

**WEDGETAIL MINING LIMITED**  
**ABN 85 003 257 556**



**FIRST QUARTER ACTIVITIES**  
**&**  
**CASHFLOW REPORT**

**FOR THE QUARTER ENDED**  
**31 MARCH 2007**

## Highlights for the quarter include:

- **Development approvals process nearing completion**
- **Documentation for the Interim Gold Hedging programme and Loan Facility is well advanced**
- **Heap Leach Study results favourable with the potential for additional production**
- **Encouraging assays from drilling at Beatons Creek**

### **DEVELOPMENT ACTIVITIES**

The Department of Environment and Conservation has approved the Works Approval required for the construction of the processing plant. Further submissions have also been made to the Department of Environment and Conservation in relation to the issue of stygofauna management which had delayed the approval of the Mining Proposal. Approval of this is now expected in the next week.

Preparation of documentation between Wedgetail and Westpac Bank required for the implementation of an interim gold hedging programme is well advanced. A final audit of the Project Financial Model by Westpac's consulting engineers is also underway with a view to completion of the debt funding facility by 15th June.

Work has continued with the project implementation plan and the contracts for the initial site works are now ready to be awarded. Work will commence once the interim hedging programme is in place and the last of the approvals have been granted. Engineering design for the process plant is now more than 50% complete.

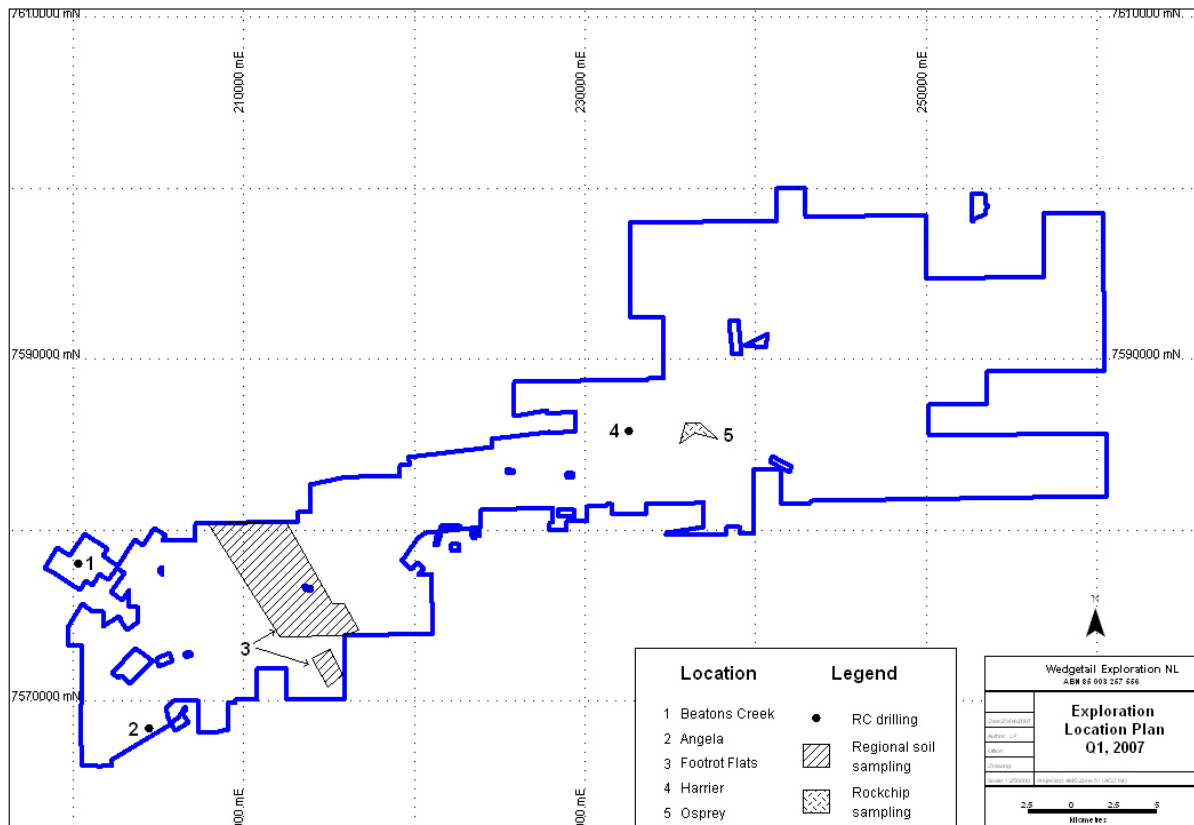
All components of the 3.5MW SAG mill have now arrived in Australia and have been placed in storage pending delivery to site when construction is sufficiently advanced.

