

MONTAGUE GOLD NL

ACN 006 045 790



QUARTERLY REPORT

30 JUNE 1999

HIGHLIGHTS

- First pass shallow RAB drilling of selected targets at Tick Hill confirmed several strong copper/gold anomalies for further evaluation and possibly RC drilling.
- De Courcy airborne magnetics outline prospective WNW structures. Several targets identified for followup RAB drilling.
- A new project at Slate Bore (SE of De Courcy) has potential for sediment-hosted gold deposits.

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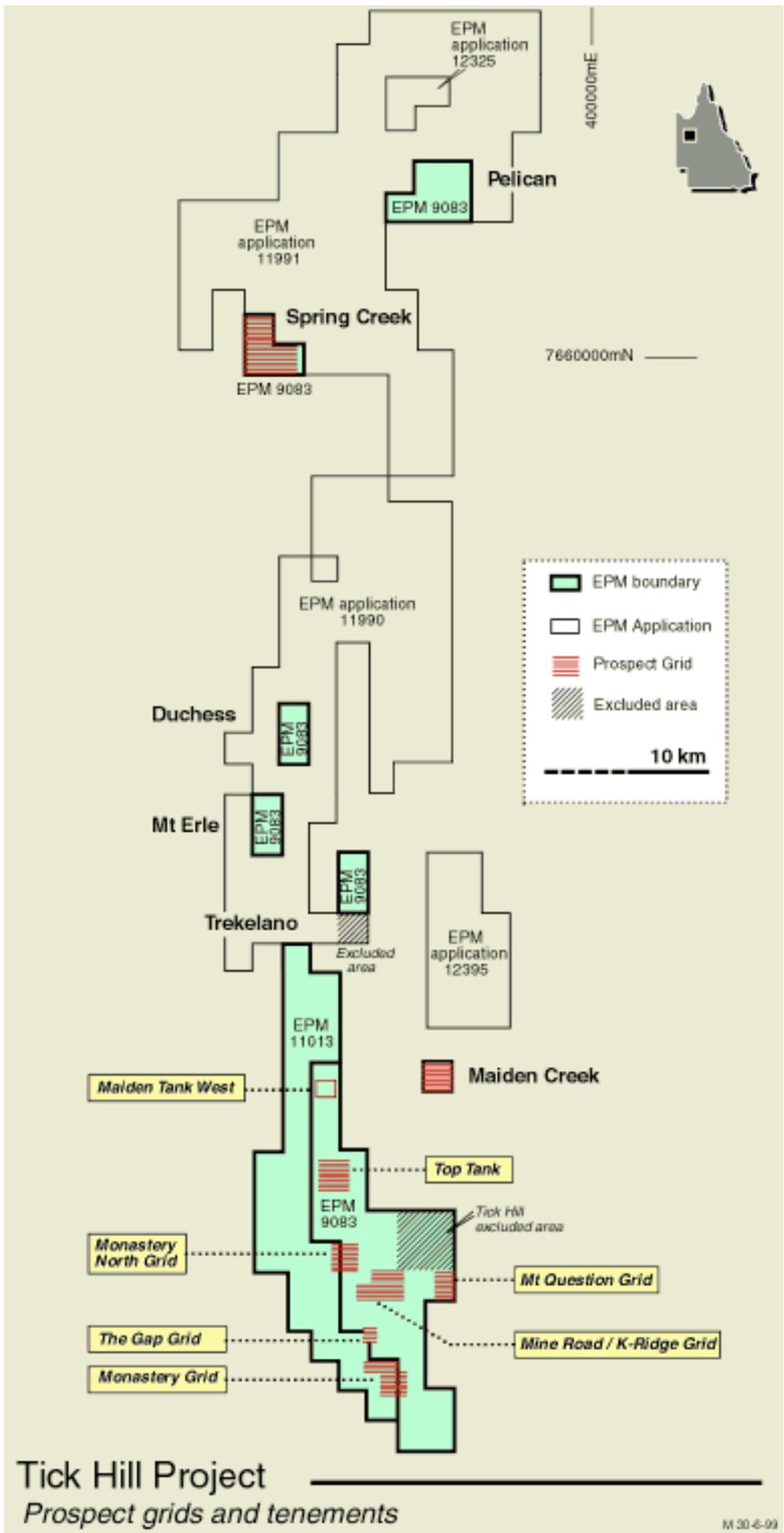
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AUSTRALIAN ACTIVITIES

TICK HILL JOINT VENTURE, QLD

(MIM, MONTAGUE EARNING UP TO 70% INTEREST)

The Company is earning an interest in MIM tenements surrounding the old Tick Hill mine from which MIM mined approx. 760,000t between 1991 and 1994 at a recovered grade of 22.5g/t, producing approx 511,000ozs of gold. The project area is located 100 km SE of Mt Isa in NW Queensland. During the Quarter, the Company withdrew from the Dermer EPM and will concentrate on the two prospective tenements 9083 and 11013. The area remaining is approximately 228 kms².



