



QUARTERLY ACTIVITIES REPORT

PERIOD ENDING

31 MARCH 2006

PROFILE & OBJECTIVES:

- High grade resources (242,000ozs @ 29.7g/t Au) at Co-O Gold Mine being expanded;
- Planned production commencing July 2006 of +40,000 oz annualised;
- Increasing production profile from July 2006;
- Centrally located mill, multiple high grade mines;
- Low cost production at < US\$200 per ounce;
- Extensive exploration acreage on richly endowed East Mindanao ridge;
- Tenements now total approximately 700 km² over 70 km of strike;
- Porphyry copper-gold intersections and targets;
- Planned aggressive exploration commencing September quarter.

Shares: 53,846,499 ASX code: MML
Listed options: 22,706,899 ASX code: MML0
Unlisted options: 4,825,000

Geoff Davis
Managing Director

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KEY POINTS

Co-O MINE DEVELOPMENT & PRODUCTION

- Significant development in waste rock during the quarter;
- **Development ore** delivered to Co-O Plant during quarter totalled 6,177 tonnes at an average recovered grade of 8.90 g/t Au;
- Gold production totalled 1,613 ounces at average cash cost of US\$307 per ounce, generating income of approximately US\$ 0.89 million;
- First plant refurbishment completion on target for mid-year.

Co-O REGIONAL TENEMENT CONSOLIDATION

- Mines Operating Agreement for Das-Agan Project executed over an additional 3,645 hectares of prospective ground to the north and south-east of the Co-O plant.
- Includes major porphyry copper target with one previous drill hole of 148 metres @ 0.45% Cu ending in 2 metres @ 4.93% Cu.

PANAON GOLD PROJECT

- Underground and surface drilling of high grade veins commenced;
- The Heads of Agreement with Goldsearch became unconditional on 22 March 2006.

MASAPOLID GOLD PROJECT

- Acquired in January, contains previous high grade vein production and drill intersections, multiple veins, >900 metres strike length;
- Data assessment prior to drilling commenced.

CORPORATE

- Proposed admission to the Alternative Investment Market ("AIM") of the London Stock Exchange in the second half of this year.



PROJECT OVERVIEWS

The locations of the Company's projects are shown on Figure 1.



Figure 1

Co-O PLANT LEASE AND OPTION

Under the terms of the Lease and Option agreement executed on 5 August 2005 and completed on 27 September 2005, between Medusa Mining Limited ("Medusa") and Philsaga Mining Corporation ("Philsaga"), Philsaga has agreed to provide Medusa with a three year Lease and Option to acquire Philsaga's treatment plant and associated facilities ("Co-O Plant").

Ore Supply and Gold Production

During the quarter significant amounts of development were completed in waste rock to gain access to stoping areas. Development of stopes commenced in late March.

For the March quarter, Philsaga supplied 6,177 tonnes of **development ore** to the Co-O Plant at an average recovered grade of 8.90 g/t Au.

The Co-O Plant produced 1,613 ounces of gold at an average cash cost of approximately US\$307 per ounce, generating gross income of approximately US\$0.89 million.

Period	Ore mined (tonnes)	Recovered		Cash costs (US \$ per oz)	Gold sales (US \$ million)	Comments
		grade (g/t Au)	ounces (ozs)			
Oct 2005 - Dec 2005	5,476	12.30	2,323	250	1.14	Development ore
Jan 2006 - Mar 2006	6,177	8.90	1,613	307	0.89	Development ore
TOTAL	11,653	10.96	3,941	273	2.03	Development ore

Philsaga have advised that mine development is on schedule to provide a major step up of ore production in July commensurate with completion of the first mill refurbishment. The anticipated step up of the annualised gold production will be approximately 40,000 ounces.

Plant Refurbishment Program

The first refurbishment program of the Co-O Plant is in progress. It is anticipated that the plant refurbishment will be completed about mid-year concurrently with the anticipated increase in ore delivery from Philsaga.

During the refurbishment period, operation will continue utilising two smaller ball mills with combined capacity of approximately 150 tpd. If the ore supply exceeds the capacity of the two small ball mills, then ore will be stockpiled.

