

**WEDGETAIL EXPLORATION NL**  
**ABN 85 003 257 556**  
**QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 2006**

---

**WEDGETAIL EXPLORATION NL**  
ABN 85 003 257 556



Ground Floor, 24 Outram St  
West Perth WA 6005

Postal: PO Box 117,  
West Perth WA 6872  
Phone: +61 8 9488 8800  
Fax: +61 8 9481 0288  
Website: [www.wedgetail.net.au](http://www.wedgetail.net.au)

---

**QUARTERLY REPORT**  
**FOR THE PERIOD ENDED 30 June 2006**

---

*Highlights for the quarter include:*

- **Detailed Engineering Design & Independent feasibility study audit both well underway. Key long lead plant items acquired**
- **Availability of local processing water supplies confirmed**
- **Mining Approvals and EPA referral documents lodged**
- **Exploration continues to deliver high grade near surface results**
- **Two new discoveries in Golden Gate area from RAB drilling**
- **RC drilling at Falcon prospect delivers high-grade results**

Wedgetail has made solid progress on the Nullagine Gold Project since the release of the BFS study at the end of the last quarter. On the development front, advances have been made in all facets of the project from independent due diligence activities required by the potential debt providers, to the purchase of certain plant items and infrastructure. On the exploration front, the 100% success rate in the recent greenfields drilling programmes has again demonstrated that the exploration targeting techniques employed in the last 3 quarters have been extremely successful in identifying high grade, near surface, oxide gold mineralisation.

The company is entering an exciting phase where project funding, regulatory approvals and commencement of construction are planned to occur in the short term. In addition to this progress, ongoing exploration success will clearly demonstrate that the gold resources at the Nullagine Gold Project will soon expand the initial 5 year mine life outlined in the BFS.

## **DEVELOPMENT ACTIVITIES**

During the June Quarter, Wedgetail continued with both planning and development of the Nullagine Gold Project. Key development activities for the company were:

- As part of Wedgetail's aim of debt funding the construction of the project, RSG Global (Mining Consultants) was engaged to produce an Independent Technical Audit of the Feasibility Study. The audit report, due to be completed in July, will be provided to the potential debt lenders as part of their due diligence studies on the project.
- Holtfreeters Pty Ltd continued with the detailed design of the proposed 1 Mtpa CIL gold processing plant and associated infrastructure. Key capital items such as the SAG Mill and the CIL tanks have either been ordered or purchased.
- The major regulatory permits, the Mining Approval (formally called the Notice of Intent) and the EPA referral were submitted during the quarter.
- The final 7 day pump testing program, conducted by Global Groundwater to determine process water availability has been completed. The results indicate that sufficient water for both ore processing and dust suppression will be available from sources located near the processing plant. Following hydrogeological modelling of the recently acquired data, Global Groundwater will compile a report to be submitted with application for a water abstraction licence.

