HALCYON GROUP LTD

ABN 15 088 072 428

Tuesday, 20 September 2005
Ref: 606/070

Company Announcements Office
Australian Stock Exchange Limited
Level 4 Exchange Centre
20 Bridge Street
Sydney NSW 2000

DRILLING HAS COMMENCED ON THE KUNDANA-STYLE HIGH GRADE GOLD VEIN

The Directors of Halcyon Group Ltd (ASX:HCY) are pleased to announce that the Company has commenced drilling to follow up **the newly discovered laminated quartz structure, averaging 15.7 g/t Gold over 5 metres at the Ajax prospect**. The Drill program will also include some holes targeted at following-up the second mineralised gold zone to the north called the **Marmont** prospect that returned a **4 metre intersection averaging 9.9 g/t Gold**. Both discoveries are owned 100% by Halcyon.

Ajax Drill Program

The exploration program will initially involve Reverse Circulation ("RC") drilling to test the dip and strike extensions within close vicinity to each of the 3 intersections (4m @ 11.4g/t from 12.5 metres, 5m @ 15.70g/t from 286 metres and 5m @ 15.72g/t from 130 metres) that define the mineralised trend that includes Ajax. This will then be followed by a series of shorter Rotary Air Blast ("RAB") drill holes targeted at selected areas between the drill intersections in order to delineate other areas along the trend that contain similar high grade results.

Halcyon hopes to define a high grade 200 to 400 metre section of strike out of the **3,800 metres available** on this trend. Similar style deposits in the region such as Raleigh, Kundana and Quarters have each yielded in the order of 1 Million ounces of Gold.

Marmont Drill Program

Similarly, the exploration program will initially involve Reverse Circulation ("RC") drilling to test the dip and strike extensions within close vicinity to the intersection of 4m @ 9.9g/t from 200 metres. This will then be followed by a series of shorter Rotary Air Blast ("RAB") drill holes targeted at selected areas further along strike in order to delineate other areas containing similar high grade results. Again the aim will be to define a few hundred metres of strike out of the **2,500 metres available** on this trend with similar high grades; success could lead to a substantial Gold deposit.

Other Gold Targets

The Company is currently evaluating historical data along parallel trends at Bardoc and is hopeful of generating similar high grade targets that are worthy of drill testing.

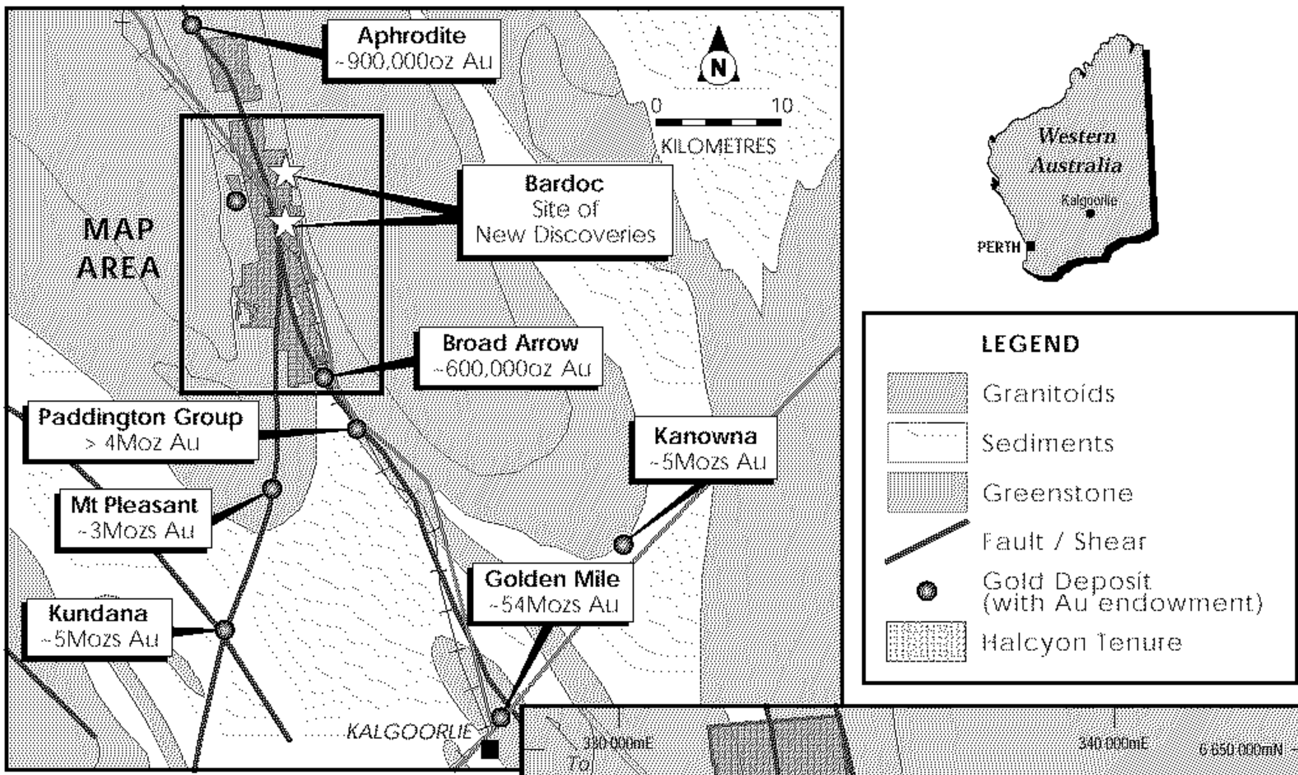
The Company expects results from the drilling later this month and will announce them at the earliest available opportunity.