Co-O MINE DEVELOPMENT

Shaft sinking

Philsaga has advised that the 10W inclined shaft has been completed at 60 metres inclined depth and 3W shaft is more than half completed with a planned 120 metres inclined depth. Production is planned to reach 300 tonnes of ore per day commensurate with the Co-O Plant refurbishment program.

Figure 2 shows a plan view of the underground workings at adit level (3150m level) and the location of the collars of the new shafts.

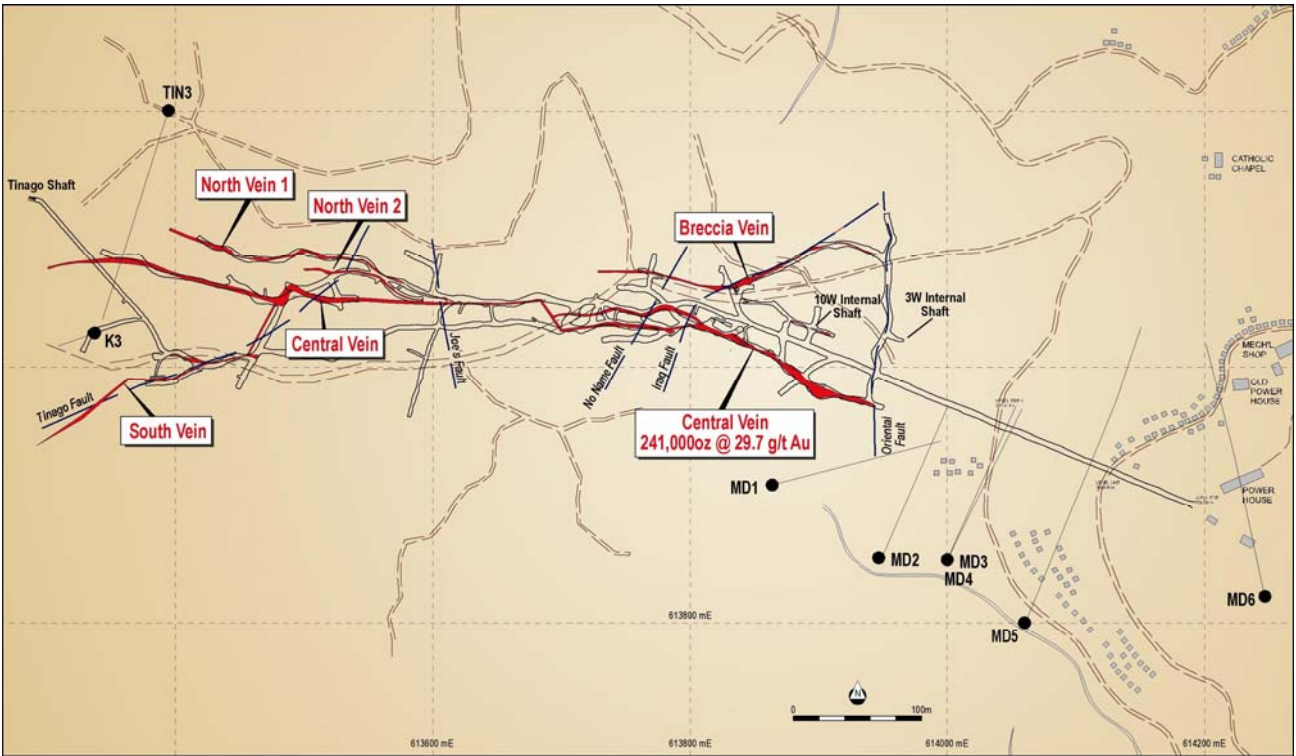


Figure 2

Figure 3 shows an updated long section of the Co-O Mine with the shaft positions marked.

