



30 April, 2002

Manager Companies
 Australian Stock Exchange Limited
 Level 2, Exchange Plaza
 2 The Esplanade
 PERTH WA 6000

Facsimile Number: 1300 300 021

Dear Sir

March 2002, Quarterly Report

HIGHLIGHTS

- Purchase of a rotary kiln for Parkeston
- Trial mining and screening of magnesite completed at Bandalup

Corporate

Subsequent to the end of the quarter Graham McGarry was removed as the managing director of Amalg Resources. Chairman John Hocking has temporarily assumed the position of managing director with assistance from non-executive director Garry Connell as acting general manager of operations.

The new temporary management structure has been forced to make major changes to the operations at your company. The vertical shaft kilns (VSKs) at Parkeston have been shut down pending studies to ascertain the suitability of converting them to natural gas. The fluid bed kiln (FBK) is operating with employee numbers being reduced. A total of 10 employees from Parkeston / Kalgoorlie and 13 from Rawlinna have been retrenched. These retrenchments are regrettable however they are necessary as we begin to rebuild Amalg Resources. The board is committed to restructuring the company and maintaining a heavy focus on the company's core assets, the Eloise copper mine and Loongana Lime Pty Ltd.

QUEENSLAND

Eloise (Copper/Gold)

Production

A total of 134,081t of ore was milled with an average head grade of 3.30% Cu. This produced 14,188t of concentrate grading 29.38% Cu.

| Production Statistics | | | |
|---|---------------------------|-------------------------------|---------------------------|
| Production | March 2002 Quarter | Financial Year to Date | March 2001 Quarter |
| Ore Mined (t) | 131,618 | 318,691 | 130,246 |
| Ore Milled (t) | 134,081 | 316,543 | 130,902 |
| Head Grade | | | |
| - Copper (%) | 3.30 | 3.77 | 3.61 |
| - Gold (g/t) | 1.01 | 1.03 | 0.87 |
| Metal Recovery | | | |
| - Copper (%) | 94.09 | 95.39 | 94.19 |
| - Gold (%) | 48.73 | 58.12 | 56.47 |
| Concentrate Produced (t) | 14,188 | 39,019 | 15,297 |
| Concentrate Sold (t) | 5,092 | 35,631 | 10,142 |
| Concentrate Stocks at End of Period (t) | 12,800 | 12,800 | 13,483 |
| Concentrate Grade | | | |
| - Copper (%) | 29.38 | 29.15 | 29.27 |
| - Gold (g/t) | 4.64 | 4.85 | 4.21 |
| - Silver (g/t) | 95.22 | 93.27 | 86.4 |

Mine Development

| Mine Development Statistics | | | |
|--|---------------------------|-------------------------------|---------------------------|
| Description | March 2002 Quarter | Financial Year to Date | March 2001 Quarter |
| Decline Advance (m) | 359 | 1,741 | 381 |
| Level Access Drives (m) | 228 | 669 | 151 |
| Ore Sill Drives (m) | 314 | 1,100 | 128 |
| Ventilation Access Drives (m) | 65 | 208 | 56 |
| Exploration Drive (m) | 0 | 0 | 0 |
| Total (m) | 996 | 3,718 | 716 |
| Ventilation Raises (m) | 93 | 199 | 24 |
| Cut Off Raises (m) | 29 | 167 | 80 |
| Total (m) | 122 | 366 | 104 |
| Sill Stripping – Ore (m ³) | 2,316 | 9,333 | 2,000 |
| Total (m³) | 2,316 | 9,333 | 2,000 |

Ore Reserves and Mineral Resources

Underground diamond drilling and development has allowed the re-calculation of resources and reserves at Eloise.

The resources and reserves were estimated using three dimensional wire frames, inverse distance weighted block models and a 2.0% Cu cut-off.

