
WEDGETAIL EXPLORATION NL
ABN 85 003 257 556

Half Year Financial Report
For The Half Year Ended 30 June 2005

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Corporate Particulars

DIRECTORS

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

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

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 2005.

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
Geoffrey Lambert
Evan Kirby
Richard Procter (Appointed 15 February 2005)

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 \$(1,352,419) 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 30 August 2005 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	-	2,585,715	-	-
Ross Gillon	-	3,250,000	-	-
Evan Kirby	325,000	-	250,000	-
Richard Procter	300,000	-	-	-

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	18,120	21,500	39,620
F Vanspeybroeck	81,000	-	81,000
G Lambert	-	12,000	12,000
R Gillon	-	12,000	12,000
E Kirby	10,650	12,000	22,650
R Procter	-	12,000	12,000

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

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 30th day of August 2005

On behalf of the directors

F VANSPEYBROECK
DIRECTOR

Condensed Statement of Financial Performance

For The Half-Year Ended 30 June 2005

	6 Months to June 2005 \$	6 Months to June 2004 \$
Revenue from ordinary activities	<u>127,527</u>	<u>642,612</u>
Administration Expenses	(179,380)	(135,756)
Carrying amount of investment sold	-	(247,469)
Provision for diminution of investments	(75,000)	-
Exploration expenses written off	-	(32,240)
Interest expense	(418,352)	-
Depreciation	(124,729)	(108,041)
Employment/Consultants Related Expenses	(300,278)	(142,180)
Occupancy Expenses	(149,865)	(99,821)
Insurance	(65,415)	(47,236)
Travel and lodging	(84,086)	-
Plant storage associated costs	(22,440)	-
Other expenses from ordinary activities	<u>(60,401)</u>	<u>-</u>
Profit/(Loss) from ordinary activities before income tax expense	(1,352,419)	(170,131)
Income Tax Expense	<u>-</u>	<u>-</u>
Net profit/(loss) attributable to the members of Wedgetail Exploration NL	<u>(1,352,419)</u>	<u>(170,131)</u>
Total changes in equity other than those resulting from transactions with owners as owners	<u>(1,352,419)</u>	<u>(170,131)</u>
Basic Earnings Per Share – Loss	<u>(0.001)</u>	<u>(0.001)</u>
Diluted earnings per share are not materially different from basic earnings per share		

Condensed Statement of Financial Position

As At 30 June 2005

	June 2005 \$	December 2004 \$
CURRENT ASSETS		
Cash assets	1,862,080	2,516,922
Receivables	45,966	17,050
Others	327,893	293,178
Total current assets	2,235,939	2,827,150
NON-CURRENT ASSETS		
Exploration Tenements	13,216,489	8,820,128
Property plant and equipment	2,751,090	1,994,842
Receivables	250,000	250,000
Other financial assets	537,492	611,594
Total non-current assets	16,755,071	11,676,564
Total assets	18,991,010	14,503,714
CURRENT LIABILITIES		
Payables	751,089	1,047,363
Interest bearing liabilities	39,984	39,985
Total current liabilities	791,073	1,087,348
NON-CURRENT LIABILITIES		
Interest bearing liability	5,008,521	2,527,938
Total non-current liabilities	5,008,521	2,527,938
Total liabilities	5,799,594	3,615,286
Net assets	13,191,416	10,888,428
EQUITY		
Contributed equity	17,887,566	14,232,159
Accumulated losses	(4,696,150)	(3,343,731)
Total equity	13,191,416	10,888,428

Statement Of Cash Flows

For The Half-Year Ended 30 June 2005

	6 Months to June 2005 \$	6 Months to June 2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(686,228)	(462,792)
Payments for mineral exploration areas	(4,971,495)	(1,300,594)
Interest received	62,936	169,942
Interest paid	(418,352)	-
Others - rental	64,591	6,683
Net cash used in operating activities	<u>(5,948,548)</u>	<u>(1,586,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property plant and equipment	(880,881)	(357,026)
Proceeds from sale of investments	-	449,805
Payment for mineral exploration security deposits	-	(2,000)
Proceeds from security deposits	-	84,239
Net cash provided by investing activities	<u>(880,881)</u>	<u>175,018</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,893,007	-
Proceeds of loan from related entity	2,500,000	-
Proceeds of loan from non related entity	37,522	-
Repayment of loan	(18,342)	-
Others – Finance Fee	(237,600)	(454,762)
Net cash provided by financing activities	<u>6,174,587</u>	<u>(454,762)</u>
Net increase / (decrease) in cash held	(654,842)	(1,866,505)
Cash at the beginning	<u>2,516,922</u>	<u>7,170,439</u>
Cash held at the end of the half-year	<u>1,862,080</u>	<u>5,303,934</u>

Notes To And Forming Part Of The Financial Statements For The Half-Year Ended 30 June 2005

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 2004 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 Company has moved from Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) in the half year ended 30 June 2005.

