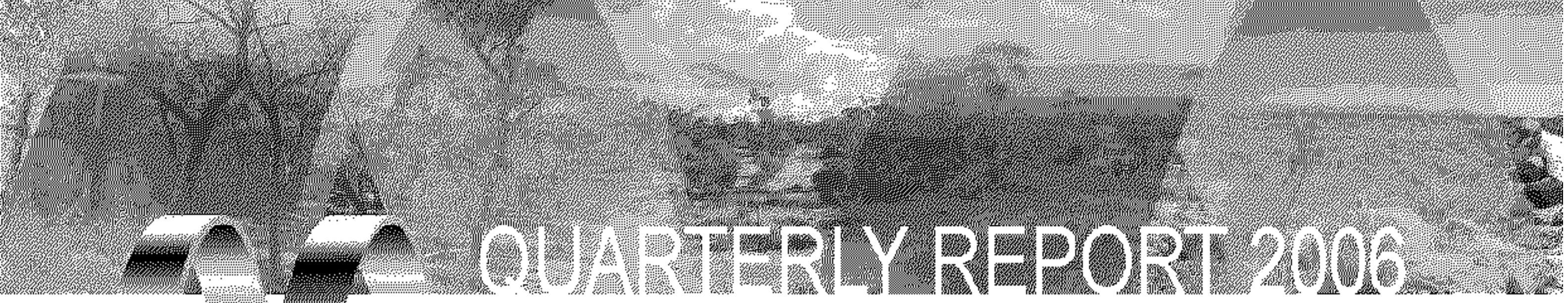


HELIX RESOURCES LIMITED

HIGHLIGHTS

- **Five new gold targets identified from regional sampling have the potential to add to the existing 108,000oz Au gold resource at the Glenburgh Project.**

- **Aircore drilling program commenced at Bilyuin Project.**

- **Tunkillia JV partner Minotaur Exploration intersect significant results in exploration drilling at Area 191 (incl. 7m @ 3.9g/t Au). Continued progress at Area 223 with further ore-grade intercepts in RC drilling (incl. 7m @ 7.7g/t Au) and collection of samples for metallurgical testing.**

- **Acquisition of 1200 km² of prospective Pb-Cu-Zn-Ag ground - Northampton Inlier WA; part of Helix's project generation strategy.**

- **West Pilbara diamond prospectivity enhanced by Tawana Resources bulk sampling program on nearby Blacktop Kimberlite extensions.**

Summary

The regional exploration assessment strategy has continued at the Company's Glenburgh Project where Helix is looking to rapidly expand the known gold mineralisation and JORC resources in the project area to a level that can sustain a stand-alone mining operation. Field work is concentrating on defining mineral systems in the region, with the aim of ranking a series of quality targets for drill testing in late 2006 and early 2007.

Regional stream geochemical surveys have identified several new anomalies, confirmed by follow-up mapping, and soil sampling. The previously reported Challenger Zone is now accompanied by the Impala, Barracuda, Prowler and Firebird Zones, with anomalous gold in streams to 65ppb Au. Approximately 50% of the priority target areas within the Company's ground holding have been tested since April.

A 2000 metre aircore drilling campaign has commenced at the Bilyuin Project in the Peak Hill district. The company is targeting structurally controlled gold mineralisation hosted in a volcanic vent breccia.

Joint Venture partner, Minotaur Exploration Ltd, have continued their commitment to the Tunkillia Project on the Gawler Craton, SA. Minotaur have carried out infill drilling into the oxide component in the central zone of Area 223, collected metallurgical samples from the various ore types and identified encouraging exploration results, including drilling from a zone testing a geophysical target near Area 191.

As part of Helix's ongoing project generation strategy, the Company has applied for a large (1200km²) ground holding within the historical Northampton Mineral Field. The region is dominated by an "exotic" Proterozoic Inlier containing metasedimentary gneisses, migmatites and marginal granites which host numerous lead and copper mines containing subordinate zinc and silver, dating back to the 1860's. The Company will be concentrating on blind ore bodies and prospective areas under shallow cover.

Tawana Resources NL recently announced preliminary results from bulk sampling at the Blacktop Kimberlite, immediately adjacent to Helix's West Pilbara ground. Bulk sampling has recovered 20.89 carats of diamonds from 215 tonnes of minus 6mm material, with results from the coarser fraction 6mm to 19mm currently being processed. Helix holds a 5 kilometre extension of the Blacktop Kimberlite Dyke System as well as several other known kimberlites and indicator mineral anomalies.

