

**HILLCREST RESOURCES LIMITED**

ASX: HIL 03 952 004 742

**QUARTERLY REPORT**  
**September 2004**

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### **Exploration Activities**

The Company did not undertake any exploration activities during the quarter.

### **Litigation Funding - Hillcrest Litigation Services Limited (HLS)**

In January 2004, the Company commenced an in-house feasibility study into the viability of the Company carrying on the business of litigation funding as a core business.

Having considered the results of the feasibility study, the Hillcrest Board believes that there is a significant opportunity for another ASX listed company (in addition to IMF (Australia) Ltd) to successfully carry on the business of litigation funding. Accordingly, the Board has decided to seek shareholder approval to a change in the nature of the Company's activities from that of a mineral resources exploration company to a company involved in the business of litigation funding.

Shareholder approval will be sought at the Company's forthcoming AGM on 9 November 2004.

### **HILLCREST RESOURCES LIMITED**



**ALAN VAN NOORT**  
**Chairman**

**29 October 2004**

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

HILLCREST RESOURCES LIMITED

ACN or ARBN

060 094 742

Quarter ended ("current quarter")

30 September 2004

### Consolidated statement of cash flows

|                                                   |                                                       | Current quarter<br>\$A'000 | Year to date<br>12 months<br>\$A'000 |
|---------------------------------------------------|-------------------------------------------------------|----------------------------|--------------------------------------|
| <b>Cash flows related to operating activities</b> |                                                       |                            |                                      |
| 1.1                                               | Receipts from product sales and related debtors       | —                          | —                                    |
| 1.2                                               | Payments for (a) exploration and evaluation           | —                          | —                                    |
|                                                   | (b) development                                       | —                          | —                                    |
|                                                   | (c) production                                        | —                          | —                                    |
|                                                   | (d) administration                                    | (174)                      | (174)                                |
|                                                   | (e) evaluation of business opportunities              | —                          | —                                    |
| 1.3                                               | Royalties received                                    | —                          | —                                    |
| 1.4                                               | Interest and other items of a similar nature received | 11                         | 11                                   |
| 1.5                                               | Interest and other costs of finance paid              | —                          | —                                    |
| 1.6                                               | Income taxes paid                                     | —                          | —                                    |
| 1.7                                               | Other                                                 | —                          | —                                    |
| <b>Net Operating Cash Flows</b>                   |                                                       | <b>(163)</b>               | <b>(163)</b>                         |
| <b>Cash flows related to investing activities</b> |                                                       |                            |                                      |
| 1.8                                               | Payment for purchases of: (a) prospects               | —                          | —                                    |
|                                                   | (b) equity investments                                | —                          | —                                    |
|                                                   | (c) other fixed assets                                | —                          | —                                    |
| 1.9                                               | Proceeds from sale of: (a) prospects                  | —                          | —                                    |
|                                                   | (b) equity investments                                | —                          | —                                    |
|                                                   | (c) other fixed assets                                | —                          | —                                    |
| 1.10                                              | <b>Loans to other entities</b>                        | —                          | —                                    |
| 1.11                                              | Loans repaid by other entities                        | 194                        | 194                                  |
| 1.12                                              | Other (provide details if material)                   | —                          | —                                    |
| <b>Net investing cash flows</b>                   |                                                       | <b>194</b>                 | <b>194</b>                           |

|                                                   |                                                            |            |            |
|---------------------------------------------------|------------------------------------------------------------|------------|------------|
| 1.13                                              | Total operating and investing cash flows (brought forward) | 31         | 31         |
| <b>Cash flows related to financing activities</b> |                                                            |            |            |
| 1.14                                              | Proceeds from issues of shares, options, etc.              | 276        | 276        |
| 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                                                      | —          | —          |
|                                                   | <b>Net financing cash flows</b>                            | <b>276</b> | <b>276</b> |
|                                                   | <b>Net increase (decrease) in cash held</b>                | <b>307</b> | <b>307</b> |
| 1.20                                              | Cash at beginning of quarter/year to date                  | 433        | 433        |
| 1.21                                              | Exchange rate adjustments to item 1.20                     | —          | —          |
| 1.22                                              | <b>Cash at end of quarter</b>                              | <b>740</b> | <b>740</b> |

**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<br>\$A'000 |
|------|------------------------------------------------------------------|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 63                         |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | —                          |

1.25 Explanation necessary for an understanding of the transactions

**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

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

**Financing facilities available***Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | —                           | —                      |
| 3.2 Credit standby arrangements | —                           | —                      |

**Estimated cash outflows for next quarter**

|                                | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | —       |
| 4.2 Development                | —       |
| <b>Total</b>                   | —       |

**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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--------------------------------------------------|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 740                        | 433                         |
| 5.2 Deposits at call                             | —                          | —                           |
| 5.3 Bank overdraft                               | —                          | —                           |
| 5.4 Other (provide details)                      | —                          | —                           |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>740</b>                 | <b>433</b>                  |

**Changes in interests in mining tenements**

|                                                                   | Tenement<br>reference | Nature of interest<br>(note (2)) | Interest at<br>beginning of<br>quarter | Interest at<br>end of<br>quarter |
|-------------------------------------------------------------------|-----------------------|----------------------------------|----------------------------------------|----------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | NIL                   |                                  |                                        |                                  |
| 6.2 Interests in mining tenements acquired or increased           | NIL                   |                                  |                                        |                                  |

**Issued and quoted securities at end of current quarter**

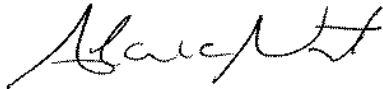
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|                                                                     | 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><br>(description)                  |              |               |                                               |                                                  |
| 7.2 Changes during quarter                                          |              |               |                                               |                                                  |
| (a) Increases through issues                                        |              |               |                                               |                                                  |
| (b) Decreases through returns of capital, buy-backs, redemptions    |              |               |                                               |                                                  |
| 7.3 <b>*Ordinary securities</b>                                     | 98,098,610   | 98,098,610    |                                               |                                                  |
| 7.4 Changes during quarter                                          |              |               |                                               |                                                  |
| (a) Increases through issues                                        | 7,000,000    | 7,000,000     | 4c                                            | 4c                                               |
| (b) Decreases through returns of capital, buy-backs                 |              |               |                                               |                                                  |
| 7.5 <b>*Convertible debt securities</b> (description)               |              |               |                                               |                                                  |
| 7.6 Changes during quarter                                          |              |               |                                               |                                                  |
| (a) Increases through issues                                        |              |               |                                               |                                                  |
| (b) Decreases through securities matured, converted                 |              |               |                                               |                                                  |
| 7.7 <b>Options</b>                                                  |              |               | Exercise Price                                | Expiry Date                                      |
| Listed Options, exercisable at 20 cents expiring on 31 January 2005 | 89,196,734   | 89,196,734    | 20c                                           | 31 January 2005                                  |
| 7.8 Issued during quarter                                           |              |               |                                               |                                                  |
| 7.9 Exercised during quarter                                        |              |               |                                               |                                                  |
| 7.10 Expired during quarter                                         |              |               |                                               |                                                  |
| 7.11 <b>Debentures</b><br>(totals only)                             |              |               |                                               |                                                  |
| 7.12 <b>Unsecured notes</b> (totals only)                           |              |               |                                               |                                                  |

## 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.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Print name: Alan Van Noort  
Director

Date: 29 October 2004