

## REPORT FOR THE QUARTER ENDING 30<sup>TH</sup> SEPTEMBER 2006

### Highlights

- All results of first drilling program completed by Navarre at the Rover Project were received.
- The second diamond hole on the Explorer 108 Pb-Zn Project demonstrates potential for large mineralised system, intersections included:  
183m at 2.3% Zn, 1.3% Pb and 13.4g/t Ag  
*Including*  
34m at 6.1% Zn, 2.9% Pb and 23.9g/t Ag
- Results at Explorer 142 confirm ironstone copper potential, intersections included:  
NR142D-001            20m at 3.1% Cu and 0.24g/t Au  
NR142D-002            5m at 1.1% Cu and 0.10g/t Au
- Drilling has recommenced at Rover with the aim of initially testing extensions to mineralisation at Explorer 108.
- Westgold announced its intention to make a 5 cent per share Return of Capital, subject to shareholder approval.
- Westgold announced its intention to acquire the 60% of Navarre Resources Pty Ltd that it does not own, subject to shareholder approval.

### REVIEW OF OPERATIONS

#### Rover Project, Northern Territory EL 8994

Westgold 40% equity in Navarre (earning up to 51%, and right to acquire 100%)

### EXPLORER 108 Pb-Zn

During the Quarter the Company reported that the second hole, NR108D-002, in the Explorer 108 prospect intersected 34 metres of higher grade mineralisation, 6.1% zinc, 2.9% lead and 23.9 g/t silver, from 404 metres. This intersection was within a broader 183 metre zone of mineralised dolomite breccia from 255 metres grading 2.3% zinc, 1.3% lead and 13.4% silver. The higher grade mineralisation correlates well with intersections from the first hole, NR108D-001, which included 70m at 5.4% zinc, 2.7% lead and 17.2% silver.

The drilling confirms that Explorer 108 is a well developed mineralised system that is not constrained by drilling to date. Importantly, the drilling has shown that the higher grade lead-zinc mineralisation is hosted within a continuous 40 metre thick breccia zone at the base of the broader dolomite sequence (Figure 1).

The third drill hole in this initial programme, NR108D-003 located 400 metres northwest of Explorer 108 on a separate gravity anomaly, failed to intersect the source of the anomaly but did intersect a broad zone, over 50 metres, of anomalous copper grading between 0.05% and 0.3%.

### EXPLORER 142 Cu-Au

Results of the two diamond holes drilled during the previous Quarter at Explorer 142 prospect confirmed the potential for significant copper mineralisation associated with a magnetic ironstone.

NR142D-001 intersected a 20 metre interval from 471 metres grading 3.1% copper. The result shows there is good continuity and thickness of mineralisation between two historical holes drilled 120 metres apart.

The second hole, NR142D-002 designed to intersect the mineralisation 50 metres above the first hole, had an intersection of 19 metres from 419 metres grading 0.5% copper including 5m at 1.1% copper and 0.25g/t gold. Previous geophysical modelling indicated the presence of a magnetic ironstone. Now that recent drilling confirms that the ironstone is limited in extent higher than current drilling, further drilling will be required to test if this magnetic ironstone extends below the current limit of drilling.

Subsequent to the end of the quarter, Navarre have mobilised a drilling rig to the Explorer 108 prospect, on which it is planned to drill five holes before the end of the year. This is subject to weather and operational availability.

### **Yandal Project, WA**

Westgold 40% equity in Navarre (earning up to 51%, and right to acquire 100%)

Work on this project included drilling programme design, continued data compilation and application for aboriginal clearances in the northern areas, which are still pending. An air core drilling programme is planned for the Webo Prospect late in the December quarter.

**Kimberley Project, WA  
E80/3252**

Westgold 40% equity in Navarre (earning up to 51%, and right to acquire 100%)

A limited programme of surface rock chip sampling was undertaken on epithermal quartz veins, results are still awaited. The terrain restricted access to the bulk of the tenement.

**CORPORATE**

**Return of Capital**

On 11<sup>th</sup> August, Westgold announced its intention to make a Return of Capital of 5 cents per share, subject to shareholder approval at a General Meeting of shareholders to be held on 3<sup>rd</sup> November.

