

---

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

**Half Year Financial Report**  
**For The Half Year Ended 30 June 2007**

---

**DIRECTORS**

Barry Eldridge (Non-Executive Chairman)  
Andrew Law  
Clive Donner  
Ross Gillon  
Geoffrey Lambert

**COMPANY SECRETARY**

James Moran

**PRINCIPAL PLACE OF BUSINESS  
AND REGISTERED OFFICE**

Ground Floor  
24 Outram Street  
WEST PERTH WA 6005  
Telephone: +61 (0)8 9488 8800  
Facsimile: +61 (0)8 9481 0288

**SHARE REGISTRY**

Advanced Share Registry Services  
110 Stirling Highway  
NEDLANDS WA 6009  
Telephone: +61 (0)8 9389 8033  
Facsimile: +61 (0)8 9389 7871

**SOLICITORS**

Lawton Gillon  
3<sup>rd</sup> Floor, 19 Pier Street  
PERTH WA 6000

**AUDITORS**

Rothsay Chartered Accountants  
Level 1, 2 Barrack Street  
SYDNEY NSW 2000  
Telephone: +61 (0)2 9299 0091  
Facsimile: +61 (0)2 9299 2595

## Directors' Report

---

Your directors present their report on the financial statements for the half-year ended 30 June 2007.

### 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.

Barry Eldridge (Non-Executive Chairman – Appointed 6<sup>th</sup> September 2007)

Andrew Law (Appointed 7<sup>th</sup> September 2007)

Clive Donner

Ross Gillon

Geoffrey Lambert

Frank Vanspeybroeck (Resigned 7<sup>th</sup> September 2007)

Evan Kirby (Resigned 7<sup>th</sup> September 2007)

Terry Stark (Managing Director – Appointed 26<sup>th</sup> February 2007; Resigned 5<sup>th</sup> September 2007)

Richard Procter (Resigned 30<sup>th</sup> April 2007)

### REVIEW AND RESULTS OF OPERATIONS

The principal activities of the Company over the first half of the year were the exploration for gold and other mineral resources. The Company incurred a loss of \$4,292,077 (2006: loss of \$1,082,258) for the half year. This loss included the impairment of assets totalling \$3,315,627.

The exploration activity over the past six months has taken on a dual focus. Whilst continuing to seek to boost the gold reserves for the gold project resources have been channelled into the search for base metal commodities.

The scout drilling undertaken at Beatons Creek delivered some very promising high grade intercepts and the soil sampling completed over the previous twelve months has delineated an intense 3 km<sup>2</sup> gold-in-soil anomaly. The objective of exploration at Beatons Creek is the delineation of broad, near-surface, low-grade zones of oxide mineralisation that may be amenable to development as a feedstock for a large-scale heap-leach or gravity recovery operation. Although initially targeted as a potential feed source for a low-grade, bulk-tonnage operation, it appears that at least some of the mineralisation at Beatons Creek may be amenable to development as higher grade CIL feedstock, and with further drilling has the potential to add to the current mining reserve.

Scout drilling in and around the Osprey and Griffon prospects was also completed. The work targeted the main gold-arsenic soil anomaly that overlies the Golden Gate corridor and also a secondary arsenic-antimony soil anomaly that lies just to the south of the main corridor. The structure that underlies this secondary anomaly is known to extend along a strike of 2.5 kilometres. Further work will be conducted to target possible high grade mineralisation within the extent of the anomaly.

Work late in the half year delineated the Millenium molybdenum prospect. This was done by regional soil sampling along 800 metre spaced lines. The significance of this discovery has been firmed up by further infill soil sampling along 200 metre spaced lines. A campaign of molybdenum analyses of sample pulps that were generated by early scout RAB drilling for gold exploration was also completed. The most important results of this work are the delineation of a regional-scale Mo-in-soil anomaly that extends along strike for almost 4 km (and covers in excess of 8 km<sup>2</sup>), and confirmation from the drill pulp analyses that there is widespread molybdenum mineralisation in bedrock within this area.

The Mo-in-soil anomaly at Millenium falls within the boundary of a prominent magnetic anomaly that is obvious at the scale of the Mosquito Creek Belt. Surface exposure in this area is dominated by siltstone and sandstone units of the Mosquito Creek Formation, and the anomaly is therefore likely to be the result of a magnetic source located below a veneer of these typically non-magnetic sedimentary rocks.

## Directors' Report (Cont'd)

---

The magnetic anomaly falls within the boundaries of a regional-scale deformation corridor that is several kilometres wide, and possible causes of the anomaly include fault-bound panels of volcanic rock, a magnetic porphyry stock, and/or a magnetic wall-rock alteration halo developed around a porphyry intrusion.

Outcrop in the areas of strongest Mo enrichment in the soil horizon within the Millenium prospect is characterised by sheeted, iron-oxide rich quartz vein arrays and podiform silica-sericite alteration. These features are akin to those described from the world-class Spinifex Ridge porphyry Mo-Cu deposit, which is located at Coppin Gap 115 km to the north of Millenium. Along with the presence of a major magnetic anomaly beneath the prospect, these geological similarities with the Spinifex Ridge deposit suggest a similar genetic affinity for the molybdenum mineralisation in the Millenium area.

