HALCYON GROUP LTD

QUARTERLY ACTIVITIES

For the Quarter Ending 31 March 2007

HIGHLIGHTS

- Initial surface sampling at the Lake Marmion Uranium Project (which has increased in size by 37% to **342km²**) has returned **several results above 100ppm U_3O_8** highlighting the potential to host near surface uranium mineralisation.

- The Bardoc Nickel Joint Venture with Minara Resources Ltd has approved and then drilled another four holes into the priority Western Zone nickel sulphide target, both along strike and down-dip to the drill intersections **of 45 metres @ 0.5% Nickel, 0.05% Cobalt and 0.1% Copper from 21 metres** and **2m @ 1.05% Nickel, 0.04%Cobalt and 0.12%Copper from 150 metres.**

- Strong drill results with **assays of up to 15.3 g/t gold** have extended the mineralisation to **over 300 metres in strike length** at the Big Blow North prospect.

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Introduction

Activity during the quarter continued to focus on the two high valued commodities of Uranium (+A$300,000/t) and Nickel (+A$59,000/t), but also included the re-introduction of Gold (+A$820/oz) activities back into focus within the company's portfolio of mineral assets; firstly initial surface sampling commenced at the Lake Marmion Uranium Project 130 kilometres north of Kalgoorlie in Western Australia, secondly Halcyon as part of the Joint Venture with Minara Resources Ltd were it is earning up to 70% of the nickel rights on the Bardoc Project, located 50 kilometres north of Kalgoorlie recommenced drilling the priority Nickel Sulphide target, and thirdly the Company received drill results extending the gold mineralisation at the Big Blow North prospect at the Bardoc Project.

Summary

Initial surface sampling at the Lake Marmion Uranium Project (which has increased in size by 37% to **342km^2**) has returned up to **140ppm U_3O_8 with several results above 100ppm U_3O_8** highlighting the potential to host near surface uranium mineralisation. The Company considers these results as significant with newly stated resources of surficial Uranium deposits in Western Australia using 100ppm U_3O_8 as the economic cut-off grade.

The Bardoc Nickel Joint Venture with Minara Resources Ltd had received results from the Dipole-Dipole Induced Polarization ("IP") geophysical survey which confirmed the Priority Sulphide Target Area in the Western Zone and resulted in the approval of a follow-up drill program. A total of four holes have been drilled into the priority Western Zone nickel sulphide target, both along strike and down-dip to the drill intersections **of 45 metres @ 0.5% Nickel, 0.05% Cobalt and 0.1% Copper from 21 metres** and **2m @ 1.05% Nickel, 0.04%Cobalt and 0.12%Copper from 150 metres.** Assay results are pending.

Strong drill results with **assays of up to 15.3 g/t gold within** an intersection of **3m @ 7.2g/t from 17 metres,** have extended the mineralisation to **over 300 metres in strike length** at the Big Blow North prospect. This sits within the Bardoc Project located 12 kilometres along strike to the 4 Million Ounce Paddington Gold deposit, 30 kilometres north of Kalgoorlie in Western Australia.

During the March Quarter the Company was reviewing the results from the previous drill program at the Mount Pleasant Copper Project which may have delineated two new Copper Zones.

Detailed information on all aspects of the Company's corporate and exploration activities can be found on Halcyon's **newly updated** website www.halcyongroup.com.au

LAKE MARMION PROJECT

The Lake Marmion Project is located ~130kms north of Kalgoorlie in Western Australia. The project consists of 6 applications for exploration licenses (total area of 342 km^2) covering the Lake Marmion Tertiary drainage channel. The tenure contains drillholes from the 1980s with heavy mineral concentrates assaying up to **4,856ppm U_3O_8** within Tertiary channel material. The tenure is also adjacent to trench samples of the lake sediments taken in the 1970s which assayed up to **5,430ppm U_3O_8** and was supported by auger drill results of up to 800ppm U_3O_8. The project area is highly prospective for both uranium in surficial (near surface) deposits such as lake sediments and for the deeper palaeochannel/sedimentary type uranium mineralisation (see attached map).

