HALCYON GROUP LTD

ABN 13 086 972 429

QUARTERLY ACTIVITIES

FOR THE QUARTER ENDING DECEMBER 2003

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HIGHLIGHTS

- Halcyon secures the Bardoc South Project from Placer Dome Asia Pacific increasing the Company's tenure position by more than 100%

- The new project delivers the Company additional gold resources of **63,000 ounces** and numerous high priority drill targets.

- The addition of Bardoc South gives Halcyon access to a number high priority nickel sulphide targets located within the very prospective komatiite units which host the Scotia Nickel Mine 10 kms to the north.

- The Company's first drill holes at the Excelsior prospect intersected significant broad zones of gold mineralisation including **31.2m @ 1.8g/t**.

- Initial drilling at Zoroastrian although still in weathered and potentially depleted material delivered encouraging results including **7m @ 4.7g/t**.

INTRODUCTION

The Company recently announced the successful acquisition of the adjacent Bardoc South Project from Placer Dome Asia Pacific. The acquisition saw Halcyon substantially increase its tenement holding in the highly prospective Eastern Goldfields of Western Australia and delivered the Company numerous gold and sulphide nickel targets. The new tenure more than doubles the size of the Bardoc Project as well as increasing the gold inventory and provides exposure to several highly prospective mineralised trends in both commodities.

In addition to the recent acquisition the December Quarter also saw the completion of the second phase of the Stage One drilling program at the Bardoc Project. Results confirmed the continuation of grade at depth under the existing pits of Excelsior and Zoroastrian. Diamond core drilling at Excelsior returned broad zones of mineralisation with intersections of 31m @ 1.8g/t gold defining a southerly plunging zone of mineralization. RC drilling at Zoroastrian intersected the main lode weathered down to 100 metres below surface with a best result of 7m @ 4.7g/t. Both of theses targets are still open down plunge and require further follow-up exploration.

Halcyon's review of the Bardoc Project led to the diversification into nickel allowing the Company to fully realize the projects exploration potential. The company is still strongly committed to gold and will continue to work up new prospects with an eye to becoming a producer as it continues to focus on adding value to the company through a program of maximising asset potential.

Detailed information on all aspects of the Company's exploration activities can be found on Halcyon's comprehensive website www.halcyongroup.com.au

BARDOC PROJECT

The Bardoc Project is centred on the historical Gold mining centre of Bardoc, located 45 kilometres north of Kalgoorlie. Halcyon has now expanded the project through the Bardoc South acquisition from Pacer Dome Asia Pacific to a total combined tenure area of approximately 90 square kilometres. Halcyon now controls tenure that covers 25 kilometres of strike of the Bardoc Tectonic Zone and over 13 kilometres of nickel prospective komatiites.

Both the geological and structural setting at Bardoc are very prospective for large scale gold and nickel mineralization as is evident by the numerous mining centres in the immediate area, including the very successful Paddington deposit (4Moz) and the Scotia Nickel Mine (35,000t Ni metal). Major mineralized systems in the area are associated with the Bardoc Tectonic Zone (BTZ), a broad structural regime that extends over a strike length of 75 kilometres and hosts in excess of 6Moz of gold.

The December Quarter focussed on interpreting recent drill results and finalising the Bardoc South acquisition. Following completion of the acquisition Halcyon now controls a significant land holding in the Bardoc region which contains high priority gold and nickel prospects

Bardoc South adds significantly to the Company's current gold assets with the new tenure encompassing the southern extension of the Aphrodite Deposit (892,000 ozs Au) and the immediate northern extension of the Broad Arrow Gold Mines (~600,000 ozs Au). This combined with the additional 63,000 ozs of gold resources significantly enhances the Company's gold assets.

The addition of Bardoc South also provides opportunity for nickel sulphide mineralization with over 13 kilometres of prospective komatiites now included with in the project. The komatiites are considered very prospective for sulphide nickel mineralization as the unit already hosts the Scotia Nickel Mine (35,000t Ni metal) located less than 10 kms to the north. Halcyon has identified and intends to immediately test several priority targets with similar magnetic signatures to Scotia Mine.