The current reconnaissance-level exploration results for the Millenium prospect compare very favourably with the early exploration results from Spinifex Ridge deposit, which was discovered in 1970 using similar exploration techniques, and now has a measured and indicated resource of 470 Mt grading 0.06% Mo and 0.09% Cu. The Mo-in-soil anomaly at Millenium is almost an order of magnitude larger than the soil anomaly at Spinifex Ridge, and the level of Mo enrichment appears higher at Millenium. Individual Mo assays from the drill pulp analyses are as high as 0.043% for 4 m composite samples, which is significant when compared to the global resource grade at Spinifex Ridge. The significance of these results is further reinforced by the fact that these pulps are from drill holes that traverse less intense parts of the Millenium Mo-in-soil. The most intense part of the Millenium anomaly cuts obliquely across layering in the Mosquito Creek Belt for almost 2 kilometres, and there is no drill hole coverage in this area.

### EVENTS SUBSEQUENT TO BALANCE DATE

During July the Board announced that the development of the Nullagine Gold Project would be placed on hold. The main reason for this decision was the substantial fall in the Australian dollar price of gold due mainly to the significant appreciation in the Australian/US dollar exchange rate. This had adversely impacted the proposed project development returns and the Board reassessed the development option, along with other factors, for the project and decided to defer the development of the project until such time as the project economics have improved.

### 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 11<sup>th</sup> day of September 2007.

On behalf of the directors



---

**C. Donner**  
**Non-Executive Director**

**Condensed Income Statement**  
**For The Half-Year Ended 30 June 2007**

	<b>6 Months to June 2007</b>	<b>6 Months to June 2006</b>
	<b>\$</b>	<b>\$</b>
Revenue from ordinary activities	344,178	292,078
Carrying amount of plant and equipment sold	-	(15,198)
Finance costs	(31,441)	(548,585)
Depreciation	(53,969)	(55,490)
Employment/Consultants	(505,151)	(354,763)
Management and administration expenses	(730,067)	(384,140)
Non cash fair value adjustment	-	(6,000)
Exploration expenses written off	(307,277)	(10,160)
Impairment of Non-Current Assets	(3,008,350)	-
Other expenses from ordinary activities	-	-
Profit/(Loss) from ordinary activities before income tax expense	(4,292,077)	(1,082,258)
Income Tax Expense	-	-
Net profit/(loss) attributable to the members of Wedgetail Mining Limited	(4,292,077)	(1,082,258)
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>(4,292,077)</b>	<b>(1,082,258)</b>
<b>Basic Earnings Per Share</b>	<b>(0.009)</b>	<b>(0.001)</b>

Diluted earnings per share are not materially different from basic earnings per share

**Condensed Balance Sheet**  
**As at 30 June 2007**

	<b>30 June 2007</b>	<b>31 December 2006</b>	<b>30 June 2006</b>
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4,566,680	11,865,433	5,344,835
Receivables	20,469	144,357	93,309
Other financial assets	-	-	561,162
<b>Total current assets</b>	<b>4,587,149</b>	<b>12,009,790</b>	<b>5,999,306</b>
<b>NON-CURRENT ASSETS</b>			
Exploration assets	24,113,500	24,078,865	21,048,346
Property plant and equipment	10,426,425	10,139,530	4,035,418
Other financial assets	-	-	197,186
<b>Total non-current assets</b>	<b>34,539,925</b>	<b>34,218,395</b>	<b>25,280,950</b>
<b>Total assets</b>	<b>39,127,074</b>	<b>46,228,185</b>	<b>31,280,256</b>
<b>CURRENT LIABILITIES</b>			
Trade & other payables	948,879	3,806,511	1,426,753
Provisions	40,170	82,034	66,623
Interest bearing liabilities	634,538	369,077	9,252,857
<b>Total current liabilities</b>	<b>1,623,587</b>	<b>4,257,622</b>	<b>10,746,233</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing liability	40,295	340,295	126,408
<b>Total non-current liabilities</b>	<b>40,295</b>	<b>340,295</b>	<b>126,408</b>
<b>Total liabilities</b>	<b>1,663,882</b>	<b>4,597,917</b>	<b>10,872,641</b>
<b>Net assets</b>	<b>37,463,192</b>	<b>41,630,268</b>	<b>20,407,615</b>
<b>EQUITY</b>			
Contributed equity	50,724,692	50,452,239	28,249,999
Accumulated losses	(13,261,500)	(8,821,971)	(7,842,384)
<b>Total equity</b>	<b>37,463,192</b>	<b>41,630,268</b>	<b>20,407,615</b>

**Condensed Statement of Changes in Equity  
For the Half-Year ended 30 June 2007**

---

---

	<b>6 Months to June 2007 \$</b>	<b>6 Months to June 2006 \$</b>
Total equity at the beginning of the year	41,630,269	21,423,784
Net loss	(4,292,077)	(1,082,258)
Transactions with equity holders in their capacity as equity holders: Contributions of equity, net of transaction costs	125,000	66,089
<b>Total equity at the end of the half-year</b>	<b>37,463,192</b>	<b>20,407,615</b>