The Return of Capital represents excess capital from the restructure of the Company following the sale of Westgold's investment in Marion Energy Limited (formerly Carpenter Pacific Resources Limited). The Board of Westgold considers this capital to be excess to the Company's current requirements.

**Acquisition of Navarre Resources**

On 17<sup>th</sup> August, Westgold announced its intention to acquire the remaining 60% of Navarre it does not own through exercising its option with Navarre's founders. The acquisition, which will be effected by the issue of 21,428,571 shares to the Navarre founders, is subject to shareholder approval at a General Meeting of shareholders to be held on 3<sup>rd</sup> November. The expanded issued capital of the company will then be 96,672,684 shares.

The decision to exercise the option was prompted by the good drilling results at the Rover Project and will consolidate Westgold's corporate structure. In addition to the extensive tenement assets the Navarre acquisition brings, the management and geological team headed by Tony Martin and Andy Beckwith will join Westgold.

**Other**

In September 2000, the Company issued proceedings against St Barbara Mines Limited (SBM) and Mr Ron Woss, a former director of St Barbara Mines, for an amount of approximately \$7.6 million.

The Company lodged an amended Statement of Claim on 2<sup>nd</sup> February 2001 and subsequently both SBM and Woss filed their respective defences to the claim.

The matter is listed for trial in the Supreme Court of Western Australia from 6<sup>th</sup> to 17<sup>th</sup> November 2006 inclusive.

Dated 30<sup>th</sup> October 2006



Michael Atkins  
Chairman

**Please direct enquiries to:**

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*For further information please refer to the Company's website on [www.westgold.com.au](http://www.westgold.com.au)*

*The information in this report that relates to exploration, mineral resources or ore reserves is based on information compiled by Mr Anthony Martin (B.Sc. Hons.) who is a full time employee of Navarre Resources Pty Ltd, is a member of the AusIMM and a competent person as described by the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Martin consents to the inclusion in this 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

**WESTGOLD RESOURCES NL**

ABN

60 009 260 306

Quarter ended ("current quarter")

30 SEPTEMBER 2006

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for	(244)	(244)
	(a) exploration and evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) administration	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	139	139
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	<b>Net Operating Cash Flows</b>	<b>(105)</b>	<b>(105)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:	-	-
	(a) prospects	(550)	(550)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:	-	-
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
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>(550)</b>	<b>(550)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(655)</b>	<b>(655)</b>

1.13	Total operating and investing cash flows (brought forward)	(655)	(655)
	<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>	(655)	(655)
1.20	Cash at beginning of quarter/year to date	9,168	9,168
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	8,513	8,513

**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

Director fees	44

**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

N/A

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

N/A

## 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	900,000*
4.2 Development	-
<b>Total</b>	<b>900,000</b>

\*Assuming passing of resolution 2 at a general meeting of shareholders to be held on 3<sup>rd</sup> November, 2006 in respect of acquiring 100% ownership of Navarre Resources Pty Ltd.

## 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	1,820	2,586
5.2 Deposits at call	6,693	6,582
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>8,513</b>	<b>9,168</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

-	-	-	-
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### 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 <b>Preference securities</b> (description)	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 <b>*Ordinary securities</b>	75,244,113	75,244,113		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-		
7.5 <b>*Convertible debt securities</b> (description)	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7 <b>Options</b> (description and conversion factor)	All convert at 1 for 1 ordinary share		<i>Exercise price</i>	<i>Expiry date</i>
	1,000,000	Unlisted	15 cents	30/11/2007
	250,000	Unlisted	15 cents	01/11/06
	150,000	Unlisted	17 cents	01/11/07
	2,000,000	Unlisted	25 cents	01/11/09
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	Nil			
7.10 Expired during quarter	500,000	Unlisted	20 cents	31/7/2006
7.11 <b>Debentures</b> (totals only)	Nil			
7.12 <b>Unsecured notes</b> (totals only)	Nil			

## 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 /does not\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:

Date:30/10/06

(Company secretary)

Print name: Chris Mews

## 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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