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28th October 2004

The Manager - Companies
Australian Stock Exchange Limited
Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Quarterly Report for the Period Ending September 30th 2004

Exploration

Manindi Zinc Project

The Manindi Zinc Project is located in the East Murchison District of Western Australia, 20 kms south east of Youanmi. It was previously known as Freddie Well and was initially discovered and explored by CRA Exploration Pty Ltd in the early late 1970's and early 1980's.

The project hosts a series of volcanogenic massive sulphide (VMS) zinc deposits. The geological environment shows synergies with the Golden Grove deposits located to the southwest of Manindi, at Yalgoo, and the Teutonic Bore/ Jaguar deposits in the Eastern Goldfields.

The global resource is based on drilling at the Kultarr (tested to 200 metres below surface), as well as the Kowari, Mulgara & Warabi prospects (all tested to only 100 metres below surface)*:

At >1% Zn Cut-Off 1.05 Mt @ 7.64% Zn

At >3% Zn Cut-Off 0.79 Mt @ 9.48% Zn

*In comparison to drilling at Golden Grove & Jaguar, the drill testing of the Manindi deposits are very shallow and at an early stage of resource definition.

Surface soil sampling, initially undertaken by CRA Exploration, proved highly effective in defining targets for resource drilling. For various reasons CRAE did not complete surface sampling along the entire length of the mineralised stratigraphy, and subsequent explorers have concentrated their efforts on further testing of the existing resources.

Australian United Gold has recently completed an extensive program of high intensity soil sampling (at 100 x 25 metres spacing), with infill sampling (at 50 x 25 metre spacing), to test the southern strike extensions to the zinc mineralisation at its Manindi Project. An initial sampling program tested the mineralised stratigraphy for over 1500 metres to the south of the known resource areas (see attached plan). The sampling has extended the geochemical signatures of the Mulgara and Warabi resource areas, as well as defining new target area to the south at Bandicoot and east at Quoll. The four key target areas being defined by the recent sampling program (see attached plan):

1. Mulgara North

Soil sampling has extended the geochemical signature of the Mulgara resource to the north by over one hundred metres. This area will require aircore drill testing in the coming months.

2. Warabi Extended

Sampling shows the geochemical signature of the Warabi deposit to extend to south of the known mineralisation. These zones of newly defined anomalism will require aircore drill testing in the coming months.

3. Quoll

The Quoll anomaly is located approximately 150 metres to the south-east of the Warabi resource area. The anomaly exhibits values of up to 620 ppm zinc at surface and will be drill tested in the coming months.

4. Bandicoot

This prospect has been defined by the recent soil sampling program and is located five hundred metres to the south of the Warabi resource area. The area was initially targeted due to high zinc values, up to 6750 ppm zinc, obtained in earlier CRA Exploration auger drilling. The auger and soil sampling has defined a target area 300 x 75 metres that will require drill testing.

The soil sampling program has proved highly effective and confirmed the potential of the project to host additional resources to those already defined. The current resource areas (Kultarr, Kowari, Mulgara & Warabi) are being reviewed with a view to an extensive program of RC/ Diamond drilling to test the depth and strike extensions of the known mineralised systems. In addition to the existing resource areas, the Numbat, Ningai and the new Quoll & Bandicoot prospects now also require drill testing.

An initial program of drilling has been planned for the coming quarter to test the Quoll & Bandicoot anomalies. This program will involve aircore drilling of 120 drill holes (on 50 metre by 25 metre centres) for approximately 3350 metres of advance, to test the zinc mineralisation at these prospects (see enclosed plan)*. *This program will be drilled subject to ground access and drill rig availability.

Sherlock Bay Extended Project

On 20th October 2004 the Company announced that it has reached a heads of agreement with Fox Resources Limited to earn up to 70% of the Sherlock Bay Extended Project which covers over 450 km² (45,000 ha) of prospective exploration ground.

This project abuts and surrounds the advanced name sake Sherlock Bay Nickel Corporation Limited's tenure which secures 3.4km². The Project is located between Roebourne and Whim Creek in the Pilbara region, of northwestern Western Australia.

These mineral exploration property acquisitions will make the Company the largest land owner in the entire Sherlock Bay district. The corporate philosophy is to become a nickel sulphide/copper producer.

