Falcon Minerals Ltd

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Company Announcement

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SECOND QUARTER ACTIVITY REPORT TO 31 DECEMBER 2004
Collurabbie WA and Cargo NSW

1. COLLURABBIE JOINT VENTURE

Western Australia
(FCN 30%, WMC 70%)

Olympia Zone

Drilling

Diamond and RC drilling conducted at the Olympia Prospect in the fourth quarter 2004 followed up significant Ni-Cu-PGE sulphide intersections made in CLD 125 and 122. Tables 1 and 2 list significant and assayed drillhole intersections made at the Olympia Prospect, while other lesser but significant intersections are included in table 3.

An initial program to test the Olympia zone from a number of diverse targets at Collurabbie comprised two diamond (CLD 124 and 139) and 10 RC holes (CLD 137 to 148). An additional eight diamond holes (CLD 123, 159-165) and 8 RC holes (CLD 166-173) were also planned following the sulphide intersection in CLD 139. CLD 139 was drilled on 7026000mN, between the intersections made in CLD 125 and 122 and intersected massive, matrix and heavily disseminated sulphides over 12.86m @ 1.33% Ni, 0.95% Cu and 2.6 g/t total PGMs from 131.65m down-hole. CLD 159 was planned immediately to follow up this intersection down-dip, and made a significant intersection with 5.77m @ 3.0% Ni, 1.96% Cu and 5.29 g/t total PGMs from 279.43m down-hole. Down-hole electromagnetics (DHEM) was conducted on these holes and defined a target between 7025900mN and 7026100mN.

CLD 160-165 were planned to test this area with broadly spaced holes at greater depth over a strike length of 900m and to serve as DHEM holes from approximately 300m depth – see figure 1. By the end of the quarter all holes were complete except CLD 161 and 165 at the southern and northern ends of Olympia which are scheduled for drilling in January 2005.

Additional RC drilling was planned mostly further to the south testing the interpreted continuation of the Olympia stratigraphy, one hole was also planned further to the north of Olympia testing beneath an anomaly in an Aircore hole, while two holes were planned at the Naxos Prospect (east of Olympia) testing a magnetic anomaly that may represent the fault-offset Olympia stratigraphy.

Table 1 Significant intersections

Hole_Id	Thickness	From	Ni %	Cu %	Total PGM g/t	Comments
CLD159	5.77	279.43	3.0	1.96	5.29	Massive and matrix sulphide
CLD139	12.86	131.65	1.33	0.95	2.69	Moderate disseminated to massive sulphide
CLD136	1.9	176	3.64	2.77	6.95	Massive sulphide structurally
CLD136	1.1	184.9	3.67	3.12	7.78	remobilized in basalts
CLD125	8	64	1.23	1.62	3.82	Moderate to heavily disseminated
CLD127	4	82	1	0.55	0.97*	sulphides
CLD137	2	136	2.85	1.77	2.52*	Massive sulphide and disseminated sulphides
CLD122	0.08	200.18	2.93	2.6	2.24	Massive sulphides

*Pt+Pd only

Table 2 Olympia Prospect Significant Intersections – PGM Detailed

Hole_Id	Drill Type	Section	Down Hole Interval (m)	Down Hole Thickness (m)	Ni (%)	Cu (%)	Pt (g/t)	Pd (g/t)	Ru (g/t)	Rh (g/t)	Ir (g/t)	Os (g/t)	Total PGM (g/t)	Au (g/t)
CLD159	D	7026000mN	279.43 - 285.2	5.77	3.00	1.96	1.72	2.83	0.32	0.26	0.09	0.07	5.29	0.26
CLD139	D	7026000mN	131.64 - 144.5	12.86	1.33	0.95	0.92	1.32	0.12	0.11	0.04	0.04	2.55	0.13
CLD136	D	7025900mN	184.9 - 186	1.10	3.67	3.12	3.47	3.38	0.42	0.32	0.09	0.10	7.78	0.57
CLD136	D	7025900mN	176 - 177.9	1.90	3.64	2.77	2.42	3.97	0.23	0.22	0.05	0.06	6.95	0.33
CLD122	D	7026102mN	200.18 - 72	0.08	2.93	0.27	0.04	0.18	0.92	0.71	0.17	0.21	2.24	
CLD125	D	7025902mN	64 - 138	8.00	1.21	1.62	1.64	2.00	0.07	0.09	0.02	0.02	3.84	0.23

Table 3 Olympia Prospect Intersections of Interest and Assays Pending

Hole_Id	Drill Type	Section	Down Hole Interval (m)	Mineralisation	Analytical
CLD118	D	7026500mN	291.76 - 293.21	Dissem. bands, weak	1.45m @ 0.30% Ni, 0.14% Cu, 0.27g/t Pt+Pd
CLD120	D	7026301mN	292.6 - 294.2	Dissem. bands, weak	1.60m @ 0.28% Ni, 0.16% Cu, 0.34g/t Pt+Pd, 0.41g/t total PGM
CLD127	RC	7026499mN	104 - 118	Dissem., weak	14.00m @ 0.26% Ni, 0.14% Cu, 0.30g/t Pt+Pd
CLD126	RC	7025901mN	86 - 88	Dissem.	2.00m @ 0.18% Ni, 0.19% Cu, 0.65g/t Pt+Pd
CLD124	D	7025920mN	102 - 106	Dissem., weak	4.00m @ 0.09% Ni, 0.22% Cu, 0.39g/t Pt+Pd
CLD136	D	7025900mN	351 - 373.4	Dissem., moderate	(Massive sulphides reported higher up this hole) Assays Pending
CLD160	D	7025900mN	448.1 - 454.65	Dissem., weak	Assays Pending
CLD124	D	7025920mN	172.13 - 178	Dissem., moderate	Assays Pending
CLD124	D	7025920mN	161.68 - 163.25	Dissem., moderate	Assays Pending
CLD123	D	7026100mN	334.57 - 337	Dissem., moderate	Assays Pending
CLD139	D	7026000mN	219 - 228	Matrix, minor & dissem.	Assays Pending
CLD132	D	7026501mN	150 - 160	Dissem., trace	Assays Pending