Continued exploration and evaluation of the grids listed in the March Quarterly Report resulted in RAB drilling on the Monastery Creek, Mt Question and Maiden Creek grids. The RAB drilling tested structural targets interpreted from aeromagnetism which are covered by thin (<2m) soils or gravels. The results of this work have been encouraging and have progressed these targets towards identification of RC drill targets.

Monastery Creek. Detailed soil sampling over a structural target interpreted from new geological mapping and the helimag survey located three zones of anomalous gold / copper geochemistry. RAB drilling over areas with thin gravel cover confirmed the anomaly over a strike length of 400m, in the southern portion of the grid, with up to 265ppb Au and 0.6% Cu.

Mt Question . RAB drilling of a structurally complex zone interpreted from geological mapping and the helimag survey located an 87ppb Au anomaly in a zone of high strain. Further assessment including trenching will evaluate the anomaly prior to recommending drilling.

Maiden Creek. Two discrete RAB gold anomalies to 215ppb have been located within a 300m x 100m area over a structurally complex zone interpreted from aeromagnetism.

Top Tank. Followup of prior soil sampling with detailed mapping has identified low order gold anomalies near complex structural intersections. Further detailed evaluation of the structural setting is in progress to identify potential drill sites.

Other prospects for followup include :

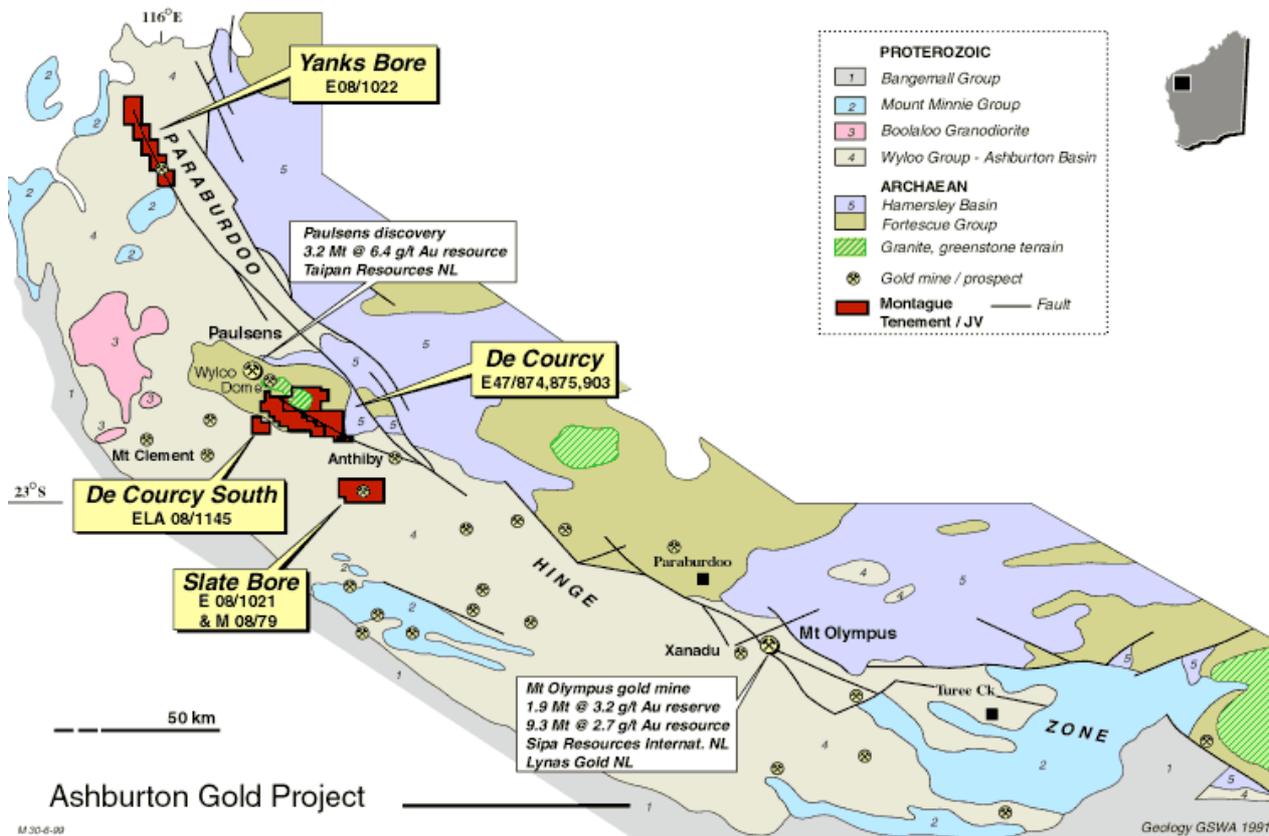
Maiden Tank West. Prior explorers reported single sample point RAB anomalies to 510ppb Au near quartzites which were not followed up. Geological mapping and grid based soil sampling are proposed.