Current reports from Sherlock Bay Nickel Corporation Limited show that it anticipates producing nickel and copper from this region in the near future with a quoted resource in excess of 8 million tonnes at 0.42% nickel and 0.1% copper. They are seeking to produce concentrates using the proprietary "Bio Heap" leach extraction method.

Existing facilities within the Company's project area include the sealed Northwest Highway, grid electricity supply and the gas pipeline infrastructure.

Past explorers Texas Gulf and Poseidon explored the general Sherlock Bay area for nickel and copper some 30 years ago. The region is still highly under-explored and has high potential for further new discoveries.

Mineralisation studies show that the potential for gold, platinum group elements ("PGE") and cobalt exists and still remains untested on the project area.

Favourable preliminary metallurgical test work in the adjacent area was reported in 1973, with greater than 80% nickel and copper recoveries into a marketable concentrate (8-12% Ni content).

The project consists of three applications for Exploration Licences E47/1226, E47/1227 and E47/1251 with a combined area of about 450 km² (see map attached).

The Company has the right to purchase 50% for the sum of \$250,000.00 and the right to earn a further 20% by expending \$500,000 over the next 3 years. Fox Resources Limited will retain a 1% net smelter royalty.

One of the many commercial aspects of the project to the Company, is that its neighbour, Sherlock Bay Nickel Corporation Limited, has conducted most of the environmental impact studies, metallurgical test works and engineering studies for their proposed operations, including extraction of nickel from complex nickel/copper sulphides using some of the world's latest technologies.

The geology of the Sherlock Bay Complex is described as a series of mafic-ultramafic bodies lying along the periphery of the Caines Well Granite, located about 42 km east of Roebourne.

Along the northern margin of the granite is a steeply dipping lenticular Archaean volcanic belt. This belt extends under cover for at least 12 km southeast of the Sherlock Bay Nickel Corporation Limited leases into the project area.

Numerous aeromagnetic targets have been identified along strike and within other strong features associated with highly dislocated ultramafic/mafic bodies near the Scholl Shear Zone. These are shown on the accompanying imagery with priority targeting interpreted by our geophysical consultants.

Two nickel occurrences within E47/1227 have no obvious aeromagnetic signatures and may represent a new exploration target type not recognized in the past.

Lithologies within the Sherlock Bay Complex and associated rocks are diverse and include basalt, andesite, rhyolite, greywacke and lithic crystal tuffs. Near the Sherlock Bay Cu – Ni deposit the enclosing lithologies are quartz-magnetite- amphibole schist which resembles in outcrop, a sheared iron-formation.

