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QUARTERLY REPORT OF OPERATIONS

FOR THE PERIOD ENDED

31 DECEMBER 2003

Highlights

- Substantial progress made on the Company's Northern Territory gold projects, primarily at Quest 29 and Tom's Gully. The Company's efforts were focused on the mining and continued dump leaching of ore from the Quest 29 gold project and progressing the feasibility study on the Tom's Gully gold project.

- Acquired an interest in the Agate Creek epithermal gold project in North Queensland.

- Gold production continued at the Company's Quest 29 gold mine with 1,384 ounces produced during the quarter.

- Completed a diamond drilling program and advanced the feasibility study at the Tom's Gully gold project including metallurgical testwork, geotechnical review, mine design studies and economic modelling.

- Following the successful progress of the feasibility studies at Tom's Gully, the Company will now be undertaking a 10,000 metre (45 RC drill holes) infill drilling program aiming to upgrade current resources at Tom's Gully to mineable reserve status.

- Planning and preparation for a 'step out' resource delineation program at Tom's Gully consisting of 4,000 metres (12 RC drill holes) aiming to significantly upgrade the current gold resources inventory has been undertaken.

- Ongoing exploration and review of the Company's other Northern Territory exploration licences targeting open cut resources within cartage distance of the Tom's Gully and Quest 29 processing infrastructure.

- Planning and preparation for a 5,000 metre (50 RC drill holes) drilling program at Agate Creek allowing a JORC compliant resource estimation to be made and pre-feasibility study for a open cut mining and heap leach gold operation has been undertaken.

- It is expected that the feasibility study into the development of an underground operation at the Tom's Gully Gold Mine can be completed in mid 2004 allowing a decision to mine to be made at this time.

- The Company also continued to evaluate further acquisition and investment opportunities in the resources sector focusing on projects that could be developed as mines within a 2 to 3 year timeframe.

1. Northern Territory Gold Projects - Tom's Gully, Quest 29 and Other Exploration Areas

Substantial progress was made during the quarter on the Company's Northern Territory gold projects. The Company's efforts were focused on the continuing gold production from the Quest 29 gold mine and progressing the feasibility study on the Tom's Gully gold project.

At the Tom's Gully and Quest 29 gold projects in the Northern Territory the Company currently has a resource base of approximately 320,000 ounces of gold in various resource categories contained within 26 square kilometers of granted mining leases and mining claims. In addition, the Company also has in the Northern Territory approximately 867 square kilometres of granted exploration licences or exploration licences under application.

Resource Statement (prior to recent mining and drill program):

	Measured			Indicated			Inferred		
	Tonnes	Grade g/t Gold	Ounces Gold	Tonnes	Grade g/t Gold	Ounces Gold	Tonnes	Grade g/t Gold	Ounces Gold
Tom's Gully									
Underground							900,000	7.0	201,200
Tailings							250,000	2.4	19,300
Quest 29									
Koolpin Formation	485,000	0.9	13,600	225,000	1.0	7,100	105,000	1.3	4,400
Zamu Dolerite							1,050,000	2.3	77,300

* Tonnes rounded to nearest 5,000t and 0.1 g/t Au. Ounces of gold based on calculation pre-rounding and then rounded to nearest 100 ounces.

At the Tom's Gully project the Company has an established 250,000 tonne per annum CIP gold treatment plant with associated infrastructure and services. The Company also has established dump leach processing infrastructure at the Quest 29 project.

Quest 29

During the quarter the Company's efforts at Quest 29 were focused on the completion of mining and the continued dump leaching of ore from Quest 29.

Mining was completed during the quarter with a total of approximately 275,000 tonnes of ore having been mined and stacked at a grade of approximately 1.0 g/t. Irrigation with cyanide solution of the ore mined continued during the quarter with all ore mined being brought under irrigation.

Leaching performance to date indicates that the original production estimate of 4,500 ounces is expected to be achieved over an anticipated leaching time frame through to mid 2004.

Production Statistics:	**December 03 Quarter**	**Project to Date**
Tonnes of ore mined	74,000	275,000
Grade	1.0 g/t	1.0 g/t
Gold recovered to carbon	43.1 kg (1,384 ounces)	63.2 kg (2,031 ounces)
Refined Gold sales	1,483 ounces	1,748 ounces

The pouring of the first gold dore bullion bar occurred shortly before the beginning of the quarter with the first refined gold sales occurring in October.

