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## QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2004

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### *Highlights for the quarter include:*

- Scoping study by RSG Global gives green light to Nullagine Project to proceed into pre-feasibility study.
- Detailed aeromagnetic survey delineates additional drilling targets.
- Extensive drill programme underway in Nullagine.



## **Development Activities**

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RSG Global was commissioned by Wedgetail Exploration NL ("Wedgetail") to compile a scoping study for several prospects possessed by Wedgetail in the Nullagine region and comment on the integrity of the geological databases associated with those prospects.

The objective of the study was to determine the potential viability of establishing a stand alone gold treatment plant capable of processing material from various prospects within a 45km range of the Nullagine township. The report was also commissioned to assist Wedgetail identify which prospects should be targeted for additional drilling to increase the resource base of the prospects. In addition, the study would assist Wedgetail with its regional exploration and RSG Global will shortly provide Wedgetail with structural exploration advice in further defining the controls in the regional exploration programme.

A brief description of the input models and work programs completed is summarised below grouped by prospect:-

- Golden Eagle – resource estimation and pit optimisation study (RSG Global).
  - Barton – resource estimation and pit optimisation study (RSG Global).
  - Golden Gate – resource estimation and pit optimisation study (Snowden Mining Consultants).
  - Little Wonder – resource estimation and pit optimisation study (Snowden Mining Consultants).
  - All Nations – approximation of defined mineralisation volumes and grade (RSG Global).
  - Gambols Hill – approximation of defined mineralisation volumes and grade (RSG Global).
  - Combined Prospects – notional production schedule.
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**WEDGETAIL EXPLORATION NL**  
**ABN 85 003 257 556**  
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Results of Scoping study: -

1. Exploitation of the pits could provide nearly four million tonnes of mill feed for a plant capable of treating 1Mt/year, at an average grade of 2.02g/t Au.
2. The Golden Eagle provides the bulk of the mill feed and is therefore the key deposit for the viability of the project.
3. Additional exploration is required to improve resource confidence or, in the case of the All Nations and Gambols Hill prospects, define resources suitable for mine planning.

Given that the Golden Eagle prospect produces more mill feed tonnage than all the other prospects combined, it is economically prudent to locate the plant at the Golden Eagle prospect.

More exploration is required to validate the prospect resources and the priority suggested is:-

1. Golden Eagle
2. Barton's
3. Golden Gate

The potential project economics are highly leveraged on the Golden Eagle prospect and therefore Golden Eagle is considered the highest priority target with additional exploration required to improve the resource confidence.

Barton is second priority target as it has the next highest potential recoverable gold content.

When resources are validated at the above prospects, it is recommended that Wedgetail undertake a pre-feasibility study that will provide a more accurate assessment of operational costs and revenues.

## **Exploration Activities**

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Following the recommendation of the RSG global scoping study, an extensive reverse circulation (RC) drilling programme will be conducted concurrent with the RAB drilling programme. The RC rig will be used for resource definition. In addition, RAB drilling conducted last year delineated extensions of known mineralization, as well as new prospects which will be RC drilled for inclusion into JORC compliant resource estimates. The planned programme stands at approximately 22,000 metres of RC drilling. In addition, the RC rig will be made available for the 'drill out' of any prospects generated from RAB drilling for better definition of mineralization.

In December 2003 a second stage of aeromagnetic surveying was flown, and the interpretation and reporting of its findings completed last month. This additional geophysical information has added substantially to both the understanding of the gold hosting structures, as well as increasing the number of interpreted structures that now require testing. As such a Rotary Air Blast (RAB) rig will be committed to the systematic assessment of the targets identified from the survey.

The first application of this exploration philosophy toward the end of 2003 generated a substantial list of significant gold intersections from three separate prospects. All three prospects warrant further drilling to better define the mineralisation evidenced to date. It is envisaged that the RAB rig will also complete this 'infill drilling'. An initial phase of 53,000 metres of RAB drilling is planned. Provision has been made in the budget, however, for additional drilling and follow up work contingent on results.

Given the scale of the proposed works, results of significance will be compiled and released to the market, as they are received.

## **Corporate Activities**

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### **Board Appointment**

On the 23<sup>rd</sup> of March Dr Evan Kirby was appointed a Non-Executive Director of the Board of Wedgetail Exploration NL.

Dr Kirby obtained his BSc and PhD degrees at Newcastle upon Tyne, UK. He has broad experience with the development of mining and metallurgical projects in Africa, Australia and other parts of the World.

During his career, Evan has been actively involved in a series of leading-edge projects for the recovery of precious and base metals. His experience covers a wide range of processes associated with platinum, gold, diamonds, copper, nickel, cobalt, zinc, tin, uranium, iron ore, chromite, arsenic, mercury, vanadium, fluorspar and sulfuric acid production.

He worked in South Africa for a total of 17 years in production and projects – for Impala Platinum, Rand Mines and Rustenburg Platinum Mines. He then moved to Australia in 1992 to join Minproc Engineers and (for four of his five years with Minproc) lead the process team as Manager Metallurgy. Evan then moved to Bechtel Australia and worked as Mining & Metals Technology Manager. After five years with Bechtel, he started his own consulting business in 2002.

### **Asset Acquisition**

Wedgetail acquired 3 blocks of land in Nullagine to setup offices and accommodation for Wedgetail exploration staff. Approval has been given from the Shire to commence development on the blocks.

*The information in this report, insofar as it relates to ore or mineralisation and exploration activities, is based on information compiled by Greg Cunnold, who is a Member of the Australasian Institute of Mining and Metallurgy and who has more than five years experience in the field of the activity being reported on. This report accurately reflects the information compiled by that member.*

## 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 Exploration NL

ABN

85 003 257 556

Quarter ended ("current quarter")

31 March 2004

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(400)	(400)
(b) development	-	-
(c) production	-	-
(d) administration	(147)	(147)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	87	87
1.5 Option fee	-	-
1.6 Interest and other costs of finance paid	-	-
1.7 GST	53	53
1.8 Plant Dismantling	-	-
<b>Net Operating Cash Flows</b>	<b>(407)</b>	<b>(407)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	(1)	(1)
(b)equity investments	-	-
(c) other fixed assets	(144)	(144)
(d)security deposits	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	465	465
(c)other fixed assets	-	-
(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>320</b>	<b>320</b>
1.13 Total operating and investing cash flows (carried forward)	(87)	(87)

1.13	Total operating and investing cash flows (brought forward)	(87)	(87)
	<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	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(87)	(87)
1.20	Cash at beginning of quarter/year to date	6717	6717
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	6630	6630

**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	44
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Consulting fees paid at commercial rates.

**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

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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

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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	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,200
4.2 Development	100
<b>Total</b>	<b>1,300</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	1052	717
5.2 Deposits at call	5578	6000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>6630</b>	<b>6717</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	-	-	-	-
6.2 Interests in mining tenements acquired or increased	P46/1434 P46/1435 P46/1436 P46/1437 P46/1438 P46/1403	-	0% 0% 0% 0% 0% 0%	100% 100% 100% 100% 100% 100%

## 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 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemption's				
7.3 +Ordinary securities	870,390,822	870,390,822		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	205,765,862	205,765,862	<i>Exercise Price</i> 5 cents	<i>Expiry Date</i> 31 December 2005
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

## 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: ..... Date: 14 April 2004  
Company Secretary

Print name: John Sendziuk

## 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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