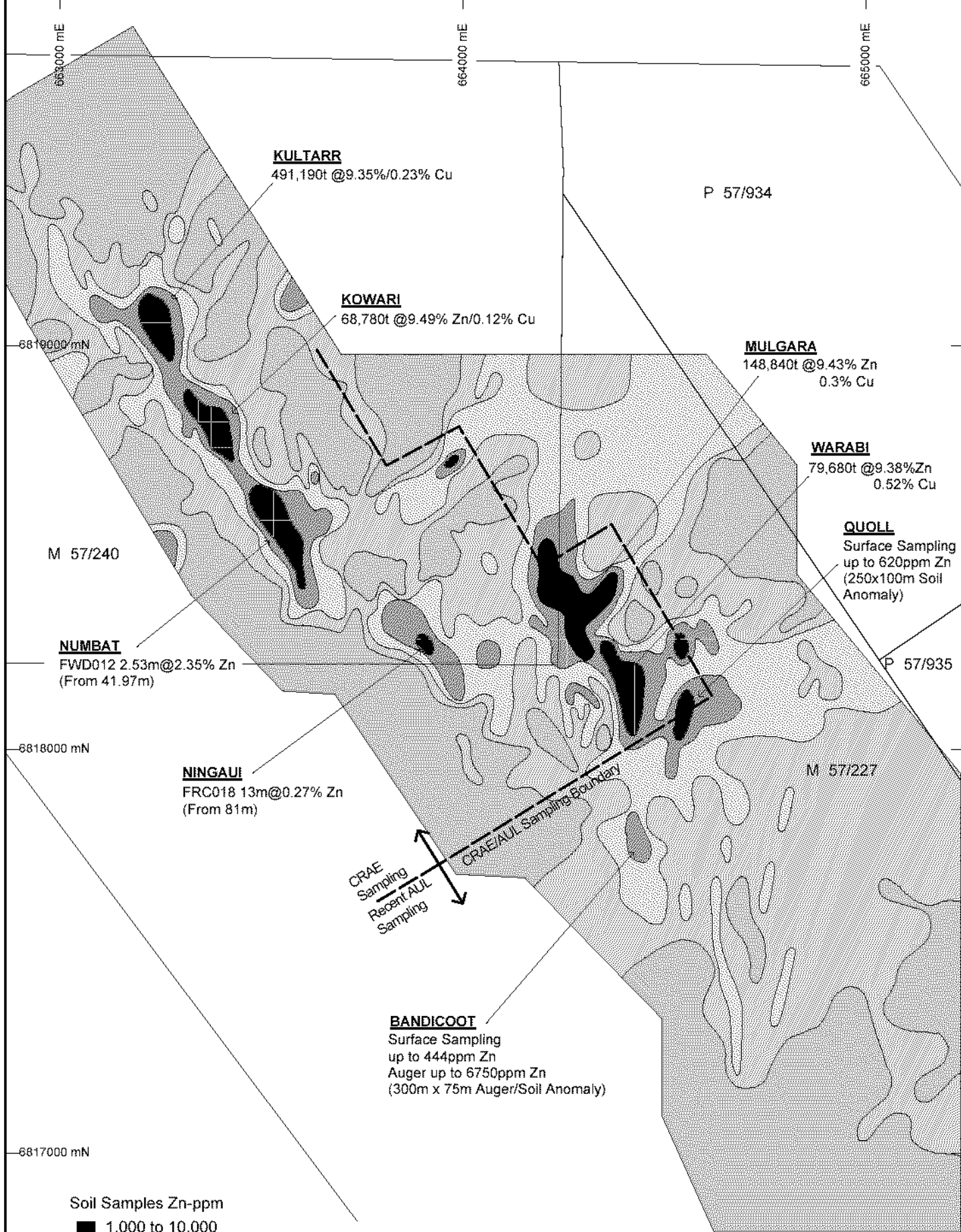
Some of the prominent aeromagnetic targets shown will be investigated as expressions of further such prospective rock associations.

A comprehensive review has been conducted of all available open file data which includes many geophysical and geological targets that were not tested by previous exploration companies.

New technologies associated with sophisticated geophysical and remote sensing imagery techniques will greatly enhance the interpretation of the prospectivity of the project.

Regional geology, LandSat Imagery and Regional Magnetic Imagery are presented with this report to highlight the exploration potential of the Company's Base Metal, Nickel, PGE and Gold Project.

D N ZUKERMAN
Director



KULTARR
491,190t @9.35%/0.23% Cu

KOWARI
68,780t @9.49% Zn/0.12% Cu

MULGARA
148,840t @9.43% Zn
0.3% Cu

WARABI
79,680t @9.38%Zn
0.52% Cu

QUOLL
Surface Sampling
up to 620ppm Zn
(250x100m Soil
Anomaly)

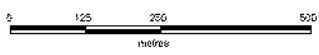
NUMBAT
FWD012 2.53m@2.35% Zn
(From 41.97m)