Zones of disseminated sulphides were intersected in CLD 164 directly 100m below CLD 159. The long section shows the massive sulphides may be plunging to the north and further DHEM results from the broader spaced deeper holes when available and modelled should shed further light on this area. The massive sulphide mineralisation intersected in CLD 139 and 159 is shown as a DHEM interpretation in Figures 1 and 3. However, a zone of massive sulphide in CLD 137 reported on 13th January 2005 some 200m south of CLD 159 did not show up in the electromagnetics. 3D wire-framing is currently underway to help further interpret the drilling data. Also DHEM will be conducted in all Olympia diamond holes and some RC holes in the coming weeks.

The surface EM data indicates that relatively shallow Olympia mineralisation correlates as a conductor, however that response is overshadowed by some barren pyrrhotite iron sulphide in the western basalt close to the nickel sulphides zone. Other weaker conductors shown at figure 3 require additional down-hole data. In addition 1.2km strike to the south of Olympia will be covered by surface moving loop in the first quarter, 2005.

Figures 1 and 2 show the Olympia long section and the drill-hole collars over the airborne magnetics.

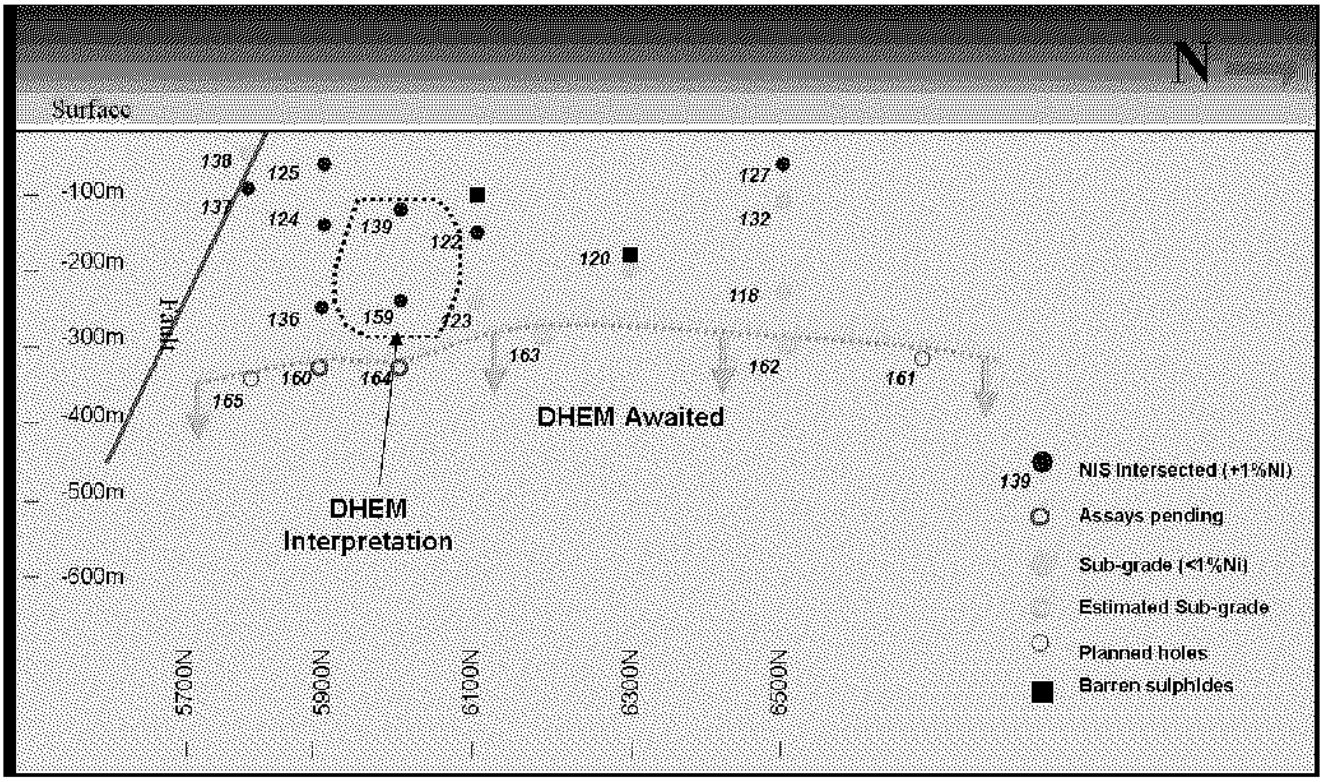


Figure 1 Olympia Prospect Long Section

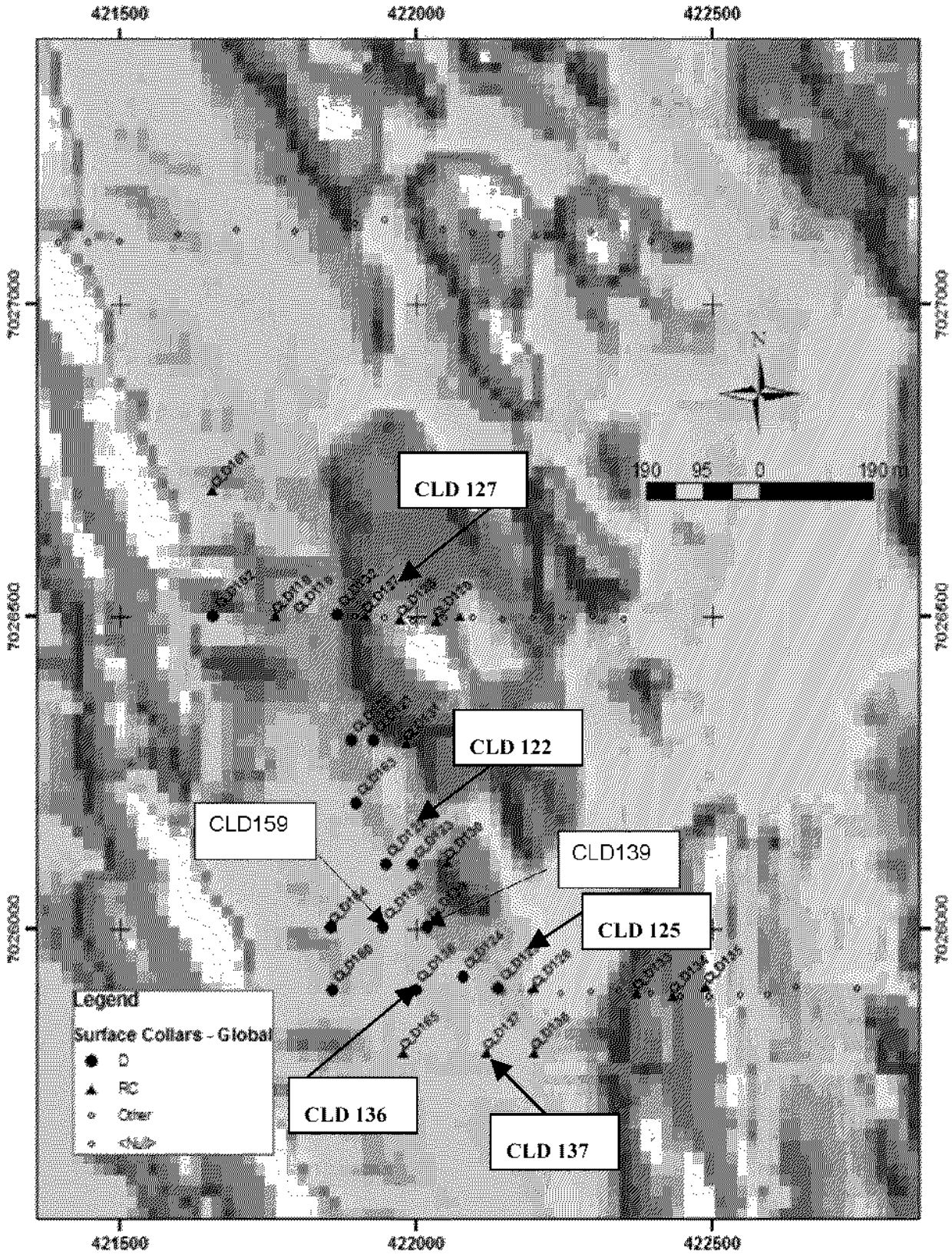


Figure 2 Olympia Prospect – Drill-hole Plan Overlain on Aeromagnetics

Figure 3 shows a number of electromagnetic plate conductors from a combination of surface and DH down-hole EM. This model will in due course be updated with the new deeper DHEM. The model using existing electromagnetic data was interpreted as including both barren massive iron sulphide plates (blue & green) and massive nickel sulphide plates in (red). The new DHEM data being collected will provide additional data to update and revise the model.