The results of a preliminary Heap Leach Study on the economics of a 2Mtpa stand alone plant were received indicating favourable capital and operating cost parameters. It is anticipated that such a plant would treat a large resource of low grade ore from the Golden Eagle area as an adjunct to the main CIL processing facility. A further programme of large scale column testwork is now being planned prior to the preparation of more detailed capital cost estimates.

## EXPLORATION ACTIVITIES

Exploration efforts focussed on planning for the coming field season and reconnaissance sampling. In view of the possibility of prolonged monsoonal and cyclone-related rainfall events, the drilling schedule was limited to a small program of RC drilling. Highlights for the quarter include:

- Encouraging assays returned for shallow RC holes drilled at the Beatons Creek prospect late in the December quarter
- RC drilling at the Angela prospect confirms the presence of broad zones of bedrock mineralisation



**Location of Exploration Activity**

## RECONNAISSANCE EXPLORATION

### Regional soil sampling

The progress of the regional soil sampling program was hampered by the impact of heavy rainfall from three cyclones that crossed the Pilbara coast during the quarter. Nonetheless, a further four strike-kilometres were sampled in the western part of the project area, and the company intends to accelerate this important initiative during the dry winter months.

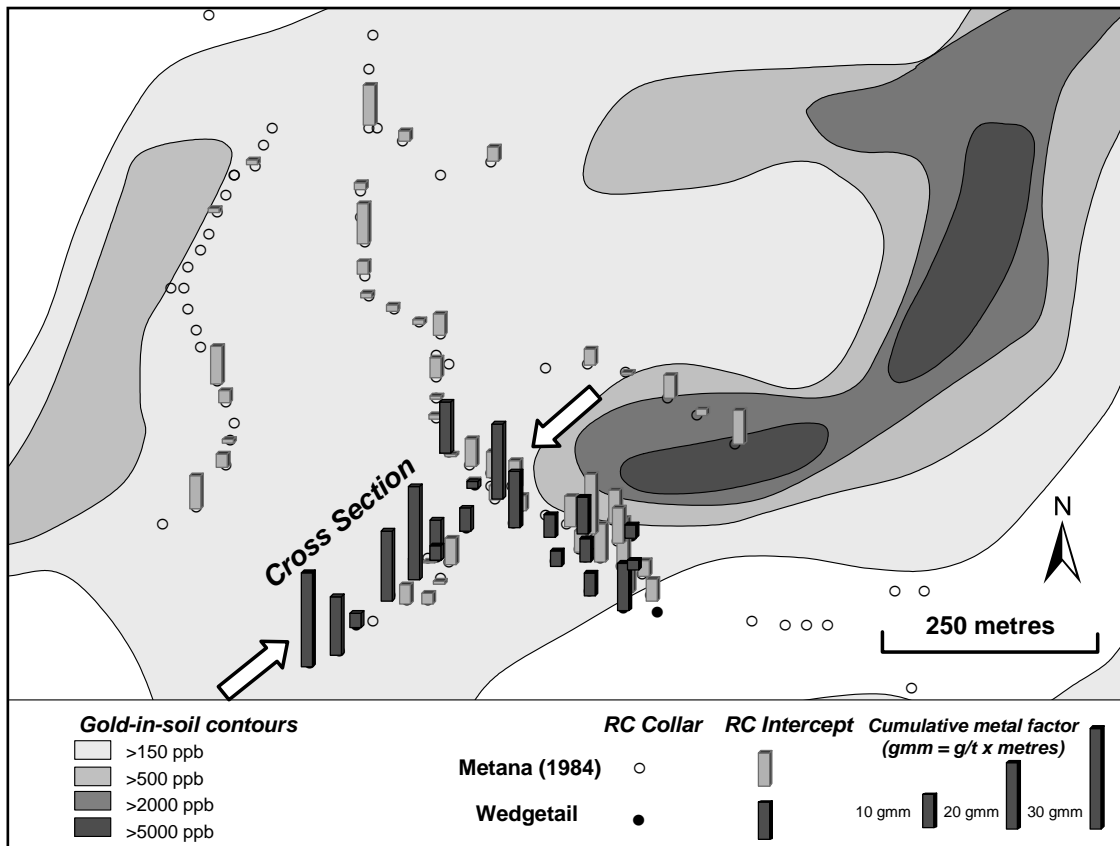
## PROSPECT EVALUATION

### Beatons Creek reverse circulation drilling

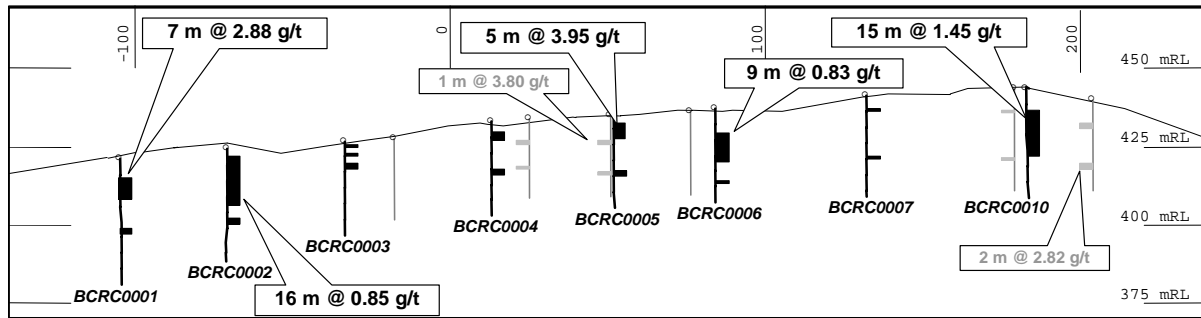
Results were returned for a 20-hole program of shallow RC drilling undertaken at Beatons Creek late in the December quarter. The objective of the drilling was to check the results of previous shallow RC drilling undertaken in the early 1980's.

Assays from the check RC drilling are far more encouraging than those from the early RC holes (see the drill hole plan and cross section that follow). For example, drill hole BCRC0001 intersected 7 m grading 2.88 g/t from 6 m depth, and drill hole BCRC intersected 15 m grading 1.45 g/t from 7 m depth. Comparison of the results from paired drill holes suggests that the main difference between the results is the poor representation of higher grades (1 to 10 g/t) in the assays from the early drilling.

Further evaluation of the Beatons Creek prospect will form an important part of the 2007 exploration effort, and work programs will include extensive scout RAB drilling across the large, intense gold-in-soil anomaly and targeted RC drilling designed to follow up on the scout drilling.



**Central part of Beatons Creek mining centre showing soil geochemistry and drill hole intercepts**



**Cross section showing intercepts from recent RC drilling (black trace & hatch), and intercepts in RC holes drilled in 1984 (grey trace & hatch; 0.5 g/t lower cut-off used for both sets of intercepts)**

