

The principal continuing activities of Wedgetail Exploration NL during the course of the half year was exploration for gold and other economic resources. The company incurred a loss of \$1,082,258 (2005: loss of \$1,352,419) for the half year.

Following completion and release of the Feasibility Study on the Nullagine Gold project in April 2006, Wedgetail has continued with both planning and development of the Project. Key development activities for the company were:

- As part of Wedgetail's aim of debt funding the construction of the project, RSG Global (Mining Consultants) was engaged to produce an Independent Technical Audit of the Feasibility Study. The audit report, which was completed in July, has been provided to the potential debt lenders as part of their due diligence studies on the project.
- Holtfreters Pty Ltd continued with the detailed design of the proposed 1 Mtpa CIL gold processing plant and associated infrastructure. Key capital items such as the SAG Mill and the CIL tanks have either been ordered or purchased.
- Undertaking all regulatory approvals required to commence construction of the processing facility and related infrastructure.

The Company is also continuing its dual focus of continuing to aggressively explore its substantial landholdings in the Nullagine area. During the half year, exploration was mostly directed at the eastern half Wedgetail's Nullagine tenement holdings. Highlights of the work programs include:

- First-pass RAB drilling resulted in two significant new discoveries in the Golden Gate area.
- Follow-up RAB drilling located further mineralisation at the Harrier prospect near Golden Gate.
- Resource definition RC drilling at the Falcon Prospect at Golden Gate returned a series of high-grade intercepts that confirmed the results of previous shallow RAB drilling and extended the mineralisation at depth.
- Systematic regional soil sampling extended east of Golden Gate and outlined two more promising drill targets.

Directors' Report (Cont'd)

EVENTS SUBSEQUENT TO BALANCE DATE

At a General Meeting held on 29th August 2006, shareholders approved the following:

- A consolidation of the Company's shares on a 1 for 10 basis. The Company now has 129,575,116 ordinary shares on issue.
- A change of company type and name to Wedgetail Mining Limited, to reflect the company's proposed transition from explorer to producer status. A new Constitution was also adopted, which will take effect from the date of change of the Company type and name.
- A placement of up to 70,000,000 shares on a post consolidation basis, with funds raised to be used for capital requirements for construction of the Nullagine Gold Project, ongoing exploration of the Nullagine area, and working capital requirements.

AUDITOR

The board has received notification from the Company's auditor that he satisfies the independence criterion and that there have been no contraventions of the auditor independence requirements of the Corporations Act or any applicable code of professional conduct in relation to the audit.

This report is made in accordance with a resolution of the directors.

Dated this 13th day of September 2006.

On behalf of the directors

R PROCTER
DIRECTOR

Condensed Income Statement

For The Half-Year Ended 30 June 2006

	6 Months to June 2006 \$	6 Months to June 2005 \$
Revenue from ordinary activities	<u>292,078</u>	<u>127,527</u>
Carrying amount of plant and equipment sold	(15,198)	-
Finance costs	(548,585)	(418,352)
Depreciation	(55,490)	(124,729)
Employment/Consultants	(354,763)	(300,278)
Management and administration expenses	(384,140)	(501,186)
Non cash fair value adjustment	(6,000)	(75,000)
Exploration expenses written off	(10,160)	-
Other expenses from ordinary activities	<u>-</u>	<u>(60,401)</u>
Profit/(Loss) from ordinary activities before income tax expense	(1,082,258)	(1,352,419)
Income Tax Expense	<u>-</u>	<u>-</u>
Net profit/(loss) attributable to the members of Wedgetail Exploration NL	<u>(1,082,258)</u>	<u>(1,352,419)</u>
Total changes in equity other than those resulting from transactions with owners as owners	<u>(1,082,258)</u>	<u>(1,352,419)</u>
Basic Earnings Per Share	<u>(0.001)</u>	<u>(0.001)</u>
Diluted earnings per share are not materially different from basic earnings per share		

Condensed Balance Sheet

As At 30 June 2006

	As at 30 June 2006 \$	As at 31 December 2005 \$
CURRENT ASSETS		
Cash and cash equivalents	5,344,835	4,430,059
Receivables	93,309	9,148,851
Other financial assets	561,162	-
Total current assets	5,999,306	13,578,910
NON-CURRENT ASSETS		
Exploration assets	21,048,346	17,268,213
Property plant and equipment	4,035,418	3,002,372
Other financial assets	197,186	582,772
Total non-current assets	25,280,950	20,853,357
Total assets	31,280,256	34,432,267
CURRENT LIABILITIES		
Trade & other payables	1,426,753	3,712,157
Provisions	66,623	38,024
Interest bearing liabilities	9,252,857	6,655,634
Total current liabilities	10,746,233	10,405,815
NON-CURRENT LIABILITIES		
Interest bearing liability	126,408	2,602,668
Total non-current liabilities	126,408	2,602,668
Total liabilities	10,872,641	13,008,483
Net assets	20,407,615	21,423,784
EQUITY		
Contributed equity	28,249,999	28,183,910
Accumulated losses	(7,842,384)	(6,760,126)
Total equity	20,407,615	21,423,784

