HELIX RESOURCES LIMITED

SUMMARY

Activities at the Tunkillia Gold Project were suspended during the quarter because of insufficient funds being available to the Company to continue with the Feasibility Study and the additional exploration drilling required. The Company's current cash balance is approximately $1.3 million.

Following the undersubscribed rights issue to all shareholders earlier this year, the Tunkillia Feasibility Study Team completed its review of the Area 223 resource database and the 2004 regional exploration drilling program in September. The Study Team concluded that further drilling must be carried out along strike of the Area 223 resource and in the near vicinity, in order to increase the exploitable resource to in excess of 550,000 ounces of gold. Currently, the Company has estimated some 392,000 ounces of exploitable gold from Area 223. The Study Team also concluded that extra resource drilling was required to expand the resource base in order to offset the high capital costs involved with the overburden pre-stripping activities.

While the Tunkillia Project remains a material asset in Helix's portfolio, the inability to raise sufficient funds to support the targeted resource drilling has resulted in a decision to suspend activities.

In order to address the real potential of the Tunkillia Project, further estimated expenditure of around $5 million would be required on exploration and resource drilling to advance the project before embarking on a Feasibility Study.

Following a review of potential funding alternatives, Helix has decided either to seek a suitable joint venture partner or to explore other third party development and funding arrangements as the most appropriate way to generate value from the Tunkillia Project.

The Company has decided to return to its core skills as an explorer, specialising in early-stage regional exploration, project generation and acquisition. The Company's strategy will encompass joint ventures and the rationalization of non core assets in parallel with innovative exploration on the project areas in its portfolio.

The Company is now preparing field exploration programs for its Mt Venn (PGM's, nickel and gold), Isolated Hill (gold) and Narracoota (gold) Projects in Western Australia. Work is expected to commence on all these projects in October and November. At the Mt Venn Project, access negotiations have been successfully resolved, and the Company is now able to field investigate the ultramafic rocks which host a massive sulphide layer not previously explored since the 1960's.

Helix today also announced a number of immediate and proposed Board changes to reflect the Company's new strategic direction.

First, Dr Michael Folie, who was appointed as Chairman in May this year, has advised that he will not seek shareholder ratification of his appointment at the Company's AGM in November 2004 and has today retired. The Board has accepted Dr Folie's decision with regret and acknowledges his thorough and valuable contribution over the past six months, particularly in relation to strategic direction for the Company and technical issues, especially pertaining to the Tunkillia Project.

Secondly, long-standing non-executive director Mr Ian Macpherson (a non-executive director for 19 years) will retire at the conclusion of the Company's Annual General Meeting to be held on the 30th

November 2004. Mr Bryce Wauchope (a non-executive director for 11 years) has decided not to seek re-election at the AGM. Both Mr Macpherson and Mr Wauchope have worked throughout their term diligently and tirelessly serving the interests of shareholders.

Finally, Mr Tony Martin, Helix's Exploration Director, has confirmed his decision to step down from the Board at the AGM; however, he will remain in the key position of Manager - Exploration with responsibility for Helix's exploration activities – a role he has performed admirably for the past 8 years.

Following these changes, Mr Rob Mosig, Helix's Managing Director, has today been appointed as Executive Chairman. The Company's Chief Financial Officer, Mr Riccardo Vittino, has been appointed as Chief Operating Officer and executive director from today.

Additionally two new non-executive Board appointments have been made. Mr John Den Dryver and Mr Greg Wheeler have joined the Board from today and will be proposed for shareholder approval at the AGM. The new independent appointments will bring significant depth and expertise to Helix's Board. Mr Den Dryver is a mining engineer with 30 years experience in operational and corporate management, as well as extensive experience in mining project studies and implementation. He was previously Executive General Manager – Technical for Normandy Mining Ltd and Executive Director – Operations and later Managing Director of North Flinders Mines. Mr Wheeler is a Chartered Accountant who was previously a Partner with Deloitte Touche Tohmatsu and Grant Thornton., and who now has his own consulting practice and is a director of Pitcher Partners.

Full details of the future directions and strategy are to be presented at the Company's Annual General Meeting in Perth on the 30th November.

LAKE EVERARD PROJECT – SOUTH AUSTRALIA
Helix Resources Limited 100%
EL 2697 and EL 2854

Following the appointment of personnel for the Tunkillia Feasibility Study in May 2004, the team commenced a preliminary assessment of the mining characteristics of the Area 223 resource. The aim of this initial study was to re-optimize the resource, incorporating the new drilling results completed in 2004 and open cut mining methods considered applicable to the proposed mining of Area 223.

Studies completed to date indicate that the gold mineralisation at Area 223 is sufficiently continuous and robust to be mined economically at a rate of 70-80,000 oz per annum, although some further infill drilling is required to fully quantify this based on an Indicated resource.

Whilst the current project economic estimations indicate a positive cash flow of the order of $37 million at an AUD$550 gold price, there is a high capital cost requirement for the removal of the 40 to 50 metres of overburden. The total capital cost of plant, infrastructure and overburden removal would be of the order of $35 to 40 million. A longer life project would provide a better return and have lower risk.

SUMMARY OF AREA223 WHITTLE OPTIMISATION STUDIES

Gold Price	Contained Gold	Grade Gold	Strip Ratio	Recovered Gold	Cash Cost	Undisc Cash Flow	Nett positive Cash Flow
AUD$/oz	oz	g/t	w:o	oz	AUD$/oz	$m	$m
500	347,000	2.4	7.4	319,000	355	44.9	19.9
550	**392,000**	**2.4**	**7.5**	**362,000**	**375**	**62.0**	**37.0**
600	444,000	2.3	7.9	408,000	400	81.1	56.1

Based on the additional exploration potential highlighted by the latest drilling, the study team have recommended that company conduct further exploration to increase the resource, thereby reducing the project risk associated with the high level of initial debt. Further exploration drilling is planned for 2005 to increase the exploitable resource at Area 223 to at least 550,000 oz.

