

Wedgetail Exploration NL

February 2005

(ASX Code: WTE)

Recommendation: SPECULATIVE BUY FOR DEVELOPMENT RE-RATING

This report is an update on our previous coverage of Wedgetail Exploration NL (WTE) and follows a recent site visit to the company's operations in Western Australia. We believe the company is well positioned for a re-rating as it continues to successfully increase its gold resource base and moves through the completion of its bankable feasibility study and into the development of a meaningful gold mining operation. Follow-up work planned for 2005 on a number of significant regional gold targets in its extensive and prospective Nullagine acreage gives scope for further upside.

SECURITY DETAILS

Shares (WTE) - Last Sale Price	\$0.053
Shares 12-month High/Low Range	\$0.066/\$0.02
Number of Shares on Issue	939.1m
Options (WTEO) – Last Sale Price	\$0.019
Options 12-month High/Low Range	\$0.026/\$0.005
Number of Listed Options on issue	205.8m
Unlisted Convertible Notes on issue	2.5m
Market Capitalisation	\$54m
% Held by Top 20 Holders	62%
Major Shareholders	LinQ Resources Fund 22.4 % Golden Prospect PLC 10.6 %
Cash and Deposits at 31/12/04	\$4.9m
Website	www.wedgetail.net.au



Strategy

- Completion by mid 2005 of the current feasibility study based on the initial development of gold resources at the Golden Eagle deposit utilising a gold treatment plant likely to be located near the Nullagine township to yield around 80,000 ounces per annum for at least four years.
- Assuming a positive outcome for the feasibility study, commission the refurbished Copperhead gold treatment plant to process ore at an initial rate of about 1Mtpa but with possible expansion capacity significantly beyond that rate to yield initial annual output of about 80,000 ounces of gold by 2006.
- Continue to increase the gold resource base around initial operating positions in the first instance and then in the longer term over the company's large and prospective tenement position at Nullagine that contains 45km strike length of the Middle Creek Shear Zone using cash flow from gold production.

Key Points

- We rate WTE as the most advanced of the West Pilbara gold companies with the largest resource base (currently 635,000 ounces but expected to be upgraded from recent drilling in a revised resource statement expected to be released in March 2005) and the highest average grade of resources which can be most readily treated through the company's soon to be refurbished and relocated gold treatment plant.
- With a major consolidated tenement position now of highly prospective properties that aggregate 680 sq km. in the Nullagine goldfield and include 45 km of strike length of the important Middle Creek Shear Zone, we believe there is considerable exploration upside for WTE given the relatively sparsely explored nature of the area that results from its previously highly fragmented ownership.
- WTE's relatively modest market capitalisation of around \$50 million translates into a very favourable value per resource ounce relative to its nearby peers in the West Pilbara and the Australian gold sector generally. With cash resources of nearly \$5m at December 2004, WTE is well placed to join the ranks of gold producers in 2006 at a significant and increasing level that should help it achieve a progressive market re-rating as this occurs.

BACKGROUND

WTE was formerly known as Cloncurry Mining NL, which has seen a significant change in focus, withdrawing from its predecessor's copper production assets at Cloncurry in Queensland and directing its efforts now into the development of its prospective Nullagine areas in Western Australia.

PROJECT SUMMARY

The Nullagine Gold Project is located in the Western Pilbara region of Western Australia, two hours drive northeast of the iron ore mining town of Newman. WTE has a major tenement position, which encompasses 680 sq km. *The Project hosts 45 km of strike length of the regionally significant structure known as the Middle Creek Shear Zone, but which has been relatively unexplored because of the previously highly fragmented nature of previous tenement holdings.*

The project contains a number of prospects (see Figure 1 below), of which the most advanced and prospective at this stage is the Golden Eagle, hosting an in-house resource estimated at 359,000 ounces at an average grade of 1.9g/t, based on a 1.0g/t cut-off grade. This resource estimate was calculated using 19,000 two metre long composite assays derived from all known RC and diamond drilling. An independent resource estimate will be announced once all drilling to the west of Golden Eagle is completed and will form part of the Bankable Feasibility Study to be completed in the first half of 2005. As tabulated in Table 1 below, global gold resources at the Nullagine Project are currently estimated at 635,000 ounces at an average grade of 2.11g/t.