This quarter the Company commenced sampling the surface uranium radiometric anomalies on the tenure applied for to date. The sample sites where selected on the basis of the highest uranium radiometric anomalies taken during previous aeromagnetic surveys over the tenure. Each sample site was scanned with a scintillometer (a scientific instrument used to measure radioactivity) and samples taken at locations generating the highest readings in total counts per second (cps). High readings can be taken as positive indicators for near surface uranium mineralisation.

Initial surface sampling at the Lake Marmion Uranium Project has returned up to **140ppm U_3O_8 with several results above 100ppm U_3O_8** highlighting the potential to host near surface uranium mineralisation. The Company considers these results as significant with newly stated resources of surficial Uranium deposits in Western Australia using 100ppm U_3O_8 as the economic cut-off grade about ten months ago when the price was less than US$45/lb U_3O_8, the **price has now more than double that t0 US$113/lb U_3O_8.**

The first main tenement (ELA29/634-area of 208 km^2) in the 100% owned project was granted in April, with an Aircore drilling program to commence shortly to further test the better surface sample sites.

The surface sampling program will continue on the Lake Marmion Uranium Project over the coming months on the non-granted tenure until the ground becomes available for either immediate drill testing of surficial uranium target areas or geophysical surveys to better define the palaeochannel system prior to drill testing for palaeochannel/sedimentary type uranium mineralisation.

The Lake Marmion Uranium Project is highly prospective for palaeochannel/sedimentary type uranium deposits (e.g.: Mulga Rocks -10.8 Million tonnes @ 1,400ppm U_3O_8) and uranium in surficial (near surface) deposits hosted in calcrete (e.g.: Lake Maitland -32.7 Million tonnes @ 300ppm U_3O_8) and/or lake sediments.

BARDOC PROJECT

Nickel Exploration

Nickel exploration at Bardoc has focused on the highly prospective basal contact of a komatiite unit which extends over 15km of strike within the Project area. This basal contact is the host for the Scotia nickel sulphide deposit (1,130,000 tonnes @ 3.1% Ni & 0.3%Cu) located just 10 kilometres to the north of Halcyon's tenement boundary. This work is part of a joint venture, where by Minara Resources Limited (ASX: MRE) are earning up to 70% of the nickel rights to the Bardoc Project (located 50 kilometres north of Kalgoorlie, in Western Australia) through the expenditure of A$3.1 million.

This quarter the Bardoc Nickel Joint Venture had received results from the Dipole-Dipole Induced Polarization ("IP") geophysical survey which confirmed the Priority Sulphide Target Area (see attached map) as the most likely section of the basal contact of the "preferred" western flow sequence (Komatiite) to contain massive sulphides. This area also corresponds with the previous drilling that has intersected the highest and widest Nickel Sulphide drill intersections to date.

The Joint Venture consequently approved the drilling four holes into the priority Western Zone Nickel Sulphide Target.

The first 2 holes of the program where drilled north and south of previous holes HNIC042 which intersected **45 metres @ 0.5% Nickel (Ni), 0.05% Cobalt (Co) and 0.1% Copper (Cu) from 21 metres** within **60 metres of sulphides from 55 metres** and BP41 which intersected **30 metres @ 0.8% Ni and 0.2% Cu from 20 metres.** The holes are targeting the centre of the IP anomalies at about 100 to 150 metres below the surface within fresh rock and potentially down-plunge of these broad intersections.

One hole has been drilled into the IP anomaly at similar depths north of the highest grade recent Western Zone intersection of **2m @ 1.05% Ni, 0.04%Co and 0.12%Cu from 150 metres in HNIC028.** Another hole was drilled to target an area further along strike to the south which coincides with drilling below the area with the highest grade Nickel and Copper surface samples.

Assay results are pending.

Number One Target Area & New Nickel Sulphide Drill Target
Results from the three holes drilled into the Number One Target Area and the one hole into the New Nickel Target proved to be disappointing. Sulphides were intersected in the positions indicated by the electromagnetic ("EM") surveys from the respective down-hole and surface moving-loop measurements but assays of only up to 0.2% Copper were returned. A geological re-interpretation of all data in these areas is currently underway.