Note that reserves are in addition to resources and the grades shown are percentage copper.

| Area | Reserves | | | | Resources | | | | Total | |
|-------------------------------------|-----------------|--------------|-----------------|--------------|------------------|--------------|-----------------|--------------|------------------|--------------|
| | Proved | | Probable | | Indicated | | Inferred | | Tonnes | Grade |
| | Tonnes | Grade | Tonnes | Grade | Tonnes | Grade | Tonnes | Grade | | |
| Levuka South | 17,000 | 4.96% | | | | | | | 17,000 | 4.96% |
| Arrolla Lode | 66,000 | 2.80% | | | 200,000 | 3.72% | | | 266,000 | 3.49% |
| Maronan Lode | | | | | 770,000 | 3.46% | | | 770,000 | 3.46% |
| Eloise South Lode | 47,000 | 3.27% | | | 33,000 | 2.72% | | | 80,000 | 3.04% |
| Eloise North West Lode | 16,000 | 3.48% | | | | | | | 16,000 | 3.48% |
| 40 Lode | | | | | | | 70,000 | 3.20% | 70,000 | 3.20% |
| 42 Lode | | | | | | | 40,000 | 7.40% | 40,000 | 7.40% |
| 45 Lode | | | | | | | 34,000 | 4.10% | 34,000 | 4.10% |
| Stockpiles | 4,000 | 3.60% | | | | | | | 4,000 | 3.60% |
| Total Resources and Reserves | 150,000 | 3.29% | | | 1,003,000 | 3.49% | 144,000 | 4.58% | 1,297,000 | 3.58% |

Eloise Exploration

Work continued on establishing a unified assay and geology database for the Eloise Mine area.

Diamond drilling recommenced in January and a total of seven underground diamond holes had been completed for 1,362 m.

- Drill hole EAM308, originally drilled for geotechnical purposes, was sampled and provided a useful intersection of the Maronan zone (formerly 60A Lode) in a previously untested area.
- Drill holes EAM309 and 310 comprised short drill tests of the lowermost portion of the Levuka South lode to give better ore zone definition for proposed development purposes.
- Drill holes EAM311 through to EAM314 are the first 4 holes in a 9 hole in-fill drilling program for the Maronan zone between the 450 RL and 550 RL. The in-fill program is intended to increase the drilling density to provide adequate information for resource definition and development planning work. Analytical results for EAM313 and EAM 314 were unavailable at the end of the quarter.
- Drill hole EAM315 is the first of a series of proposed step-out drill holes to test for extensions of the Maronan zone to the south and in depth below 450 RL. This hole was underway at the end of the quarter.

Summary of Drill Hole Intersections

Drill hole intersections using a 2% Cu cut-off grade are summarised below:-

Levuka South Lode

| 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 309 | 82230.4 | 97677.2 | 605.8 | 139.4 | -23.0 | 96.9 | 72.00 | 78.00 | 6.00 | 5.06 | 18.4 | 1.05 |
| EAM 310 | 82229.9 | 97677.0 | 605.8 | 147.3 | -18.0 | 119.7 | 82.67 | 84.00 | 1.33 | 8.58 | 33.7 | 2.62 |

Maronan Lode

| 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 308 | 82162.9 | 97508.1 | 618.8 | 84.5 | -39.8 | 241.0 | 163.00 | 196.45 | 33.45 | 5.48 | 17.3 | 2.58 |
| EAM 311 | 82162.5 | 97508.0 | 619.0 | 76.5 | -24.0 | 184.0 | 151.50 | 163.50 | 12.00 | 4.12 | 0.82 | 8.36 |
| | | | | | | | 174.10 | 180.52 | 6.42 | 2.86 | 0.50 | 10.10 |
| EAM 312 | 82162.5 | 97508.0 | 619.0 | 96.5 | -49.0 | 232.2 | 155.24 | 162.00 | 6.76 | 4.77 | 1.18 | 10.90 |
| | | | | | | | 173.50 | 181.00 | 7.50 | 3.42 | 0.37 | 9.70 |
| | | | | | | | 185.00 | 203.00 | 18.00 | 3.11 | 0.70 | 9.14 |

Regional Exploration

A review of regional prospectivity and target prioritisation was completed.

Characterisation of the electrical properties of the prospective B30 horizon at the Altia prospect was undertaken during the period. It is hoped that the results of this program will identify an appropriate electrical geophysical exploration method for ongoing exploration both at this site and within the overall Levuka Trend.