HELIX RESOURCES LIMITED

REVIEW OF OPERATIONS

GLENBURGH PROJECT – WESTERN AUSTRALIA

Helix Resources Limited 100%
EL 09/644, 09/1079, ELA 09/1278-1289

The Southern Gascoyne Region has been the main focus for exploration over the quarter, where the Company is targeting structurally controlled gold mineralisation hosted in the Proterozoic mobile belt flanking the north-western edge of the Archaean Yilgarn Block.

Helix currently has an inferred JORC resource of 108,000oz grading 3.1 g/t Au at the Apollo and Icon Prospects on the Victoria Bore Grid. Since May this year, Helix has embarked on a regional assessment to identify the overall gold potential of the region. This new strategy has identified several additional gold anomalies within 30kms of the known resource, and is currently working to develop and rank the new areas for drill testing.

The return to regional exploration has also highlighted the projects' potential to host other economic mineral deposits including base metals and uranium. A suite of pathfinder elements has been instituted in Helix's Glenburgh exploration programs during 2006, aiming to increase the understanding of the mineralising systems in the region.

Regional Gold Targets

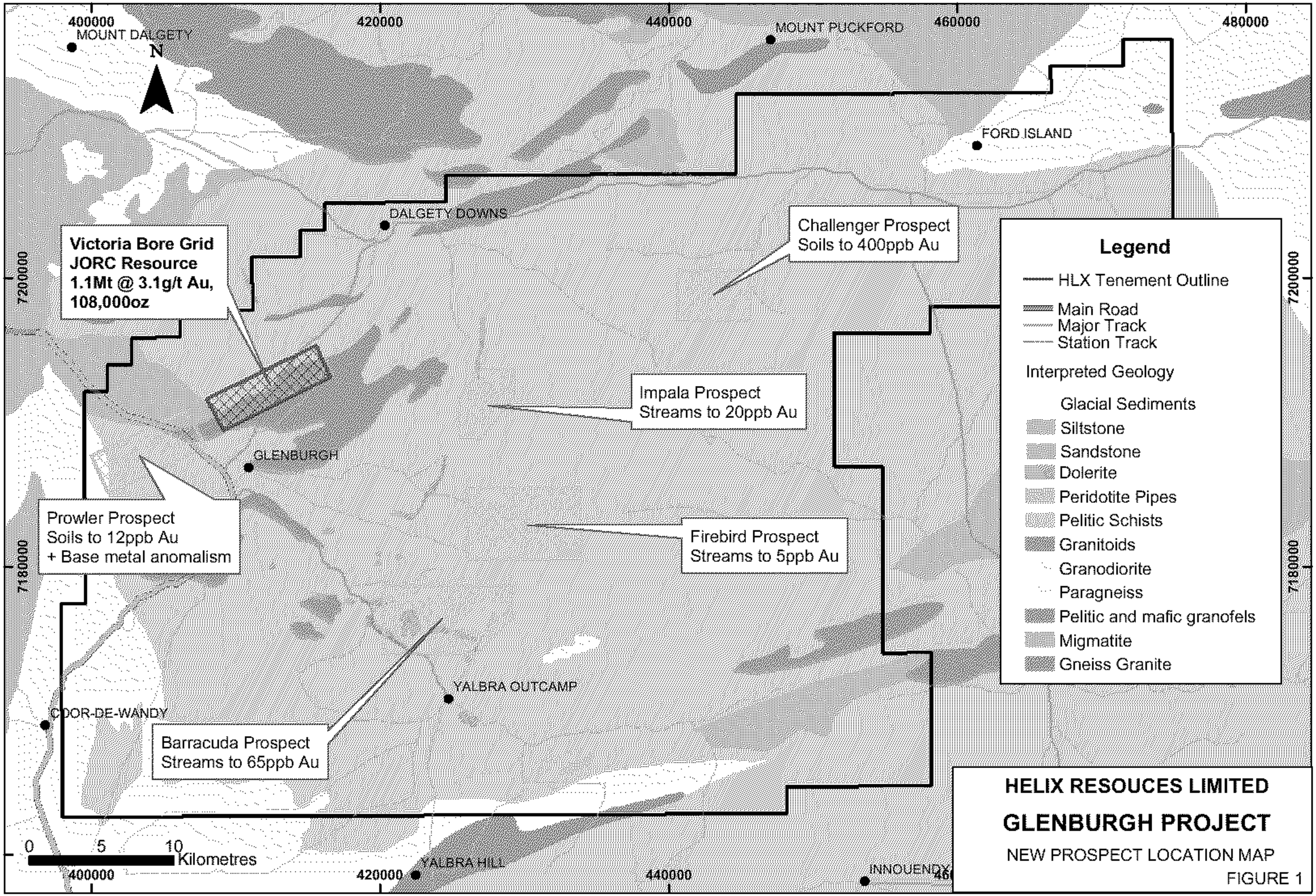
Regional exploration commenced following the completion of the April 2006 RC drilling program at Shelby and Mustang Prospects and continued this quarter. Stream sampling has been carried out at six target areas out of a dozen areas that are considered high priority targets.

