



QUARTERLY REPORT For the period ended 30 June 2002

HIGHLIGHTS

- Record tonnes of ore processed at the Eloise Copper/Gold mine.
- Other production highlights at Eloise included:
 - Head grade of copper ore treated rose to 3.50% from 3.30% previously.
 - 8% increase in plant throughput and higher copper recovery.
 - 15% increase in contained copper and 17% increase in contained gold in concentrate sold.
- Significant high grade mineralisation intersected (9.1m @ 5.97% copper) below the Ramsay Fault at Eloise indicates the Levuka Lode is open at depth below the current ore reserve outline.
- Proved and probable reserves of contained copper increased by in excess of 300% over that reported in the March 2002 quarter.
- A \$2.1 million Convertible Note facility established with Barmenco Pty Ltd.
- The Company completed its hedging commitments during the quarter and now provides investors with upside exposure to increases in commodity prices.

OPERATIONS

Eloise Copper/Gold Mine (78 km southeast of Cloncurry, Queensland)

Production

The Eloise Copper/Gold Mine completed the year with a strong June quarter in which a total of 150,384 tonnes of ore was mined and a record 144,821 tonnes milled in the processing plant. The head grade of the ore treated increased to 3.50% from 3.30% in the March quarter. The overall impact in the June quarter of an 8% increase in plant throughput and a slightly higher copper recovery was a 15% increase in copper and a 17% increase in gold in concentrate sold. Overall plant availability was an impressive 98.2%.

In the quarter, particular attention was paid to blending of the ore feed for processing, which proved successful, with consistently higher recoveries and reduced milling consumable costs.

Table 1: Production Statistics – Eloise Copper/Gold Mine

Activity	Units	June 2002 Quarter	March 2002 Quarter	June 2001 Quarter	2001/2002 Financial Year
Ore Mined	wet tonnes	150,384	131,618	123,072	469,075
Ore Milled	dry tonnes	144,821	134,081	120,326	461,364
Head Grade					
Copper	%	3.50	3.30	4.11	3.68
Gold	g/t	0.89	1.01	0.95	0.97
Metal Recovery					
Copper	%	94.7	94.1	94.4	95.4
Gold	%	59.9	48.7	54.9	59.4
Concentrate Produced	tonnes	16,578	14,188	15,788	55,597
Copper in concentrate	tonnes	4,794	4,168	4,667	16,173
Gold in concentrate	ounces	2,484	2,117	2,015	8,562
Concentrate Sold	tonnes	20,392	5,092	19,859	56,023

Underground operations produced 150,384 tonnes of ore grading 3.42% copper. Stope production of 112,477 tonnes was mainly derived from the Levuka stopes below the Delphin Fault on the 606 and 586 levels, and the Eloise North West 840 stope. Development ore totalling 37,907 tonnes was sourced from the Levuka and Eloise Lodes from the 530, 550 and 566 level ore drives.

As the new mining contractor (Barmenco) continued to ramp up, the improvement in the mine's performance was clearly evident with increased production and the setting of new daily and monthly haulage records.

The overall recovered grade was below budget, as lower than expected grades were mined from the open stopes. Stope dilution caused by hangingwall/footwall overbreak was minimal, though some dilution of ore was experienced following a small rib pillar failure in the North 'A' stope and the crown pillar failure above the South 'C' (faulted off-set Levuka ore) stopes. The Eloise North West 840 stope averaged less than 3% copper and is the final stope from the Eloise North West lode.

Total lateral development for the quarter was 1,113 metres. Water ingress and pumping equipment failure caused some minor flooding problems in April and delayed progress of the Southern Decline.

Underground Exploration

Diamond drilling continued throughout the quarter with a further 12 underground diamond holes completed for a combined total of 2,580 metres. The majority of the drilling (EAM 315, 316, 317, 319, 322, 323, 324 and 325) was focussed on in-fill targets within the depth extension of the 'B' (Levuka) Lode, the main lode in the mine. These holes represent additional confirmatory in-fill tests of the 'B' Lode below the current mining levels for reserve confirmation and mine planning purposes.

Several of the deeper holes drilled during the period confirmed the presence of a significant structure, the Ramsay Fault, which displaces the down-dip continuation of the lode below the 450m Level by approximately 40 metres to the west. Two of the drill holes (EAM 318 and 326) completed during the quarter were targeted at this displaced extension of the lode and have confirmed the existence and continuity of the 'B' Lode mineralisation below the Ramsay Fault. A third hole (EAM 327) targeting this zone is currently in progress. Both EAM 326 and 327 intersected ore, similar in thickness to that intersected in EAM 318. The underground exploration potential at the Eloise Mine can now be described as extensive. A summary of drill hole Intersections, at a 2% Cu cut-off grade are summarised in Table 2.