BARDOC SOUTH ACQUISITION

Halcyon's acquisition of the Bardoc South Project has been completed on the following summarised terms:

- Halcyon will become the registered holder and beneficial owner of the tenements.
- Halcyon will provide PDAP with a buy-back mechanism to a 70% interest should a gold discovery of greater than 500,000 ounces be made on the tenements.
- If Halcyon elects to mine a smaller resource, then PDAP shall be entitled to a 2% Net Smelter Royalty from the resulting gold production.
- PDAP retains the right to explore for conceptual gold targets on the tenements at PDAP's expense. Any resultant resource discovery of greater than 500,000 ounces would be deemed to be owned 70% by PDAP and 30% by Halcyon, whereas any resource less than 500,000 ounces will be 100% owned by Halcyon.
- Halcyon will provide PDAP with a first right of refusal to treat/purchase ore from all gold resources which may be mined on the relevant tenements.

EXCELSIOR PROSPECT

The completion of the Company's first drill holes into the Excelsior Prospect below the previously mined Excelsior Pit were designed to test for depth extensions of the mineralisation. Previous drilling below the pit completed by Aberfoyle Gold had intersected broad zones of mineralization including 26m @ 2.6g/t gold, 7m @ 6.6g/t gold and 19m @ 3.4g/t gold. **Halcyon's drilling confirmed that mineralization continues at depth with recent drilling intersecting broad zones of mineralization including 31m @ 1.8g/t.** The table summarises the more significant results received to date.

Hole No.	Northing AMG	Easting AMG	Depth From (metres)	**Interval (metres)**	**Gold Grade**
HEXCD 01	6643077.0m	335424.3m	196	2	3.5g/t
			223	1	3.6g/t
			237	9	1.8g/t
HEXCD 02	6643166.4m	335422.7m	210	15	1.6g/t
		including	212	7	2.2g/t
HEXCD 03	6642986.4m	335421.8m	209	31	1.8g/t
		including	209	10	2.5g/t
		including	214	5	2.9g/t

Note: All RC intersections are derived from 1 metre samples that have been riffled split and analysed by fire assay. Whilst Diamond Core intersections are derived from lithologically dependent sample lengths that have been cut in half and analysed by fire assay.

The mineralisation at Excelsior is still open along strike and down dip highlighting the potential for the prospect to host a significant large tonne, modest grade gold deposit.

ZOROASTRIAN PROSPECT

Exploration over the December Quarter involved drill testing targets below the previously mined Zoroastrian Pit which is also part of the Bardoc Gold Mine area. Although a significant proportion of the drilling intersected mineralization in weathered and potentially depleted material, results were encouraging including intersections up to **7m @ 4.7g/t gold.**

Significant results from the drilling program are summarized in the table below.

Hole No.	Northing AMG	Easting AMG	Depth From (metres)	**Interval (metres)**	**Gold Grade**
HZOC 02	6642875m	335017m	68	1	3.7g/t
HZOC 03	6642865m	334869m	132	7	4.7g/t
		including	135	3	7.8g/t
HZOC 05	6642605m	335018.5m	117	4	2.2g/t
		including	118	1	7.5g/t
HZOC 06	6642635m	335013m	147	3	3.8g/t
		including	147	1	8.6g/t
HZOC 08	6642880m	334860m	98	1	3.9g/t

Note: All RC intersections are derived from 1 metre samples that have been riffled split and analysed by fire assay. Whilst Diamond Core intersections are derived from lithologically dependent sample lengths that have been cut in half and analysed by fire assay.

Drill intersections recorded to date suggest significant mineralization persist below the current pit. Future exploration will seek to test the extent of this mineralization with a specific focus on testing mineralized structures within the sulphide zone.