The previously reported Challenger Zone discovery (Figure 1) has now been sampled on a 200m x 100m soil grid. Infill sampling was also completed on a 100m x 50m grid over several areas of interest. The survey has defined open ended gold in soil anomalies up to 300m wide and 1.4km long with assays up to 407ppb Au in soils on a background of less than 1ppb. This prospect is now at the stage of requiring drill testing.

Regional stream sampling has identified four additional areas;

- **The Impala Prospect**: situated approximately 15 kilometres east-southeast of the Victoria Bore Grid (Figure 1). BLEG samples to 20ppb Au from stream sampling have delineated a zone 5km x 3km, open along strike. Field work is currently concentrating on a 400m x 200m soil sampling grid, in conjunction with field mapping and rock chip sampling.

- **The Barracuda Zone**: also delineated from regional stream sampling, with assays peaking at 65ppb Au. The anomaly is approximately 25 km south east of the Victoria Bore area and presently covers a catchment approximately 8km x 4km (Figure 1). A series of 800m spaced soil lines with sampling on 100m centres has been conducted over the known extent of the anomaly. The gold anomaly appears to be associated with a regional fold nose and cross cutting structures. First pass sampling has returned assays up to 20ppb Au in soils on a background of 0.2ppb. Infill and extension soil lines are underway, as well as additional stream sampling along strike.



400000
420000
440000
460000
480000
MOUNT DALGETY
MOUNT PUCKFORD
N
FORD ISLAND
DALGETY DOWNS
Victoria Bore Grid
JORC Resource
1.1Mt @ 3.1g/t Au,
108,000oz
Challenger Prospect
Soils to 400ppb Au
7200000
Impala Prospect
Streams to 20ppb Au
GLENBURGH
Prowler Prospect
Soils to 12ppb Au
+ Base metal anomalism
Firebird Prospect
Streams to 5ppb Au
7180000
YALBRA OUTCAMP
COOR-DE-WANDY
Barracuda Prospect
Streams to 65ppb Au
0 5 10
Kilometres
YALBRA HILL
INNOUENDY
Legend
HLX Tenement Outline
Main Road
Major Track
Station Track
Interpreted Geology
Glacial Sediments
Siltstone
Sandstone
Dolerite
Peridotite Pipes
Pelitic Schists
Granitoids
Granodiorite
Paragneiss
Pelitic and mafic granofels
Migmatite
Gneiss Granite
HELIX RESOUCES LIMITED
GLENBURGH PROJECT
NEW PROSPECT LOCATION MAP
FIGURE 1

- **The Prowler Zone:** situated along strike from the Victoria Bore Grid soil sampling produced a maximum Au value of 12ppb in an area of residual laterite profile and transported alluvium (Figure 1). The most robust Au anomaly is associated with a fold nose in a magnetic unit. In the nine element geochemical suite analysed, several multi-element values correlate with the gold anomalism. These correlations will be applied to the Victoria Bore mineralised system.

- **The Firebird Zone:** Situated between the Impala and Barracuda Prospects, approximately 20km ESE of the Victoria Bore area (Figure 1). The main anomaly has an extent of 8km by 4km with stream assays to 5ppb Au. A broad spaced soils program to define the controlling structures for mineralisation will be completed next quarter.

Approximately 50% of the areas highlighted as prospective Au targets have been subject to stream sediment sampling since April 2006. The Company expects to complete the regional sampling over the coming months with the aim of progressing targets to the drill testing stage. Drilling programs will be conducted in order of target ranking priority, once all Aboriginal and governmental approvals have been received.

