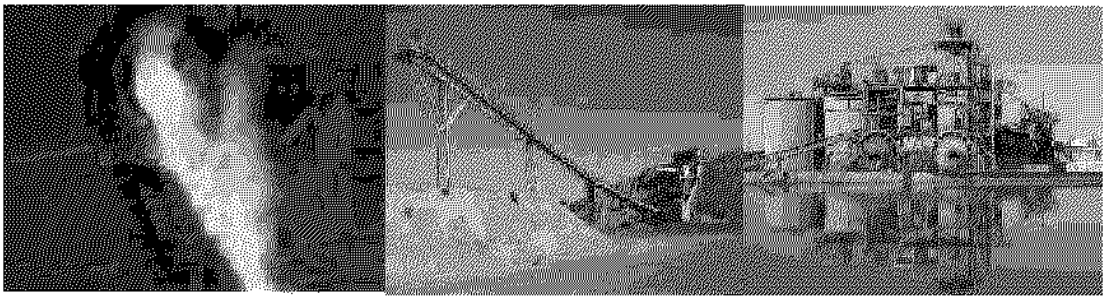
MONARCH GOLD
MINING COMPANY LIMITED



# Quarterly Activities Report for the quarter ended 31 March 2007

A.C.N. 100 038 266
23 Ventnor Avenue, West Perth WA 6005
phone: 08 9481 6422 fax: 08 9481 6433
email: admin@monarchgold.com.au
www.monarchgold.com.au

# MONARCH GOLD
## MINING COMPANY LIMITED

## Corporate Information

| | |
|---|---|
| **Status:** | ASX Listed Public Co. |
| **GICS Sector:** | Materials |
| **GICS Industry:** | Metals & Mining |
| **ASX Code:** | MON |

**Securities:**

| | |
|---|---|
| Fully paid shares | 284,685,580 |
| Options over fully paid shares | 34,100,000 |

**Directors:**

| | |
|---|---|
| Michael Kiernan | Executive Chairman |
| Allan Quadrio | Managing Director |
| John Davis | Technical Director |
| Mike Etheridge | Non-executive Director |
| David Humann | Non-executive Director |
| Phillip Botsis | Non-executive Director |
| David Macoboy | Non-executive Director |
| John McKee | Non-executive Director |

MONARCH GOLD
MINING COMPANY LIMITED

## Highlights for the quarter.

The Quarter ending 31 March 2007 has been one of marked advancement for Monarch Gold Mining Company Limited (ASX:MON) with achieving project go ahead status at Davyhurst a significant milestone for shareholders.

### Davyhurst Gold Project

- Monarch Gold Mining Company Limited announced the go ahead for its Davyhurst Gold Project following the completion of the mine plan.
- Monarch commenced the refurbishment of the Davyhurst Mill following the appointment of processing plant specialists, GR Engineering Services.
- Monarch acquired, on a 70% joint venture basis, the mining rights for the high grade Mt Ida gold mine. The total estimated gold resource contained within the Baldock, Whinnen and Meteor lodes currently stands at 110,650 ounces at an average grade of 24.0 g/t Au.
- At the Davyhurst Gold project RC drilling programmes were completed at the Walhalla, Sunraysia and Makai North prospects as part of ongoing resource definition.
- First pass RAB/Aircore drilling was completed at the Renmark South, Sunraysia Extended Mallee, Echuca and Little Wonder prospects in the Sunraysia area. Results from the drilling programmes were very encouraging and further drilling is proposed.

### Minjar Gold Prospect

- At Minjar the focus during the quarter has been the review and planning of exploration programmes on a number of prospects which show potential to provide gold resources with further systematic drilling. A number of these prospects have had first pass drilling completed which have returned economic grades worthy of review and interpretation.

### Corporate

- Mr. David Humann was appointed as a director in March 2007.
- The Company issued a Share Purchase Plan to shareholders offering up to $4,800 of shares at a price of 24 cents per share. The Share Purchase Plan closed on 14 March 2007 and raised $3.33m.

# EXPLORATION ACTIVITIES

Monarch Gold Mining Company Limited completed 7,596 metres of RC drilling in 134 holes at the, and Sunraysia, Makai North and Walhalla prospects at the Davyhurst gold project as part of the ongoing exploration strategy to enhance the resources and provide a base for gold production. 11,477 metres of RAB/Air Core drilling in 261 holes was also completed as first pass assessment of a number of new prospects at Davyhurst.