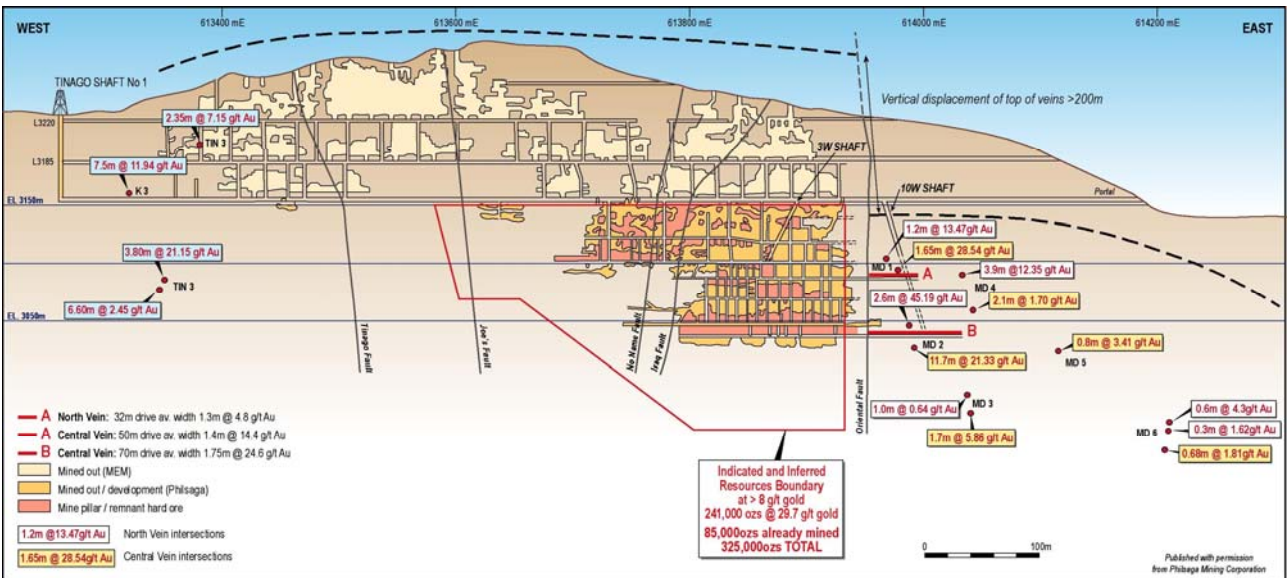


Figure 3

The 10W shaft has been sunk between the Central and Breccia Veins to facilitate access to both from the base of the shaft. A new vein has also been intersected in driving on this level which is being developed as a source of ore. Stopping has commenced on the Central Vein to the west of the shaft which contains large blocks of remnant ore and additional stopes will be developed as driving progresses westwards towards the Tinago Shaft.

The 3W shaft is being sunk to facilitate development and stoping of the veins east and west of the Oriental Fault.

Level development

Limited level development has been undertaken on the east side of the Oriental Fault due to restricted haulage capacity but has successfully confirmed the drill hole intersections previously achieved in this area.

The intersections in MD 1 (1.20 metres @ 13.46 g/t Au and 1.65 metres @ 28.54 g/t Au) correspond well with the driving on the 3080m level as shown on Figure 3 with the first 50m along the Central Vein achieving average vein width of 1.4 metres at an average grade of 14.4 g/t Au, and the first 32 metres of driving along the North Vein achieving an average vein width of 1.3 metres at an average grade of 4.8 g/t Au.

The intersections in MD 2 (2.60 metres @ 45.19 g/t Au and 11.70 metres @ 21.30 g/t Au) correspond well with the driving on the 3030m level as shown on Figure 3 with the first 70 metres along the Central Vein achieving an average vein width of 1.75 metres and an average grade of 24.6 g/t Au.

The concept of increasing grade and vein width with depth (as observed to the west of the Oriental Fault) is well supported by the results from the Central Vein 3080m and 3030m level drives to date.

Driving on the 3030m level will be recommenced once the 3W Shaft is completed

Drilling results

Philsaga has commenced drilling from the surface to explore at depth around the Tinago Shaft for planning further development in this area.

Figure 2 shows numerous veins that were partly developed on by the previous mine operators to the west of the Tinago Fault. This fault is regarded as a major fault, possibly similar to the Oriental Fault in the way it may affect the distribution and vertical position of the veins in the western end of the mine.

The first recently completed hole TIN 003 intersected 3 mineralised zones. The first zone at 27.1 metres is a new quartz vein, and the second and third zones at 183.8 metres and 191.48 metres respectively consist dominantly of multiple brecciated quartz veins and veinlets and clay-pyritic zones, similar to stockworks. Additional holes are in progress to determine the extent and geometry of these zones.