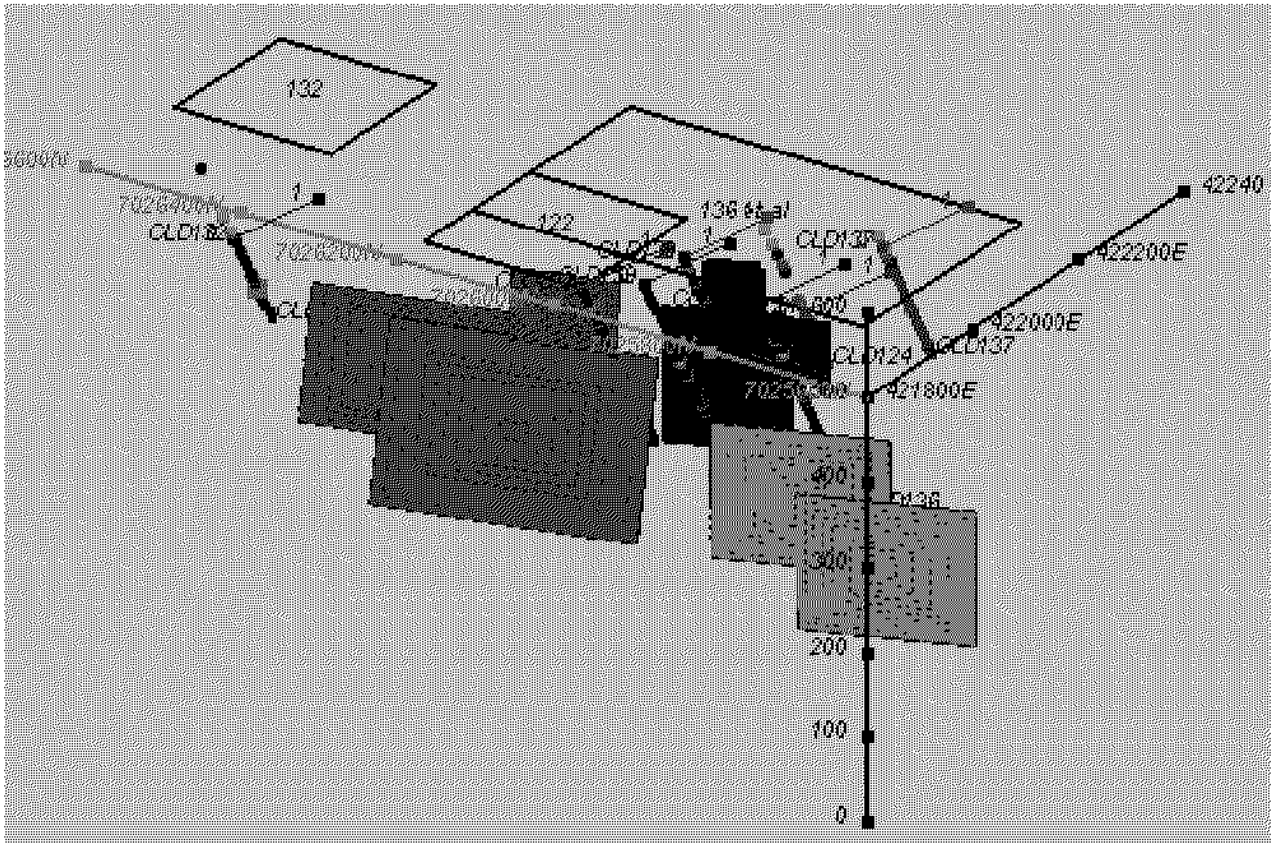


Figure 3 - Olympia DHEM model perspective view

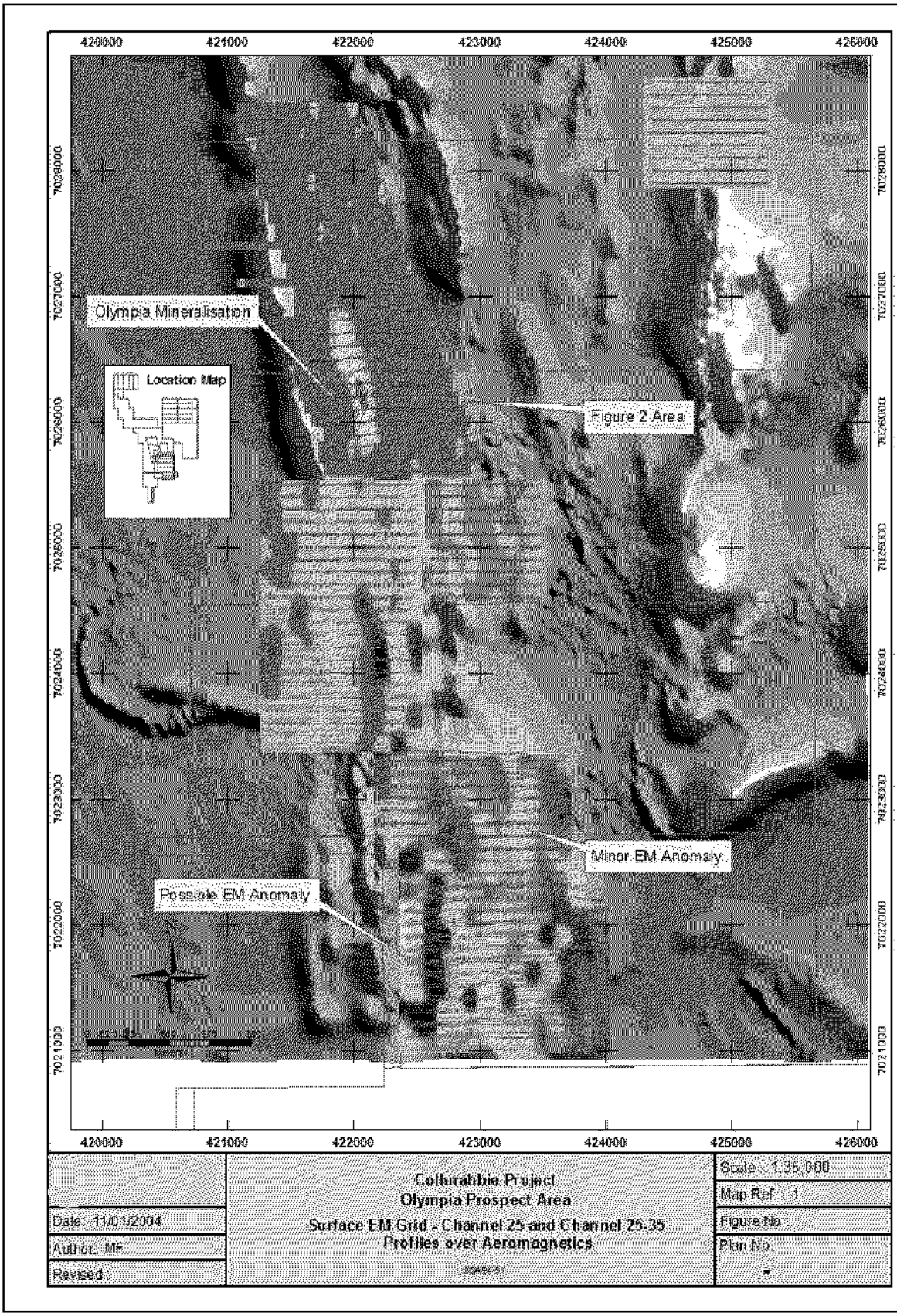


Figure 4 Surface EM Grid

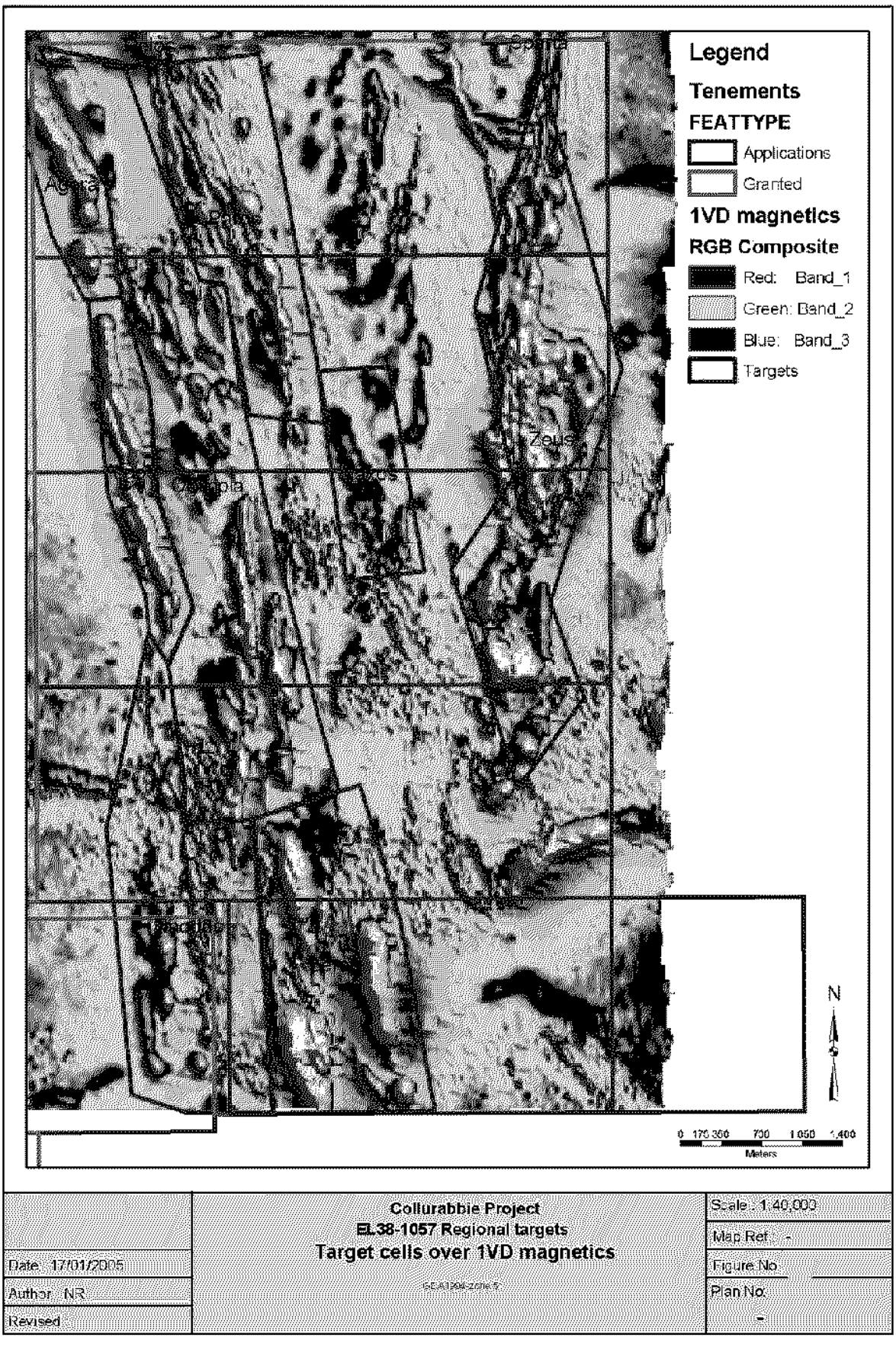


Figure 5 Target Cells over 1VD magnetics

The following is a description of various drill lines that include Olympia and some other earlier stage target areas.

Olympia Zone

7025800mN

Massive nickel sulphide mineralisation was intersected over 2m to 3m in CLD 137, 200m to the south of the main Olympia massive sulphide body at the western contact of the felsic intrusion which has narrowed to about 15m. Unusually high arsenic values (over 8% As) are associated with this mineralisation suggesting some localised structural deformation. CLD 165 is currently being drilled down-dip of CLD 137. Arsenic values are generally very low in other nickel sulphide intersections.

7025900mN

The combined ultramafic unit thickness is between 20m and 30m. Heavily disseminated nickel sulphides have been intersected to the west of the felsic intrusion close to the surface in CLD 125, and to the east at depth in CLD 124, 136 and 160. No ultramafic appears to the west of the intrusion at depth indicating the felsic intrusion has shifted to the west side of the ultramafic.

The felsic intrusion dips between 60 and 70 degrees to the west, with evidence of a minor offset of the entire sequence close to the surface. The felsic intrusive appears to have intruded into the ultramafic without thermally eroding the ultramafic itself.

Massive nickel sulphides (two zones; 1.9m and 1m thick in CLD 136) were intersected in the basaltic rocks approx 80m west of the mineralised sequence. These units were not intersected down-dip in CLD 160, but maybe represented by Ni-Cu-PGE dispersion in the regolith intersected in CLD 124. These remobilised massive nickel sulphides within faults in basalt appear to correlate with EM conductance immediately to the north of this hole suggesting further remobilised massive nickel sulphides may exist in that area. Although not very wide in CLD 136 some of the highest assay values in Ni, Cu and PGE's (up to 7.8 g/t) over 1m occurred in this hole.

7026000mN

Significant mineralisation occurred in this section (CLD 159, 139; Figure 6). Ultramafic thickness is less than 20m within 120m of the surface and contains moderately disseminated to massive nickel sulphides, with a 3-3.5m zone of massive sulphide (CLD 159) down-dip. Altered mafic rocks are situated between the mineralisation and narrow peridotite that is in contact with the felsic intrusion.