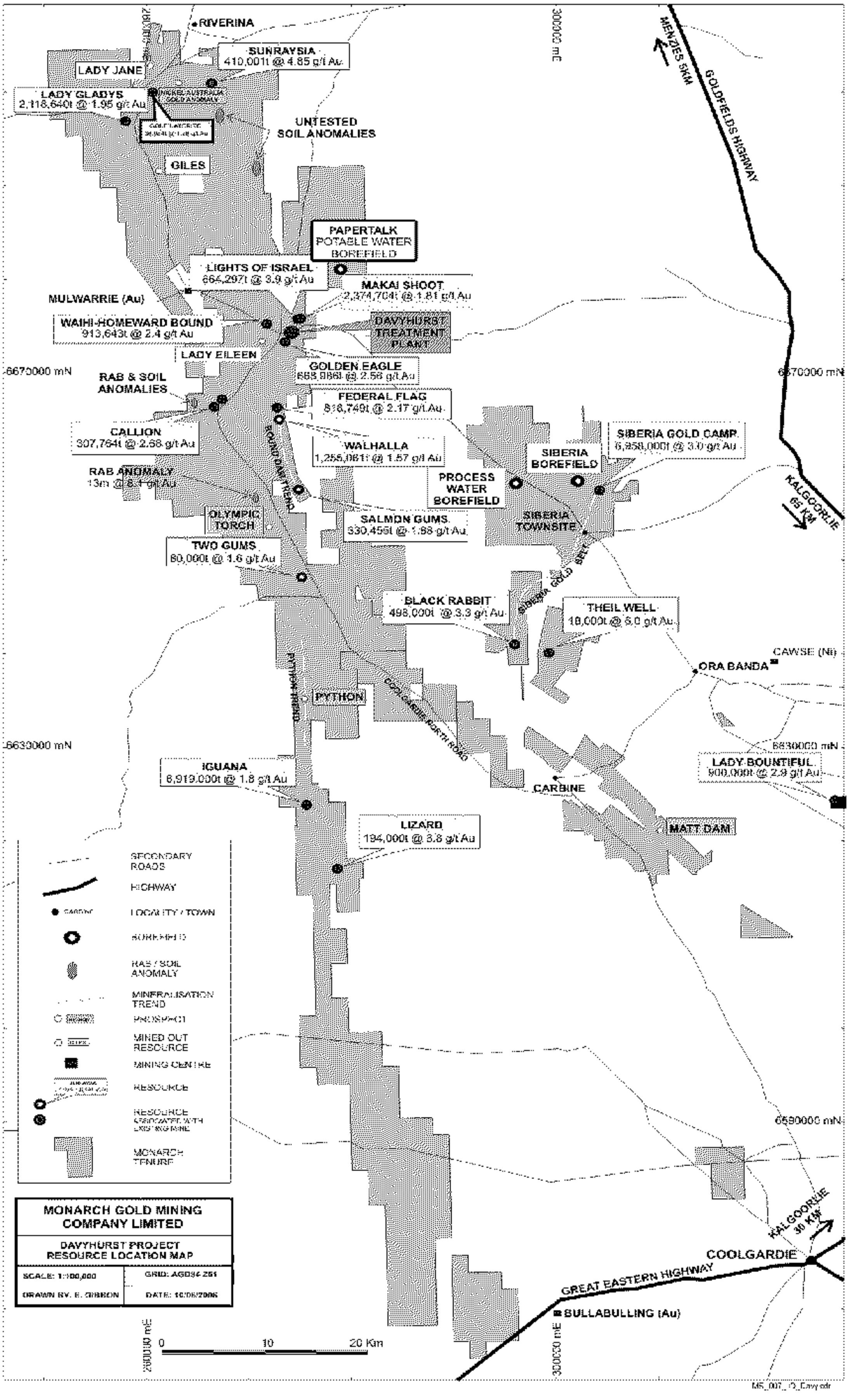
Results from this drilling have been received with some very encouraging assays reported.

Optimisation and pit design studies as part of the scheduled gold production at Davyhurst in the 3rd Quarter of 2007 have been completed for Sand King, Walhalla, Federal Flag, Lady Bountiful, Salmon Gums, Missouri and Two Gums deposits.

At the Minjar project 11,216 metres of RAB drilling in 176 holes was completed at a number of prospects. All results have been received.

Results from these programmes are being compiled and will form the basis of new resource estimations and further drilling programmes.

# DAVYHURST GOLD PROJECT



At Davyhurst the focus during the quarter has been on further defining resources in the Federal Flag/Walhalla (Round Dam trend) areas and compilation of data from RAB/Aircore drilling in the Sunraysia area

**Round Dam Trend**

On the Round Dam trend, 4,643 metres of RC drilling was completed in 81 holes at the Walhalla, Federal Flag, and Mt Banjo prospects to test for extensions to mineralisation in areas where drilling was inadequate and the scope to extend resources was evident.

Mineralisation is generally hosted in a talc-chlorite mafic schist surrounded by moderately massive tholeiitic basalt intercalated with thin dolerite units. The schist is typically 10 to 20 metres thick and has a strongly developed shear fabric. Surface lateritic development can be to 16 metres in thickness and the area is deeply weathered to some 50 metres.

Results as tabulated below indicate the potential to extend the resources in a number of areas at Walhalla and Mt Banjo with the data currently being interpreted. Results generally show a continuous zone of mineralisation over the area drill tested with some concentrations in specific locations.

A review of available grade control and deeper drilling at the Federal Flag deposit indicates the potential to extend the resource and potentially the planned open pit to the north which shows mineralisation open at depth and possibly down-plunge to the north.

Further RC drilling has been proposed to confirm these extensions and a programme of 1,150 m in 18 holes will commence as soon as the rig is available.