Hole No	Northing	Easting	Elevation	Dip	From	Vein intersection g/t Au
TIN 003	913184	613382	218	-50°	27.10	2.35 metres @ 7.15 g/t Au
					183.80	3.80 metres @ 21.15 g/t Au
					191.48	6.60 metres @ 2.45 g/t Au

One underground drill hole has also been completed on the 3150m adit level to explore for vein extensions beyond the Tinago Fault in areas not previously explored by underground development. Hole K 003 intersected 7.15 metres at 11.94 g/t Au which was found to have a true width of approximately 0.6 metres when intersected in follow up development.

Hole No	Northing	Easting	Elevation	Dip	From	Vein intersection g/t Au
K 003	913024	613332	156	0°	14.2	7.5 metres @ 11.94 g/t Au

PHILSAGA TRANSACTION

The Company is still awaiting the satisfaction of an outstanding Condition Precedent ("CP") and has agreed in principle with the principal shareholders of Philsaga to discuss and revise the original terms of the Share Purchase Agreement upon resolution of the CP and the granting of a Mining Production Sharing Agreement ("MPSA") on the Co-O Gold Mine. The period of satisfaction of the CP has been extended to 21 August 2006.

Co-O REGIONAL TENEMENT CONSOLIDATION

As shown on Figure 4, tenement consolidation continued within trucking distance of the Co-O Plant. One Mines Operating Agreement (“MOA”) was signed during the period.

Das-Agan Project

The MOA covers Mining Production Sharing Agreement application (“APSA”) number 000024-XIII situated in Surigao del Sur province in east Mindanao, consisting of two parcels, one to the north and one to the south-east of the Co-O mine and millsite as shown on the accompanying map. The APSA covers approximately 3,645 hectares (36 km²) of the favourable geology of the east Mindanao ridge. Tenement due diligence subsequent to signing the MOA has resulted in a reduction of the application area due to the presence of underlying tenements pre-dating the application.

The project was located as a result of an aid program between Filipino and Japanese geologists and technicians in 1972 to 1974 over eastern Mindanao. An initial 3000 km² prospective area was located by geological and geochemical surveys and which was subjected to additional geological mapping and geochemistry. A smaller 170 km² area was selected and subjected to detailed geological mapping and geochemistry followed by Induced Polarisation (“IP”) geophysical surveys. Subsequently a program of five holes was completed on five different targets with hole DDH1 intersecting quartz diorite porphyry containing:

• 0 - 100 metres	Altered rocks
• 100 - 200 metres	100 metres @ 0.40 % Cu
• 200 - 248 metres	48 metres @ 0.50 % Cu, 0.1g/t Au
• 248 - 250 metres [End of Hole]	2 metres @ 4.93 % Cu, 0.5g/t Au

The quartz porphyry is located within an alteration area measuring at least 2.5 km x 3.5 km and open in most directions. The alteration and the porphyry position appear to be controlled by two parallel NNE trending faults. The first and only drill hole results, bode well for a major, fully preserved porphyry copper deposit which is exhibiting increasing grades with depth, and suggesting that DDH1 was stopped short of the high grade core that is commonly present in these styles of deposit. Further drilling at this site was recommended but not carried out. The other four holes to the south intersected minor copper mineralization.

Epithermal veins up to 1 metre wide adjacent to the porphyry and interpreted to be related to it, have been worked sporadically by local prospectors.

In 1997 Barrick Gold Philippines assessed the project for its gold potential through mapping and collection of 110 rock samples. During this work a large circular quartz veined breccia plug measuring 750 metres x 1,200 metres and located approximately 1,500 metres south of drill hole DDH1 was identified and sampled returning gold values between 0.1 and 1.3 g/t Au.

Fresh rocks with disseminated grains of sphalerite (zinc) and galena (lead) were found to have higher gold values ranging from 0.3 to 1.3 g/t Au than intensely weathered rocks suggesting some surface leaching effects. The lead-zinc association is consistent with the gold mineralization associations in the Co-O Mine area.

A second zone of silicified rocks with quartz stockworking was identified over an area of approximately 500 metres x 600 metres but no assays are currently available for this target.