The Quest 29 dump leach gold mining operation was successfully commissioned within capital budget in the latter half of 2003 and was brought into production within 3 months of the funding being raised to commence development and was achieved within the capital budget. A total of 1,748 ounces of gold have been produced and sold since the first gold pour in September 2003.

<u>Tom's Gully Underground Mine</u>

During the quarter, substantial progress was made with the feasibility study into the development of an underground mining operation at the Tom's Gully gold mine moving into its final stages. At Tom's Gully the Company has previously reported an Inferred Mineral Resource of 900,000 tonnes at 7.0 g/t gold (201,200 ounces) from a mineralised reef structure which has a variable thickness from less than 1m up to 3.5m. The reef is exposed at the base of the open cut and dips initially shallowly, then sub-horizontally, to the south. Significant mineralisation has previously been intersected by drilling over 1km to the south of the pit and is open at depth.

At the start of the quarter a diamond drilling program was successfully completed at the Tom's Gully gold project. All drill holes in the program intersected the mineralised reef structure. Assay results from the significant intercepts from the program are summarised below.

Hole No.	**From (down hole) m**	**To (down hole) m**	**Vertical Depth Below Surface (m)**	**Intercept m**	**True Thickness m**	**Grams per tonne gold**
TG001	207.25	208.90	194	1.65	1.41	10.5
TG002	208.50	210.14	176	1.64	1.41	13.9
TG003	212.52	214.50	188	1.98	1.70	7.7
TG004	212.50	213.55	196	1.05	0.90	24.5
TG005	168.30	171.70	135	3.40	2.91	6.7
TG006	202.80	205.30	171	2.50	2.14	4.4
TG008	193.15	193.72	179	0.57	0.49	10.9
Average for all holes:					1.56	9.5

The drilling program provided excellent geological and structural information and significantly increased the Company's understanding of the mineralisation controls. Core from the program was used for metallurgical testwork that has recently been completed by SGS Oretest, and for geotechnical review work. In addition mine design studies have been undertaken by consulting mining engineers, Tennent, Isokangas Pty Ltd.

The metallurgical characteristics, processing route and mining methodology are now sufficiently well determined to allow the final stage of the feasibility study to be completed. Metallurgical testwork has shown that recoveries of approximately 85% can be expected, employing a processing route of crushing, primary grind, sulphide concentration, fine grind of the concentrate and leaching. The mining engineering studies have confirmed the applicability of conventional mining methods to the project.

The results from this review have confirmed the economics of the project to be similar to previous scoping studies undertaken by the Company, and it is expected that the final stage of the feasibility study can be completed by the Company around mid-year allowing a decision to commence mining at Tom's Gully to be made at this time.

The studies undertaken by the Company confirm the potential for the establishment of an underground mining operation producing 35,000 to 40,000 ounces of gold per annum with processing being done at the Company's existing Tom's Gully 250,000 tonnes per annum CIP gold treatment plant. Economic studies indicate forecast operating costs of around A$350 per ounce (current A$ gold price is $525 per ounce). Treatment of the existing tailings resource could also enhance the economics of the project. Previous open cut mining operations by MIM had produced 356,651 tonnes at 9.23 g/t Au.

As the next stage in the feasibility process, the Company has finalised the planning for further drilling utilising reverse circulation drilling techniques. This infill drilling program will commence in early March and will consist of over 10,000 metres of drilling comprising approximately 45 RC drill holes and aims to upgrade to reserve status the first 3 years proposed mine development.

In addition to the infill drilling program, the Company will also be embarking on a 'step-out' resource delineation program at Tom's Gully consisting of a further 4,000 metres of drilling comprising approximately 12 RC drill holes. This program will aim to test both down dip and along strike extensions to the current resource. A significant upgrade of the current resource estimate at Tom's Gully of 900,000 tonnes at 7 g/t gold (200,000 contained ounces) is targeted from this program.

Northern Territory – Other Exploration Areas

In addition to the Tom's Gully and Quest 29 projects in the Northern Territory, the Company has approximately 867 square kilometres of granted exploration licences and exploration licences under application. The Company is targeting the delineation of further open cut gold resources within cartage distance of the Tom's Gully and Quest 29 processing infrastructure on these areas. Analysis of existing aero-magnetic survey data together with undertaking ground magnetics surveys and geochemical sampling methods will be used to define drill targets within these tenements.

2. Agate Creek Epithermal Gold Project

In November 2003 the Company announced that it had entered into an agreement with Barrick Gold to earn a 65% interest in the Agate Creek Epithermal Gold Project in North Queensland. The project is located in a highly mineralised gold province containing the Pajingo, Kidston, Mt Leyshon, Red Dome, Ravenswood and Charters Towers gold mines.