The Gap. Small flecks of gold have been panned in small creeks in the grid area and two anomalous soil gold zones have been identified. Further soil sampling and geological mapping is in progress.

Monastery North. Low order soil gold anomalies are associated with structurally complex shear zones forming flexures which may provide prospective targets.

Spring Creek. Reconnaissance prospecting of a previously identified extensive zone of anomalous copper and gold geochemistry is in progress.

ASHBURTON GOLD PROJECT, W.A.



- De Courcy (E 47/874, 875, 903 - 100% Montague)

Approximately 6,200 line km of airborne geophysics were flown by AGS (Australian Geophysical Surveys) at a line spacing of 100m. Detailed interpretation of magnetic and radiometric imaging is in progress. Preliminary assessment indicates that the survey provides valuable information on geology and structure. An additional 2,300 line km of multi-client aeromagnetic/radiometric data was purchased to complete coverage of the western part of the Wyloo Dome, including the nearby Paulsens project. Geoscan multi spectral scanner data covering the Wyloo Dome was also acquired. Initial interpretation shows a number of important targets and target zones which will require more detailed followup. These are mainly WNW trending structures offset by N-S and NW faults and include the Three Corner Bore and Fuchsite Faults.

Results of geochemical prospecting of drainage basins anomalous in Au (MIM, 1991) in the northern area were received. Several multi generation quartz veins were located and rock chip sampled during the previous Quarter. Assays indicate a WNW trend of anomalous gold values ranging from +20ppb to 1250ppb Au (the Stadler Zone). It extends for 1.5 x 8.0km on the northern flank of the granite intrusive and coincides with a broad structure inferred from the magnetics and Geoscan data. Followup geochemical sampling is proposed.

Trial shallow aircore geochemical drilling was carried out with 166 wide spaced holes completed to depths ranging from 1 to 13m. Holes were drilled at Grid A and B, across the Cullen 4 structural target and over some of the alluvial/colluvial plains for regolith information. The drilling established the presence of thin (1 - 2m) transported cover over the plains and thicker paleochannels with calcrete layers in the vicinity of drainage channels. Several bedrock interface samples from Grid A, B, Cullen 2 and Cullen 4 were anomalous in gold and followup sampling is proposed.

Reconnaissance drilling, mapping and aeromagnetics highlight Cullen 4 as a prime target. It is located on a major WNW trending structural discontinuity, the 20km long Nanutarra-Paraburdoo Road Shear. Detailed interpretation is underway to identify specific structural targets. The aeromagnetics also confirm that Cullen 2 prospect is located on the Three Corner Bore Fault. Further shallow drill hole geochemistry is planned for these areas.

* Slate Bore (M 08/79, Montague 100%, E 08/1021, Montague earning 75% from Min-Tech8 NL)

The Slate Bore gold-base metal prospect is located 35km SE of De Courcy. Montague has gained access to a significant alteration system with potential for sediment-hosted gold deposits by acquiring 100% of a granted mining tenement (M 08/79) from Hudson Resources Ltd with Hudson retaining 10% NPI. Montague has also formed a joint venture with Min-Tech 8 N.L. to explore E 08/1021, which surrounds M 08/79. Montague can earn a 75% interest by meeting DME expenditures up to a total of \$100,000 and can withdraw at any time, provided the tenement is in good standing.