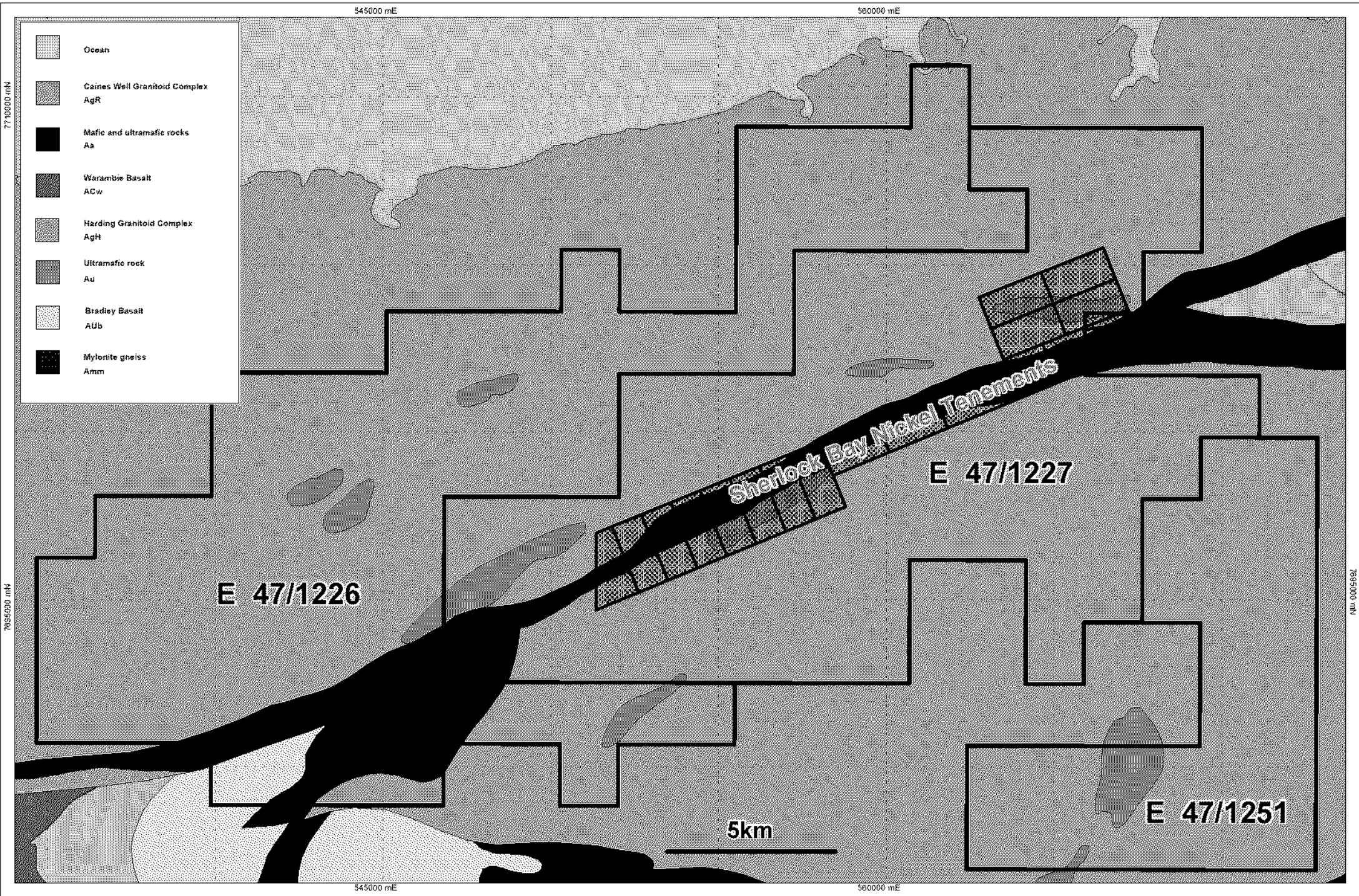
NINGAU
FRC018 13m@0.27% Zn
(From 81m)

BANDICOOT
Surface Sampling
up to 444ppm Zn
Auger up to 6750ppm Zn
(300m x 75m Auger/Soil Anomaly)