## **CURRENT DEVELOPMENT WORK PLAN**

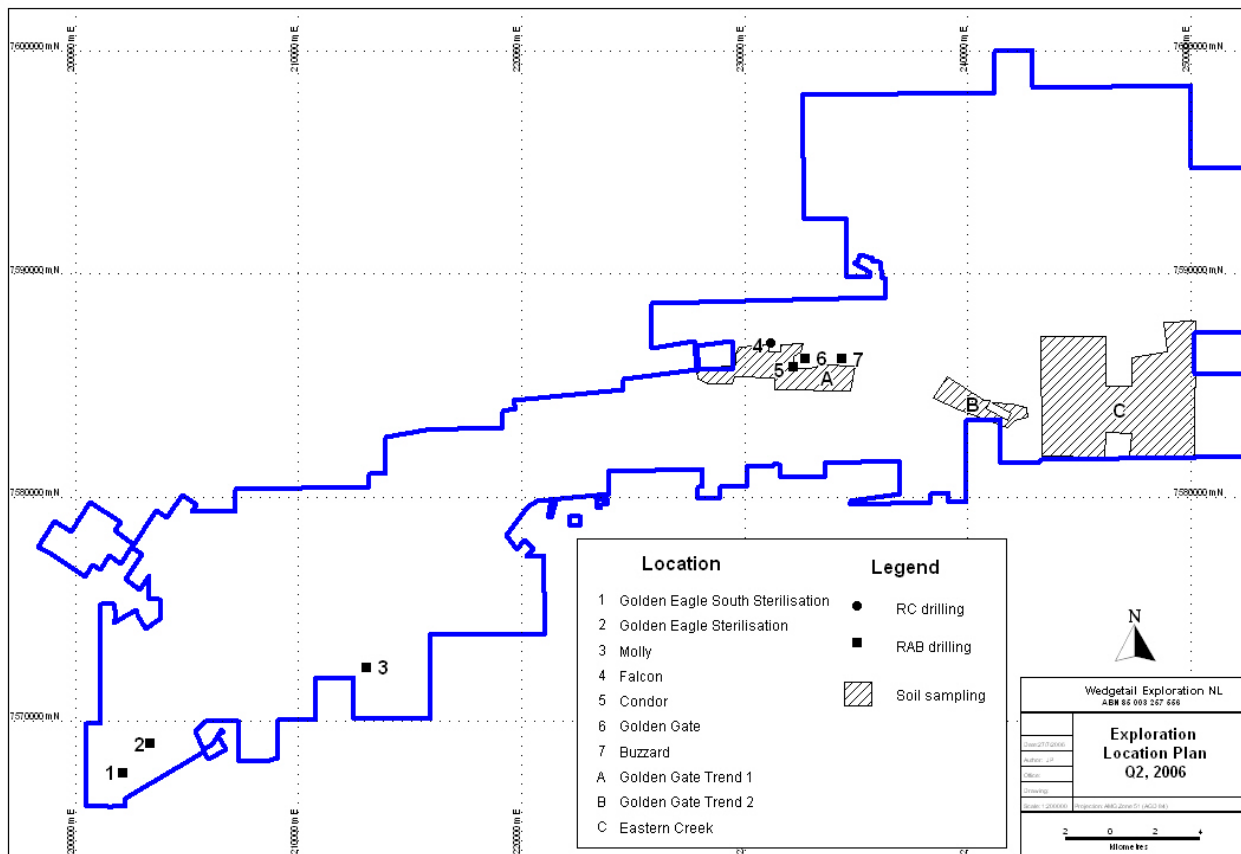
Wedgetail's development plans for the coming quarter are:

- Complete debt finance negotiations after the independent due diligence report has been completed. A number of banks are competing to supply debt for the project.
- Continue the detailed design elements for the ore treatment facility and supporting infrastructure.
- Complete all regulatory approvals required to commence construction of the processing facility and related infrastructure.
- Commence construction of the accommodation camp at the Golden Eagle mine site. An initial 36 man camp will supply sufficient room for the start of plant construction.

## EXPLORATION ACTIVITIES

Exploration activity picked up pace during the quarter and was mostly directed at the eastern half Wedgetail's Nullagine tenement (refer to plan on following page). Highlights of the work programs include:

- First-pass RAB drilling resulted in two significant new discoveries in the Golden Gate area.
- Follow-up RAB drilling located further mineralisation at the Harrier prospect near Golden Gate.
- Resource definition RC drilling at the Falcon Prospect at Golden Gate returned a series of high-grade intercepts that confirmed the results of previous shallow RAB drilling and extended the mineralisation at depth.
- Systematic regional soil sampling extended east of Golden Gate and outlined two more promising drill targets.



**Location of Exploration Activity**

## RECONNAISSANCE EXPLORATION

### Soil Sampling

Sampling over the eastern extension of the Golden Gate fault corridor progressed a further 6 kilometres, and the soil sampling now extends for a total of 14 km. Two new gold-in-soil anomalies were delineated at the >25 ppb Au threshold, with the largest anomaly stretching for almost 1.4 km to the west of the historic Parnell mining centre.

A broad-spaced pattern of soil sampling has also commenced over the eastern third of the project area in order to locate mineralisation corridors within this largely unexplored region. This work has so far delineated two new corridors.