MT VENN PROJECT – WESTERN AUSTRALIA
Helix Resources Limited – earning 80%
EL 38/1000

The Mt Venn project, located east of Laverton in WA, first attracted interest to explorers during the late 1960's nickel boom when Tasminex NL drilled a series of sulphide bearing holes on the margin of a large layered mafic/ultramafic intrusion. The project area is located within a Native Reserve and since the early 1970's the area has been excluded from exploration.

Exploration during the early 1970's discovered a series of surface gossans associated with the magmatic sulphide horizons and analyses of these recorded up to 0.8% Ni and 1% Cu, however, no analyses for PGM's were carried out. Drilling at Mt Venn has also been limited to one small area of the intrusion.

The prominent sulphide horizons at Mt Venn offer an attractive new exploration target for nickel and PGM's in a previously unrecognized PGM region of Western Australia.

NARRACOOTA GOLD PROJECT – WESTERN AUSTRALIA
Helix Resources Limited – 90%
ELs 51/946, 52/1495 and 52/1496

The Narracoota Gold Project is located in the southern part of the Peak Hill gold field north of Meekatharra in Western Australia. The project which consists of three exploration licences covers a series of large WNW trending structural zones which are prospective for gold mineralisation. Much of the tenement area is poorly outcropping with a shallow 1-5m thick cover of overburden. To date exploration in the region has concentrated on gold mineralisation located within the limited outcropping areas.

Technical reviews carried out by Helix indicate that the covered areas remain highly prospective for gold mineralisation of similar style to Fortnum and Peak Hill. Most of the covered areas occur along the contacts between Proterozoic volcanics and sediments. Field evaluations also suggest that the area is ideally suited to regional surface geochemical sampling techniques.

The company is planning to commence an extensive program of regional sampling in October 2004 with the aim of identifying geochemical targets for future drilling.

ISOLATED HILL PROJECT – WESTERN AUSTRALIA
Helix Resources Limited – 100%
ELs 38/1477 and 38/1478

The Isolated Hill Project comprises 2 Exploration licences covering 393 square kilometres of greenstone belt in the Eastern Goldfields. Located 150km east of Laverton it is adjacent to the prospective Yamarna greenstone belt.

Only 40% of the Isolated Hill greenstone belt has been sampled by previous tenement holders in the 1990's. This work reported geochemical gold up to 420ppb, and outlined two significant gold in soil anomalies which are above the 10ppb level. The anomalies are 2.5km and 1.2km long respectively and have not been drill tested. Follow up work including a program of surface sampling and drill testing is planned for 2005. Further exploration by Helix will also include evaluations for nickel and PGM prospectivity.

ROBERT W MOSIG
MANAGING DIRECTOR

ANTHONY R MARTIN
DIRECTOR – EXPLORATION

This report is based on information compiled by full time employees of Helix Resources Limited, Messrs R W Mosig and A R Martin, who are competent persons as described by Listing Rule Appendix 5A. The report reflects the information compiled by them for the purposes of Listing Rules 5.10 and 5.12.

HELIX RESOURCES LIMITED

Corporate Directory

Directors

Michael Folie	Non Executive Chairman
Robert W Mosig	Managing Director
Anthony R Martin	Executive Director
Ian K Macpherson	Non Executive Director
Bryce E Wauchope	Non Executive Director

Company Secretary

Riccardo E Vittino

Australian Business Number

27 009 138 738

Head and Registered Office

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Website	http://helix.net.au

Share Registry

Advanced Share Registry
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Perth Western Australia 6000

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East Perth Western Australia 6892

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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

HELIX RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
27 009 138 738	**30 September 2004**

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter $A'000	Year to date 3 months $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(377)	(377)
	(b) development		
	(c) production		
	(d) administration	(251)	(251)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	22	22
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)	3	3
	Net Operating Cash Flows	(603)	(603)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments	(4)	(4)
	(c) other fixed assets		
1.9	Proceeds from sale of: (a)prospects		
	(b)equity investments	12	12
	(c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	8	8
1.13	Total operating and investing cash flows (carried forward)	(595)	(595)

1.13	Total operating and investing cash flows (brought forward)	(595)	(595)
	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		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	0	0
	Net increase (decrease) in cash held	(595)	(595)
1.20	Cash at beginning of quarter/year to date	2,137	2,137
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	1,542	1,542

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	
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 $A'000	Amount used $A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	500
4.2	Development	
	Total	**500**

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	0	0
5.2	Deposits at call	1,159	1,773
5.3	Bank overdraft		
5.4	Other (provide details)	383	364
	Total: cash at end of quarter (item 1.22)	1,542	2,137

HELIX RESOURCES LIMITED

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	E2968 E80/2933 E80/2934 E80/3122	Licence surrendered Application surrendered Application surrendered Application surrendered	100% 0% 0% 0%	0% 0% 0% 0%
6.2	Interests in mining tenements acquired or increased	Nil	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	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	62,866,808	62,866,808		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		3,962,999	Nil	Various	29 March 2009
		16,437,863	16,437,863	25 cents	30 November 2005
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(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 (see note 4).

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

Sign here: .... Date: 26th October 2004.
Company secretary

Print name: Riccardo Vittino.

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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