Gold Exploration

Gold exploration at the Bardoc Project is centred on the historical Gold mining centre of Bardoc. The project covers 25 kilometres of strike of the Bardoc Tectonic Zone (BTZ) which has a geological and structural setting that is very prospective for large scale gold mineralisation as is evident by the very successful Paddington deposit (4Moz) located 12 kilometres along strike to the south of Bardoc. The BTZ extends over a strike length of 75 kilometres and hosts in excess of 6Moz of gold.

During the March Quarter the Company completed a nine hole Reverse Circulation ("RC") drill program used to meet expenditure commitments at the Big Blow North prospect. The resulting intersections returned **assays of up to 15.3 g/t gold** which have extended the mineralisation to **over 300 metres in strike length**.

The better intersections from the program included: **3m @ 7.2g/t from 17 metres, 3m @ 4.4g/t from 32 metres**, **3m @ 4.2g/t from 11 metres** and **4m @ 3.6g/t from 34 metres.**

A majority of the drill intersections in the mineralised zone to date at Big Blow North are less than 40 metres below surface which potentially makes the prospect amenable to open pit mining operations. There is also scope for further extensions with the mineralisation still open to the south and at depth.

The table below contains all the drill intersections greater than 5 gram-meters from the recent drill program.

Hole No.	Northing AMG 84	Easting AMG 84	Dip	Azimuth	Depth From	Interval	Gold Grade
HBGC0	664065	336447	-60°	270°	34m	**4m**	**3.6g/t**
				includin	34m	**1m**	**10.0g/t**
HBGC0	664060	336458	-60°	270°	22m	5m	1.5g/t
					39m	5m	1.3g/t
					55m	1m	7.0g/t
HBGC0	664069	336430	-60°	270°	17m	**3m**	**7.2g/t**
				includin	18m	**1m**	**15.3g/t**
					30m	2m	3.2g/t
HBGC0	664080	336428	-60°	270°	17m	5m	1.0g/t
					32m	**3m**	**4.4g/t**
				includin	33m	**1m**	**10.2g/t**
HBGC0	664073	336431	-60°	270°	11m	**3m**	**4.2g/t**
				includin	12m	**1m**	**8.1g/t**

Note: All RC intersections are derived from 1 metre samples that have been riffled spilt down to 2-3kgs and are analysed by aqua regia.

The Company plans to do further follow-up drilling at Big Blow North in order to confirm and extend the initial mineralised zone with the view of delineating a mineable gold deposit that could generate a positive cashflow in the future.

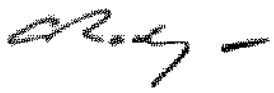
MOUNT PLEASANT PROJECT

The Mount Pleasant Project is located 32 kilometres north west of Kalgoorlie. Previous mining yielded 84.3 tonnes @ 7.6% Copper in 1960-62 from the Old Mount Pleasant Copper Mine and then a bulk sample was collected in 1973/74 from an underground shaft called the New Mount Pleasant Copper Mine with over 250 tonnes stockpiled and assaying up to 8.6% Copper & 100g/t Silver. The Copper-Silver mineralisation is associated with silica rich pods within black shales and metasediments at the contact between major gabbro and basalt rock units. The gabbro unit to the west contains historic gold workings (Golden Buckle) that produced 78.6 tonnes @ 85.4g/t Gold prior to the Second World War.

During the March Quarter the Company was reviewing the results received from the previous drill program at the Mount Pleasant Copper Project. These values may have delineated two new Copper Zones with one prospect returning Copper assays of up to **3.61% Cu** from drilling at the Old Mount Pleasant Copper Mine with supporting surface stockpile samples assaying up to **5.32% Cu**. The other zone is a new fourth drill target area located a further 500m to the north-west with up to 0.38% Cu intersected near surface.

These are strong indicators that a new copper zone adding scale to the project maybe close to discovery. Success in this area combined with that already delineated deposit at the New Mount Pleasant Mineralised Zone could provide sufficient tonnes of Cu metal available to develop a first stage mining and milling operation at the Mount Pleasant Project.