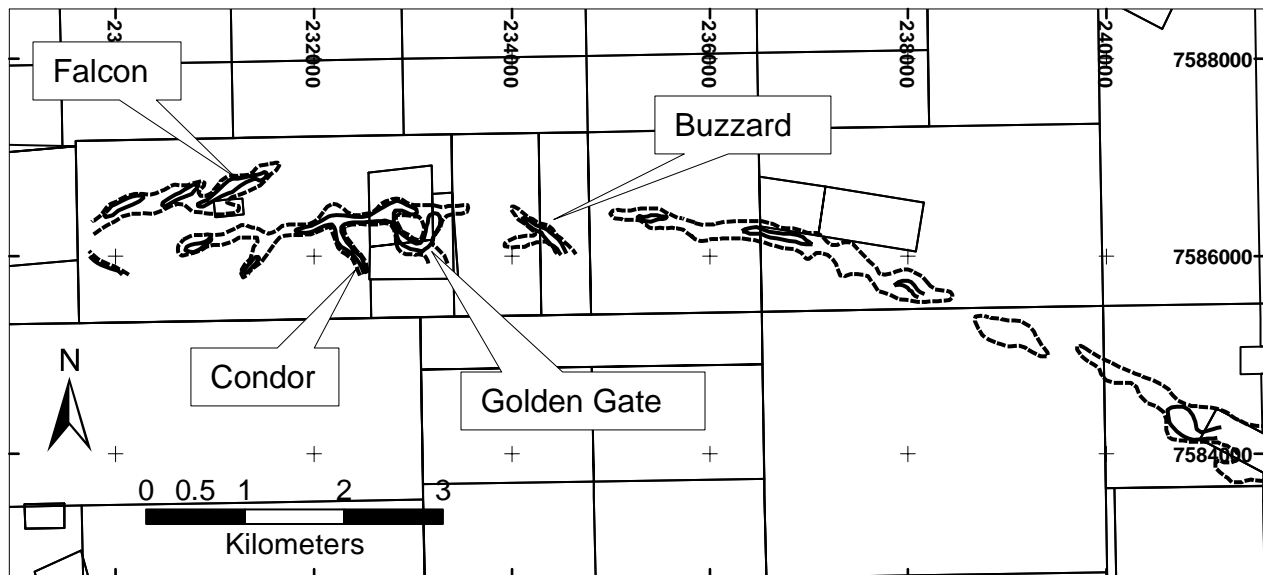
### Rock Chip Sampling

Rock chip sampling within mineralisation corridors (outlined by the soil sampling) in the east of the project area shows that quartz veins carry up to 12 g/t gold.

## PROSPECT EVALUATION

Another round of first-pass RAB drilling across two segments of the large network of gold-in-soil anomalies in the Golden Gate area has confirmed the presence of strong mineralisation in the underlying bedrock, and these new discoveries have been named Condor and Buzzard (see figure below). First-pass drilling was also completed over the Molly prospect, which is located in the Five Mile area.

Follow-up RAB drilling was conducted on the Harrier prospect at Golden Gate.

