



A.B.N. 71 002 802 646

29th April 2004

The Manager,
Company Announcements Office,
Australian Stock Exchange Limited,
Level 4,
20 Bridge Street,
Sydney, NSW 2000.

Fax No. 1300 300 021

Dear Sir,

Re: Quarterly Report 31 March 2004 – Stanton Prospect

In accordance with the Listing Rule 5.2 this report summarises the status of the Stanton Development as at 31 March 2004. The Stanton Prospect is conducted through Hydromet's wholly owned subsidiary Mineral Estates Pty Limited.

The following key points should be noted:

- **Scoping study and Infill Drilling**

The Company is reviewing alternative cost estimates for on site infill drilling to firm up the original cost estimate.

- **Licence Upgrade**

As the Exploration Licence 8413 expired in December 2001, steps were taken to acquire the area under different mining tenure. The company made application to the Northern Territory Department of Business, Industry & Resource development for the Mineral Lease and an Exploration Retention Licence covering the original area of exploration.

Our subsequent application for an Exploration License was lodged with the Department that includes the original area of exploration plus a further portion to the north of the Stanton Prospect. On the 4th December 2002 the Northern Territory Department of Business, Industry and Resource Development granted Mineral Estates Pty Limited an Exploration Licence (EL No. 23531) for a period of six years. The above exploration license was lodged to continue further work when necessary, in case there were major delays in obtaining a Mineral Lease ML 23348 within the same area. The company applied for a mineral lease to proceed to the next stage of development after a total expenditure of over \$3 million during its previous 10 years tenure of EL 8413.

- **Potential JV partner**

The company is exploring the potential for a joint partner to become involved in the project and/or role the involvement of an existing mining company.

- **Expenditure incurred in the quarter 31 March 2004**

Expenditure incurred in the quarter was limited to \$13,000.

- **Production or Development Activity**

During the quarter ended 31 March 2004 there has been no production or development activity.

- **Exploration Activity**

During the quarter ended 31 March 2004 there has been no exploration activity.

1. Scoping study and infill Drilling

Following the scoping study carried out by an independent engineer Board of Directors is considering infill drilling to confirm the preliminary reports.

A number of discussions have been held with the objective of an improved understanding of previous costing estimates on the Infill drilling programme. It was revealed that an accurate estimate was not possible without a visit to the lease area to properly evaluate the ground and weather condition, access roads and camping facilities available etc.

An indicative cost estimate for Infill drilling programme of between \$200,000 to \$250,000 was received.

Timing of infill drilling is dependent on weather conditions and availability of contractors for this exercise.

2. Application to Convert Current Exploration Lease to a Mineral Lease

The Exploration Licence expired on 30 December 2001 and the company made applications with the Northern Territory department of Business, Industry & Resource Development for a Mineral Lease and exploration retention Licence.

The Exploration Licence 8413 covered approximately 65.78 sq kms. and our application for a Mineral Lease covering an estimated 1,670 hectares is more than sufficient to cover our identified recourse area of the Stanton Prospect, extending to Running Creek, Stanton 2 and 3. The remaining area of the Exploration Lease is covered by our application for an Exploration Retention Licence covering an estimated 3,312 hectares. Both the Mineral Lease application and the Exploration Retention Licence application are still pending at this time.

Our application for an Exploration Licence which includes the original area of exploration plus further portions to the north is for an estimated 227 square kilometres. On 4th December 2002 Mineral Estates Pty Limited was granted the above Exploration Licence (EL No. 23531). The area of (ceased) EL 8413 falls within the southern portion of the new title. The exploration licence is valid for a period of 6 years to expire on 3rd December 2008.

In regards to the additional license and lease applications this process may require some negotiation with local aboriginal council to resolve any potential native title claims.

3. Potential JV Partners

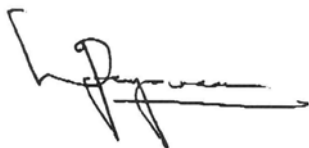
Whilst progressing the above strategy the company has continued to explore the potential for joint venture partners and/or mining partner. Expressions of interest have been received and this development option will be further evaluated over the coming months.

4. Expenditure incurred in March 2004 quarter

Total expenditure of \$13,000 comprising:

- Metallurgical testwork \$3,000
- Process Development \$3,750
- Assessment of previous exploration \$2,000
- Economic re-assessment of project \$1,000
- Marketing assessment \$1,250
- Administration and corporate costing \$2,000

Yours faithfully,



Dr. Lakshman Jayaweera
Chairman / Technical Director