The Company is encouraged by results from two of the four new Copper prospects tested and is likely to do further follow drilling in the near future to determine if either zone may lead to a new discovery that would prompt development of the Mount Pleasant project.



Andrew Radonjic
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew Radonjic, Managing Director of Halcyon Group, who is a member of The Australasian Institute of Mining and Metallurgy included in a list promulgated by the ASX from time to time.

Mr 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Radonjic consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

LAKE MARMION URANIUM PROJECT - WESTERN TENURE
Surface Sample Assays Or Scintillometer Readings

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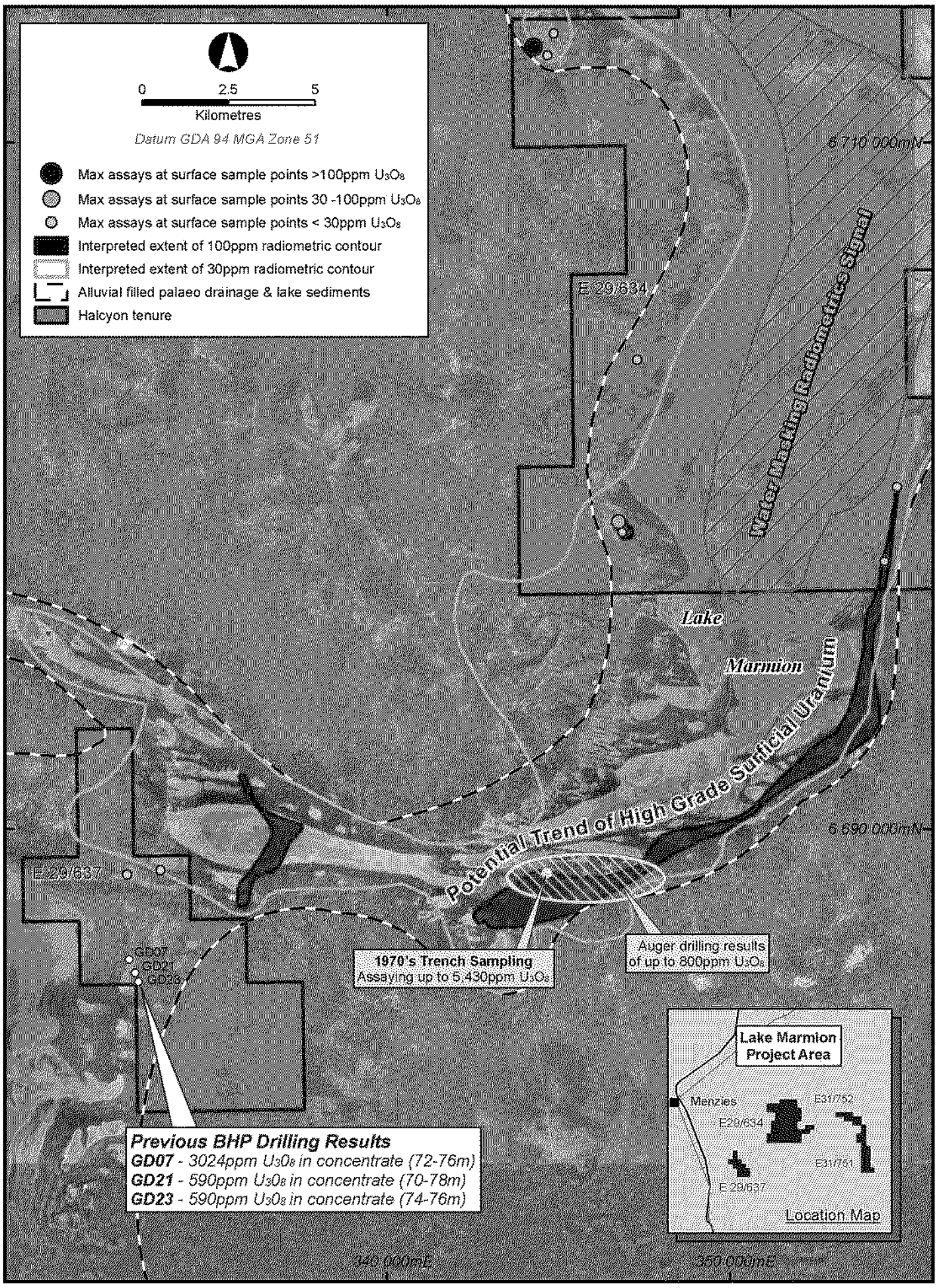