**Mt Banjo and Walhalla RC Results**

| Location | Hole ID | East | North | From | To | Width | Grade |
|---|---|---|---|---|---|---|---|
| Mt Banjo | RDRC007 | 273738 | 6661269 | 0 | 5 | 5 | 5m @ 2.1 g/t Au |
| Mt Banjo | RDRC026 | 273755 | 6661462 | 14 | 16 | 2 | 2m @ 22.9 g/t Au |
| Mt Banjo | RDRC026 | 273755 | 6661462 | 30 | 31 | 1 | 1m @ 1.7 g/t Au |
| Mt Banjo | RDRC030 | 273752 | 6661479 | 6 | 8 | 2 | 2m @ 5.9 g/t Au |
| Mt Banjo | RDRC030 | 273752 | 6661479 | 35 | 37 | 2 | 2m @ 3.3 g/t Au |
| Mt Banjo | RDRC031 | 273772 | 6661483 | 14 | 19 | 5 | 5m @ 2.1 g/t Au |
| Mt Banjo | RDRC031 | 273772 | 6661483 | 42 | 48 | 6 | 6m @ 4.4 g/t Au |
| Mt Banjo | RDRC034 | 273730 | 6661499 | 55 | 62 | 7 | 7m @ 1.4 g/t Au |
| Mt Banjo | RDRC034 | 273730 | 6661499 | 77 | 80 | 3 | 3m @ 1.4 g/t Au |
| Mt Banjo | RDRC034 | 273730 | 6661499 | 97 | 100 | 3 | 3m @ 1.8 g/t Au |
| Mt Banjo | RDRC035 | 273749 | 6661502 | 29 | 34 | | 5m @ 1.3 g/t Au |
| Mt Banjo | RDRC035 | 273749 | 6661502 | 39 | 46 | 7 | 7m @ 2.3 g/t Au |
| Mt Banjo | RDRC035 | 273749 | 6661502 | 58 | 61 | 3 | 3m @ 1.7 g/t Au |
| Mt Banjo | RDRC036 | 273767 | 6661505 | 23 | 34 | 11 | 11m @ 15.0 g/t Au |
| Mt Banjo | RDRC036 | 273767 | 6661505 | 37 | 47 | 10 | 10m @ 1.7 g/t Au |
| Mt Banjo | RDRC037 | 273789 | 6661509 | 12 | 14 | 2 | 2m @ 2.9 g/t Au |
| Mt Banjo | RDRC037 | 273789 | 6661509 | 24 | 25 | 1 | 1m @ 8.5 g/t Au |
| Mt Banjo | RDRC040 | 273742 | 6661549 | 22 | 24 | 2 | 2m @ 2.9 g/t Au |
| Mt Banjo | RDRC040 | 273742 | 6661549 | 48 | 49 | 1 | 1m @ 4.8 g/t Au |
| Mt Banjo | RDRC040 | 273742 | 6661549 | 63 | 65 | 2 | 2m @ 2.4 g/t Au |
| | | | | | | | |

| Location | Hole ID | East | North | From | To | Width | Grade |
|---|---|---|---|---|---|---|---|
| Walhalla | RDRC045 | 273774 | 6661630 | 22 | 24 | 2 | 2m @ 2.4 g/t Au |
| Walhalla | RDRC050 | 273758 | 6661726 | 36 | 47 | 11 | 11m @ 1.6 g/t Au |
| Walhalla | RDRC054 | 273696 | 6661925 | 37 | 41 | 4 | 4m @ 2.5 g/t Au |
| Walhalla | RDRC056 | 273726 | 6661952 | 31 | 33 | 2 | 2m @ 2.3 g/t Au |
| Walhalla | RDRC056 | 273726 | 6661952 | 42 | 44 | 2 | 2m @ 2.5 g/t Au |
| Walhalla | RDRC057 | 273641 | 6661969 | 86 | 116 | 4 | 4m @ 19.1 g/t Au |
| Walhalla | RDRC058 | 273637 | 6661986 | 39 | 41 | 2 | 2m @ 5.0 g/t Au |
| Walhalla | RDRC058 | 273637 | 6661986 | 63 | 80 | 17 | 17m @ 1.6 g/t Au |
| Walhalla | RDRC059 | 273721 | 6661999 | 0 | 1 | 1 | 1m @ 14.6 g/t Au |
| Walhalla | RDRC059 | 273721 | 6661999 | 7 | 10 | 3 | 3m @ 2.0 g/t Au |
| Walhalla | RDRC060 | 273680 | 6662022 | 44 | 47 | 3 | 3m @ 3.6 g/t Au |
| Walhalla | RDRC061 | 273747 | 6662033 | 43 | 52 | 9 | 9m @ 5.6 g/t Au |
| Walhalla | RDRC062 | 273678 | 6662043 | 42 | 45 | 3 | 3m @ 12.4 g/t Au |
| Walhalla | RDRC062 | 273678 | 6662043 | 51 | 53 | 2 | 2m @ 5.9 g/t Au |
| Walhalla | RDRC065 | 273745 | 6662053 | 41 | 47 | 6 | 6m @ 1.7 g/t Au |
| Walhalla | RDRC065 | 273745 | 6662053 | 54 | 57 | 3 | 3m @ 14.1 g/t Au |
| Walhalla | RDRC066 | 273646 | 6662096 | 23 | 28 | 5 | 5m @ 5.9 g/t Au |
| Walhalla | RDRC066 | 273646 | 6662096 | 64 | 70 | 6 | 6m @ 1.2 g/t Au |
| Walhalla | RDRC067 | 273688 | 6662101 | 24 | 26 | 2 | 2m @ 8.0 g/t Au |
| Walhalla | RDRC069 | 273668 | 6662141 | 15 | 18 | 3 | 3m @ 4.1 g/t Au |
| Walhalla | RDRC071 | 273770 | 6662158 | 22 | 29 | 7 | 7m @ 1.1 g/t Au |
| Walhalla | RDRC073 | 273731 | 6662203 | 42 | 46 | 4 | 4m @ 2.7 g/t Au |
| Walhalla | RDRC075 | 273586 | 6662236 | 58 | 67 | 9 | 9m @ 1.5 g/t Au |
| Walhalla | RDRC076 | 273601 | 6662277 | 36 | 38 | 2 | 2m @ 3.4 g/t Au |
| Walhalla | RDRC079 | 273594 | 6662338 | 19 | 20 | 1 | 1m @ 80.7 g/t Au |
| Walhalla | RDRC081 | 273593 | 6662339 | 53 | 54 | 1 | 1m @ 11.0 g/t Au |
| Walhalla | RDRC081 | 273593 | 6662339 | 62 | 66 | 4 | 4m @ 2.3 g/t Au |