Table 2: Significant Underground Drill Results – Eloise Copper/Gold Mine

Hole Number	Collar Coordinates		RL (m)	Azimuth °	Dip °	Total Depth	Intersections		Metres	Grade		
	North	East					From	To		% Cu	g/t Au	g/t Ag
EAM 313	82163.8	97508.9	619.1	084.4	-46.8	233.5	191.6	195.8	4.2	2.35	0.41	6.0
EAM 314	82163.2	97508.8	619.2	093.7	-56.7	243.0	174.8	178.0	3.2	4.16	1.05	11.1
EAM 315	82162.5	97508.0	619.0	147.1	-58.0	333.7	218.55	222.0	3.45	10.90	2.62	29.5
EAM 316	82163.0	97508.8	619.2	120.5	-53.0	259.9	198.14	204.35	6.21	7.56	1.29	28.7
EAM 317	82163.4	97508.8	619.2	108.6	-59.9	260.6	181.25	185.0	3.75	7.07	0.68	19.3
							205.9	208.18	2.28	7.97	4.27	29.2
EAM 318	82164.4	97508.5	619.2	071.4	-63.0	330.5	216.0	225.1	9.1	5.97	1.45	23.0
EAM 319	82163.2	97508.8	619.0	135.0	-68.5	399.2	235.15	247.8	12.65	6.19	0.72	22.1
EAM 322	82282.1	97573.3	554.6	140.5	-15.0	167.0	117.7	133.3	15.6	4.41	0.90	17.0
EAM 323	82282.1	97573.3	554.0	124.5	-33.5	176.1	114.7	124.9	10.2	4.37	0.65	17.0

Analytical results for drill holes EAM 324, EAM 325 and EAM 326 are pending.

Ore Reserves and Mineral Resources

Underground diamond drilling and development has allowed the re-calculation of resources and reserves at Eloise. The major highlight in Table 3 is the 308% increase in contained copper reserves from 4,935 tonnes in the March quarter to 20,118 tonnes of contained copper in the June quarter. The global picture is that the old resource base has decreased due to ore body remodelling, but the latest round of underground drilling as detailed in Table 2 strongly suggests that the total resource at Eloise will grow rapidly in the future.

Table 3: Eloise Copper/Gold Mine Reserves & Resources as at 30 June 2002

Area	Reserves				Resources				Total	
	Proved		Probable		Indicated		Inferred		Tonnes	Grade
	Tonnes	Grade	Tonnes	Grade	Tonnes	Grade	Tonnes	Grade		
Elrose (A Lode)	41,000	3.30%	18,000	3.59%			20,000	2.44%	79,000	3.15%
Levuka (B Lode)	110,000	4.00%	335,000	4.04%			200,000	5.56%	645,000	4.50%
40 Lode							70,000	3.20%	70,000	3.20%
42 Lode					32,000	4.63%			32,000	4.63%
45 Lode							34,000	4.10%	34,000	4.10%
Stockpiles	5,800	2.91%							5,800	2.91%
Total Resources and Reserves	156,800	3.78%	353,000	4.02%	32,000	4.63%	324,000	4.70%	865,800	4.25%

The reserves were estimated using three dimensional wire frames, inverse distance weighted block models and a 2.0% Cu cut-off. The resources were calculated using a simple end area method with a 2.0% Cu cut-off. Note that reserves are in addition to resources and the grades shown are percentage copper.

The proved reserves extend from the 606 Level to the 550 Level and are fully developed. A crown pillar has been planned to be left between the 550 and 530m Levels. Below this pillar to the 450m Level probable reserves have been calculated using close spaced diamond drill hole data. The Ramsay Fault truncates mineralisation below the 450m Level. Limited drilling indicates that the main lodes (Levuka and Elrose) have been displaced approximately 40 metres to the west. Indicated mineral resources below this fault will be the target of future detailed drilling. This program will include the development of a 70 metre long drill drive at the 505m Level.

Aurora Gold Mine (100 km north of Southern Cross, Western Australia)

Mining on the 5 Level produced a small parcel of 1,251 tonnes of ore at a recovered grade of 13.3 g/t gold. This completes mining at Aurora, with only rehabilitation activities planned for the next quarter.

Loongana Lime (Kalgoorlie, Western Australia)

On 11 April 2002, the Company advised that the vertical shaft kilns at the Loongana Lime Operation at Parkeston (Kalgoorlie) would be closed for an estimated six months in order to change the fuel source from raw, untreated waste oil to natural gas, to raise environmental and production standards. In this interim period the company is re-structuring the processing operation at Parkeston and the quarry at Rawlinna (400 kilometres east of Kalgoorlie), which will have a positive impact on both operational and financial performance. The rotary kiln purchased in the previous quarter was relocated to Parkeston.

FINANCIAL

On 24 June 2002, Amalg Resources NL issued a convertible note for \$2.1 million to Barmenco Pty Ltd. Barmenco is the mining contractor for the Company's Eloise Copper/Gold Mine. This note was issued at an interest rate of 9.75% per annum and is convertible into fully paid ordinary shares in the Company at \$0.11 per share. The note was issued for 12 months from 24 June 2002, or such later date as may be agreed by the parties, in writing.

During the quarter, all outstanding currency and commodity commitments were extinguished, all copper now being produced is being sold at spot rates (commodity and currency), and no new positions will be implemented in the immediate future. The Board notes that shareholders want to invest in companies with an exposure to rising commodity prices and therefore does not consider hedging to be an appropriate strategy for the Company at this time.


The Company is currently undertaking an overview of the Groups financial performance at its Eloise Copper/Gold mine and Loongana Lime operation with a view to maximising the return from these operations.

As a function of the Groups internal reviews, considerable attention has been placed on improving the Groups overall cash position, cash management, operational costs and expenses, and operating logistics.

CORPORATE

The Chairman of the Amalg Resources NL Board, John Hocking, continues to assume the responsibility of Acting Managing Director, with assistance from Non-Executive Director Garry Connell, who is Acting General Manager of Group Operations.

By Order of the Board



John Hocking
Chairman

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Brian Kelty who is a Member of The Australasian Institute of Mining and Metallurgy. Brian Kelty is a fulltime employee of the company.

Brian Kelty 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 1999 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'. Brian Kelty consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.