LAKE MARMION URANIUM PROJECT - EASTERN TENURE
Surface Sample Assays Or Scintillometer Readings

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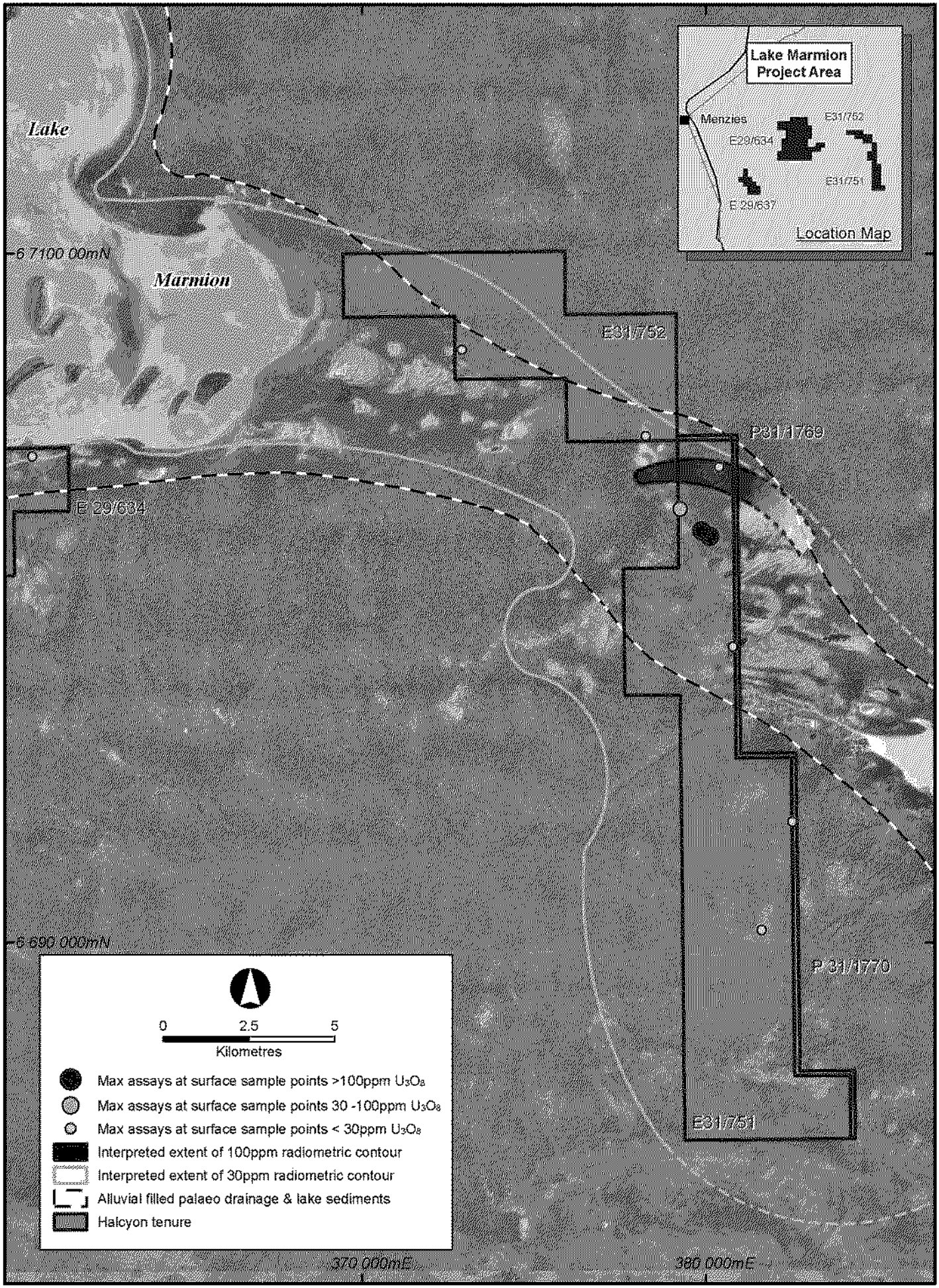