Kind regards
HALCYON GROUP LIMITED

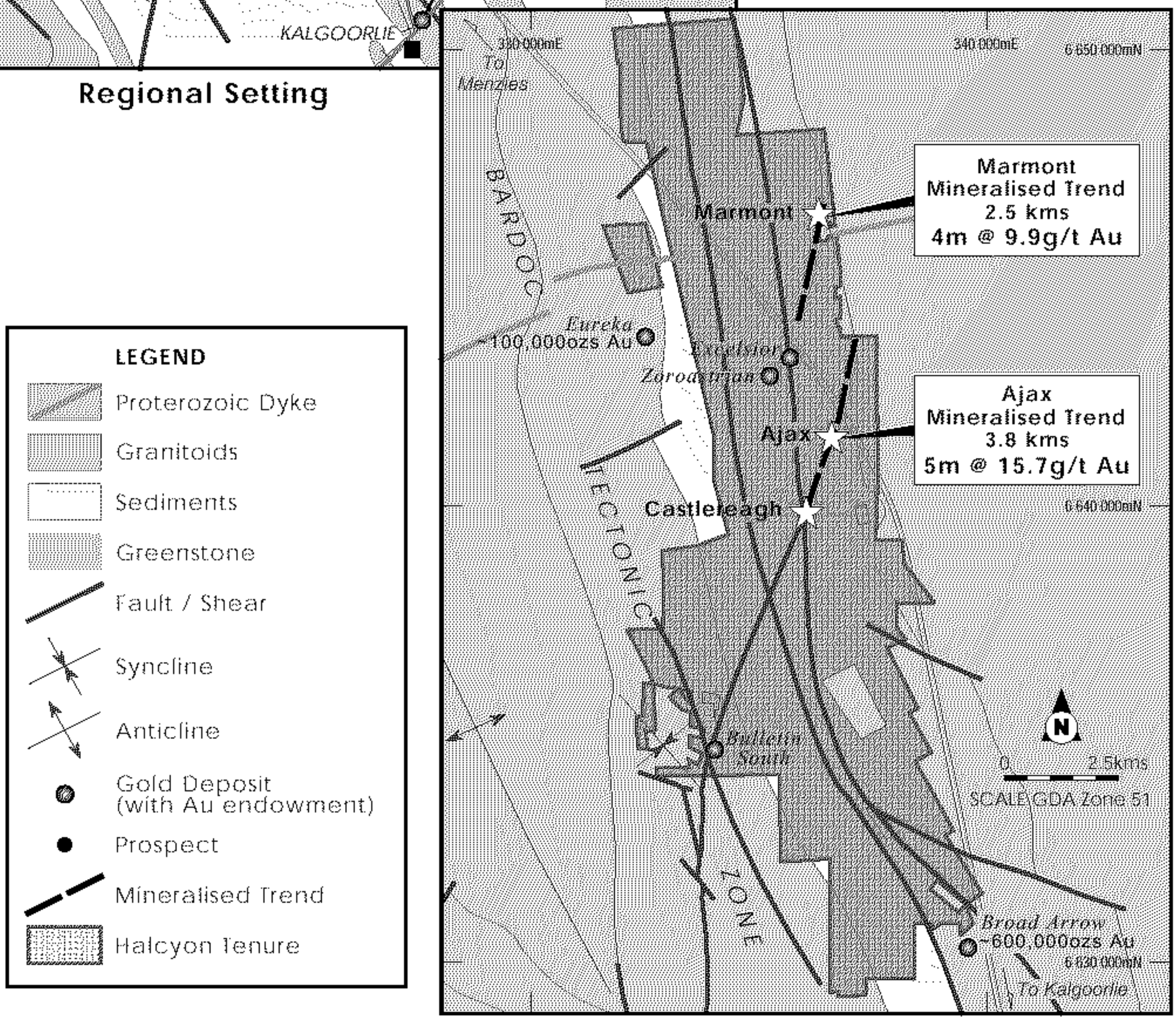
Andrew Radonjic
MANAGING DIRECTOR

Information in this report pertaining to exploration results was compiled by Mr A Radonjic 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.
Information in this announcement pertaining to exploration results was compiled by Andrew Radonjic, the managing director of Halcyon, who is a Member of The Australasian Institute of Mining and Metallurgy.