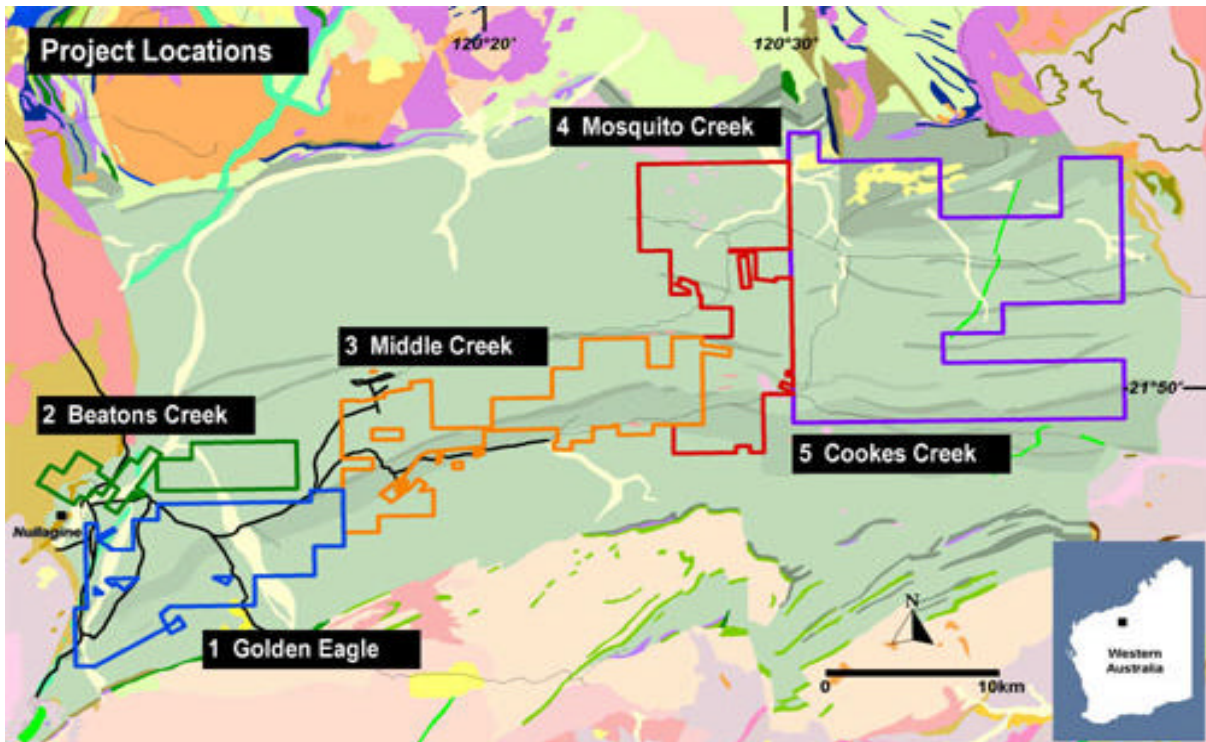


Figure 1. Map of WTE's Nullagine Project area showing location of major project areas.

Table 1. Summary of WTE's Nullagine Project global gold resources

Project Area	Measured			Indicated			Inferred			Total		
	M Tonnes	Au(g/t)	000oz	M Tonnes	Au(g/t)	000oz	M Tonnes	Au(g/t)	000oz	M Tonnes	Au(g/t)	000oz
Golden Eagle	3.5	1.97	222	1.62	1.81	94	0.79	1.71	43	5.91	1.90	359
Bartons	-	-	-	-	-	-	1.23	2.56	101	1.23	2.56	101
Beaton's Creek	-	-	-	-	-	-	1.60	2.15	111	1.60	2.15	111
Golden Gate	-	-	-	-	-	-	0.15	5.21	25	0.15	5.21	25
All Nations	0.24	2.46	19	0.09	2.63	8	-	-	-	0.33	2.56	27
Little Wonder	0.11	2.35	8	0.05	2.31	4	-	-	-	0.16	2.34	12
Totals	3.85	2.01	249	1.76	1.87	106	3.77	2.31	280	9.38	2.11	635

Notes. 1. These global resource estimates have been calculated using a 1.0 g/t cut off grade and include material in both the oxide and sulphide zones

2. The Golden Eagle project estimates were calculated by WTE personnel using Multiple Indicator Kriging

3. The estimates for all the other project areas have been compiled by WTE from previous owners' reports

WTE has maintained an aggressive drilling program over the past nine months, which has seen at least two, and now three drill rigs, operating on a continuous basis. The object of this level of drilling intensity is to both confirm and upgrade the existing resource base through RC and diamond drilling, as well as to test near surface, step-out and regional targets by RAB drilling.