Condensed Statement of Changes in Equity

For the half-Year ended 30 June 2006

	6 Months to June 2006 \$	6 Months to June 2005 \$
Total equity at the beginning of the year	21,423,784	10,888,428
Net loss	(1,082,258)	(1,352,419)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	66,089	3,655,407
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Total equity at the end of the half-year	<u>20,407,615</u>	<u>13,191,416</u>

Condensed Statement Of Cash Flows

For The Half-Year Ended 30 June 2006

	6 Months to June 2006 \$	6 Months to June 2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(735,613)	(686,228)
Interest received	189,853	62,936
Interest and borrowing costs paid	(372,989)	(418,352)
Rental and other income	88,070	64,591
Net cash used in operating activities	<u>(830,679)</u>	<u>(977,053)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(973,828)	(880,881)
Payments for mineral exploration areas	(3,635,470)	(4,971,495)
Proceeds from sale of plant and equipment	14,155	-
Payment for mineral exploration security deposits	(97,968)	-
Net cash provided by investing activities	<u>(4,693,111)</u>	<u>(5,852,376)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	6,493,198	3,893,007
Drawdown on borrowings	-	2,500,000
Proceeds of loan from non related entity	-	37,522
Repayment of loan	(54,632)	(18,342)
Others – Finance Fee	-	(237,600)
Net cash provided by financing activities	<u>6,438,566</u>	<u>6,174,587</u>
Net increase / (decrease) in cash held	914,776	(654,842)
Cash at the beginning	<u>4,430,059</u>	<u>2,516,922</u>
Cash held at the end of the half-year	<u>5,344,835</u>	<u>1,862,080</u>

Notes To And Forming Part Of The Financial Statements For The Half-Year Ended 30 June 2006

1. (a) Basis of preparation

This general purpose financial report for the half year reporting period ended 30 June 2006 has been prepared in accordance with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes that are typically included in an annual financial report. Accordingly, it is recommended that this financial report be read in conjunction with annual financial report for the year ended 31 December 2005 and any public announcements made by Wedgetail Exploration NL during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

(b) Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of accounting standards mandatory for accounting periods beginning on or after 1 January 2006 which have had no effect on the result for the period or contributed equity.

The half-year report has been prepared on an historical cost basis and the half-year has been treated as a discrete reporting period.

	HALF-YEAR ENDED JUNE 2006 \$	HALF-YEAR ENDED JUNE 2005 \$
2. Revenue and Expenses from Continuing Operations		
Revenues		
Interest received	189,853	62,936
Proceeds from disposal of investments	14,155	-
Others - Rental	88,070	64,591
Total revenue	<u>292,078</u>	<u>127,527</u>
<u>Expenses</u>		
Finance costs		
Interest paid or payable – other persons	(480,305)	(418,352)
Borrowing costs paid – other persons	(68,280)	-
Total finance costs	<u>(548,585)</u>	<u>(418,352)</u>
Loss on disposal of plant and equipment	<u>(1,043)</u>	-

3. Segment Information

The principal activity of the company is mineral exploration and development in Western Australia.

4. Property, Plant and Equipment

Acquisition and disposals

During the half-year ended 30 June 2006, the company acquired assets with a cost of \$1,103,733. Assets with a book value of \$15,198 were disposed of by the group during the half-year ended 30 June 2006, resulting in a loss on disposal of \$1,043.

Notes To And Forming Part Of The Financial Statements For The Half-Year Ended 30 June 2006 (Cont'd)

5. Capital Commitments

As at 30 June 2006, the Company has capital commitments of \$4,100,000 (2005: Nil) principally relating to the acquisition of a SAG Mill for the Nullagine Gold Project. The contract for acquisition of the Mill contains standard default clauses.

6. Events Subsequent to Balance Date

At a General Meeting held on 29th August 2006, shareholders approved a consolidation of the Company's shares on a 1 for 10 basis. The Company's post consolidation issued capital consists of:

Ordinary shares	129,575,116	
Unlisted options	3,000,000	exercise price 55 c, expiring 11 October 2007
Unlisted options	140,000	exercise price 35 c, expiring 19 September 2006
Unlisted options	14,000	exercise price 55 c, expiring 31 December 2006
Unlisted options	16,000	exercise price 48 c, expiring 17 April 2007

Directors' Declaration

For the Half Year Ended 30 June 2006

The directors declare that:

- (a) The attached financial statements and notes thereto comply with Accounting Standards;
- (b) The attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2006 and the performance for the half year ended on that date;
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act; and
- (d) In the directors opinion there are reasonable ground to believe that Wedgetail Exploration NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

R PROCTER
DIRECTOR

PERTH, 13 September 2006



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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF WEDGETAIL EXPLORATION NL

Scope

We have reviewed the financial report of Wedgetail Exploration NL for the half-year ended 30 June 2006. The Company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" issued in Australia and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the Company's financial position and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities & Investment Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly we do not express an audit opinion.

INDEPENDENCE

In conducting our review we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Statement

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 Wedgetail Exploration NL is not in accordance with:

- (a) *the Corporations Act 2001*, including giving a true and fair view of the Company's financial position as at 30 June 2006 and the performance for the half-year ended on that date; and comply with Accounting Standard AASB134 "Interim Financial Reporting" and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Rothsay
Graham R Swan
Dated 13 September 2006

The liability of Rothsay Chartered Accountants is limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).