BARDOC NICKEL PROJECT
Simplified Geology and Recent Drill Intersections

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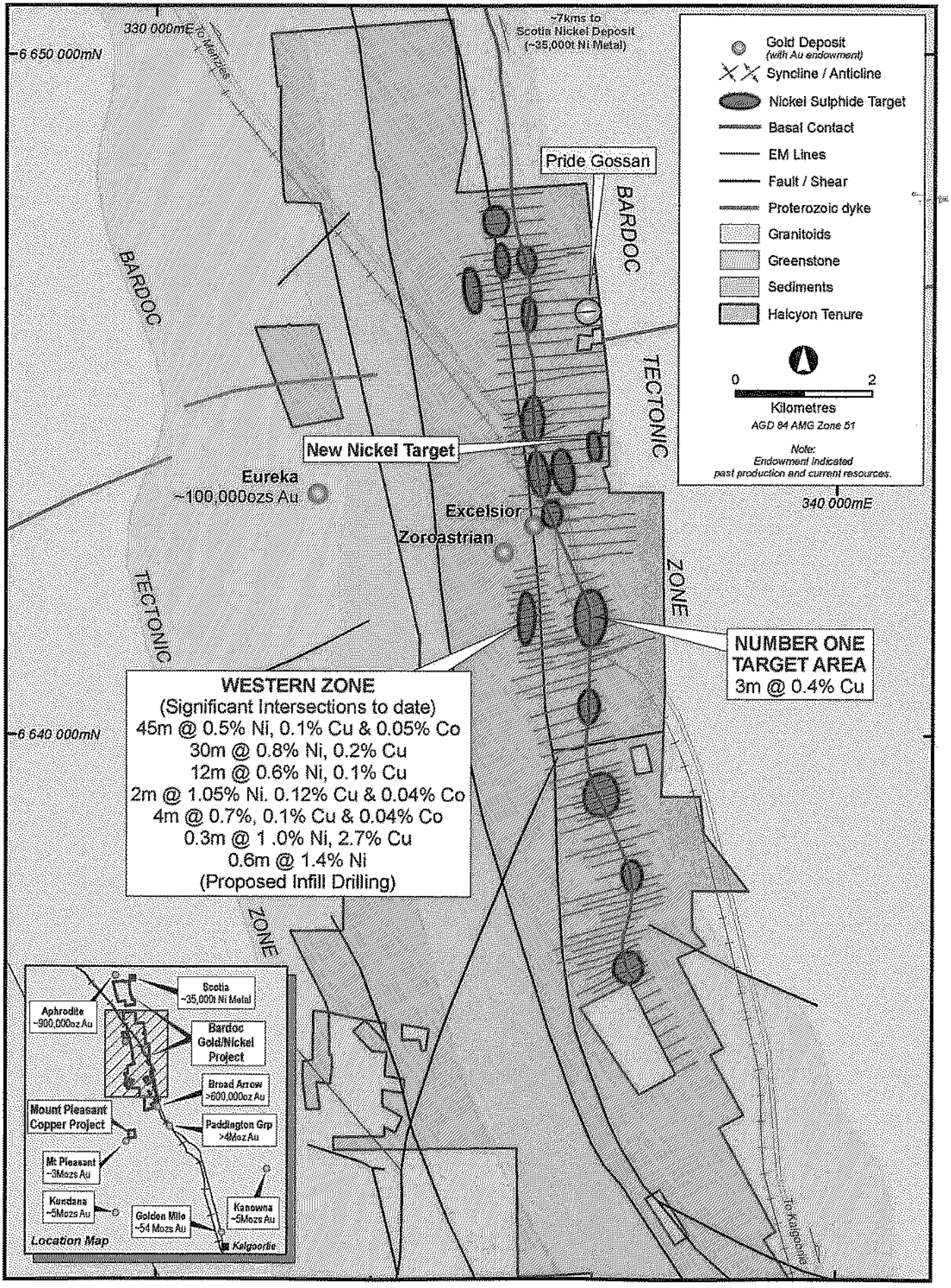