A review of previous drilling over the Round Dam trend south of the Walhalla deposit for over 6 km of strike indicates further potential for near surface economic accumulations of gold. A drilling programme to assess this area will commence during the June quarter.

RC resource drilling programmes at Federal Flag, Walhalla and Salmon Gums commenced early in the June quarter. Drilling is designed to test continuity of mineralised zones within the current pit design prior to final pit design and mining. The Federal Flag drilling comprises 26 holes for 1,660 metres; Walhalla drilling comprises 51 holes for 2,215 metres; and Salmon Gums 17 holes for 730 metres.

A zone of mineralisation has been intersected by previous broad-spaced RAB drilling to the south of Mount Banjo. The drilling appears to commence at shallow depth and is of moderate grade. An RC programme of 23 RC holes for 1,100 metres has been planned to determine the economic potential of this zone.

**Sand King Prospect**

SRK completed a re-interpretation, modeling, resource calculation and optimisation based on a new structural/ore interpretation.

A review of the Monarch optimised pit shell indicates a requirement for further RC drilling to confirm the resource model where the optimisation has drawn down on areas of sparse drill data.

A programme of 10 RC holes for 1,090 metres is proposed and will be completed following the Walhalla programme.

**Makai North prospect**

RC drilling was completed at the Makai prospect to test for up dip and along strike extensions north of the current pit to determine the scope to extend the pit to the north.

The lode structure was evident with biotite alteration being dominant.

Results have shown the continuation of the mineralized structure over 300 metres to the north, however intercept widths are generally limited towards surface.

Results are tabulated below and are currently being incorporated into the resource model.

**Makai North RC Results**

| Location | Hole ID | East | North | From | To | Width | Grade |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Makai North | MNRC004 | 274707 | 6675923 | 35 | 40 | 5 | 5m @ 1.9 g/t Au |
| Makai North | MNRC006 | 274725 | 6675954 | 19 | 21 | 2 | 2m @ 2.1 g/t Au |
| Makai North | MNRC008 | 274701 | 6675973 | 27 | 38 | 11 | 11m @ 3.9 g/t Au |
| Makai North | MNRC009 | 274728 | 6675983 | 14 | 15 | 1 | 1m @ 6.5 g/t Au |
| Makai North | MNRC013 | 274664 | 6676046 | 62 | 65 | 3 | 3m @ 2.4 g/t Au |
| Makai North | MNRC014 | 274684 | 6676051 | 54 | 55 | 1 | 1m @ 4.4 g/t Au |
| Makai North | MNRC015 | 274722 | 6676059 | 22 | 27 | 5 | 5m @ 2.3 g/t Au |
| Makai North | MNRC017 | 274652 | 6676092 | 76 | 78 | 2 | 2m @ 2.9 g/t Au |
| Makai North | MNRC018 | 274671 | 6676097 | 66 | 68 | 2 | 2m @ 2.3 g/t Au |
| Makai North | MNRC019 | 274730 | 6676111 | 8 | 9 | 1 | 1m @ 2.5 g/t Au |
| Makai North | MNRC019 | 274730 | 6676111 | 13 | 14 | 1 | 1m @ 3.4 g/t Au |
| Makai North | MNRC020 | 274676 | 6676118 | 63 | 66 | 3 | 3m @ 2.6 g/t Au |
| Makai North | MNRC021 | 274694 | 6676124 | 48 | 49 | 1 | 1m @ 1.7 g/t Au |
| Makai North | MNRC022 | 274716 | 6676130 | 26 | 28 | 2 | 2m @ 1.9 g/t Au |
| Makai North | MNRC024 | 274661 | 6676145 | 75 | 78 | 3 | 3m @ 2.2 g/t Au |
| Makai North | MNRC025 | 274685 | 6676151 | 57 | 62 | 5 | 5m @ 1.0 g/t Au |
| Makai North | MNRC028 | 274682 | 6676176 | 59 | 60 | 1 | 1m @ 2.3 g/t Au |

## Other prospects

Following assessment of the SRK gold targeting report and other prospect data, RAB/Aircore drilling was completed at a number of prospects in the Sunraysia area, north of the Davyhurst mill, where soil cover masks any surface expression of mineralisation.