Some barren massive iron sulphide intersections that appeared to also be associated with the ultramafic rocks exist to both the east and west of the felsic intrusion, but grab sample assays have shown these zones to be barren of nickel. The felsic intrusion narrows and steepens in dip with depth however, 100m to the north the ultramafic horizons thicken.

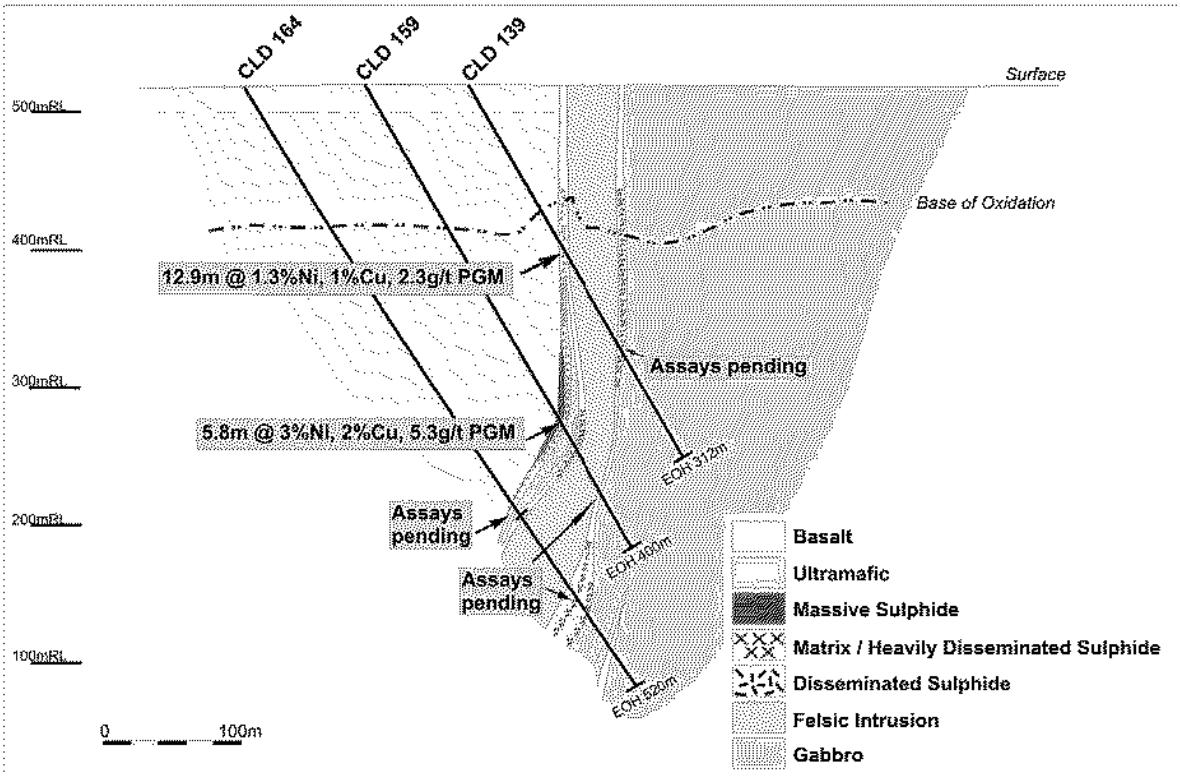


Figure 6 Drill-Hole Cross Section 7026000mN

7026100mN

The prospective ultramafic rocks thicken with depth, with the more fractionated portion of the sequence intersected at depth close to the basal contact (CLD 123), with a narrow zone of peridotite intersected at the contact with the felsic intrusion. A narrow zone of massive nickel sulphide was intersected in CLD 122 (0.08m). The felsic intrusion narrow and steepens with depth.

7026300mN

The ultramafic unit is between 20m and 30m thickness and contains little sulphide mineralisation in CLD 120. Weak patches of disseminated sulphide exist to the west of the felsic intrusion. Up to 50m of the basaltic sequence west of the ultramafic contains barren sulphides (pyrite and pyrrhotite) including approximately 4m of barren massive sulphide (mainly pyrrhotite) that has contributed to the EM response at about 200m depth.

7026500mN

The ultramafic is thickest on this section (approximately 30m close to the surface and 20m down-dip) and is situated mostly to the west of the felsic intrusion that appears to have physically split the ultramafic into 2 parts and these ultramafics have been shown to have nickel sulphides along the Olympia zone. Holes CLD 118 and 132 did not intersect nickel sulphides however the shallowest hole CLD 127 returned 4m @ 1% Ni and 0.97 g/t PGE's. Some barren basaltic-hosted sulphides where earlier reported to the west of these nickel sulphide intersections.

Olympia South – RC Drill-hole Cross Sections

7025500mN

CLD 140 was planned to follow-up a subtle magnetic anomaly that was thought to represent the southern extent of the Olympia units. This hole intersected mafic rocks, with a 5m DH intersection of felsic porphyry. There are no indications of ultramafic in this hole and no nickeliferous intersections.

7025200mN

CLD 141 and 142 were planned to follow up a reasonably strong magnetic anomaly that was interpreted to be the southern extension of the Olympia ultramafic unit. CLD 142 has only recently been drilled an no results have been seen from this hole. CLD 141 intersected dominantly mafic rocks with graphitic sediments and cherts. A felsic porphyry was once again intersected on this line over 15m. No nickeliferous units were intersected, an no ultramafic rocks logged, although the MgO of a sulphidic unit logged as black shale reaches 11% (Ni 0.003%). This hole requires some more work to determine the nature of the black shale.

