
WEDGETAIL EXPLORATION NL
ABN 85 003 257 556

Half Year Financial Report
For The Half Year Ended 30 June 2004

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Corporate Particulars

DIRECTORS

Clive Donner (Chairman)
Frank Vanspeybroeck (Managing Director)
Ross Gillon
Geoff Lambert
Evan Kirby

COMPANY SECRETARY

J E Sendziuk

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

Computershare 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 2004.

DIRECTORS

The following persons hold office as directors of Wedgetail Exploration NL at the date of this report or were directors at a time during the half-year:

Clive Donner (Chairman)
Frank Vanspeybroeck (Managing Director)
Ross Gillon
Geoff Lambert
Evan Kirby (Appointed 23 March 2004)

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. Lesser activities included investment in listed companies. The company incurred a loss of \$(170,131) for the half year.

ACTIVITIES

The company continues to be actively involved in gold mining, mineral exploration and development, focusing primarily on gold mining tenements in the Nullagine region within Western Australia.

CHANGES IN STATE OF AFFAIRS

During the half year there was no significant change in the company's state of affairs other than that referred to in the half year accounts or notes thereto.

DIRECTORS INTERESTS

As at the 27 August 2004 the interests of the directors in the shares of the company and related bodies corporate were:-

Director	Ordinary Shares		Options	
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
Clive Donner	-	-	-	-
Frank Vanspeybroeck	-	28,675,735	-	2,878,326
Geoff Lambert	-	2,285,715	-	285,715
Ross Gillon	-	3,250,000	-	-
Evan Kirby	325,000	-	-	-

DIRECTORS AND SENIOR EXECUTIVES EMOLUMENTS

Details of the nature and amount of each element of emolument of each Director of the company for the half year are as follows:

Name	Consulting Fees Related Parties	Directors Fee	Total
	\$	\$	\$
C Donner	-	-	-
F Vanspeybroeck	38,000	-	38,000
G Lambert	12,000	-	12,000
R Gillon	18,545	-	18,545
E Kirby	16,388	-	16,388

There were no executive officers of the company during the half year.

Directors' Report

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 30 day of August 2004

On behalf of the directors

F VANSPEYBROECK
DIRECTOR

Condensed Statement of Financial Performance

For The Half Year Ended 30 June 2004

	6 Months to June 2004 \$	6 Months to June 2003 \$
Revenue from ordinary activities	<u>642,612</u>	<u>38,313</u>
Administration Expenses	(135,756)	(339,132)
Carrying amount of investment sold	(247,469)	-
Provision for diminution of investments	-	(406,872)
Exploration expenses written off	(32,240)	(81,464)
Interest expense	-	(31,043)
Depreciation	(108,041)	-
Employment/Consultants Related Expenses	(142,180)	-
Occupancy Expenses	(99,821)	-
Insurance/Other Expenses	<u>(47,236)</u>	<u>(60,295)</u>
Profit/(Loss) from ordinary activities before income tax expense	(170,131)	(880,493)
Income Tax Expense	<u>-</u>	<u>-</u>
Net profit/(loss) attributable to the members of Wedgetail Exploration NL	<u>(170,131)</u>	<u>(880,493)</u>
Total changes in equity other than those resulting from transactions with owners as owners	<u>(170,131)</u>	<u>(880,493)</u>
Basic Earnings Per Share – Loss	<u>(0.001)</u>	<u>(0.001)</u>