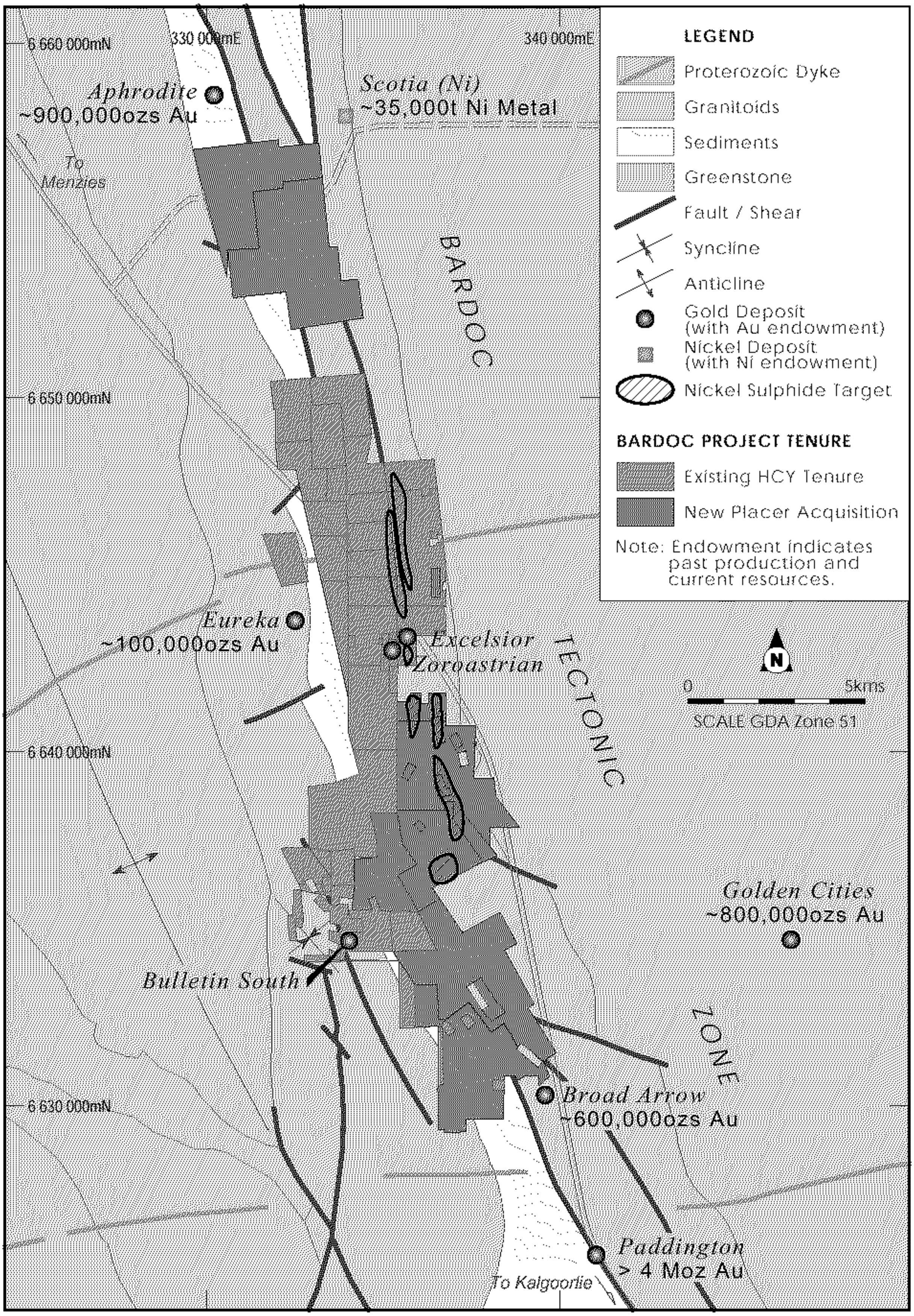
PERTH IX

Directors are well advanced in the rationalisation of Halcyon's investment in Copper Read Pty Ltd which owes the Perth iX business.

Kind regards
HALCYON GROUP LIMITED

Hamish Halliday
TECHNICAL DIRECTOR

Information in this report pertaining to exploration results was compiled by Mr H P Halliday who is a Member of the Aus.I.M.M. with not less than 5 years experience in the relevant fields, and who consents to the report appearing in the form and context in which it appears.



BARDOC GOLD PROJECT

Simplified Geology, Tenements and Targets