BARDOC PROJECT
Western Zone Priority Drilling Target

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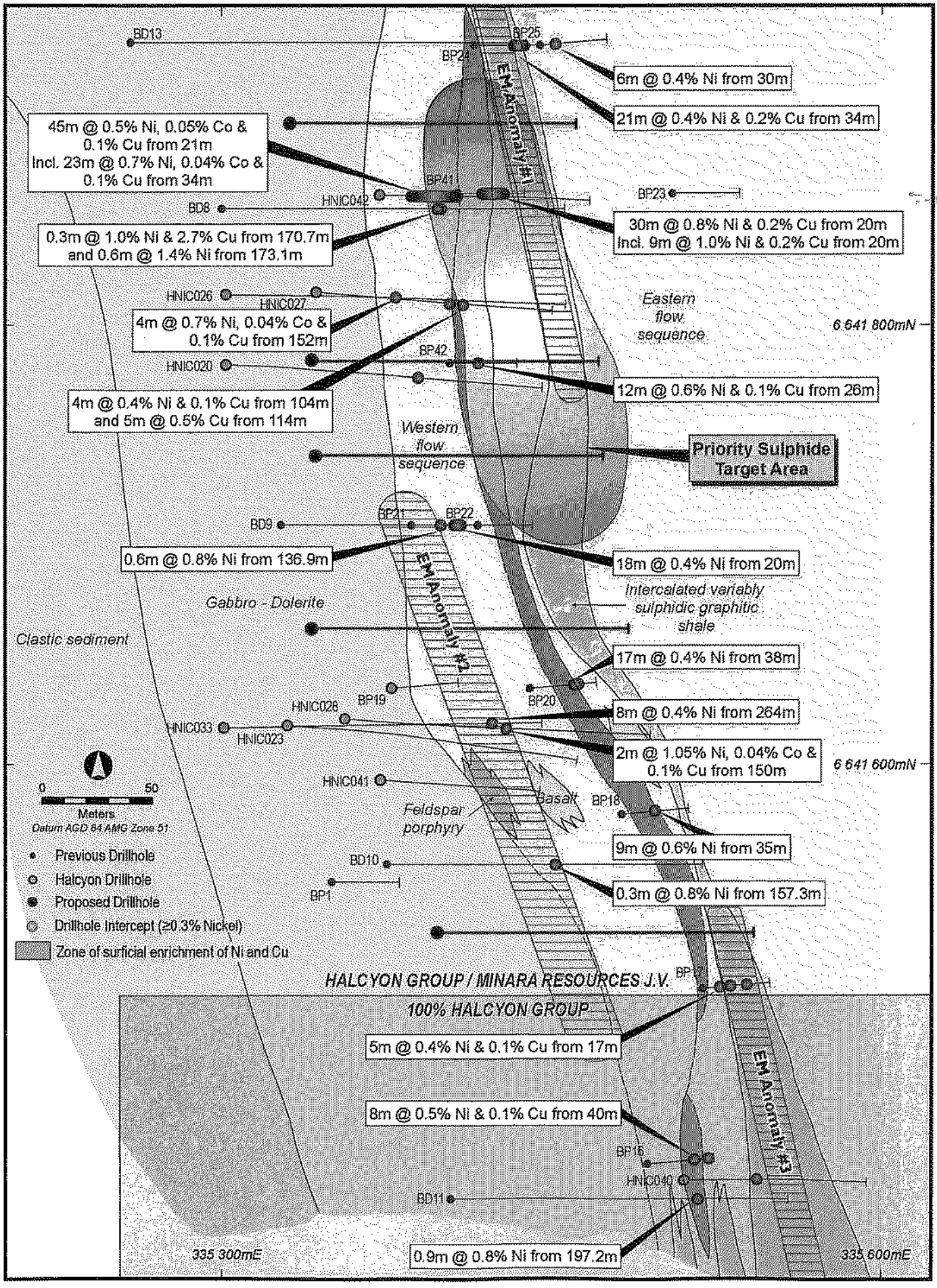