Condensed Statement of Financial Position

As At 30 June 2004

	June 2004 \$	December 2003 \$
CURRENT ASSETS		
Cash assets	5,303,934	7,170,439
Receivables	16,242	-
Others- Tax Asset	100,610	124,850
Total current assets	5,420,786	7,295,289
NON-CURRENT ASSETS		
Mineral exploration and evaluation expenditure	4,591,951	3,052,368
Property, Plant and equipment	1,549,196	1,156,072
Other financial assets	436,475	766,898
Total non-current assets	6,577,622	4,975,338
Total assets	11,998,408	12,270,627
CURRENT LIABILITIES		
Payables	501,875	603,962
Other	500,000	500,000
Total current liabilities	1,001,875	1,103,962
NON-CURRENT LIABILITIES		
Interest bearing liability	-	-
Non-interest bearing liability	-	-
Total non-current liabilities	-	-
Total liabilities	1,001,875	1,103,962
Net assets	10,996,533	11,166,665
EQUITY		
Contributed equity	13,442,158	13,442,159
Accumulated losses	(2,445,625)	(2,275,494)
Total equity	10,996,533	11,166,665

Statement Of Cash Flows

For The Half Year Ended 30 June 2004

	6 Months to June 2004 \$	6 Months to June 2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(462,792)	(426,183)
Payments for mineral exploration areas	(1,300,594)	(278,723)
Interest received	169,942	14,898
Interest paid	-	(31,043)
Rental receipts	6,683	-
Net cash used in operating activities	<u>(1,586,761)</u>	<u>(721,051)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property plant and equipment	(357,026)	(5,350)
Payments for investments	-	(835,739)
Proceeds from sale of investments	449,805	21,429
Payment for mineral exploration areas	-	(64,303)
Proceeds from sale of mineral exploration areas	-	2,000
Payment for mineral exploration security deposits	(2,000)	(95,270)
Proceeds from security deposits	84,239	-
Net cash provided by investing activities	<u>175,018</u>	<u>(977,233)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,595,828
Proceeds of loan from related entity	-	-
Repayment of loan to related party	-	(200,000)
Repayment of loan	-	440,000
Others – Underwriters Fee	(454,762)	-
Net cash provided by financing activities	<u>(454,762)</u>	<u>1,835,828</u>
Net increase / (decrease) in cash held	(1,866,505)	137,544
Cash at the beginning	<u>7,170,439</u>	<u>379,052</u>
Cash held at the end of the half-year	<u>5,303,934</u>	<u>516,596</u>

Notes To And Forming Part Of The Financial Statements For The Half-Year Ended 30 June 2004

1. Basis of preparation

The half-year condensed financial statements are a general purpose financial report prepared in accordance with the requirements of Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

It is recommended that this financial report be read in conjunction with annual financial report for the year ended 31 December 2003 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.

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 31 December 2003 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

1.1 International Accounting Standards

With regard to AASB 1047 Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, the Company has instigated a continual review of International Accounting Standards and the effects they will have on the Company's future financial statements. The Company does not have any non-current assets which, being subject to an impairment test, and as far as it can be judged at present, will have any significant impact on future financial statements with regard to assets other than exploration tenements.

With regard to exploration and evaluation costs, given that the International Accounting Standards Board has not yet finalised its proposed standard, the new policy cannot be determined until finalisation of the relevant accounting standard and therefore it is not possible to identify whether there will be a significant impact on the financial statements as a result of the move to International Financial Reporting Standards in future years.

At present, the Company is not aware of any key differences in accounting policies that are expected to arise from adopting A-IFRS.

The company is continuing to monitor the Standards and will evaluate the new Standards and their impact on a continuing basis.

2. Revenue From Ordinary Activities

The following revenue items are relevant in explaining the financial performance for the interim period:

Revenues

	HALF-YEAR ENDED JUNE 2004 \$	HALF-YEAR ENDED JUNE 2003 \$
Interest received	169,942	16,884
Proceeds from disposal of investments	449,805	21,429
Rental - others	22,865	-

3. Financial Instruments – Finance Facility

On the 28 May 2004, Wedgetail Exploration NL has accepted a two year \$2.5 million standby convertible note facility from LinQ Resources Fund (formerly named Golden Arrow Fund II).

The convertible note carries a coupon of 10% per annum and has convertibility into Wedgetail shares at 3.5 cents per share.