Andrew Radonjic 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 JORC Code. Andrew Radonjic consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

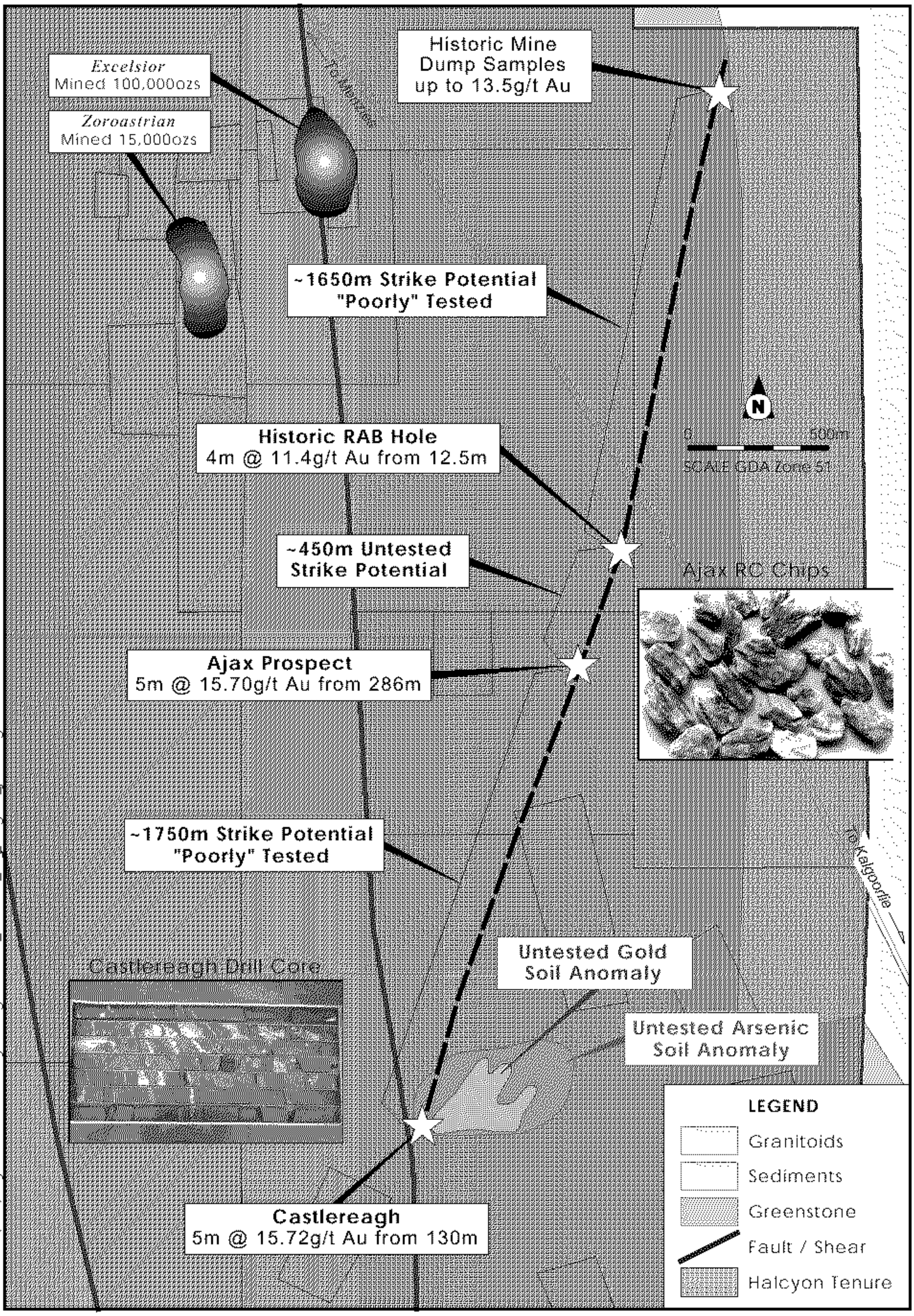


Regional Setting



Simplified Geology, Tenements and Prospects

BARDOC GOLD PROJECT



BARDOC GOLD PROJECT

Simplified Geology, Tenements and New Gold Targets