The key terms of the MOA are:

- The Vendors are to be re-imbursed for past expenses totalling Php12M (approximately A\$318,000) with the issue of 601,367 Medusa shares based on an average price of \$0.53 being a 10% discount to market for the 5 days preceding 20 February, and issued in four equal tranches of 150,417 shares with the first tranche within 30 days of signing the agreement, the second tranche on granting of the tenement, and the third and final tranches, on the 1st and 2nd anniversary after granting of the tenement;
- The agreement is subject to completion of tenement due diligence within 30 days;
- Medusa will pay to the vendors a 3% gross royalty on all production from the tenement; and
- Medusa is responsible for all costs incurred to progress the APSA to granting.

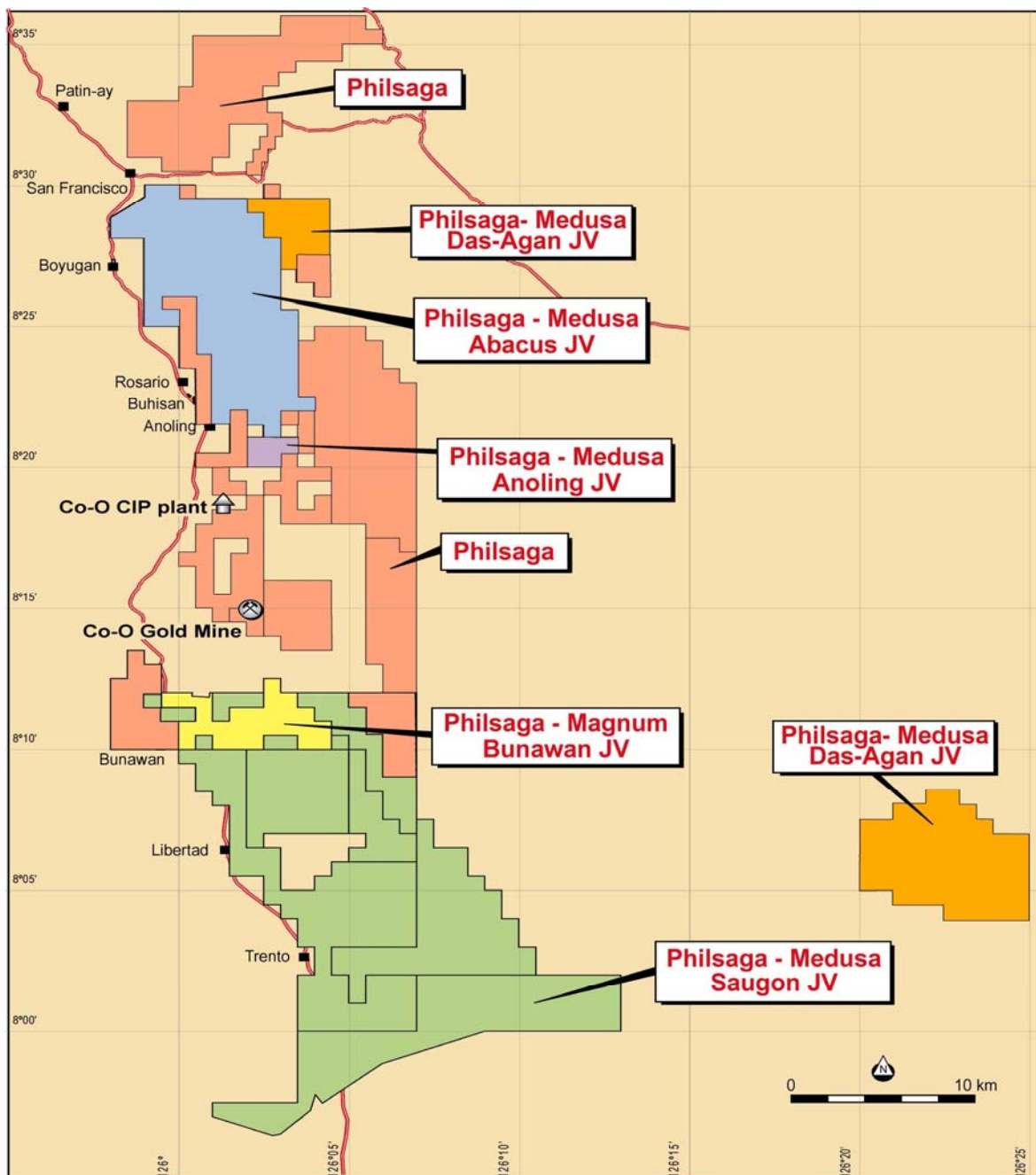


Figure 4

Abacus Project

The MOA with Abacus Consolidated Resources and Holdings Inc. covers Exploration Permit (“EP”) application number 000028-XIII situated in Agusan del Sur province in east Mindanao to the north of the Co-O mine and millsite as shown on the accompanying map. The EP covers approximately 8,100 hectares (81 km²) and covers extensions of the favourable geology found further to the south.