Notes To And Forming Part Of The Financial Statements For The Half-Year Ended 30 June 2004

4. Contingent Liabilities

Native title claims have been made with respect to areas which included tenements in which the company has an interest. At present the company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect them or their projects.

5. Segment Information

The company is only involved in exploring for minerals.

The company operated for the full financial period within Australia.

6. Events Subsequent to Balance Date

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material or unusual nature which has or may significantly affect the operations of the company.

Directors' Declaration For The Half Year Ended 30 June 2004

Wedgetail Exploration NL

**Directors' Declaration
For the Half-Year Ended 30 June 2004**

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 2004 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 grounds 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.

**F VANSPEYBROECK
DIRECTOR**

PERTH, 30 August 2004

ROTHSAY

Level 1, 2 Barrack Street, Sydney NSW 2000 G.P.O. Box 2759, Sydney NSW 2001
Phone 9299 0091 Facsimile 9299 2595 E-mail swan2000@bigpond.com

Wedgetail Exploration NL

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 2004. 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 1029 "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 and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A 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 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.

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:
 - (i) giving a true and fair view of the financial position as at 30 June 2004 and the performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Rothsay
ROTHSAY

Graham R Swan
Graham R Swan
Partner

Dated 3 SEP 2004



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

Corporate Governance

CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Wedgetail Exploration NL support the principles of corporate governance and have adhered to the principles that they consider appropriate to the size, nature and scale of operations of company.

A description of the Company's main corporate governance practices is set out below. Unless otherwise stated, all these practices were in place the entire year.

BOARD OF DIRECTORS AND ITS COMMITTEES

The Board is responsible for the overall corporate governance of the Company including the strategic direction, establishing goals for management and monitoring of the company including an overall framework of internal control, a business risk management process and the establishment of appropriate ethical standards.

NOMINATION

The composition of the Board is determined using the following principles:

The Board should comprise of a minimum of three directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate materialises. The Board may comprise a mix of executive and non executive directors. The Board should comprise directors with a broad range of expertise relevant to the Company's business.

The composition of the Board is reviewed on an annual basis by the Board to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board selects a panel of candidates with the appropriate expertise and experience. The Board then appoints the most suitable candidate who must stand for board election at the general meeting of shareholders. The directors are to stand for re-election at three yearly intervals.

CHAIRMAN

The Chairman of the Board is elected by the full Board.

TRADING IN COMPANY SHARES

The Board does not place any restrictions on the directors or staff in trading in the company's shares, other than that no trading is to take place unless all information which is price sensitive is first released to the market. It is the Board's policy to keep the market informed at all times.

INTERNAL CONTROL FRAMEWORK

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the board has instigated an internal control framework that includes:

- Regular Board Meetings
- Financial Reporting
- Quality And Integrity Of Personnel
- Project Accounting
- Investment Appraisal

Corporate Governance

ETHICAL STANDARDS

It is the Company's policy that Directors and management conduct themselves with the highest ethical standards acting with integrity and objectivity aimed at enhancing the performance of the Company.

ENVIRONMENTAL PROTECTION AND MANAGEMENT

Wedgetail Exploration NL is committed to performance of its obligations in protection of the environment in which it works.

OCCUPATIONAL HEALTH, SAFETY AND WELFARE

Wedgetail Exploration NL recognises that its employees and contractors are a vital factor in the conduct of its business. The company is committed to eliminating workplace injuries by providing a safe working environment and by training its employees and contractors in health, safety and welfare issues.

BUSINESS RISK

The Board will monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management arrangements.

Specific areas of risk which will be regularly considered at board meetings include performance of activities, human resources, the environment and continuous disclosure obligations.

THE ROLE OF SHAREHOLDERS

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders routinely by quarterly, half yearly and annual reports and interim reports as matters of significance arise at short notice.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

INDEPENDENT PROFESSIONAL ADVICE

Each Director has the right to seek independent professional advice at the company's expense. However, prior approval of the Chair is required, which is not unreasonably withheld.