7024600mN

CLD 143 to 148 were designed to test the interpreted southern extent of the Olympia units. No nickel sulphides or ultramafic rocks were intersected on this line. The 3 western-most holes intersected only mafic rocks, whilst the 3 eastern-most holes (146-148) intersected mafic rocks with cherts and multiple units of felsic porphyry. At this early stage a flat dip may be a possibility however a more thorough review of the geology and assay results will be undertaken.

7023820mN

CLD 166 to 171 were designed to gain more information about the stratigraphy in the southern area and the nature of the rocks generating magnetic anomalies in the area. The eastern-most hole, CLD 171 intersected mafic rocks and chert, as did CLD 170, which however was collared in ultramafic rocks. No data has been received for CLD 169, however CLD 168 has been logged as intersecting alternating units of ultramafic, chert and mafic, with a possible intersection of ultramafic-hosted massive nickeliferous sulphide from 158-160m down-hole that will require field checking before any firmer conclusions as to its nickel potential can be drawn(assays pending). No data has yet been received for CLD 167. CLD 166 was stopped short at 36m due to drilling difficulties.

7023200mN

CLD 149, 152, 153 and 154 were designed to gain more information about the stratigraphy in the southern area, at Rhodes. No data has yet been received for these holes.

Geological Mapping

Following a regional interpretation and stratigraphic ground checking, mapping of some outcropping rocks south of the Olympia area was undertaken to assist with understanding the geological relationship between rock units. Most areas are sand covered however and outcrop is limited.

Agora

The Agora prospect is located in the north western part of the JV area and has been tested with several lines of shallow air core drilling and the first line of RC on section 7029150mN. The main target in the prospect is the Beta ultramafic unit, which is known to contain disseminated sulphides in other parts of the Collurabbie area to the north. The sequence drilled on section 7029150mN comprises mafic, ultramafic (showing trace sulphides in the eastern side – assays pending) and minor sedimentary (chert) units, however most areas are sand covered.

The Beta ultramafic unit is dominated by wehrlite with a section of peridotite in the central part of the ultramafic sequence. Air core hole CLAC 14 intersected 12m at 0.6% Ni, 0.2% Cu, .04 g/t Pt/Pd and is interpreted to have intersected the lower wehrlite unit, assays for diamond core intersections of this lower wehrlite unit are pending. While the Ni grades in CLAC 14 could be attributed to lateritic enrichment, the sympathetic highs in Cu and PGE suggests that this is a primary magmatic sulphide signature and therefore prospective for Ni and PGE's sulphides.

Zeus

The Zeus prospect is located within the Epsilon stratigraphic unit and is the eastern-most ultramafic zone in the JV area with a strike extent of approximately 6.1km. During the current exploration program a single line of holes (for stratigraphic or rock types information) have been drilled along the 7028400mN section in the northern part of the prospect area. A much earlier airborne EM program by a previous gold joint venture partner produced an anomaly in the Zeus area, however, follow up work with the ground electromagnetics failed to confirm this anomaly and it is suspected that the original AEM anomaly was due to a watercourse (figure 4).

Four diamond holes were drilled to intersect the magnetic expression of the assumed ultramafic units.

The Epsilon ultramafic has a true stratigraphic thickness of approximately 425m in the Zeus area with a west facing interpreted from spinifex textural progression. From the current drilling in the area, Epsilon is interpreted to comprise three main ultramafic units. The uppermost unit is a peridotite unit that exhibits significant olivine spinifex development interlayered with fine-grained olivine cumulate, MgO contents are in the order of 18-25 weight %. The second unit is an olivine cumulate dominated peridotite, although there is significant spinifex visible in drill core.

The average MgO content of this unit is in the range of approximately 23-28%. The division between the middle and upper units is based on textural and MgO variations, however they appear to be a progression of a single ultramafic unit. The Basal unit is different in character to the upper units, it is separated from the upper unit by a thin portion of black shale in CLD 92 and has MgO values up to 38%. The first metre of ultramafic below the black shale contact displays textures that appear to be a cross between spinifex and mesocomulate/harrisite development. Textures within the rest of the lower unit are partially obscured by alteration, however the MgO contents and surviving textures are suggestive of an ortho to mesocumulate unit. The Basal section of this unit appears to grade through an orthocumulate to pyroxenite, based on MgO content.

The Zeus zone that shows MgO levels up to 38% is considered to be prospective for nickel sulphide.

Leros

The Leros prospect is located in the southern portion of the JV area and at present has been tested by stratigraphic (rock types) RC drill holes CLD 111 to 116 on section 7022600mN and holes CLD 107 to 110 on section 7022300mN. Section 7022600mN comprises mafic, ultramafic and sedimentary rocks (both cherty sediments and ironstone/BIF).

Soil/Lag

PGE results have been returned from a surface soil orientation program completed in the September quarter. Although, some elevation in PGE's were noted close to the intersected mineralisation, the results did not sufficiently delineate the mineralisation from the surrounding barren sequence indicating that surface sampling does not appear to be a reliable tool in this area which is not surprising considering the presence of wind blown sand cover. Further soil orientation work is planned.

2. CARGO JOINT VENTURE

New South Wales
(FCN earning 70%, Golden Cross reducing to 30%)

Approximately 1,450m of RC drilling covering 6 separate targets out of a possible 12 commenced in December 2004 and completed January 2005. Most holes were to 250m depth except for the last target (T4) that was shallower due to a thrust fault cutting off the prospective stratigraphy.

Hole No	Target No	Final Depth	Inclination	
FC013	T10	250M	-70°	
FC014	T3	250M	-70°	
FC015	T6	250M	-70°	
FC016	T1	252M	-75°	
FC017	T7	250M	-70°	
FC018	T4	72M	-60°	Abandoned in clay
FC019	T4	132M	-60°	Terminated at fault

The targets were conceptual buried Ridgeway style gold copper intrusive monzonite porphyries interpreted to reach to within about 250m beneath surface. Up to a dozen were postulated in a cluster about the historic Cargo gold workings. The 250m depth holes were designed to test either the tops of intrusion or alteration zones above the postulated intrusive systems.