Regional Base Metal Exploration

The Southern Gascoyne hosts a vast array of rock types, variably metamorphosed, in a structurally complex zone flanking the north western edge of the Yilgarn Craton. The region shows similarities to numerous mineral-rich mobile belts around the globe. Since expanding the Company's ground holding in the region earlier this year, the Southern Gascoyne has seen a mini-rush for tenements with several companies taking strategic holdings in the district surrounding Helix's Project. The Company is subsequently taking a broader view, examining its tenement package beyond the initial gold focus for other commodities and mineralisation styles.

A recent review of historical work in the region has highlighted the potential for base metals, graphite and uranium mineralisation within the project area. Multi commodity exploration is being dovetailed into all future work programs, with the Company keeping a close eye on our neighbour's exploration activities.

LAKE EVERARD (INCL. TUNKILLIA) PROJECT – SOUTH AUSTRALIA
Helix Resources Limited 100%, Minotaur Exploration Limited earning 51%
Toro Energy Limited earning 51% of Uranium Rights
EL 3403, EL 2854 and EL 3335

GOLD

Minotaur is continuing with their 2006 budgeted $3M exploration campaign at the Tunkillia Project. During the quarter, Minotaur completed a 13 hole RC drilling program within the central portion of Area 223 and an additional 50 slim-line RC/air core holes into the oxide zone of Area 223. Minotaur has also collected metallurgical samples from the various ore types for testing and completed several phases of regional exploration drilling into targets away from the known resource.

The 13 hole RC program into Area 223 was designed to test the nature and continuity of gold mineralisation in the up-dip position from previous drill traverses undertaken by Helix. 12 of the 13 holes intersected mineralisation, with highlights including:

LRC 538, 7m @ 3.2g/t Au from 54m
LRC 540, 7m @ 3.4g/t Au from 47m
LRC 543, 6m @ 3.1g/t Au from 72m
LRC 546, 6m @ 3.9g/t Au from 71m
LRC 549, 3m @ 8.5g/t Au from 72m
LRC 543, 5m @ 3.3g/t Au from 103m
LRC 544, 7m @ 7.7g/t Au from 93m

Significant zones of low grade oxide gold mineralisation were also intersected in this drilling and led to the decision by Minotaur to carry out further Aircore/slim-line RC drilling into the oxide zone to better understand its distribution. Results are pending for this work. Metallurgical samples have been collected to test the recoverability of gold from various ore types, including testing specifically for the potential to heap leach the low grade oxide and fresh rock material.

In regional exploration Minotaur carried out additional RC and air core drilling. The RC drilling was testing a series of IP targets and has identified a relationship between chargeable sulphide anomalies and gold mineralisation at Area 191. Drilling intersected 7m @ 3.9g/t Au in LRC506, 4m @ 7.7g/t Au in LRC514 and 16m @ 2.6g/t Au in LRC536. Results from regional air core traverses are pending.

URANIUM

Toro Energy Ltd can earn 51% of the uranium rights on the Lake Everard tenements by spending $2M over 3 years commencing in 2006.

Toro completed a large airborne electro-magnetic (EM) survey in the Lake Everard-Kingoonya area and data analysis was underway during the quarter. The survey includes an area covering approximately 921km² on the Lake Everard Tenements. The EM survey is being used to map and define the large palaeo river systems in the region and will assist in prioritising potential palaeo-channel uranium targets for drill testing in the coming months.

NORTHAMPTON PROJECT – WESTERN AUSTRALIA
Helix Resources Limited 100%
ELA66/54-55

Helix has applied for a large (1200km²) ground holding within the historical Northampton Mineral Field. The region is dominated by an "exotic" Proterozoic Inlier containing metasedimentary gneisses, migmatites and marginal granites which host numerous lead and copper mines with subordinate zinc and silver, dating back to the 1860's.

The region is well supported by infrastructure with a work force and shipping facilities at Geraldton and the proposed rail line and port at Oakajee, as well as grid power, water pipe lines and a National Highway running the full length of the Complex.

Historical mines in the region boasted some spectacular grades and were hosted in gneisses, generally located on NNE brittle-ductile shears proximal to doleritic dykes. The base metals ores tend to take the form of boudins and are typically up to 10m wide, 100-200m long and were mined to approximately 150m depth. Overall production was approximately 77,000t of lead, 4,200t of copper, 42t of zinc and 212kg silver between 1850 and 1973. Several companies have held ground positions in the area in more recent years; however the majority of work concentrated around known historical workings.

