



HADDINGTON
RESOURCES LIMITED
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30 January 2004

**QUARTERLY REPORT
FOR THE QUARTER ENDED
31st DECEMBER 2003**

The Directors of the Company are pleased to present the report on Operations for the quarter ended 31 December 2003.

Production Highlights from the Bald Hill operations for the quarter were:

- ❖ **104,927 tonnes of ore mined.**
- ❖ **97,889 tonnes of ore treated.**
- ❖ **51,501 pounds of tantalite delivered.**
- ❖ **Revenues from sales of tantalite \$3.35 million.**

Mining was focussed on development of the Hills End Pit and mining of stage 2 of the West Pit during the quarter.

Mining continued with hired equipment and we have seen a significant improvement in production during the quarter. Improved strip ratios due to completion of waste stripping in the South Pit have also contributed to improved ore production.

The process plant has settled down at higher tonnages, and despite a bearing failure on the VSI crusher and a shortage of process water late in the quarter, has averaged 93 % availability for the quarter and processed tonnes at 15% over budget.



BALD HILL PROJECT – M15/400 & E15/178

Operations

Overall plant performance has maintained greater consistency, with plant availability exceeding 93% for the quarter.

Changes to the process flow sheet alleviated a process water shortage late in the quarter and budgeted production throughput was re-established by quarter end.

The process plant treated a total of 97,889 tonnes of fine ore at an average head grade of 388 ppm, which was approximately 15% over budget. Ta₂O₅ recovery averaged 64% in the December quarter.

The plant produced approximately 243 tonnes of dry concentrate at an average grade of 10.14%, resulting in a total of 54,117 pounds of Ta₂O₅ being produced during the quarter.

A total of 104,568 tonnes of – 12mm fine ore plant feed was crushed during the quarter.

Exploration

Regional aeromagnetics and radiometrics were purchased from Fugro and processed by the Company's consultants and ground reconnaissance of areas of interest in the Bald Hill region was carried out. A preliminary regional geology map to aid in the geophysical interpretation will be produced from this reconnaissance. Thirty six samples for petrology and assay have been taken whilst assessing prospective areas. A program of vacuum drilling for geochemical samples is planned for prospective areas identified on Sinclair and Madoonia Extended prospects in the next quarter.

The process of ground investigation of anomalies and interpretation will be continued over the next quarter, with the aim of generating new targets within a 15 km radius of Bald Hill for the 2004 field season.

During the quarter four new PL's were pegged north west of Bald Hill and directly south of our Sinclair tenements, PL15/4640 to 4643. This area covers a sequence of tightly folded metasediments prospective for tantalum.

Exploration expenditure at Bald Hill for the quarter was \$9,293.

WALLACE PROJECT

Wallace Gold Project

During the quarter the company continued to explore the northern priority area at Wallace, a total of 95 RAB holes were completed for 1,124m. The RAB program was designed to provide further geochemical coverage as well as infill prospects, NW Kangaroo Rat, Weatherly N and Weatherly NE.

At North West Kangaroo Rat eight RAB holes were completed to infill a NE striking anomaly with several gold values >50ppb, anomalous results were received at the



western in WRAB244 and WRAB245, with peak values of 30ppb gold and 473ppm copper. WRC249 in the central part of this anomaly returned 12m @ 630 ppm copper.

At Weatherly NE eleven holes were completed over transported soils and alluvium, where previous drilling on a 200m by 100m grid had outlined an area 600m by 200m with anomalous gold and copper as high as 3,640ppm. Infill of this zone isolated an anomaly 100m by 300m trending NE with gold results as high as 22ppb and copper as high as 695ppm.

A single east west traverse was completed to infill the area directly NE of the Weatherly North Prospect, where earlier RC drilling had encountered significant gold and copper mineralisation with intersection widths from 4 to 11m.

The results over Weatherly North highlight the potential of this shear to host a major copper/gold deposit, with over 1.2 kms of untested potential under cover to the north east. Results from these 100m spaced vertical holes have again confirmed the NE trend with gold results as high as 82 ppb and copper results to 8500ppm.

The RAB results have confirmed existing gold and copper anomalies in these areas, on a minimum grid pattern of 100m by 100m. This program has been successful in upgrading the prospects to a drill ready stage for exploration during 2004. Five gold/copper soil anomalies and two RAB anomalies within the 3.5 kms long Weatherly trend remain untested. It is planned to test these during 2004. At the Weatherly North Prospect where RC drilling went to a maximum depth of 50m electrical geophysical methods will be employed in the search for deeper sulphide associated copper-gold mineralisation.