Slate Bore is located within the Paraburdoo Hinge Zone and is characterised by strongly folded and sheared mudstones, siltstones and sandstones of the Ashburton Formation. There is field evidence of overprinted gold and base metal mineralisation systems located within a distinctive 10 x 2 km WNW trending Landsat TM anomaly. Results from previous exploration indicate very significant soil and rock gold geochemistry that has not been adequately tested. A +10ppb to 400ppb Au soil anomaly extending over 7,000m by 200-800m wide was outlined by Aberfoyle Resources Ltd (1990-1993). Followup RAB drilling was limited to 40 shallow holes on lines spaced 1 to 1.5km apart. Of these, 5 holes returned values from 3m composites in the 50-230ppb Au range. Two rock chip samples of quartz veined pyritic sandstone collected by Montague from outcrop in the central zone returned values of 2.2 and 5.4g/t Au. The area contains small-scale historic lead workings. Gold mineralisation is related to stockworks of narrow sulphidic quartz veins hosted in sandstone units. Detailed data compilation will be followed by mapping and shallow RAB geochemical drilling.

*** Yanks Bore (Montague earning 65% from Hunter Exploration N.L.)**

Yanks Bore is located 80km NNW of De Courcy. Data compilation and field reconnaissance were carried out during the quarter. This work has confirmed Yanks Bore as a significant gold prospect with potential for sediment-hosted gold deposits. The joint venture area covers 23 strike kms of a major structural zone (an extension of the Paraburdoo Hinge Zone). Exploration by Hunter discovered outcropping gold mineralisation hosted by fractured, silicified dolomites of the Lower Proterozoic Wyloo Group. Best rock chip results within a 2,000m long soil anomaly were 20m @ 1.7g/t Au (including 10m @ 2.3g/t Au). Detailed mapping and shallow air track percussion sampling are planned.

*** De Courcy South (ELA 08/1145, Montague 100%)**

A 10 subblock ELA has been lodged about 4km SE of Mt. De Courcy. The area covers 7 strike km of a major WNW structures along the Paraburdoo Hinge Zone. The structural zone is mostly covered by thin colluvium but has anomalous BLEG Au geochemistry from previous exploration. The same structure hosts the Monster Lode gold occurrence about 3km to the NW.

**GUNBARREL PROJECT, NORTHEAST GOLDFIELDS, W.A .
(Montague 100% E53/568, E53/645, 80% with North Coolgardie 20% E53/535)**

Field checking of a number of priority RAB targets was carried out. Several gold prospects were also visited. Efforts to attract a farm-in partner continue.

RUSSIAN GOLD MINING INTEREST

POKROVSKIY GOLD PROJECT (2% direct equity interest)

Production at the Pokrovskiy Gold Project, located in the Amur Region of Russia, is scheduled to commence in September 1999.

The project is being developed as a heap leach operation with target production of 60,000 ounces per annum at an initial capital cost of US\$6.5 million. The life of the heap leach operation is forecast to be at least 7 years with an estimated average cash cost of production over the life of the project of US\$90 per ounce.

The official opening of the production facility is planned for the first week of September 1999.

MANAGEMENT & CORPORATE

BOARD CHANGES

The Company announced on the 2nd July 1999 that Mr. Stan Lewis had resigned as a non-executive director of the Company. Mr. Lewis had a long association and involvement with the Company during a period of 12 years as a non-executive director and latterly as acting chairman.

The current directors wish to acknowledge Stan's long standing contribution to the Company and thank him for his efforts and valued participation during this period.

ESTABLISHMENT OF COMPANY WEB-SITE

The Company has established a Web-site on the Internet aimed at providing details on a variety of topics relating to Montague, including information on the Company's projects, its management and strategy, corporate structure and share price data. The site also contains the latest Company announcements and quarterly reports.

It is intended that the site will become the cornerstone for the group's investor relations activities and will continually be updated to ensure current information on the group and its projects is available throughout the year for all shareholders and other potential investors.

The address of the site is www.montaguegold.com.au

WJ Kernaghan
Company Secretary

NOTE:

The information contained in this report is based on information compiled by The State Committee on Geology of the Russian Federation which is the overseas equivalent of being a member of the Australasian Institute of Mining and Metallurgy. This report accurately reflects the information relating to the Pokrovskiy Gold Project compiled by this committee as supplied to the Company by Zoloto Mining Ltd.