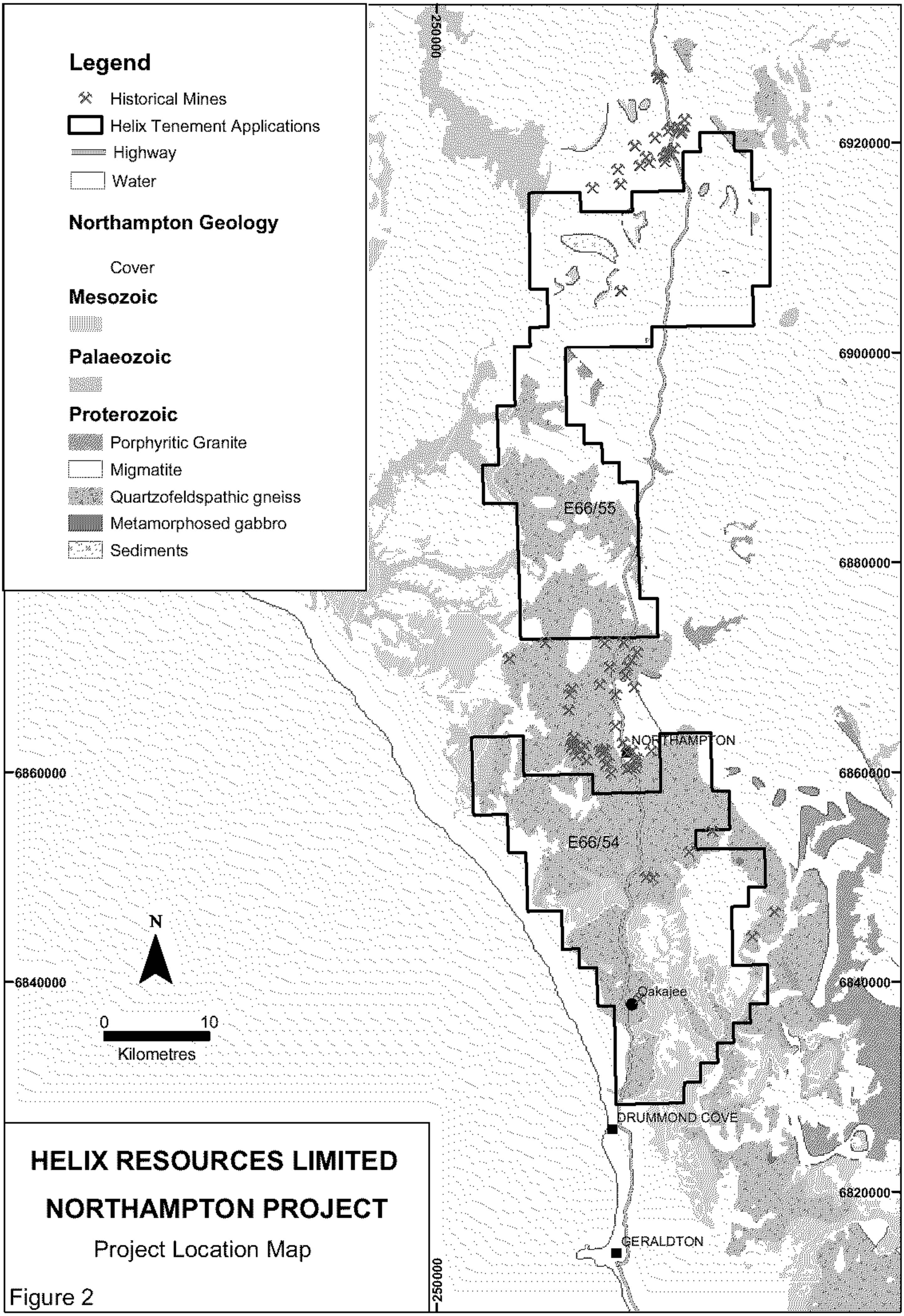
Helix has taken advantage of the recent changes to Mineral Titles Legislation in WA applying for two oversize EL's to cover the areas the Company considered prospective. The Company will initially be taking a regional targeting approach, concentrating on identifying and exploring for blind ore bodies on known mineralised structures and in prospective areas under shallow cover. The Company intends to utilise modern geophysical and geochemical tools and techniques which have previously proven successful for Helix in Proterozoic terranes.

