HALLMARK
CONSOLIDATED LIMITED

MINING HAS COMMENCED AT CAWSE EXTENDED

3 September 2003

Hallmark is pleased to announce that it has reached an In Principal Agreement with OMG to commence mining the Unicorn Pit located on the Cawse Extended tenements.

Initial pre stripping has been completed and mining of ore commenced today.

The OM Group Inc. ("OMG") owns and manages the Cawse Nickel-Cobalt Operation. OMG and Hallmark jointly own the Cawse Extended Project, which is located adjacent to the Cawse Nickel-Cobalt Operation.

Hallmark's 20% interest is free-carried to production, and is convertible to a 2% net smelter return, at Hallmark's election.

Agreement has now been reached on a wet tonne royalty payment which will replace the current agreement only for ore mined from the Unicorn Pit and transported to the Cawse ROM pad prior to processing.

The base case is AU$0.70/wt.

The Agreement has been structured to allow for variations in the nickel price and the AUD/USD exchange rate such that the wet tonne payment is variable within the range AU$0.50/wt and AU$0.90/wt.

Using the base case of AU$0.70 per wet tonne and mining production of 735,000 tonnes the Company expects to receive gross royalty income of $514,000 through to the March 2005 quarter.

OMG have further advised that infill drilling of Jedbob and Yowie Resources is planned over the next twelve months with the view to extend mining reserves within the Cawse Extended tenements.

Yours faithfully
HALLMARK CONSOLIDATED LIMITED

JOHN W BARR
Chairman