Agate Creek is an advanced exploration project with over 114 RC and diamond drill holes already drilled and has had approximately $4.4m spent on the project since 1993. There is extensive near surface mineralisation on which a non-JORC compliant estimate of 5.6Mt at 1.7g/t (approximately 300,000 ounces of gold) at the Sherwood prospect was made by Plutonic in 1999 (provided as a guide to the quantum of resources in the current resource area which may be expected to be outlined with further drilling).

The Company considers that this near surface, lower grade mineralisation has the potential for development into a low capital, open cut mining and heap leaching operation within a 2-3 year timeframe and this will be the Company's initial focus on the project.

In addition there is potential for the occurrence of "bonanza grade" style mineralisation beneath the lower grade near surface mineralisation. At the Sherwood prospect, the following high grade gold intercepts have already been obtained from the drilling to date:

- 18m at 20.7 g/t from 14m
- 8m at 24.3 g/t from 56m
- 7m at 7.2 g/t from 86m

The Company intends to carry out a shallow 50 hole (5,000 metres) reverse circulation drilling program commencing March, following the current wet season, to increase the near surface drilling density in the Sherwood project area. This will provide better understanding of the mineralisation controls in the first 50m from surface and allow a JORC compliant resource to be estimated. A pre-feasibility study for an open cut mining and heap leach gold operation will also be undertaken.

After targeting and reviewing a wide range of projects throughout 2003 we are very pleased to have been able to locate, and transact on, an asset of this calibre. Agate Creek fits in well with the Company's corporate strategy of both developing the maximum potential from its existing asset base in the Northern Territory and acquiring advanced resources projects which have the potential to be developed in 2-3 years time. Agate Creek adds greater depth to our asset base and provides an exciting potential development profile going forward.

3. Forward Exploration and Development Program

Over the next six months the Company will be embarking on an aggressive program of exploration and development on its Northern Territory and Agate Creek projects including:

- Undertaking a 10,000 metre (45 RC drill holes) infill drilling program aiming to upgrade current resources at Tom's Gully to mineable reserve status;
- Completing the feasibility study on the Tom's Gully gold project enabling a decision to commence mining to be made;
- Undertaking a 'step out' resource delineation program at Tom's Gully consisting of 4,000 metres (12 RC drill holes) aiming to significantly upgrade the current gold resources inventory;
- Continued gold production from the Quest 29 dump leach operation;
- Ongoing exploration and review of the Company's other Northern Territory exploration licences targeting open cut resources within cartage distance of the Tom's Gully and Quest 29 processing infrastructure; and
- Undertaking a 5,000 metre (50 RC drill holes) drilling program at Agate Creek allowing a JORC compliant resource estimation to be made and pre-feasibility study for a open cut mining and heap leach gold operation to be undertaken.

4. Other Projects

During the quarter, the Company also continued to evaluate further acquisition and investment opportunities in the resources sector focusing on projects that could be developed as mines within a 2 to 3 year timeframe.

5. Corporate

ASX Announcements made during the Quarter included:

- 7 October 2003 – High Grade Gold Intercepts at Tom's Gully
- 27 October 2003 – Notice of Annual General Meeting
- 27 October 2003 – Annual Report
- 29 October 2003 – Amendment to Terms of Partly Paid Shares
- 30 October 2003 – Further High Grade Gold Intercepts at Tom's Gully
- 31 October 2003 – Quarterly Activities Report
- 31 October 2003 – Quarterly Cashflow Report
- 14 November 2003 – Agate Creek Epithermal Gold Project
- 27 November 2003 – Chairman's Address to AGM
- 27 November 2003 – Managing Director's Presentation to AGM
- 27 November 2003 – Results of Meetings
- 16 January 2004 – Gold Projects Update

6. Summary

The Company maintains its focus on maximizing returns to shareholders through long-term growth in the assets and earnings of the Company. Progress at the Company's Northern Territory gold assets where the Company has gold production and over 300,000 ounces of gold resources, together with expansion of the Company's project portfolio via the Agate Creek acquisition, continues the Company along the path towards becoming a profitable growing mining company.

For and on behalf of the Board

JPK Marshall
Company Secretary
Brisbane, 31 January 2004

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The information on ore reserves and mineral resources contained in this report is based on information compiled by Mr Chris Creagh who is a member of the Australian Institute of Mining and Metallurgy. Mr Creagh has relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined by the Australasian Code for Reporting of Mineral Resources and Reserves.