**Condensed Statement Of Cash Flows  
For The Half-Year Ended 30 June 2007**

	<b>6 Months to June 2007 \$</b>	<b>6 Months to June 2006 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(1,107,715)	(735,613)
Interest received	239,380	189,853
Interest and borrowing costs paid	(31,441)	(372,989)
Rental and other income	92,253	88,070
	<u>(807,523)</u>	<u>(830,679)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for development	-	-
Payments for plant and equipment	(4,421,761)	(973,828)
Payments for mineral exploration areas	(74,785)	(3,635,470)
Proceeds from sale of plant and equipment	(2,072,507)	14,155
Payment for mineral exploration security deposits	9,159	(97,968)
	<u>(6,559,894)</u>	<u>(4,693,111)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	125,000	6,493,198
Repayment of loan	(35,867)	(54,632)
Others	-	-
	<u>89,133</u>	<u>6,438,566</u>
Net cash provided by financing activities	<u>89,133</u>	<u>6,438,566</u>
Net increase / (decrease) in cash held	(7,278,284)	914,776
Cash at the beginning	<u>11,865,433</u>	<u>4,430,059</u>
<b>Cash held at the end of the half-year</b>	<u><u>4,587,149</u></u>	<u><u>5,344,835</u></u>

**Notes To And Forming Part Of The Financial  
Statements For The Half-Year Ended 30 June 2007**

**1. (a) Basis of preparation**

This general purpose financial report for the half year reporting period ended 30 June 2007 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 2006 and any public announcements made by Wedgetail Mining Limited 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 2007 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.

	<b>Half-Year Ended June 2007 \$</b>	<b>Half-Year Ended June 2006 \$</b>
<b>2. Revenue and Expenses from Continuing Operations</b>		
Revenues		
Interest received	242,874	189,853
Proceeds from disposal of investments	-	14,155
Others - Rental	101,304	88,070
Total revenue	344,178	292,078
<u>Expenses</u>		
Finance costs		
Interest paid or payable – other persons	31,441	(480,305)
Borrowing costs paid – other persons	-	(68,280)
Total finance costs	31,441	(548,585)
Loss on disposal of plant and equipment	(29,887)	(1,043)
Impairment of non-current assets	(3,315,627)	-

**3. Segment Information**

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

**Notes To And Forming Part Of The Financial  
Statements For The Half-Year Ended 30 June 2007 (Cont'd)**

---

**4. Property, Plant and Equipment**

Acquisition and Disposals

During the half-year ended 30 June 2007, the Company acquired assets with a cost of \$74,785. Assets with a book value of \$450,000 were disposed of by the group during the half-year ended 30 June 2007, resulting in a loss on disposal of \$29,887.

Impairment of Non-current Assets

The carrying amounts of the non-current assets were reviewed for the half year to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation, with any excess recognised through the income statement.

The impairment asset type and amounts are as follows:-

Exploration carrying values	\$ 307,277
Feasibility Studies	\$1,592,430
Property, Plant & Equipment	<u>\$1,415,920</u>
	<u>\$3,315,627</u>

**5. Capital Commitments**

As at 30 June 2007, the Company has capital commitments of \$nil (2006: \$4,100,000).

**6. Events Subsequent to Balance Date**

On July 2<sup>nd</sup> the Board announced to the market that the development of the Nullagine Gold Project would be placed on hold due to a substantial fall in the Australian dollar price of gold due mainly to the significant appreciation in the Australian/US dollar exchange rate. This had adversely impacted the proposed project development returns to the point where the Board has had to reassess the current development option for the project. As a result, the Board has elected to defer the development until such time as the project economics have improved.

**Directors' Declaration**  
**For the Half Year Ended 30 June 2007**

---

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 2007 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 Mining Limited 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.

Dated this 11<sup>th</sup> day of September 2007.



---

**C. Donner**  
**Non-Executive Director**

---

# 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

## Independent Review Report to the Members of Wedgetail Mining Ltd

We have reviewed the accompanying half-year financial report of Wedgetail Mining Ltd, which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cashflow statement, for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

### Directors' Responsibility

The Company's directors are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

### Auditor's Responsibility

Our responsibility is to express an opinion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Auditor of an Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented in all material respects, in accordance with Accounting Standard AASB 134: *Interim Financial Reporting*.

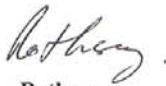
A review of a half-yearly financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and does not enable us to obtain assurance that we would become aware of all significant matters that might be identified 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, nothing has come to our attention that causes us to believe that the financial report of Wedgetail Mining Ltd does not fairly present, in all material respects the financial position of the company as at 30 June 2007 and of its performance and cash flows for the half-year ended on that date in accordance with Accounting Standard AASB134: *Interim Financial Reporting*.



Rothsay  
Chartered Accountants  
Dated this 11th day of September 2007



Frank Vrachas  
Partner



Chartered Accountants

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