Results at Renmark, Renmark South, and Sunraysia Extended have shown gold anomalism warranting further review and follow-up including **5m @ 1.72 g/t Au and 2m @ 9.9 g/t Au at Sunraysia Extended and 7m @ 2.5 g/t Au, 8m @ 2.9 g/t Au, 8m@ 3.9 g/t Au and 4m @ 2.4 g/t Au at Renmark South (refer attached plan)**

Monarch is in discussion with companies with gold resources in the areas adjacent to the Davyhurst leases regarding Joint Ventures and the treatment of ore at the Davyhurst plant.

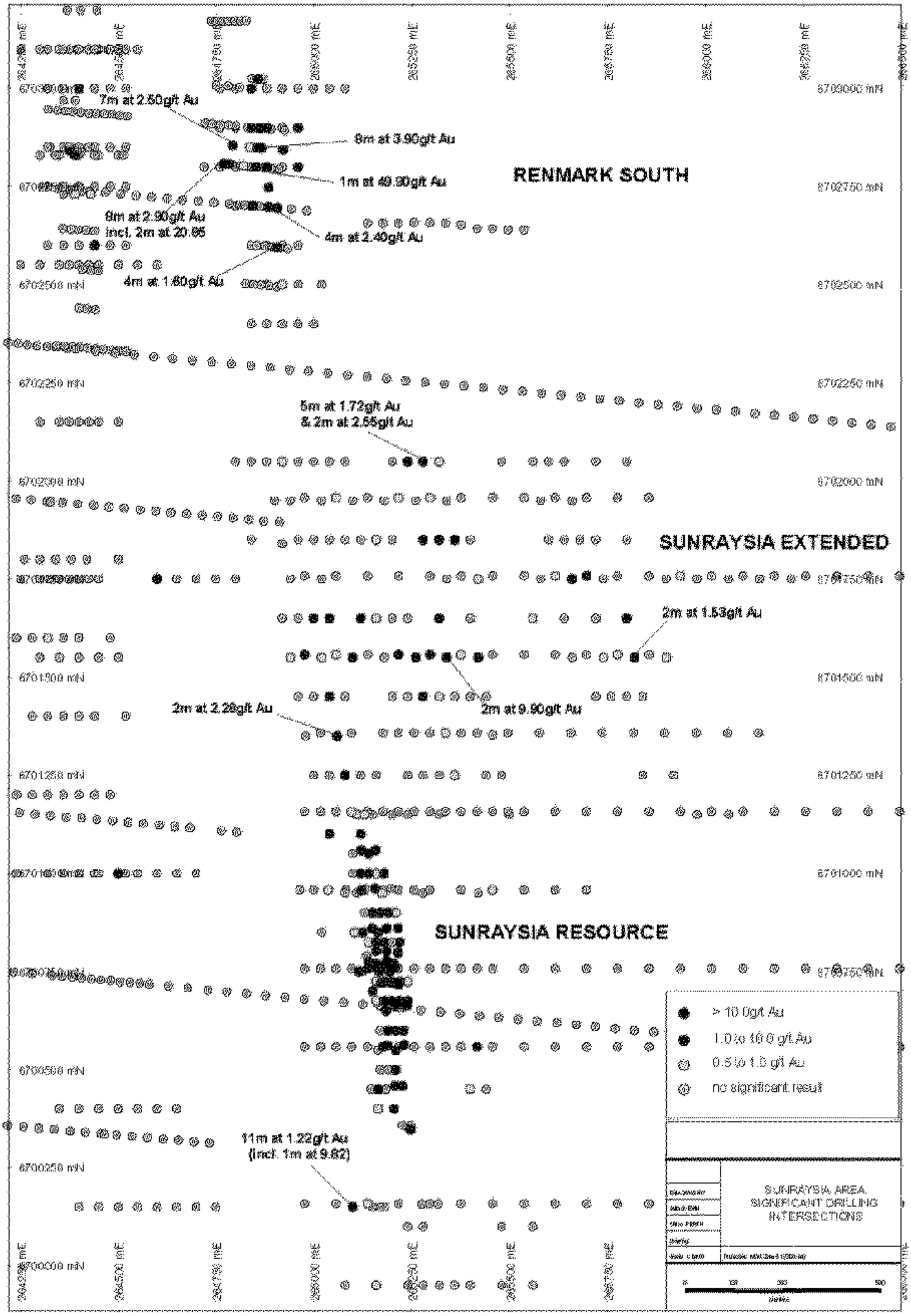
### Sunraysia Extended prospect

Drilling of the northern and southern extensions to the Sunraysia mineralized trend has reported significant early results over a broad area as tabulated below.
Drilling has outlined an area of gold mineralisation extending for 1 kilometre to the north and east of the Sunraysia resource that requires interpretation. An intercept of 11m @ 1.22 g/t Au (including 1m @ 9.82 g/t Au) located 200m west and south of the Sunraysia deposit and open for over 500m was also recorded.