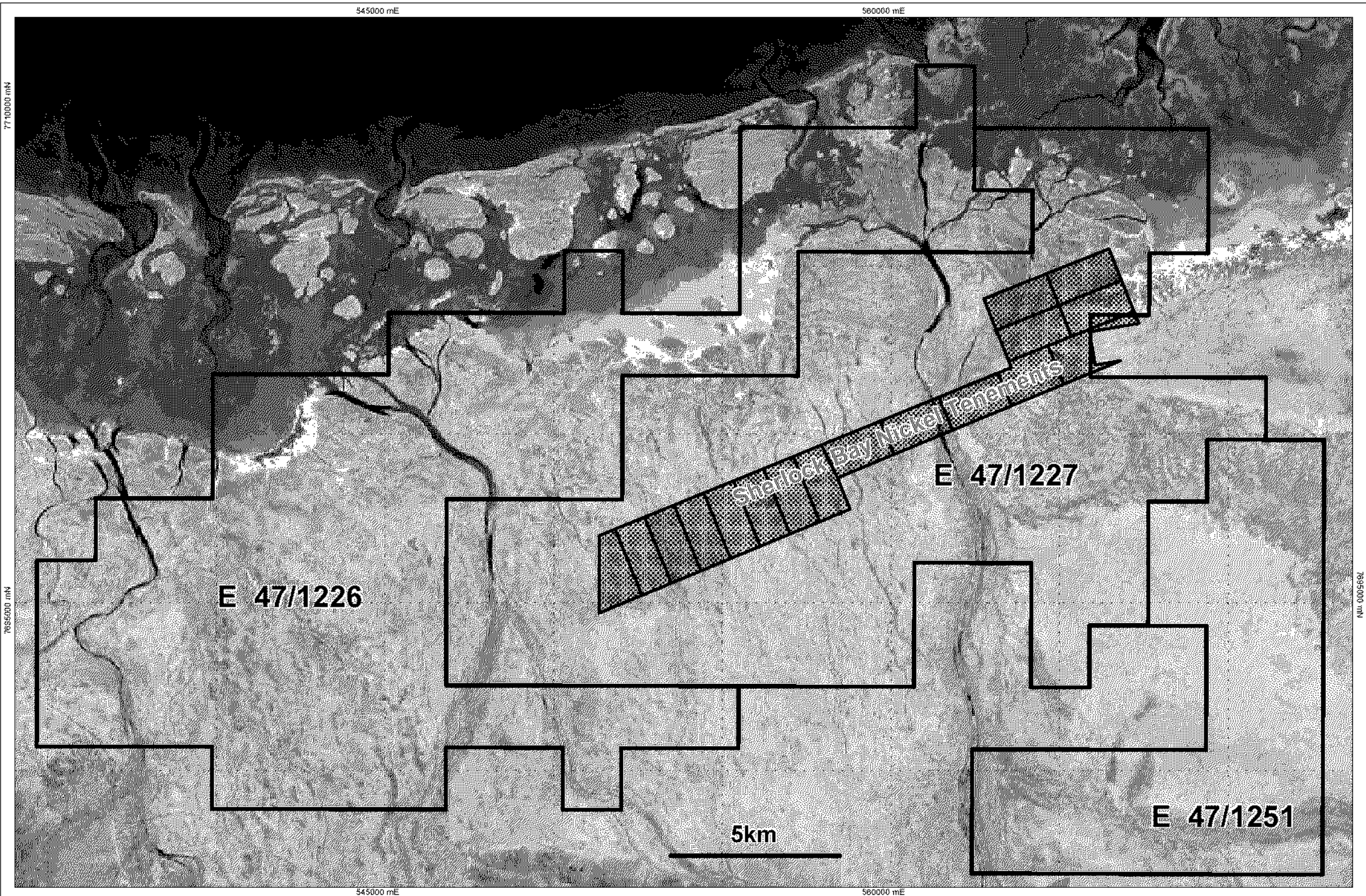
- Soil Samples Zn-ppm
- 1,000 to 10,000
 - 500 to 1,000
 - 250 to 500
 - 100 to 250
 - 50 to 100
 - 0 to 50