BARDOC PROJECT
Recent Gold Interpretation and Exploration Drill Results

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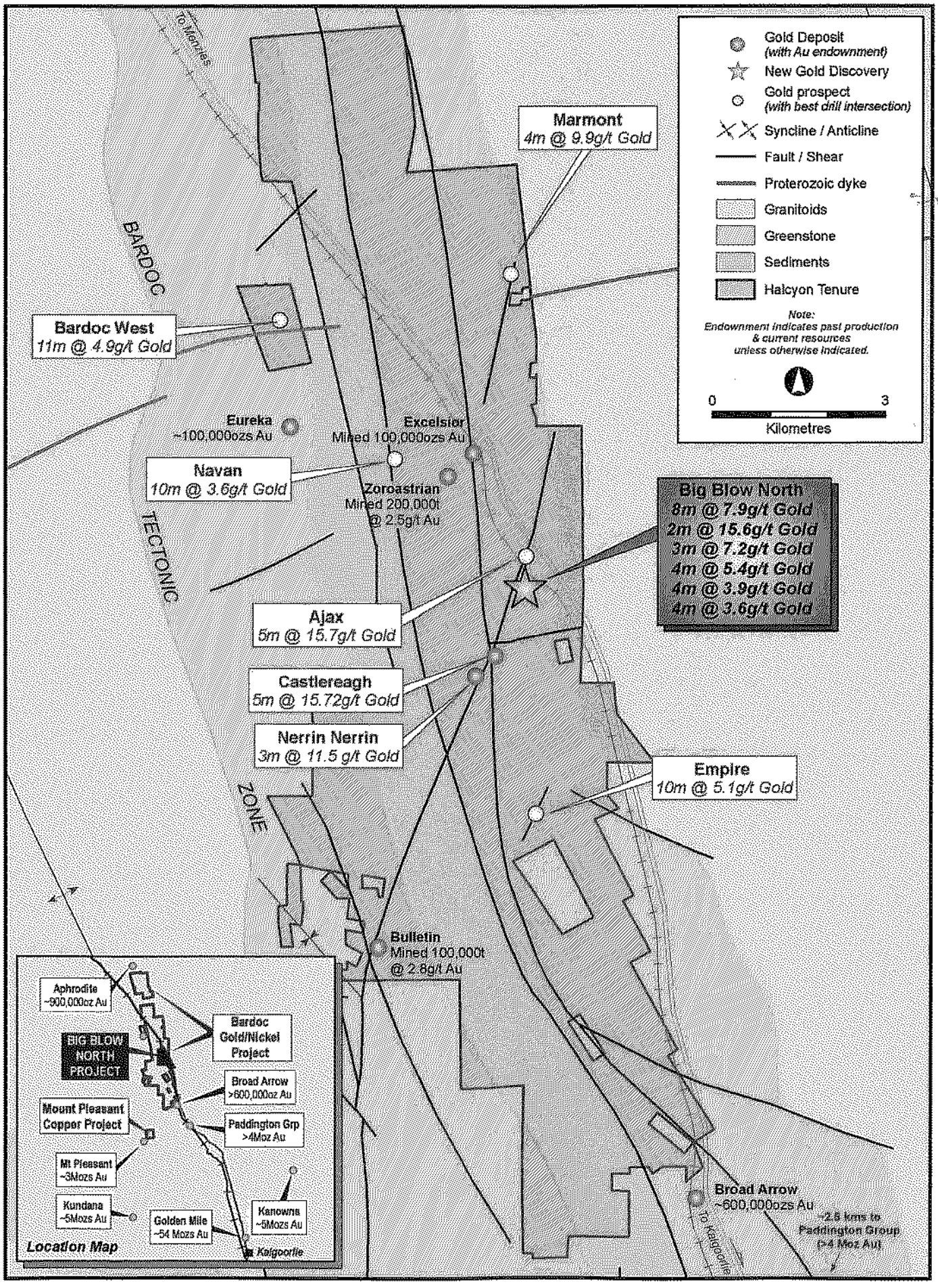

BIG BLOW NORTH
Simplified Geology and Drill Intersections

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