BILYUIN GOLD PROJECT – WESTERN AUSTRALIA
Helix Resources Limited 90%
E52/1496

At the Bilyuin Project, an Aboriginal Heritage survey has been completed and ground disturbing approvals have been received from the Mines Department allowing drilling to commence on schedule in the second week of October 2006.

Helix is targeting hydrothermal gold in volcanic breccia in the Peak Hill Goldfield, an area where several companies have had significant exploration success over the past few months. In May, a soil geochemical survey was completed that indicates the Bilyuin magnetic feature is coincident with gold anomalism greater than 2 times background. This sampling suggests that the best gold results coincide with west-northwest structures, north-northeast structures and interconnecting de-magnetised zones.

The aircore drilling program is currently in progress, with results expected during the next quarter.



HELIX RESOURCES LIMITED

NORTHAMPTON PROJECT

Project Location Map

Figure 2

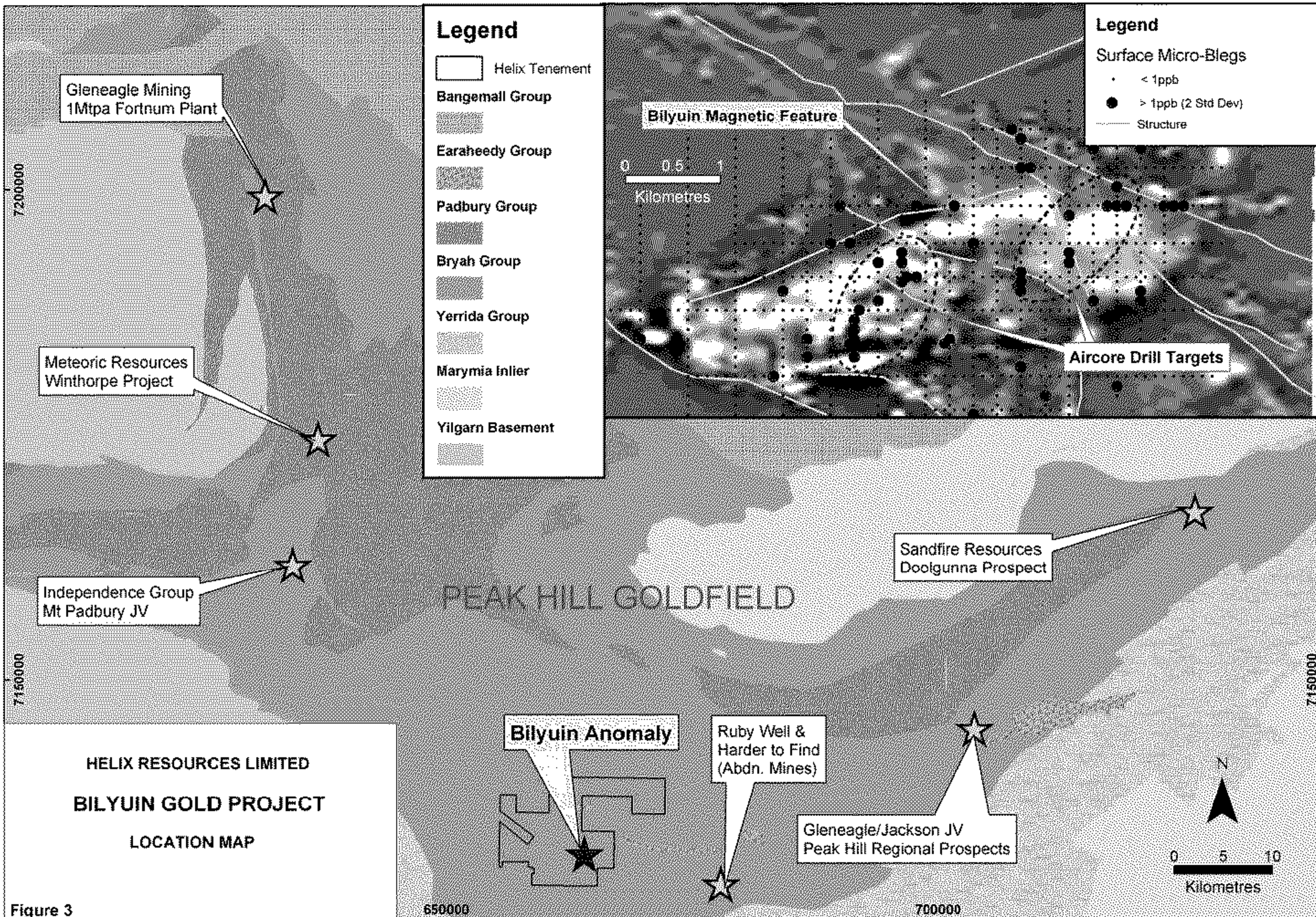

Legend
Helix Tenement
Bangemall Group
Earaheedy Group
Padbury Group
Bryah Group
Yerrida Group
Marymia Inlier
Yilgarn Basement
Legend
Surface Micro-Blegs
< 1ppb
> 1ppb (2 Std Dev)
Structure
Bilyuin Magnetic Feature
0 0.5 1
Kilometres
Aircore Drill Targets
Gleneagle Mining
1Mtpa Fortnum Plant
Meteoric Resources
Winthorpe Project
Independence Group
Mt Padbury JV
Sandfire Resources
Doolgunna Prospect
PEAK HILL GOLDFIELD
Bilyuin Anomaly
Ruby Well &
Harder to Find
(Abdn. Mines)
Gleneagle/Jackson JV
Peak Hill Regional Prospects
HELIX RESOURCES LIMITED
BILYUIN GOLD PROJECT
LOCATION MAP
N
0 5 10
Kilometres
7200000
7150000
7150000
650000
700000

Figure 3

YALLEEN IRON ORE JV – WESTERN AUSTRALIA
Helix Resources Limited 100%, Australian Premier Iron JV (AMCI/Aquila) earning 70% iron ore rights
E47/1169-1171

