

QUARTERLY REPORT

For the Period ended

30 June 2001

EXPLORATION

During the quarter, a geological review of the historical exploration data was completed. The exploration review was part of a process to identify and prioritise exploration targets for a comprehensive Rotary Air Blast ("RAB") drilling programme planned to commence during August 2001.

Enterprise Project

In the Enterprise Project area, rock chip sampling results from a quartz veined stock work to the north and north east of the Rebel Pit and over a 300 metre distance assayed 5.52 g/t gold, 2.68 g/t gold and 0.42 g/t gold. This is interpreted to be a continuation of a northerly trending quartz stock work structure, which has not previously been drill tested to the north. RAB drilling is planned to test for northern extensions to the gold mineralisation from the Rebel Pit, with potential targets being quartz veined stock works hosted in granite. The RAB drilling is also to test for extensions of the Plant Zone gold mineralisation to the northwest, which lies along a parallel structure. Magnetic interpretations indicate that structural deviations or splays may exist to the north along these structures and are likely to be favourable targets for gold mineralisation.

A second set of significant rock chip results were recovered from a set of prospecting shafts south of the historical Golden Crown workings. These are from northwesterly trending quartz veined sheared mafic, with assay results of 31.86 g/t gold, 2.16 g/t gold and 0.6 g/t gold. This structure remains to be drill tested in a northwest orientation and RAB drilling is to test an interpreted 1.2 km strike length. Drilling is also planned to test a magnetic structural target to the south, which lies under cover and is interpreted to be a shear splay along the northwest shear orientation.

West of the Golden Crown area, a sheared mafic structure was drilled over a 1 kilometre length in the December 2000 quarter. Previously anomalous gold mineralisation of values greater than 100 ppb gold for 4 metre composites were intersected along the eastern flank of this structure and have been continuous along the length of the structure. Further RAB drilling is planned to extend the lines to the east and to the south along the strike of the shear zone, to test a magnetic structural target that lies under cover.

Penny West Project

Rock chip sampling from the Penny West area, returned significant gold results from a quartz veined sheared mafic to the north to the Columbia – Magenta workings with 10.74 g/t gold and 3,580 ppm lead. To the south east of the Columbia – Magenta workings, a quartz veined sheared mafic structure assayed 1.96 g/t gold and 642 ppm lead, 0.69 g/t gold and 318 ppm lead. These gold values with elevated lead results are significant, which are similar to the geochemical signature of Penny West with elevated lead levels. RAB drilling is planned to test the structural corridor to the east of the Columbia – Magenta workings.

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The technical aspects of this report have been prepared by Mr Neil Lithgow, MSc (Geol) of Aquila Resources Limited who is a Corporate Member of the Australian Institute of Mining and Metallurgy, who has had a minimum of five years relevant experience in this field of activity and has consented in writing to the report in the form and context in which it appears.