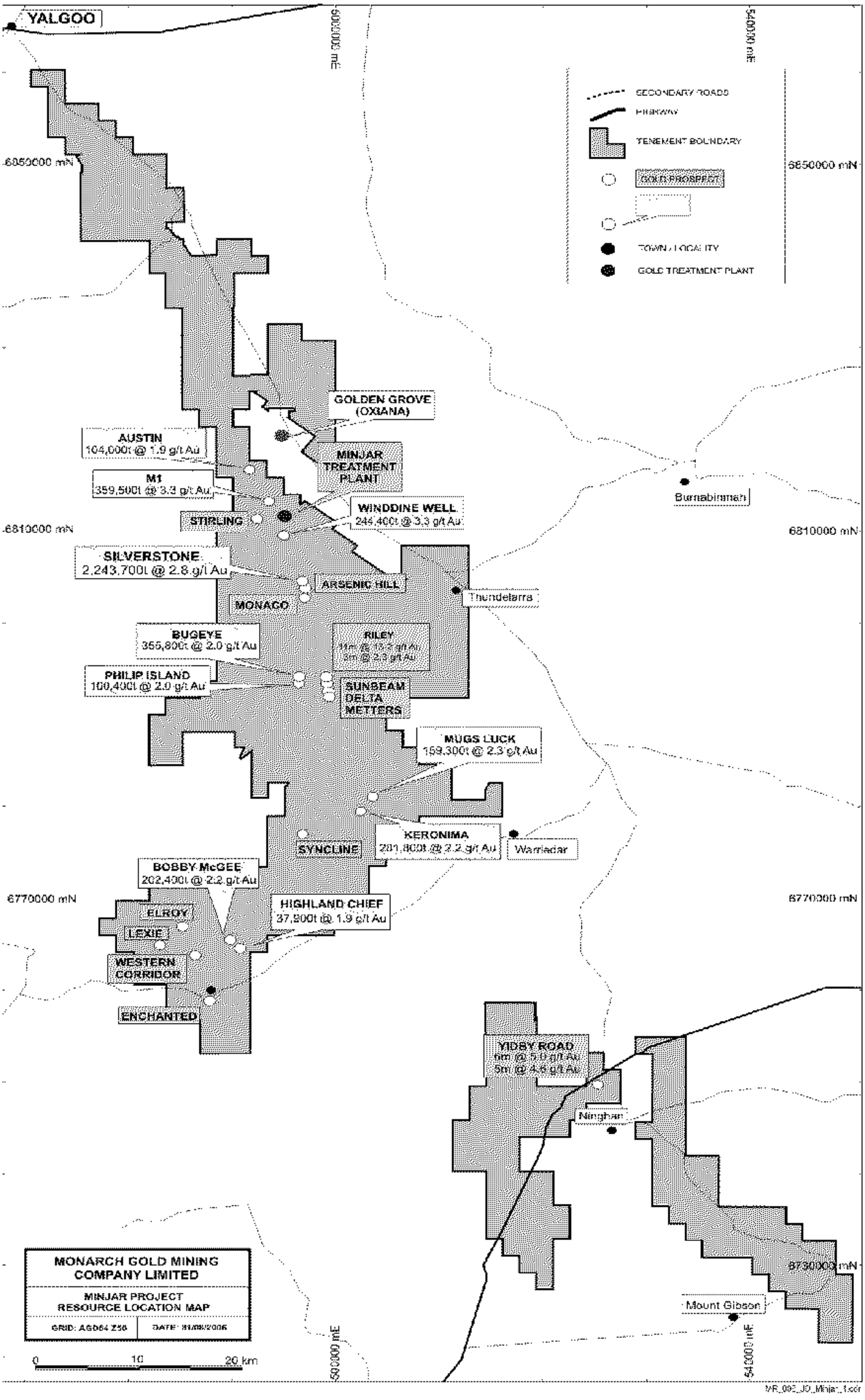
The area does show some near surface depletion and this will be assessed in ongoing interpretation.

### Renmark South Prospect

At Renmark South, a further kilometre to the north of the Sunraysia Extended prospect, a zone of mineralisation occurs over 500m of strike, with a core of ore grade intercepts. Further interpretation and follow-up drilling is being planned.


RENMARK SOUTH
SUNRAYSIA EXTENDED
SUNRAYSIA RESOURCE
7m at 2.50g/t Au
8m at 3.90g/t Au
1m at 49.90g/t Au
8m at 2.90g/t Au
incl. 2m at 20.85
4m at 2.40g/t Au
4m at 1.60g/t Au
5m at 1.72g/t Au
& 2m at 2.55g/t Au
2m at 1.53g/t Au
2m at 2.28g/t Au
2m at 9.90g/t Au
11m at 1.22g/t Au
(incl. 1m at 9.82)
6703000 mN
6702750 mN
6702500 mN
6702250 mN
6702000 mN
6701750 mN
6701500 mN
6701250 mN
6701000 mN
6700750 mN
6700500 mN
6700250 mN
6700000 mN
> 10.0g/t Au
1.0 to 10.0 g/t Au
0.5 to 1.0 g/t Au
no significant result
SUNRAYSIA AREA
SIGNIFICANT DRILLING
INTERSECTIONS

# MINJAR GOLD PROJECT



At Minjar the focus during the quarter has been the review and planning of exploration programmes on a number of prospects which show potential to provide gold resources with further systematic drilling. A number of these prospects have had first pass drilling completed which have returned economic grades worthy of review and interpretation.