After carrying out a preliminary Hoist EM survey on the Yalleen Project, Joint Venture partner API Management has defined iron ore drilling targets for both channel iron deposits and bed-rock deposits in the prospective Mara Mamba iron formation.

During the quarter API has carried out heritage clearances for drill site and access track clearing and has received governmental approval for the drilling. API has carried out the clearing and track building and has since been waiting on the availability from contactors of a specialised Barber Rig for the drill program. At this stage API has planned a 20-hole exploration program and expect drilling to commence in mid to late October.

WEST PILBARA DIAMOND & BASE METAL PROJECT – WESTERN AUSTRALIA
Helix Resources Limited 100%
E47/1075, 1169-1171, 1144-1145
ELA47/1089-90 & 1146, MLA 47/786-794

Helix's West Pilbara tenement package covers a diverse range of rock types from sequences of the Hamersley Basin in the south, through Fortescue formation volcanics and sediments to Archaean basement in the north. The region is considered prospective for diamonds, iron ore, precious metals and base metals with operating nickel, copper and iron ore mines as well as numerous lead, silver and zinc prospects proximal to the tenement package.

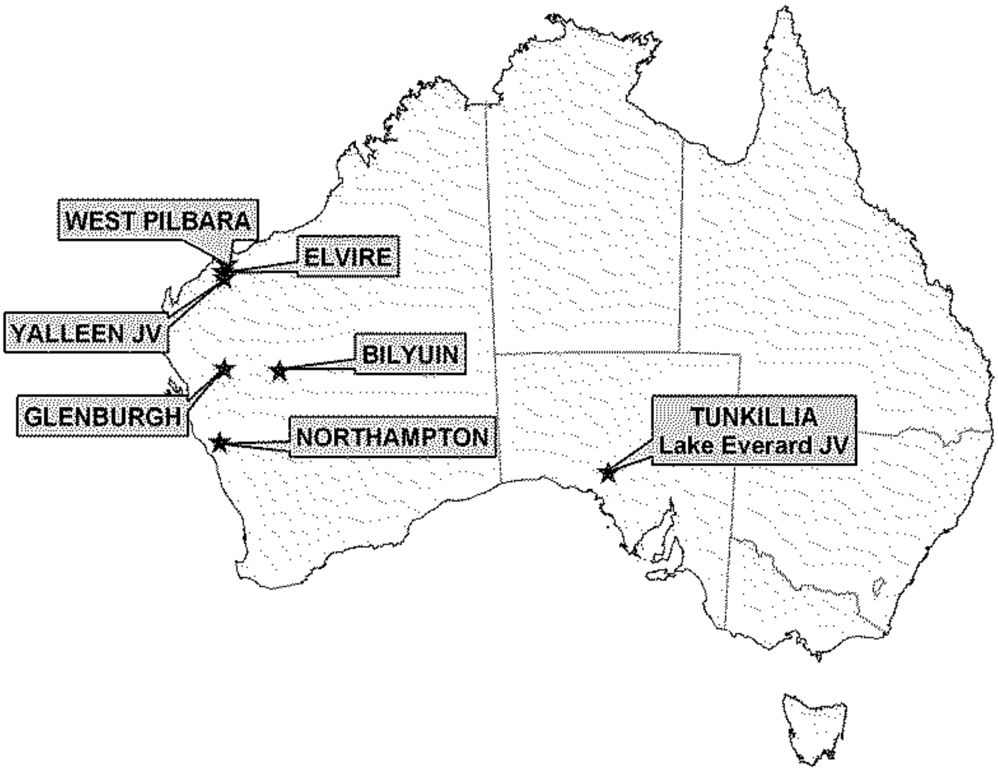
In 2005, as part of the diamond joint venture with DeBeers, surface geochemical samples were collected nearby to diamond sample sites. The samples, collected at approximate 5 square kilometre spacings, were analysed by Helix for precious and base metals. Anomalies from this work and subsequent literature and data reviews have highlighted numerous precious and base metal targets. A field visit is planned for late October, with work concentrating on base metal targets in the upper-Fortescue formation as well as structurally controlled precious metal targets associated with major structural systems in the area.