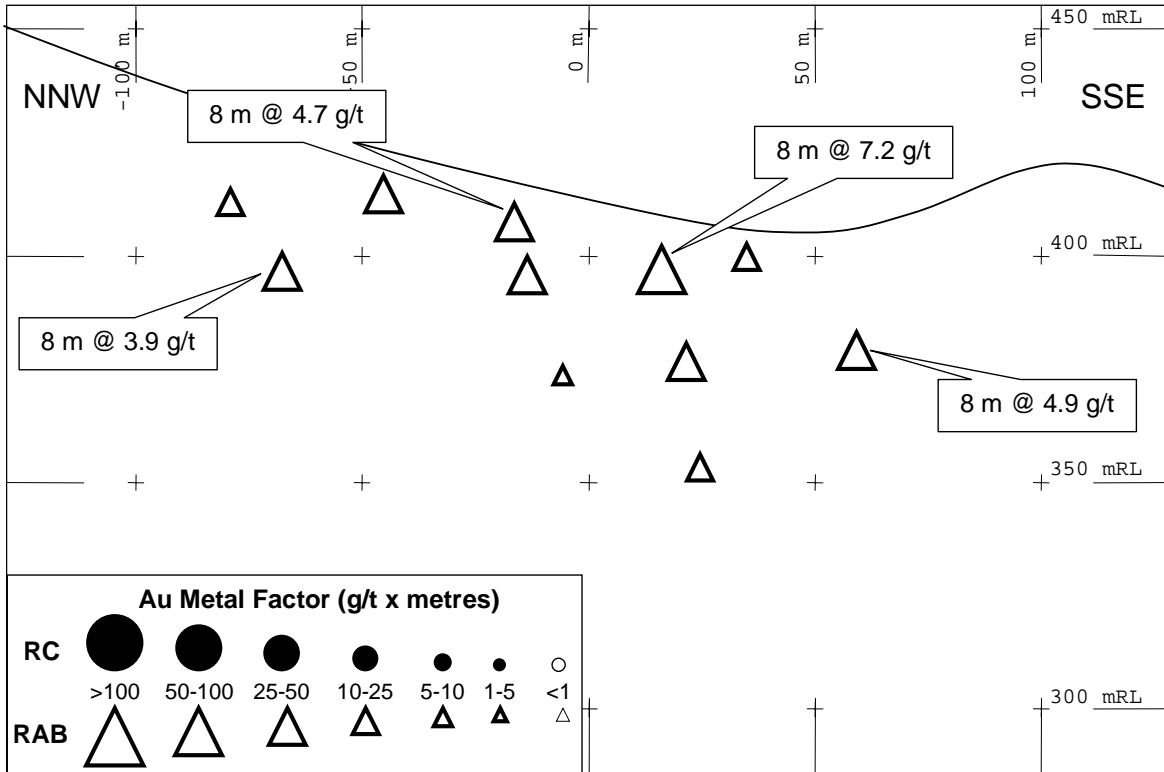


**Golden Gate Soil Anomaly Plan (>25 ppb Au contour - broken line; >50 ppb Au contour – solid line)**

**WEDGETAIL EXPLORATION NL**  
**ABN 85 003 257 556**  
**QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 2006**

**Condor**

The Condor prospect is centred 600 m west of the proposed Golden Gate open pits and was delineated in late-2005 by systematic soil and rock chip sampling. A first-pass program of 24 inclined RAB holes was drilled during the quarter and tested the southern third of the soil anomaly, over a strike length of 130 m. This work produced a series of robust intercepts that are shown on the long section below. The mineralisation remains open at depth and along strike to the NNW and SSE.