The granting of the Abacus EP will proceed when the condition precedent to the Philsaga Transaction involving resolution of mineral rights has been completed.

Anoling Project

The MOA with Alcorn Gold Resources Inc. covers Mining Production Sharing Agreement (“MPSA”) application number 039-XIII situated in the Agusan del Sur province in east Mindanao to the north of the Co-O mine and millsite as shown on Figure 4. The MPSA comprises approximately 405 hectares (4.05 km²) and covers mineralised extensions of the favourable geology found further south.

The granting of the Anoling MPSA will proceed when the Condition Precedent to the Philsaga Transaction involving resolution of mineral rights has been completed.

SAUGON GOLD-SILVER PROJECT *(Medusa 50%)*

Work during the period was limited to field reconnaissance.

MASAPELID GOLD PROJECT *(Medusa earning 84%)*

On 25 January 2006, Medusa announced to the ASX that, in conjunction with partner Philsaga Mining Corporation (the "Medusa Group") it had signed a Joint Venture Agreement ("JVA") over the former Lacandola Gold Mine on Masapelid Island (the "Masapelid Project") with Metals Exploration Plc ("MEP"), a company listed on the London Alternative Investment Market and who has a purchase agreement with the Masapelid Project owner.

Medusa has the right to earn an 84% interest in the Masapelid Project that is covered by granted Mineral Production Sharing Agreement No. 004-91-XIII.

The JVA provides for:

- the Medusa Group to operate the Masapelid Project and earn an 84% interest by expending the first US\$1M and completing the purchase of the Masapelid Project.
- the purchase of the Masapelid Project in shares and cash will be shared 84% by Medusa and 16% by MEP as follows:
 - (i) on or before 27 February 2006, a payment of US\$25,000 cash and the issue of a number of shares determined to be equivalent to the value of 250,000 MEP shares with the value per share to be determined as the average price for the 5 days of trading on AIM preceding 24 January 2006;
 - (ii) on or before 27 January 2007, a payment of US\$25,000 cash and the issue of 250,000 shares; and
 - (iii) on or before 27 January 2008, a payment of US\$30,000 cash and the issue of 500,000 shares.
- on completion of the expenditure of US\$1 million, MEP has the right to choose to contribute to 16% of the on-going expenditure or dilute to a 10% Net Profit Interest (in which case Medusa would own 100% of the Masapelid Project); and
- On commencement of production, the project owner will receive a 1.5% Net Smelter Royalty.

Project Background

The Masapelid Gold Project is located on Masapelid Island (Fig. 1) immediately east of Surigao City which is reached by domestic flights from Manila. Access from Surigao City is by boat for approximately 90 minutes from either Surigao City or 45 minutes from the east coastal town of Placer located south-east of Surigao City.

The Masapelid Project consists of Mineral Production Sharing Agreement No. 004-91-XIII which was granted in April 1991 covering the whole island. Geologically the project is part of the well mineralised Surigao district.

The Masapelid Project has a history of narrow vein mining commencing pre-WW II. Records indicate that 20,666 tonnes at 15 g/t Au were produced by the Km73 Mining Company from the Layong Vein on the eastern side of the island before the mine closed pre-WW II. A further 133,000 tonnes were reported to have been outlined by underground development in the parallel No.6 Vein. Two shafts were sunk approximately 300 metres apart to depths of 122 metres and 30 metres with horizontal development completed on three levels. The parallel veins are interpreted to be approximately 900 metres long, strike in a northeasterly direction, are commonly approximately 1m wide and contain ancillary silver, lead, zinc and minor copper minerals.

The Island contains extensive zones of clay-pyrite alteration in andesitic volcanics suggestive of a large hydrothermal system. Younger calcareous sediments also exhibit signs of alteration and which are potential host rocks for disseminated style deposits.