**Riley prospect**

A program of 80 RAB holes at a spacing of 100m x 40m and 6 RC holes has been developed for Riley to test along-strike and down-dip from mineralization outlined to date.

Previous results from RC drilling (including 16m @ 4.1 g/t Au from 5m, 10m @ 6.0 g/t Au from 24m and 3m @56.7 g/t Au from 44m) have indicated a zone of economic grade mineralisation extending over 200 metres of strike and open to the north and south, and at depth.

**Keronima Prospect**

Review of exploration data indicates potential for mineralization at Keronima in the NW of the Mt Mulgine area. Historic drilling includes 15m @ 2.7 g/t Au from 70m and 11m @ 2.9 g/t Au from 88m and 20m @ 3.9 g/t Au from 45m depth. There is scope to increase resources at this prospect and RC drilling to test this is being developed.

**Bobby McGee Prospect**

Situated some 6km south of Keronima and 40km due south of the Minjar Mill via a good haul road is the Bobby McGee prospect where a resource of **202,306 tonnes @ 2.19 g/t Au for 14,245 ozs and a reserve of 67,387 tonnes @ 2.95 g/t Au for 6387 ozs has been outlined.**

Gold mineralization occurs in mafic actinolite – biotite schists and felsic quartz-muscovite-biotite schists +/- pyrite, with higher grade mineralization related to zones of silicification and bleaching. Some interesting intersections include 15m @ 80.2 g/t Au, 16m @ 5.6 g/t Au, 38m @ 4.0 g/t Au, 12m @ 5.0 g/t Au.

An RC drilling program is being developed to potentially expand the resource.

**Camp and Trench Prospects**

These prospects are situated 1.5km to the south of Bobby McGee where similar geology strikes NE to Bobby McGee. Historic drilling at Camp includes; 14m @ 1.2 g/t Au, 12m @ 1.7 g/t Au, 10m @ 1.4 g/t Au and 15m @ 1.4 g/t Au. Trench includes; 10m @ 1.9 g/t Au and 11m @ 1.8 g/t Au. RC and RAB drilling programs are being developed to outline resources in this area, as well as follow-up untested possibilities in the near vicinity of these prospects; e.g. 23m @ 1.8 g/t Au

**Beryl West Prospect**

A gold anomaly has been defined by historic soil gold geochemical sampling, which coincides with a prominent NNE trending structure identified in aeromagnetic data. Ground inspections indicate a strongly sheared and altered shallow dipping shear zone where high magnesium basalts and talc schist is sheared and altered.

A program of some 50 RAB holes on 4 E-W traverses is proposed. These have been pegged in readiness for botanical and heritage surveys.

**Yidby Road Prospect**

Following a review of RC drilling completed by Monarch during 2006, a program of 12 aircore holes for 1200m has been designed to follow-up along-strike and down-dip from mineralization intersected in earlier work. This mineralization is associated with the contacts of a felsic intrusion and high magnesium basalt country rocks.

**SRK Targeting Study**

The first stage of the project has been completed which included compilation of the geology, geophysics, geochemistry and mineralisation styles.

The aeromagnetic data has been processed by geophysicists to generate a 3D model of the main structural features in the belt. The geochemical data meanwhile has been validated and leveled by IO Global against regolith and bedrock geology. This will be combined with the structural synthesis to generate exploration targets.

Stage 2 targeting is now under way and will be completed by mid May.

**Lake Johnston Project**

Monarch has accepted an Option to Purchase the Lake Johnston project from Wear Services Pty Ltd for cash and shares. This transaction should be completed early in the June quarter.

## OPERATIONS

**Davyhurst**

Recommencement of mining is scheduled for the fourth quarter of this financial year. Optimization studies and pit designs were generated during the third quarter leading to the development of the mining schedule. Tendering of the mining works was in progress at the end of the quarter.

The refurbishment of the treatment plant by GR Engineering Services was commenced late in March, with a budgeted expenditure of $5 million. The major component of the work includes the repair of concrete foundations and the replacement of the CIP tanks. All other areas of the plant will be reviewed and repaired or replaced as required ready for treatment to commence early in the first quarter of 2007/2008 financial year.

The 100 person camp adjacent to the plant is being upgraded through the further addition of 32 self contained accommodation units.

## CORPORATE ACTIVITIES

In February 2007, the Company announced the issue of a Share Purchase Plan. This offer gave to eligible shareholders the opportunity to purchase up to $4,800 worth of shares at an issue price of 24 cents per share. The offer closed on 14 March 2007 and raised $3.33m.

Monarch's current working capital position comprises cash and current debtors of $1,742,000 and trade creditors of $1,025,000. The directors of Monarch are in advanced negotiations to finalise a series of debt funding facilities to provide sufficient ongoing working capital to bring the Davyhurst gold project into production and for the ongoing development of the Company's projects, working capital and acquisitions. This is expected to be completed shortly with first drawdown of funds in May 2007.

The issued share capital of Monarch at the end of the quarter comprised 284,685,580 shares and 34,100,000 unlisted options.