Rio Tinto Joint Venture

In November, 2003 the Company announced that its 100% subsidiary Haddington Gold Pty Ltd has signed a letter of intent with Rio Tinto Exploration Pty Limited (RTE), covering the terms of an Option, Farm-in and Joint Venture Agreement for the exploration and development of five of Haddington's EPM's 4885, 5476, 9179, 13987, and 13988 at its Wallace Project, near Cloncurry in north west Queensland.

Haddington will continue exploration for gold at its Wallace South Gold Prospect, which will be excised from the joint venture area.

Under the terms of the proposed Option, Farm-in and Joint Venture Agreement, RTE will have an option to earn a 70% interest in the five EPM's, by incurring expenditure of \$3.0 million over five years.

RTE will spend at least \$120,000 for native title access and carrying out reconnaissance exploration that is likely to include a geophysical survey before it may elect to farm-in. Stage One of the option will be completed in the following four years, during which RTE will spend a further \$2.88 million to earn a 70% interest.

In Stage Two, a joint venture will be formed and Haddington can elect to contribute its 30% of ongoing joint venture expenditure or RTE may elect to earn a further 20% by sole funding further joint venture expenditure to completion of a Pre-feasibility Study.

After completion of Stage Two and the Pre-feasibility Study, Haddington can elect to contribute its 10% of joint venture expenditure, offer its 10% interest for sale, or



convert its remaining interest to a 2% net smelter return capped at \$20.0 million indexed to CPI.

Exploration expenditure at Wallace during the quarter was \$143,510.

AUSTRALIAN TANTALUM LIMITED

Minor field exploration was carried out at Australian Tantalum properties during the quarter.

Exploration expenditure at Australian Tantalum properties during the quarter was \$3,238

CATTLIN CREEK PROJECT – M74/12

No Exploration was carried out at Cattlin Creek during the quarter.

Expenditure at Cattlin Creek during the quarter was \$2,625

BALD HILL EXTENDED PROJECT – E15/813

No Exploration was carried out at Bald Hill Extended during the quarter.

SINCLAIR PROSPECTS – P15/4107; P15/4108

Minor field exploration was carried out at Sinclair Prospects during the quarter.

Exploration expenditure at Sinclair Prospects during the quarter was \$4,734.

MADOONIA PROJECT – E15/665

Minor field exploration was carried out at Madoonia Project during the quarter.

Exploration expenditure at Madoonia Project during the quarter was \$4,448.

**ON BEHALF OF THE BOARD OF DIRECTORS OF
HADDINGTON RESOURCES LIMITED.**

A handwritten signature in black ink, appearing to read 'Colin McCavana'.

Colin McCavana
Managing Director

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

HADDINGTON RESOURCES LIMITED

ABN

35 089 471 303

Quarter ended ("current quarter")

30 DECEMBER 2003

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	3,240	6,276
1.2 Payments for (a) exploration and evaluation	(148)	(339)
(b) development	(17)	(102)
(c) production	(2,583)	(5,309)
(d) administration	(162)	(301)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	7
1.5 Interest and other costs of finance paid	(11)	(23)
1.6 Income taxes paid	1	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	322	209
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(118)	(132)
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)	17	31
Net investing cash flows	(101)	(101)
1.13 Total operating and investing cash flows (carried forward)	221	108

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	221	108
Cash flows related to financing activities			
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	(52)	(101)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	(52)	(101)
	Net increase (decrease) in cash held	169	7
1.20	Cash at beginning of quarter/year to date	656	818
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	825	825

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	76
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

<p>Payments to directors and director controlled entities for the provision of consultancy services and directors fees on commercial terms.</p>

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

None

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

None.

+ 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	250	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	28
4.2 Development	-
Total	28

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	562	444
5.2 Deposits at call	263	212
5.3 Bank overdraft		-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	825	656

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	None.			
6. Interests in mining tenements acquired or increased	PL15/4640	100% Haddington	Nil	100%
	PL15/4641	100% Haddington	Nil	100%
	PL15/4642	100% Haddington	Nil	100%
	PL15/4643	100% Haddington	Nil	100%

+ See chapter 19 for defined terms.

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) (cents)	Amount paid up per security (see note 3) (cents)
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	39,956,520	39,956,520		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -		
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>	36,550 43,860 437,780 1,170,000 1,000,000	- - - - -	<i>Exercise price</i> CDN\$0.18 CDN\$0.22 CDN\$0.16 AUD\$0.20 AUD\$0.20	<i>Expiry date</i> 3/6/04 19/8/04 26/5/05 31/12/05 31/12/06
7.8 Issued during quarter	1,000,000	-	AUD\$0.20	31/12/06
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	1,000,000 1,800,000 250,000	- - -	AUD\$0.25 AUD\$0.20 AUD\$0.20	31/12/03 31/12/03 31/12/05
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 ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: 
Company Secretary

Date: 30 January 2004

Print name: BRUNO SENEQUE

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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+ See chapter 19 for defined terms.