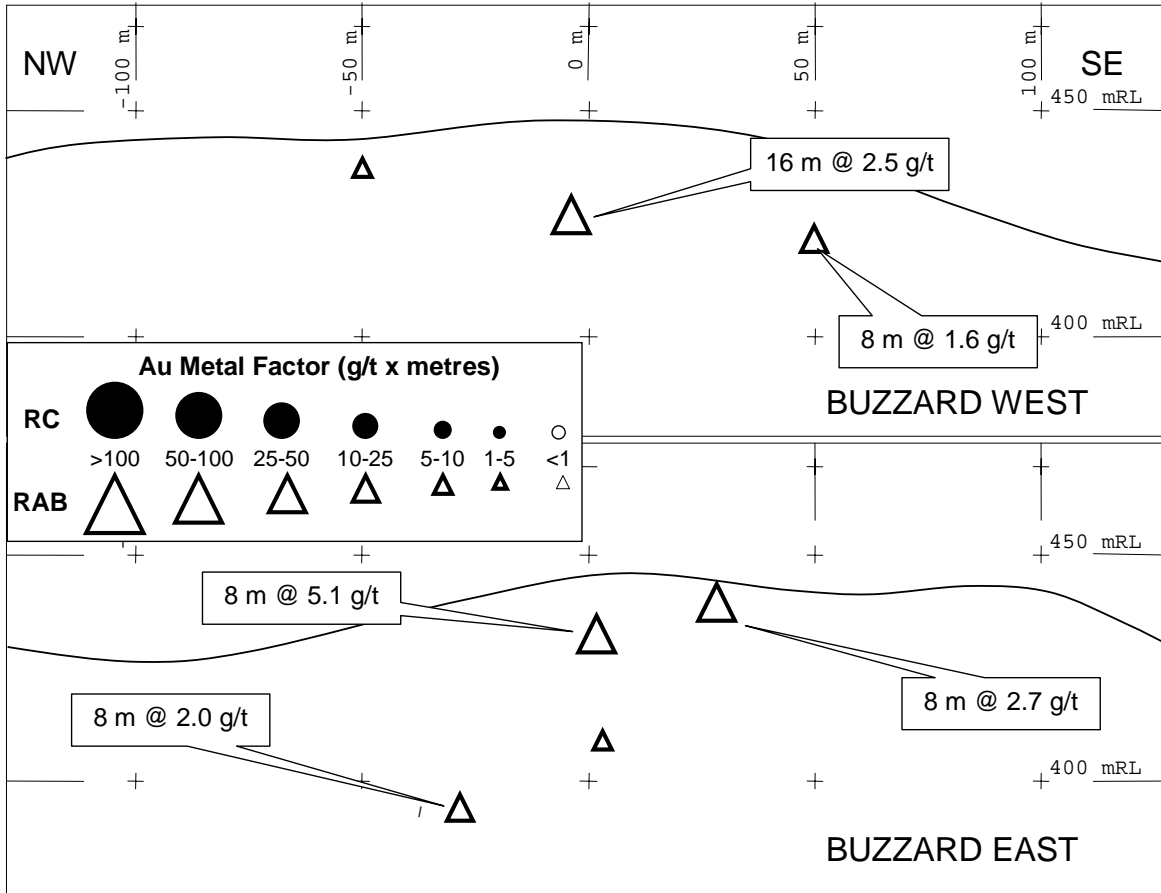


**Condor Long Section**

**WEDGETAIL EXPLORATION NL**  
**ABN 85 003 257 556**  
**QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 2006**

**Buzzard**

The Buzzard prospect lies 1.5 km east of Golden Gate and was delineated by the same reconnaissance exploration programs that discovered the Condor prospect. Forty three inclined RAB drill holes were completed during a first-pass test of the prospect. As shown on the long section below, the drill holes intersected two quartz reefs that are separate by about 60 m and are strongly mineralised over a strike length of 100 m. Mineralisation in both reefs remains open at depth and along strike to the SE.



**Buzzard Long Sections**

**Harrier**

The Harrier mineralisation is developed along the same NW-trending fault zone that controls the ABC reef mineralisation at Golden Gate. Further inclined RAB drilling was conducted along the trend of the prospect to better delineate the distribution mineralisation prior to beginning resource definition RC drilling. A further 33 holes were drilled, and the strong intercepts have now been returned over 180 m strike length.