WESTERN AUSTRALIA

Gold

Aurora

Mining on the 5th Level produced a parcel of 1,499 dmt of ore at a recovered grade of 16.4 g/t Au. As drilling below this level showed negative results the 5th Level will be the final development at Aurora. It is planned to mine the remaining ore from the level and retrieve all accessible pillars before closing the shaft and commencing rehabilitation activities.

Industrial Minerals

Loongana Lime

Major changes have been made to the operations of Loongana Lime. These changes have been necessary because of the failure of the VSKs to perform. The VSKs are now under a total review and it is hoped that studies will show that converting the kilns to natural gas is the long term answer to successfully operating the kilns. It is anticipated that these studies and possible conversion will take approximately 6 months.

As a result of these changes a total of 23 employees have been retrenched, subsequent to the end of the quarter, from Parkeston, Rawlinna and Kalgoorlie.

During the interim period the FBK will continue to produce lime from stockpiled limestone at Rawlinna. Sales of crushed limestone rock to the nickel laterite industry will continue as usual.

A rotary kiln was purchased from an eastern states operation. It has been dismantled and partially transported to Parkeston. Installation will depend on the outcome of extensive test work including installation and operational costing studies.

Magnesite

A full scale mining and screening trial of approximately 10,000t was undertaken.

The aims of the operation were:

- Establish the mining characteristic of the magnesite.
- Trial mobile screening plant and its suitability to the magnesite operation.
- Derive the size distribution at –19mm, +19 – 50mm, +50 –120mm & +120mm on a mining scale.
- Produce large stockpiles of product for further metallurgical testwork.
- Spell the stockpiles for one winter to allow the hydration and dehydration of the associated clays.

Results of the trial were excellent with a greater amount of magnesite reporting to the coarser fractions than originally estimated.

It is proposed to spell the products for one winter to allow for the associated clays to hydrate and dehydrate over a period of 6 months. It is hoped that the spelling will alter the nature of the clays and make it easier for the clay material to be removed by scrubbing and washing. Trial beneficiation test work is planned to be undertaken early next year.

FINANCIAL

Currency and Commodity Instruments

At the end of the quarter there was one fixed forward currency contract in place of \$US 3.25 million at an exchange rate of 0.516.

The following commodity positions were in place at the end of the quarter:

- May shipment 1,400t Cu @ US\$1,568
- June shipment 1,400t Cu @ US\$1,645

Copper Prices

The average quarterly LME settlement price for copper was US\$1,557 per tonne (as advised by the Queensland Department of Natural Resources and Mines). The average price realised by Amalg was US\$1,539 per tonne.

The increase is good news from the December 2001 quarter (average of US\$1,424 per tonne) although the Australian dollar has strengthened subsequent to quarter end.

Statement of financial performance

The company and its controlled entity announce an unaudited loss before income tax of \$0.935 million for the 3 months to 31st March 2002. The detail of the amount is outlined below:

| | 3 mths to 31 March 02 | 6 months to 31 Dec 2001 | 12 mths to 30 June 01 |
|--------------------------------------|--------------------------|----------------------------|--------------------------|
| | Unaudited | Reviewed | Audited |
| | \$'000 | \$'000 | \$'000 |
| Profit from Total Operations | 1,699 | 3,734 | 19,313 |
| Less: depreciation | (1,186) | (2,663) | (4,599) |
| amortisation | (2,192) | (3,133) | (9,958) |
| currency hedging | 54 | 5 | (2,706) |
| commodity hedging | 690 | (84) | 1,536 |
| Total Pre Tax Profit / (Loss) | (935) | (2,141) | 3,586 |

The major contributing factors affecting the 3 months result include:

- Lower copper grades mined at Eloise due to limited underground diamond drilling. This issue is being addressed as a matter of priority in the June and beyond quarters;
- Underperformance from the Loongana vertical shaft kilns, due primarily to fuel choice. This issue is being addressed in the June and September quarters.

By order of the Board.

Mr. A White
Company Secretary

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'.