In 1983 Benguet Exploration Inc. examined the property and collected four samples which averaged 47.2 g/t Au, 134.9 g/t Ag, 3.77% Pb, 1.56% Zn and 2.14% Cu.

In early 1986 a four hole diamond drilling program was undertaken under a United Nations Development Program ("UNDP") in conjunction with the Mines and Geoscience Bureau (MGB) to test the vein extensions on the western side of the island. These holes returned 1 metre @ 22.5 g/t Au in DDH 1, 1 metre @ 35 g/t Au in DDH 2 and 1 metre @ 72 g/t Au in DDH 4.

In the early 1990s Western Mining Corporation ("WMC") undertook extensive exploration focused on discovering porphyry copper-gold mineralisation involving stream sediment sampling, grid based soil sampling, 141 km of ground magnetics, a gravity survey, IP surveys in three areas, and nine diamond drill holes. The soil sampling outlined coherent gold anomalies over 900 metres of strike corresponding to the projected strike of the Layong and No.6 Veins.

WMC's hole MSI-D1 on the western side of the island near the UNDP-MGB drilling described above also intersected vein mineralisation of 1.48 metres @ 11.81 g/t Au.

Three diamond drill holes were completed by WMC in the Sampotan area at the southern tip of the island where porphyry copper mineralisation was intersected including 264.82 metres @ 0.32% Cu in hole MSI-D7 with the last sample in the hole assaying 1% Cu and 0.5 g/t Au over 0.5 metres.

A recent sample of an ore fragment from the surface collected by MEP returned 24.2 g/t Au, 154 g/t Ag, 7.86% Pb, 6.81% Zn and 0.55% Cu.

Planned Work Program

Data compilation and confirmation has commenced in preparation for a confirmatory drilling program which may be followed by underground exploration and development.

It is envisaged that, if the Company is successful in establishing mineable material at both the Panaon and Masapelid Projects, a single treatment facility could be constructed to treat ore from both projects.

PANAON GOLD PROJECT *(Divesting 50%)*

Background

The Panaon Gold Project is located on Panaon Island (Fig. 1) in Southern Leyte, immediately north of Surigao City which is reached by domestic flights from Manila. Access from Surigao City is by passenger boat for one to two hours or by inter-island ferry.

Work Program

Philsaga has completed rehabilitation of the main adit and cross-cuts required for commencing an underground drilling program during the quarter. Limited surface drilling is also to be undertaken.

Joint Venture

On 28 September 2005, Goldsearch Limited ("Goldsearch") announced that they had signed a conditional Heads of Agreement with Medusa and its controlled Filipino entities under which Goldsearch will fund the first US\$1 million of expenditure to earn a 50% interest in the project. Goldsearch advised the ASX on 22 March that it had completed its fund raising and consequently the Heads of Agreement became unconditional.

BARLO COPPER-GOLD-ZINC PROJECT *(Option to acquire 67%)*

Background

The former Barlo Copper Mine is located approximately 320 km by road northwest of Manila (Fig. 1) and approximately 170 km north of Subic Bay and Olongapo City being a five to six hour drive on bitumenised highways.

Current Status

The Company is awaiting the outcome of an appeal to the Office of the President to resolve outstanding tenement issues.

BRAEMORE PROJECT *(Various interests)*

The Company is in discussion with a third party regarding the sale of this project.

KURNALPI and ANTI DAM PROJECTS (100% and 90% respectively)

The Company has entered into an Option to Purchase Agreement with an unlisted public company under the following terms:

- Payment of \$15,000 on signing of the Option to Purchase Agreement;
- The purchaser has to complete an IPO within 12 months at which time it will
 - Make a payment of \$50,000 cash; and
 - Issue the Company with shares to the value of \$250,000.

The purchaser will maintain the tenements in good standing until the purchase is completed.

CORPORATE

The Company is currently in discussions with relevant parties in relation to the Company's proposed admission to the Alternative Investment Market ("**AIM**") of the London Stock Exchange in the second half of this year.

The Directors view the AIM listing as a strategic step in the Company achieving its ultimate corporate goal of becoming a significant low cost gold producer in the Philippines. With the Company's activities focused in the Philippines, the Board believes that the secondary listing on AIM will not only generate increased investor interest but also provide accessibility to European investors who have expressed interest in supporting Medusa achieve its corporate objectives.