***Allan Quadrio***
Managing Director

*So far as it relates to ore and mineralisation, this report is based on information compiled by Mr John Davis, who is a Member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists Mr Davis 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 qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Davis is a full time employee of the Company. This report accurately reflects the information compiled by Mr Davis. Mr Davis has consented to the inclusion of this information in the form and context in which it appears in this report.*

**Contact details for Monarch Gold Mining Company Limited**

| | |
|---|---|
| Postal address: | PO Box 870<br>West Perth, Western Australia 6872 |
| Telephone: | (+61 8) 9481 6422 |
| Facsimile: | (+61 8) 9481 6433 |
| E-mail: | admin@monarchgold.com.au |
| Web-site: | www.monarchgold.com.au |

# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

**Monarch Gold Mining Company Limited**

ABN

**69 100 038 266**

Quarter ended ("current quarter")

**31 March 2007**

## Consolidated statement of cash flows

| **Cash flows related to operating activities** | | | Current quarter $A'000 | Year to date (9 months) $A'000 |
|---|---|---|---|---|
| 1.1 | Receipts from product sales and related debtors | | - | - |
| 1.2 | Payments for: | (a) exploration and evaluation | (2,030) | (4,790) |
| | | (b) development | (156) | (372) |
| | | (c) production | - | - |
| | | (d) administration | (1,215) | (3,576) |
| 1.3 | Dividends received | | - | - |
| 1.4 | Interest and other items of a similar nature received | | 27 | 81 |
| 1.5 | Interest and other costs of finance paid | | (39) | (119) |
| 1.6 | Income taxes paid | | - | - |
| 1.7 | Other: net cash flow from goods and services tax | | 214 | (98) |
| | **Net operating cash flows** | | (3,199) | (8,874) |
| **Cash flows related to investing activities** | | | | |
| 1.8 | Payment for purchases of: | (a) prospects | (1,880) | (3,880) |
| | | (b) equity investments | - | (2,550) |
| | | (c) other fixed assets | (140) | (465) |
| 1.9 | Proceeds from sale of: | (a) prospects | - | - |
| | | (b) equity investments | 12 | 33 |
| | | (c) other fixed assets | 16 | 136 |
| 1.10 | Loans to other entities | | 513 | 16 |
| 1.11 | Loans repaid by other entities | | - | - |
| 1.12 | Other: | | | |
| | a) Stamp duty on acquisitions | | (1,132) | (1,132) |
| | **Net investing cash flows** | | (2,611) | (7,842) |
| 1.13 | Total operating and investing cash flows (carried forward) | | (5,810) | (16,716) |

| | | | |
|---|---|---|---|
| 1.13 | Total operating and investing cash flows (brought forward) | (5,810) | (16,716) |
| | **Cash flows related to financing activities** | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 2,898 | 17,470 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | 500 | 500 |
| 1.17 | Repayment of borrowings | 497 | (101) |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other: | | |
| | a) Share issue expenses | - | (664) |
| | b) AIM listing expenses | (118) | (739) |
| | **Net financing cash flows** | 3,777 | 16,466 |
| | **Net increase/(decrease) in cash held** | (2,303) | (250) |
| 1.20 | Cash at beginning of quarter/year to date | 2,587 | 804 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | **Cash at end of quarter (Note 1)** | 554 | 554 |

## 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 | 156 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes payments to directors and director-related entities for executive salaries, director's fees, applicable superannuation and the provision of technical advisory services to the consolidated entity.

Current quarter
$A'000

## 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

Not applicable.

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

Not applicable.

## 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 | 1,900 |
| 4.2 | Development | 4,500 |
| | Total | 7,400 |

## 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 | 554 | 2,587 |
| 5.2 | Deposits at call | - | - |
| 5.3 | Bank overdraft | - | - |
| 5.4 | Other | - | - |
| | Total: cash at end of quarter (item 1.22) | 554 | 2,587 |

## 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)*<br>Redeemable convertible preference shares | | | | |
| 7.2 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 | **+Ordinary securities**<br>Fully paid shares | 284,685,580 | 284,685,580 | | |
| 7.4 | Changes during quarter<br>(a) Increases through issues<br>- Share Purchase Plan<br>(b) Decreases through returns of capital, buy-backs | 13,870,000 | 13,870,000 | 24 cents | 24 cents |
| 7.5 | **+Convertible debt securities** *(description)* | | | | |
| 7.6 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted | | | | |
| 7.7 | **Options** *(description and conversion factor)* | | | *Exercise price* | *Expiry date* |
| | Options over fully paid shares | 1,000,000 | - | 40 cents | 30.06.08 |
| | | 1,500,000 | - | 30 cents | 31.12.08 |
| | | 3,500,000 | - | 20 cents | 01.05.09 |
| | | 5,100,000 | - | 20 cents | 30.09.10 |
| | | 3,000,000 | - | 40 cents | 30.09.10 |
| | | 20,000,000 | - | 40 cents | 31.12.10 |
| 7.8 | Issued during quarter | | | *Exercise price* | *Expiry date* |
| | Options over fully paid shares | - | - | | |
| 7.9 | Exercised during quarter<br>Options over fully paid shares | | | | |
| 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 ~~/does not* (delete one)~~ give a true and fair view of the matters disclosed.

Sign here: Keith Vuleta Date: 30 April 2007
(~~Director/~~Company Secretary)

Print name: KEITH VULETA

## 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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