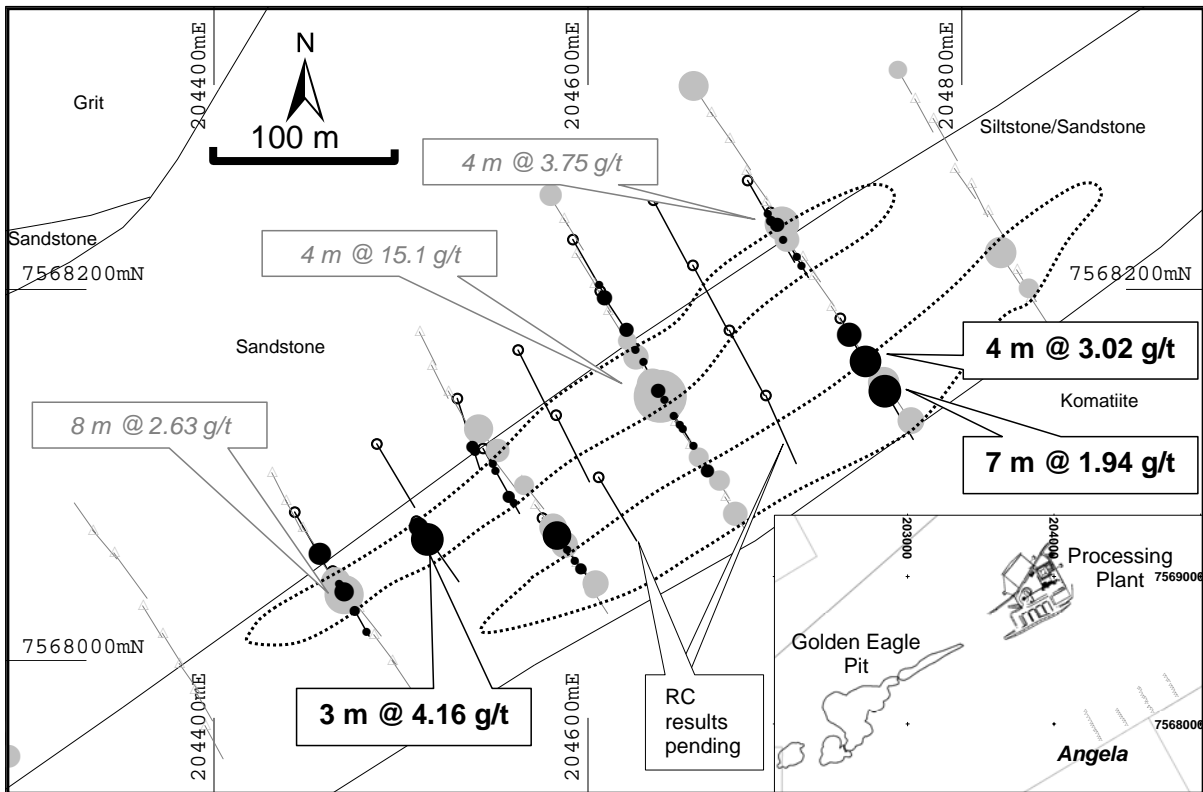
## RESOURCE DELINEATION

### Angela reverse circulation drilling

First-pass resource definition RC drilling was completed at the Angela prospect, which is located a short distance from the main Golden Eagle resource. This prospect was discovered last year and advanced from an intense soil geochemical anomaly to the point where broad zones of gold mineralisation in bedrock were delineated by scout RAB drilling over a 600 m strike length.

The RC drilling was undertaken on 50 m-spaced lines and selectively targeted the better zones of bedrock mineralisation outlined by the scout drilling. In total 18 holes were drilled during this campaign, and results have been returned for approximately two thirds of the program. Although several good intercepts have been returned by this work (see plan that follows), the RC drilling generally did not reproduce the tenor of the intercepts resulting from the scout RAB drilling. On face value, this suggests that the RAB drilling overstated the grade of the bedrock mineralisation. However, this situation is unique amongst the numerous prospects that have been drilled by Wedgetail over the last few years, in particular the prospects where the bedrock is reasonably fresh like it is at Angela, and in most cases there is good correlation between the metal endowment of RAB and RC drill intercepts. Further investigation of the recent RC results will be undertaken, and if necessary check RC drilling using a different drilling contractor will occur.

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**ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2007**



**Plan of the Angela prospect showing RAB drill hole intercepts (*grey italics and symbols*) and recent RC drill hole intercepts (**black bold text and symbols**)**

**Enquiries:**

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The information in this report that relates to Exploration Results is based on information compiled by Dr Michael Grigson, who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Grigson is a full time employee of Wedgetail Mining Limited. Dr. Grigson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to be qualified as a Competent Person as defined by the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Grigson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

**Wedgetail Mining Limited**

ABN

85 003 257 556

Quarter ended ("current quarter")

31 March 2007

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(1,108)	(1,108)
(b) development	(3,485)	(3,485)
(c) production	-	-
(d) administration	(590)	(590)
1.3 Commission received	-	-
1.4 Interest and other items of a similar nature received	149	149
1.5 Rent income received	30	30