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

	HALF-YEAR ENDED JUNE 2005 \$	HALF-YEAR ENDED JUNE 2004 \$
2. Revenue From Ordinary Activities		
The following revenue items are relevant in explaining the financial performance for the interim period:		
Revenues		
Interest received	62,936	169,942
Proceeds from disposal of investments	-	449,805
Others - Rental	64,591	22,865

3. 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.

4. Segment Information

The company is only involved in exploring for minerals.

The company operated for the full financial period within Australia.

5. 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.

6. Impact of adopting Australian equivalents to international financial reporting standards

The Company has moved from Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) in the half year ended 30 June 2005.

Notes to and Forming Part of the Statements
For the half year ended 30 June, 2005

6. Impact of adopting Australian equivalents to international financial reporting standards (cont)

Set out below are the key areas where accounting policies have changed on adoption of AIFRS and the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on the net loss for the half year ended 30 June 2005.

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS

	30 June 2005	1 July 2004
	\$	\$
Total equity under AGAAP	13,191,416	10,996,533
Adjustments for effect of transition to AIFRSs	-	-
Total equity under AIFRS	13,191,416	10,996,533

(b) Reconciliation of net loss under AGAAP to that under AIFRS

	30 June 2005	30 June 2004
	\$	\$
Net loss as reported under AGAAP	1,352,419	170,131
Adjustments for effect of transition to AIFRSs	-	-
Net loss under AIFRS	1,352,419	170,131

There were no material impacts in relation to the statements of financial performance and cash flows.

Changes to accounting policies on adoption of AIFRS

A *Taxation*

Under AASB 112, the Australian equivalent to IAS 12 "Income Taxes", a balance sheet approach will be adopted for calculating taxation, replacing the "statement of financial performance approach". This method recognizes deferred tax balances for all temporary differences arising between the carrying value of an asset or liability and its tax base. Whilst there will be enhanced disclosure of the composition of the deferred tax assets and liabilities it is not expected that there will be any significant impact in terms of the statement of financial position or performance. The Company will not bring to account the estimated future income tax benefits attributable to tax losses and temporary differences as a deferred tax asset, as it is not yet considered probable that future taxable profit will be available for utilisation.

B *Share based payments*

Under AASB 2 "Share Based Payments", the Company will be required to bring to account the effect of share-based payments, including options, on its financial performance and financial position.

C *Impairment of Assets*

Under the Australian equivalent to IAS 36 "Impairment of Assets" the recoverable amount of an asset is determined as the higher of net selling price and value in use. This resulted in a change to the company's accounting policy which had determined the recoverable amount of an asset on the basis of discounted (undiscounted) cashflows. Under the new policy it is likely that the impairment of assets will be recognized sooner and the amount of write downs will be greater.

Property plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses (the cost method). The fair value of property plant and equipment, as determined by reference to observable prices, is not materially different to the carrying amount.

Directors' Declaration

For the Half Year Ended 30 June 2005

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 2005 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.

Where appropriate the directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

F VANSPEYBROECK
DIRECTOR

PERTH, 30 August 2005

ROTHSAY

Level 1, 2 Barrack Street Sydney NSW 2000 GPO Box 2759 Sydney NSW 1043
Phone: 9299 0091 Email: swan2000@bigpond.com.au

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 2005. 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 & Investment Commission.

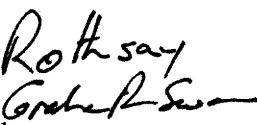
Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data.

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.

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 2005 and the performance for the half-year ended on that date; and comply with Accounting Standard AASB1029 "Interim Financial Reporting" and Corporations Regulations; and
- (b) other mandatory professional reporting requirements.


Rothsay
Graham R Swan
Dated 30 August 2005

The liability of Rothsay Chartered Accountants is 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

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.