RSG Global completed a Scoping Study in 2004 that included an appraisal of the geological integrity of WTE's gold resources with the objective of determining the potential viability of establishing a stand-alone gold treatment plant capable of processing material from various deposits within a 45km radius of the Nullagine township. The results of that study indicated that exploitation of the known pits could provide nearly 4 million tonnes of mill feed for a 1.0 million tonnes per annum plant at a head grade of about 2g/t Au.

WTE owns the old Copperhead CIP gold treatment plant and depending upon resource size and grades, will refurbish and configure the plant for Nullagine production. We anticipate a decision on initial production rates will be made during 2005 following the completion of the Bankable Feasibility Study expected mid year.

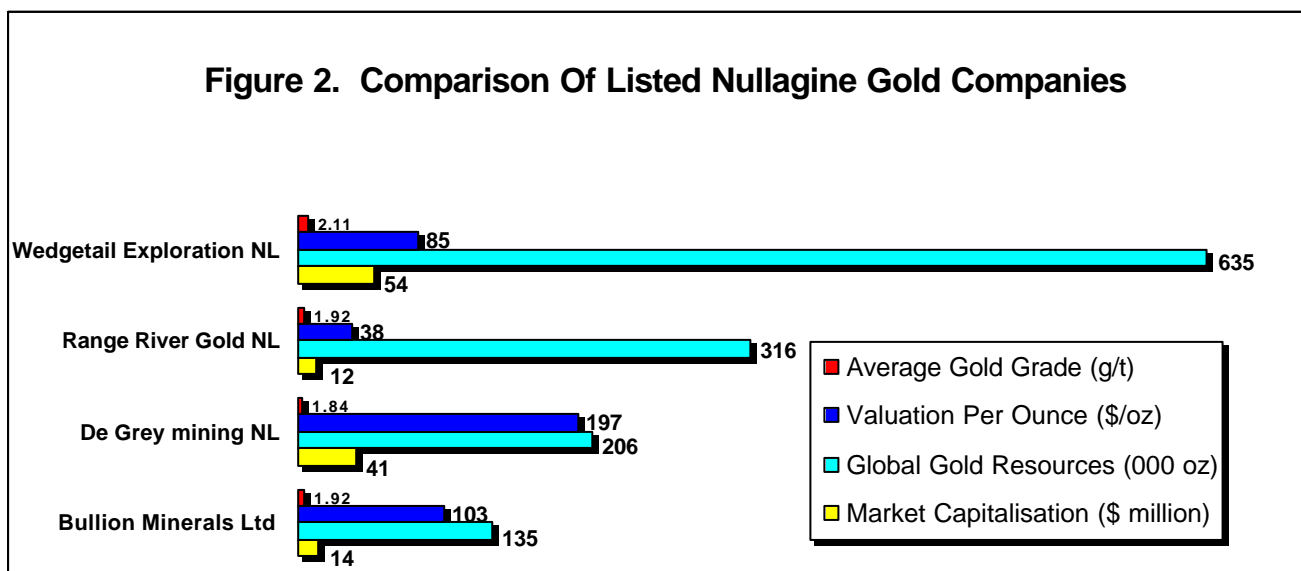
We believe potential exists for higher grade ore feed from deposits such as Golden Gate, which is currently estimated to contain 150,000 tonnes averaging 5.21g/t for 25,000 ounces, to boost project margins in the early stages. This is just one of five satellite deposits that could complement the main Golden Eagle pit. We understand an upgraded resource estimate will be announced by the end of the March 2005 quarter once all drilling to the west of Golden Eagle is completed and it will form part of the Bankable Feasibility Study.