1.6 Interest and other costs of finance paid	(15)	(15)
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(5,019)</b>	<b>(5,019)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(143)	(143)
(d)security deposits	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	80	80
(d)security deposits	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(63)</b>	<b>(63)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(5,082)</b>	<b>(5,082)</b>

1.13	Total operating and investing cash flows (brought forward)	<b>(5,082)</b>	<b>(5,082)</b>
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	<b>(19)</b>	<b>(19)</b>
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
<b>Net financing cash flows</b>		<b>(19)</b>	<b>(19)</b>
<b>Net increase (decrease) in cash held</b>		<b>(5,101)</b>	<b>(5,101)</b>
1.20	Cash at beginning of quarter/year to date	11,656	11,656
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>6,555</b>	<b>6,555</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	11
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors and Consulting fees paid at commercial rates.
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**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None
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## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	600	600
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,300
4.2 Development	2,000
<b>Total</b>	<b>3,300</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,583	1,583
5.2 Deposits at call	4,972	4,972
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>6,555</b>	<b>6,555</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	Nil			

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemption's				
7.3 <b>+Ordinary securities</b>	235,852,176	235,852,176		
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	-  -	-  -	-  -	-  -
7.5 <b>+Convertible debt securities</b> (description)	857,143	-	Convertible in whole or in part @ 35 cents on or before 31 <sup>st</sup> May 07	-
	545,455	-	Convertible in whole or in part @ 55 cents on or before 31 <sup>st</sup> Jan 07	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-  -	-  -	-  -	
7.7 <b>Options</b> (description and conversion factor)	3,000,000 16,000	- -	<b>Exercise Price</b> 55 cents 48 cents	<b>Expiry Date</b> 11 Oct 2007 17 April 2007
7.8 Issued during quarter	12,450,000	-	29 cents	19 December 2011
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-	-	
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (totals only)				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:   
Company Secretary

Date: 30 April 2007.

Print name: J. R. MORAN

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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