AUSTRALIAN UNITED GOLD
MANINDI PROJECT
CRAE & AUL SURFACE SAMPLING
PROSPECT LOCATIONS &
RESOURCES POSITIONS

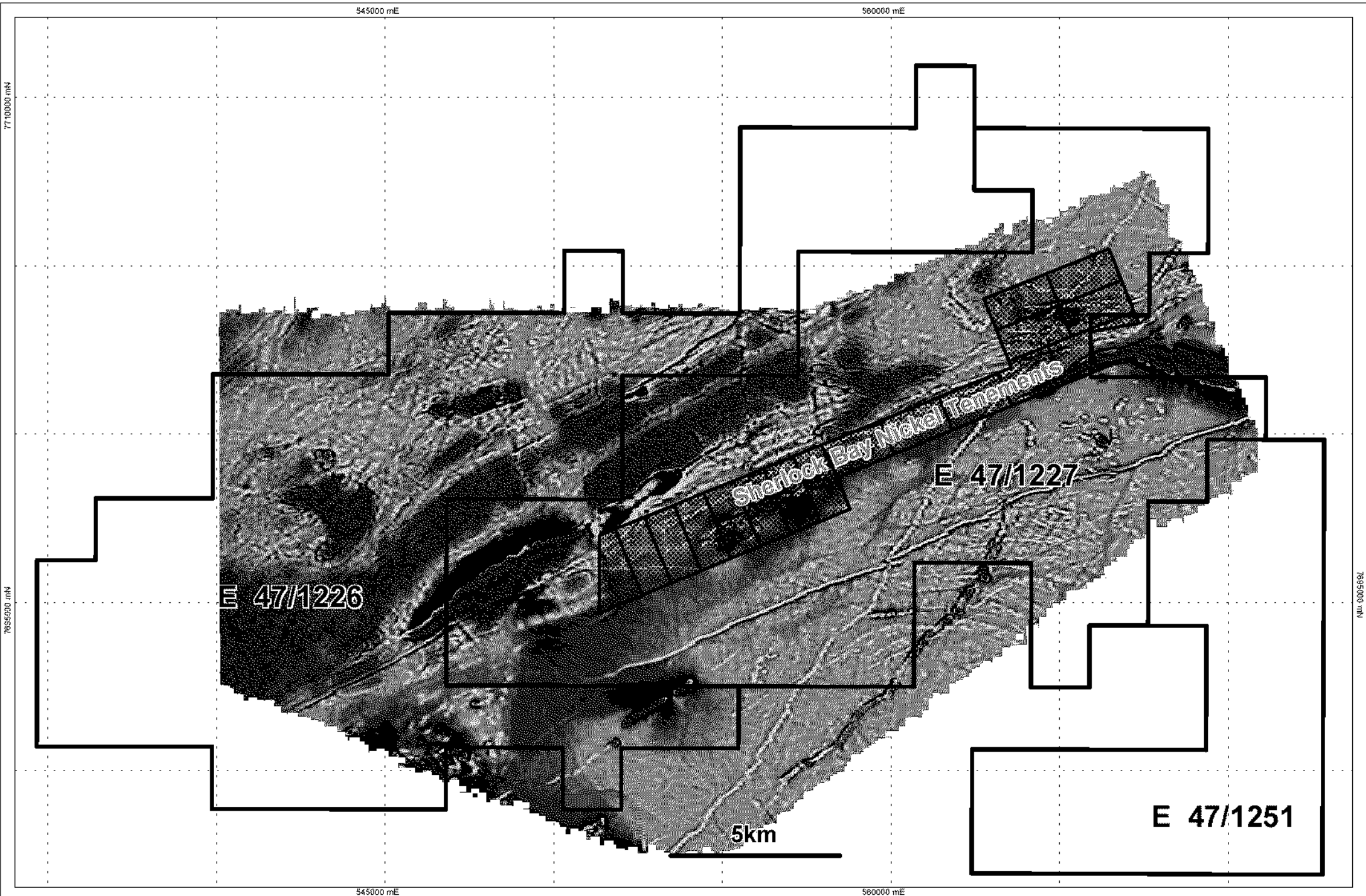




Sherlock Bay Exploration Licence Applications
 Image displays 500K GSWA Regional Geology