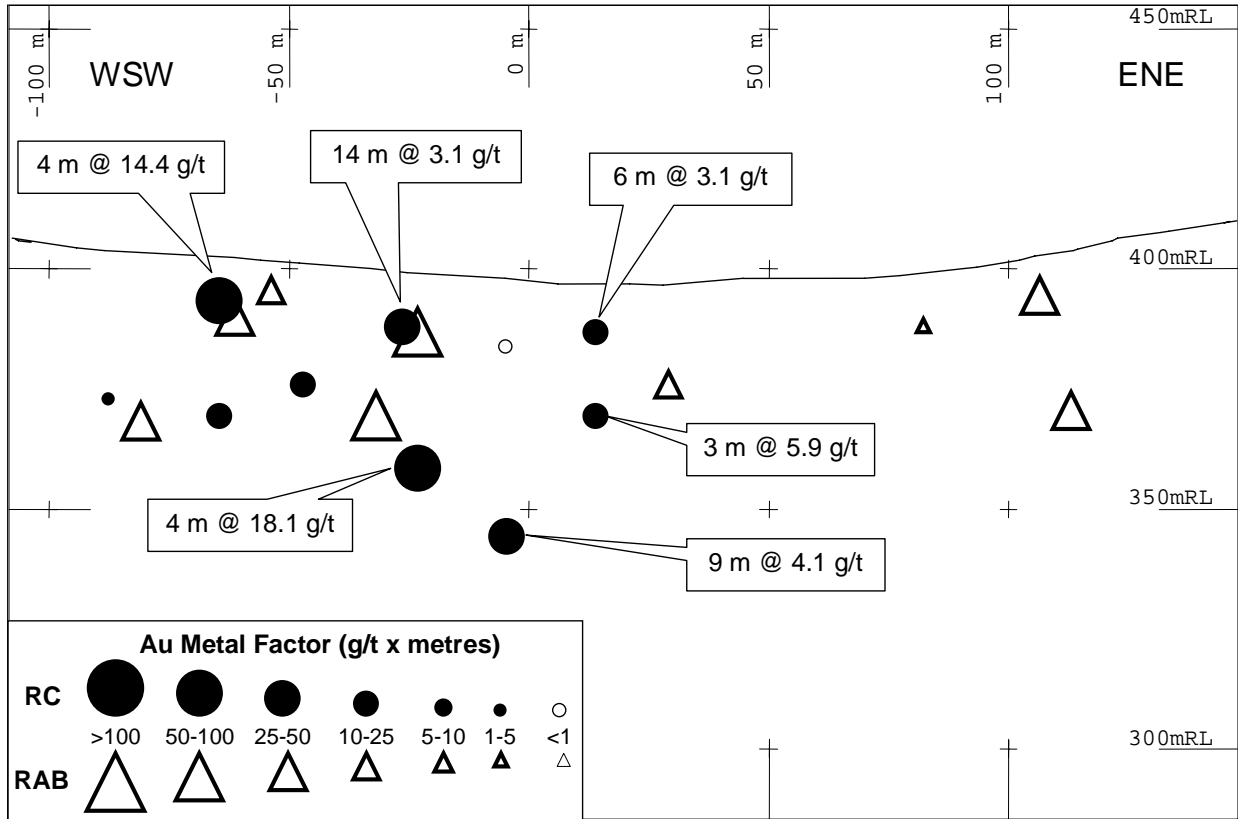
**Molly**

The Molly prospect is located in the Five Mile area, 12 km NE of Golden Eagle, and was delineated by soil sampling late in 2005. The 109-hole drilling program tested an 800 m strike length but failed to intersect significant mineralisation in the bedrock beneath the gold-in-soil anomaly, and no further work is planned.

**RESOURCE DELINEATION**

**Falcon RC drilling**

The Falcon prospect was advanced to the resource delineation stage during the quarter with the drilling of ten shallow RC holes along a 100 m strike segment that was accessible to the drill rig. Strong drill intercepts were returned from this work, in line with the intercepts returned by the first-pass RAB drilling in late-2005. The results of this work are summarised on the long section below. The high-grade mineralisation at Falcon remains open along strike and at depth, and further RC drilling is planned over the 600 m strike length of this prospect.



**Falcon Long Section**

## **CORPORATE ACTIVITIES**

- At the end of the June quarter, the Company's land holdings in the Nullagine area stood at 232 tenements covering 2,440 km<sup>2</sup>.
- The \$2.5 M Convertible Note which was due to expire on 31 May 2006 has been extended until 31 May 2007.
- The Investec Mezzanine debt facility was extended a further 3 months to the 11<sup>th</sup> of October 2006.

### Inquiries

Peter Woodman – Chief Executive Officer  
Clive Donner – Chairman  
Tel: +61 8 9488 8800

The information in this report was compiled by Peter Woodman, who is a Member of the Australasian Institute of Mining and Metallurgy. Peter Woodman is a full time employee of Wedgetail Exploration NL. Mr. Woodman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to be qualified as a Competent Person as defined by the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Peter Woodman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## 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")

30 June 2006

#### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(762)	(1,858)
	(b) development	(910)	(1,685)
	(c) production	-	-
	(d) administration	(348)	(735)
1.3	Commission received	-	-
1.4	Interest and other items of a similar nature received	94	190
1.5	Rent income received	108	121
1.6	Interest and other costs of finance paid	(193)	(498)
1.7	Other	-	-
	<b>Net Operating Cash Flows</b>	<b>(2,011)</b>	<b>(4,465)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(886)	(974)
	(d)security deposits	(97)	(98)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	6	14
	(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>(977)</b>	<b>(1,058)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(2,988)</b>	<b>(5,523)</b>

1.13	Total operating and investing cash flows (brought forward)	(2,988)	(5,523)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	6,493
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(28)	(55)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
<b>Net financing cash flows</b>		<b>(28)</b>	<b>6,438</b>
<b>Net increase (decrease) in cash held</b>		<b>(3,016)</b>	<b>915</b>
1.20	Cash at beginning of quarter/year to date	8,361	4,430
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,345	5,345

**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	130
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors and 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

None

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

None

## 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	9,000	9,000
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	700
4.2 Development	2,500
<b>Total</b>	<b>3,200</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	5,345	8,361
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,345</b>	<b>8,361</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	-	-	-	-

## 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 (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemption's				
7.3 +Ordinary securities	1,295,748,193	1,295,748,193		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -	- -	- -
7.5 +Convertible debt securities (description)	71,428,571  45,454,545	-  -	Convertible in whole or in part @ 3.5 cents on or before 31 <sup>st</sup> May 2007  Convertible in whole or in part @ 5.5 cents on or before 31 <sup>st</sup> January 2007	-  -
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7 Options (description and conversion factor)	30,000,000 3,300,000 1,400,000 140,000	- - - -	Exercise Price 5.5 cents 3.5 cents 3.5 cents 5.5 cents	Expiry Date 11 Oct 2007 1 Aug 2006 19 Sept 2006 31 Dec 2006
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

## 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: 31 July 2006  
Company Secretary

Print name: Stephen Brown

## 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.

====