Diamond exploration on the Helix tenements has been in hiatus since the departure of DeBeers from active exploration in Australia and their subsequent withdrawal from the joint venture earlier this year. Helix is looking at suitable opportunities to advance the diamond project, whilst keeping a watching brief on the work being carried out by neighbouring diamond explorer Tawana Resources NL. Tawana recently announced preliminary results from bulk sampling immediately adjacent to Helix's ground on the extensions of the Blacktop Kimberlite. Bulk sampling has recovered 20.89 carats of diamonds from 215 tonnes of minus 6mm material, with results from the coarser fraction 6mm to 19mm currently being processed.

The work to date illustrates that the kimberlitic systems being discovered in the West Pilbara region are returning encouraging diamond results. Helix is in a strong position, having a prospective land package with at least three kimberlitic systems identified so far (Blacktop, Clurrie and Railway) and several indicator anomalies that warrant further exploration.

QUARTERLY REPORT 2006

HELIX RESOURCES LIMITED



The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr M Wilson who is a full time employee of Helix Resources Limited and a Member of The Australasian Institute of Mining and Metallurgy. Mr M Wilson 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr M Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For further information please contact:

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Helix Resources
Ph +61 8 9321 2644

Michael Wilson
Exploration Manager
Helix Resources
Ph +61 8 9321 2644

HELIX RESOURCES LIMITED

Corporate Directory

Directors

Greg Wheeler	Executive Chairman
John denDryver	Non-executive Director
Gordon Dunbar	Non-executive Director

Company Secretaries

Greg Wheeler
Joneen McNamara

Australian Business Number

27 009 138 738

Head and Registered Office

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Share Registry

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110 Stirling Highway
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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 2006**

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date 1 months $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(239)	(239)
	(b) development		
	(c) production		
	(d) administration	(250)	(250)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	17	17
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)	1	1
	Net Operating Cash Flows	(471)	(471)
	Cash flows related to investing activities		
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	502	502
	(c)other fixed assets		
1.10	Loans to other entities	(266)	(266)
1.11	Loans repaid by other entities	124	124
1.12	Other		
	Net investing cash flows	360	360
1.13	Total operating and investing cash flows (carried forward)	(111)	(111)

1.13	Total operating and investing cash flows (brought forward)	(111)	(111)
	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 (Share issue costs)		
	Net financing cash flows		
	Net increase (decrease) in cash held	(111)	(111)
1.20	Cash at beginning of quarter/year to date	1,416	1,416
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	1,305	1,305

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	250
4.2 Development	
Total	**250**

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	1,036	1,150
5.3 Bank overdraft		
5.4 Other (provide details)	269	266
Total: cash at end of quarter (item 1.22)	1,305	1,416

	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				
6.2 Interests in mining tenements acquired or increased	E66/54 E66/55	New Application New Application	0% 0%	0% 0%

HELIX RESOURCES LIMITED

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**	95,838,566	95,838,566		
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)*	 3,962,999 19,167,836	 Nil 19,167,836	*Exercise price* Various 14 cents	*Expiry date* 29 March 2009 31 March 2007
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: 19 October 2006
Company secretary

Print name: Joneen McNamara.

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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