**Sherlock Bay Exploration Licence Applications
Image displays 742 Landsat Satellite Image**



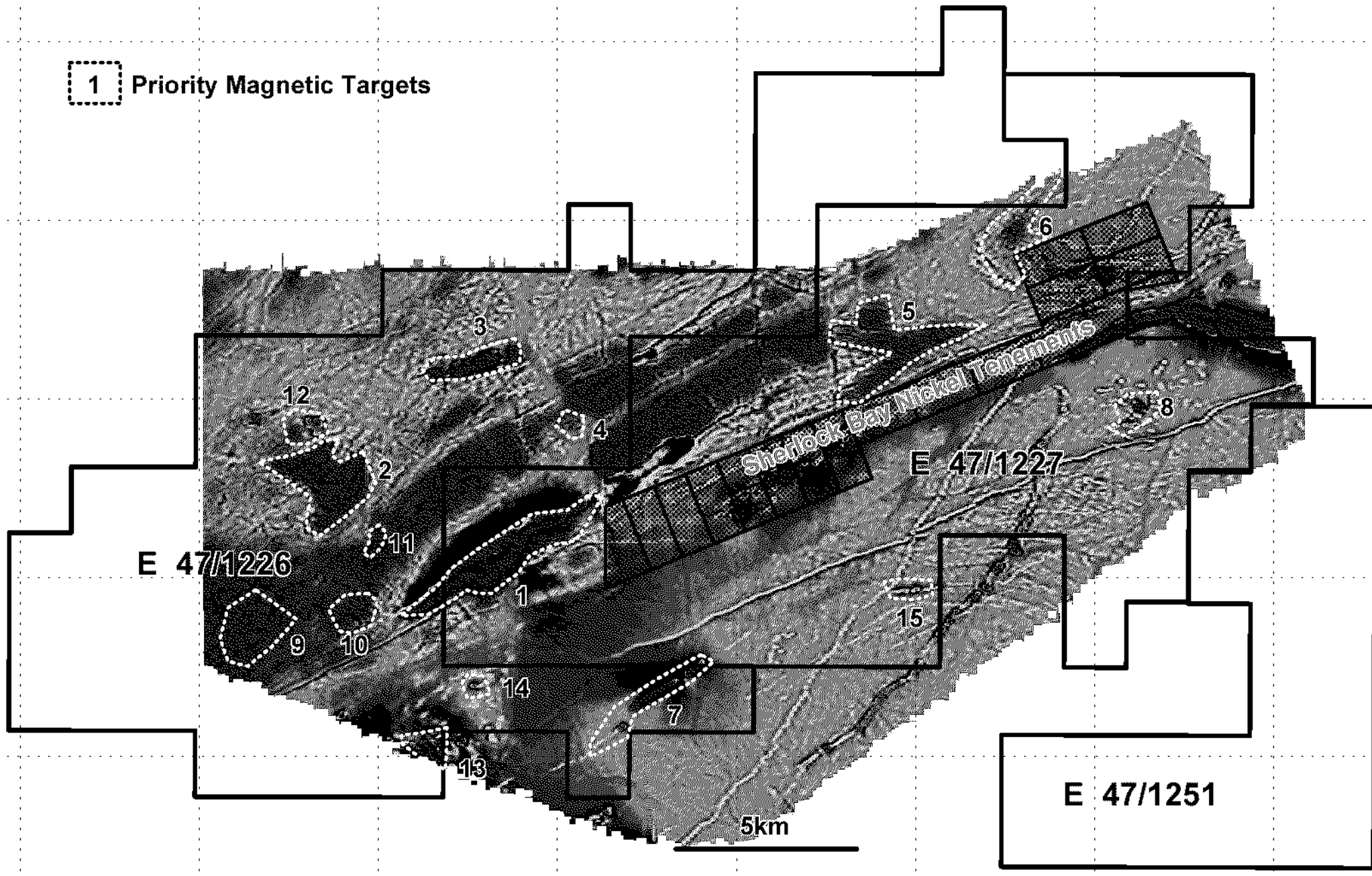
**Sherlock Bay Exploration Licence Applications
Image displays Aeromagnetic data - 100m LS**

545000 mE

560000 mE

7710000 mN

1 Priority Magnetic Targets



7895000 mN

7895000 mN

545000 mE

560000 mE

**Sherlock Bay Exploration Licence Applications
Image displays Aeromagnetics with Target Zones**

500000 mE

560000 mE

Dampier
Port

Karratha
Airport

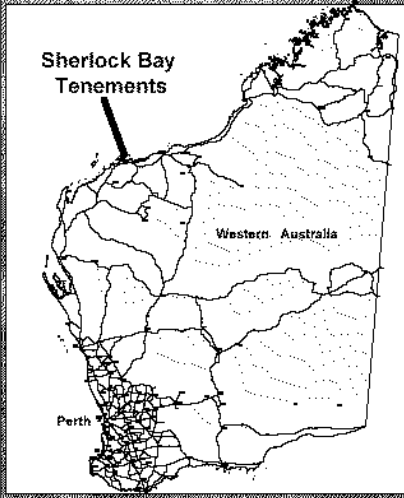
7700000 mN

7700000 mN

E 47/1226

E 47/1227

E 47/1251



20km

500000 mE

560000 mE

**Sherlock Bay Exploration Licence Applications
Image Displays Landsat 742 and Major Roads**