The primary focus of the drilling program is expanding the size of the Golden Eagle resource both to the west and at depth, well outside the limits of the conceptual pits. Hydrogeological drilling will also investigate the dewatering of the Golden Eagle open pit and likely water supply options for processing. The most recent drilling results, which were released in early January, show encouraging mineralisation outside and to the west of the current proposed pit outlines, with results including 10 metres at 2.8g/t Au from 65 metres depth in hole GERC0428, 8 metres at 2.6g/t from 86 metres in hole GERC0429 and 16 metres at 2.47g/t from 76 metres in hole GERC0430.

Outside of the Golden Eagle area, infill and step-out RC drilling programs at the Bartons, All Nations and Little Wonder prospects are seen as priorities, as is further drilling of the exciting Linq prospect, which has been delineated by robust RAB intercepts over a strike length of almost 1,200 metres. An aeromagnetic survey of the eastern portion of the Nullagine landholding is currently being completed.

Comparative Analysis Of West Pilbara Gold Companies

Our analysis of the four listed gold companies that are active in the West Pilbara indicates that WTE is the most advanced of these and has the most favourable measures (size of gold resource base and its average grade) that indicate it should be able to successfully move from an advanced exploration situation, through development and into a production situation. The share market's valuation of gold resources is a dynamic but only qualitative measure that we regard as a generally useful guide that reflects a number of factors. To the extent that the value is a reflection of the share market's view of the ability of a company to lift its resource base, companies that have been afforded unrealistically high expectations in this regard can find their share price underperforms as the market reassess the situation. For companies with valuations below the consensus level, there is generally greater potential for those company's share prices to be re-rated towards a consensus value that reflects the general economic health (such as margin over cash cost) of the gold sector and the current gold price. Our assessment of the weighted consensus average valuation per ounce for gold resources is currently around \$87.



DIRECTORS

Clive Donner, Chairman: Has more than 20 years experience in fundraising and mining finance, principally with Rothschilds and now with the independent LinQ Resources Fund.

Frank Vanspeybroek, Managing Director: Has 18 years experience in the exploration and mining industries. This has included considerable experience in acquiring mineral properties, CIP plant operation and other general aspects of gold production.

Ross Gillon, Non-executive Director: Has been a director of a number of exploration companies and is a lawyer who has considerable experience in the resources sector.

Geoff Lambert, Non-executive Director: Has more than 30 years experience in investment banking and has served on the board of numerous listed companies.

Evan Kirby, Non-executive Director: Has broad experience with the development of mining and metallurgical projects in Africa, Australia and other parts of the world.

MANAGEMENT

Greg Cunnold, Exploration Manager: Has experience as an exploration field geologist in WA. He has recently been involved in a number of projects in Europe, where as a consultant to RSG he was responsible for resource definition and developing scoping studies for gold projects.

Dr Michael Grigson, Exploration Manager: Has more than 18 years experience in the mining industry and has been involved with and supervised a number of successful, large-scale gold exploration and development projects in WA. He also has extensive experience at the generative and grass roots stages of gold and base metal exploration.

Peter Woodman, Project Development Manager: Has more than 15 years experience in the mining industry and has been involved with several large gold projects that have advanced from the resource development phase through to successful production, both domestically and internationally.

RECOMMENDATION

We recommend WTE on the basis of its extensive and strategic ground position covering the Nullagine goldfield in Western Australia. We anticipate activity continuing on many fronts, which will provide a strong news flow for investors and should contribute to a progressive re-rating of the stock as the company moves through its Feasibility studies and into gold production on a meaningful level. Aggressive drilling will continue that should be able to add to the already impressive gold resource base at Golden Eagle and the other project areas, while many regional targets will be progressively investigated for the first time. We believe there is good potential for a +1 million-ounce resource base to ultimately be established within WTE's Nullagine Project area that could support significant gold production utilising the company's refurbished treatment plant. ***We maintain our Speculative Buy recommendation on WTE.***

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11 February 2005

Disclosure

Intersuisse Limited, its directors and associates disclose that they may have a relevant interest in the securities mentioned in this document. Intersuisse Corporate Pty Ltd, an associate company of Intersuisse Ltd, is advising the company on corporate and capital market activities on normal commercial terms and is receiving 5 million options and \$5,000 a month for 3 months commencing in November 2004. The Company has also paid for an Intersuisse employee to travel to Perth for the purposes of this report. This report was prepared by Peter Arden and Gavin Wendt.

11 February 2005

INTERSUISSE RESEARCH