Targets T10, T3 and T1 tested appear from drill chip logging to be of low significance. The other three targets tested showed some porphyry intrusives and variable indications of sulphide mineralisation discussed below.

3 metre composite assays for gold, copper and molybdenum on the first two holes completed in December 2004 were generally at anomalism level only for gold and copper as expected.

Hole FC15 in target T6 was drilled back in the opposite direction due to access difficulties, however it intersected a thick zone of altered intrusions tentatively identified as monzonite porphyry. The hole intersected disseminated and veined sulphides up to 10% pyrite and intermittent zones with up to 2% chalcopyrite (copper-iron sulphide) by volume.

Hole FC16 in target T1 intersected a volcanic andesite pile of lava flows and volcaniclastics then several narrow dioritic intrusions below 150m with abundant magnetite but little sulphide.

FC17 in target T7 intersected andesitic lava flows and volcaniclastics cut by several broad zones of porphyritic quartz feldspar tentatively identified as monzonite. Disseminated and veined pyrite (4%-15%) occurred from 90m to 200m including up to 2% chalcopyrite. From 220m this angled hole passed back into andesite.

FC18 and FC19 west side of target T4. FC18 drilled too far west was terminated early in sand and clay. FC19 close to T4 intersected 9m of transported clay, 99m of saprolite clays to saprolitic bedrock transgressing into an oxidised porphyritic felsic intrusion tentatively identified as quartz monzonite. This highly weathered rock showed sections of quartz veining and argillitised rock with strong limonite development (hydrated iron oxides) that could be derived in part from sulphides. It was terminated at 132m after passing through a major fault into less prospective clayed material.

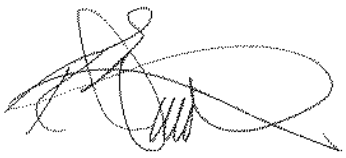
Assay results for the last 4 targets are pending.

No significant work was done on the company's other project during the quarter.

For better quality maps please visit our website at *www.falconminerals.com.au*

The information in this report as it relates to mineralisation is based on information compiled by Mr R Muskett who is a geologist of the company and a Competent Person as described in Appendix 5A to the ASX Listing Rules. The report accurately reflects the information compiled by Mr R Muskett.

Yours faithfully



Richard Diermajer
Director

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97.

Name of entity

Falcon Minerals Limited

ACN or ARBN

009 256 535

Quarter ended ("current quarter")

31 December 2004

Consolidated statement of cash flows

			Current quarter $A'000	Year to date (6 months) $A'000
Cash flows related to operating activities				
1.1	Sales		–	–
1.2	Payments for	(a) exploration and evaluation	(57)	(335)
		(b) development	–	–
		(c) production	–	–
		(d) administration	(65)	(104)
1.3	Refunds received – EL applications & other		–	–
1.4	Interest and other items of a similar nature received		44	89
1.5	Interest and other costs of finance paid		–	–
1.6	Income taxes paid		–	–
1.7	Aggregate cashflows from disposals of entities net of cash received		–	–
1.8	Net GST Refund/(Paid)		25	42
	Net Operating Cash Flows		(53)	(307)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	--	--
		(b)equity investments	–	--
		(c) other fixed assets	(5)	(5)
1.9	Proceeds from sale of:	(a)prospects	–	–
		(b)equity investments	--	--
		(c)other fixed assets	--	--
1.10	Loans to other entities		–	–
1.11	Loans from other entities		–	–
1.12	Other (provide details if material)			
	Net Investing cash flows		(5)	(5)
1.13	Total operating and investing cash flows (carried forward)		(58)	(312)

1.13	Total operating and investing cash flows (carried forward)	(58)	(312)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	80	80
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - capital raising costs	-	-
	Net financing cash flows	80	80
	Net increase (decrease) in cash held	22	(232)
1.20	Cash at beginning of quarter/year to date	3,399	3,653
1.21	Exchange rate adjustments to item 1.20	–	–
1.22	**Cash at end of quarter**	3,421	3,421

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	45
1.24	Aggregate amount of loans to the parties included in item 1.10	–

1.25 Explanation necessary for an understanding of the transactions

All payments to directors and associates are on normal commercial terms.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	–	–
3.2	Credit standby arrangements	–	–

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	400
4.2	Development	–
	Total	400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	157	78
5.2	Deposits at call	3,264	3,321
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	3,421	3,399

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Narromine Molong	EL 6042 EL 6053	100% 100%	Nil Nil
6.2	Interests in mining tenements acquired or increased	No change			

Issued and quoted securities at end of current quarter

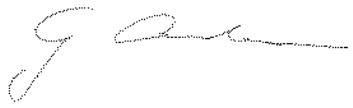
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Number issued	Number quoted	Par value (cents)	Paid-up value (cents)
7.1	**Preference +securities** *(description)*				
7.2	Issued during quarter				
7.3	**+Ordinary securities**	124,561,673	124,561,673		Fully paid
7.4	Issued during quarter	400,000	400,000		Fully paid
7.5	**+Convertible debt securities** *(description and conversion factor)*				
7.6	Issued during quarter				
7.7	**Options** *(description and conversion factor)*	17,884,430		Exercise price 20 cents	Expiry Date 30 June 2005
7.8	Issued during quarter				
7.9	Exercised during quarter	400,000		Exercise price 20 cents	Expiry Date 30 June 2005
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 21 January 2005
(Company Secretary)

Print name: Graham Anderson

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 *The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be compiled with

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