Yours faithfully



GEOFF DAVIS
Managing Director

The information in the above announcement was compiled by Geoff Davis, who 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, Mineral Resources and Ore Reserves". Geoff Davis 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. 30/9/2001.

Name of entity

MEDUSA MINING LIMITED

ACN or ARBN

099 377 849

Quarter ended ("current quarter")

March 2006

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
CASH FLOWS RELATING TO OPERATING ACTIVITIES		
1.1 Receipts from product sales and related debtors	2,733	2,739
1.2 Payments for (a) exploration and evaluation	1,038	(1,064)
(b) lease payments		(3,000)
(c) operation	(2,149)	(2,149)
(d) administration	(291)	(816)
1.3 Interest and other items of a similar nature received	18	63
1.3 Other (provide details if material)	-	-
Net operating cash flows	1,349	(4,227)
CASH FLOWS RELATING TO INVESTING ACTIVITIES		
1.4 Payments for (a) prospects	-	-
(b) equity investments	-	-
(c) fixed assets	(188)	(227)
(d) development	(1,542)	(1,542)
1.5 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) fixed assets	-	-
1.6 Loans to other entities	-	-
1.7 Loans repaid by other entities	-	-
1.8 Other (provide details if material)	-	-
Net investing cash flows	(1,730)	(1,769)
1.9 Total operating and investing cash flows (carried forward)	(381)	(5,996)

Appendix 5B
Mining exploration entity quarterly report

1.9	Total operating and investing cash flows (brought forward)	(381)	(5,996)
CASH FLOWS RELATING TO FINANCING ACTIVITIES			
1.10	Proceeds from issues of shares, options, etc.	-	7,655
1.11	Proceeds from sale of forfeited shares	-	-
1.12	Proceeds from borrowings	-	-
1.13	Repayment of borrowings	-	-
1.14	Dividends paid	-	-
1.15	Other (issue expenses)	-	(412)
Net financing cash flows		-	7,242
Net increase (decrease) in cash held		(381)	1,246
1.16	Cash at beginning of quarter/year to date	1,976	331
1.17	Exchange rate adjustments to item 1.20	(23)	(5)
1.18	Cash at end of quarter	1,572	1,572

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
1.2 Aggregate amount of payments to the parties included in item 1.2	100
1.2 Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

Salaries, management and consulting fees paid to Directors of the Company

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

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

+ See chapter 19 for defined terms.

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	200
4.2 Development	300
Total	500

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	992	324
5.2 Deposits at call	580	1,652
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,572	1,976

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	(i) Das Agan Project APSA 000024-X11	Mines Operating Agreement	-	50%
	(ii) Anoling Project APSA 000039-X111	Mines Operating Agreement	-	50%
	(iii) Abacus Project APSA 000028-X111	Mines Operating Agreement	-	50%
	(iv) Masapelid Project MPSA 004-91-X111	Joint Venture Earn In	-	-

Appendix 5B
Mining exploration entity quarterly report

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)	Amount paid up per security (see note 3)
7.1 +Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	53,846,499	53,846,499		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	407,344	407,344	\$0.20	\$0.20
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>	27,531,899	22,706,899	<i>Exercise price</i> (see note 6)	<i>Expiry date</i> (see note 6)
7.8 Issued during quarter	250,000 500,000 250,000	- - -	\$0.72 \$0.90 \$1.50	02 Oct 2008 02 Oct 2008 02 Oct 2008
7.9 Exercised during quarter	(4,376)	(4,376)	\$0.20	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 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: 27 April 2006
 Company Secretary

Print name: Roy Daniel

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.
6. Options:

<u>Number issued</u>	<u>Exercise price</u>	<u>Expiry date</u>
<i>(a) Options issued and quoted as at 31 March 2006</i>		
22,706,899	\$0.2000	31 Jan 2007
<i>(b) Options issued but not quoted as at 31 March 2006</i>		
225,000	\$0.6072	31 Jan 2007
600,000	\$0.4334	26 Jun 2010
2,000,000	\$0.5764	16 Dec 2007
250,000	\$0.7200	02 Oct 2008
500,000	\$0.9000	02 Oct 2008
250,000	\$1.5000	02 Oct 2008