



# CULLEN RESOURCES LIMITED

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## QUARTERLY REPORT FOR PERIOD ENDING 31 DECEMBER 2004

### HIGHLIGHTS

- The Company has successfully continued its strategy to attract suitable joint venture partners for major project areas, with new joint ventures with Aquila Steel and NuStar, the developer of the Paulsens Gold Mine, both in the Ashburton Region, W.A.
- The Company anticipates enhanced exploration and drilling activity in 2005 with Joint Ventures now in place with: WMC; Newmont; Independence; Nickel Australia; Minotaur; Aquila and NuStar.
- The Company raised \$1.315 million by placement and \$0.4 million from the exercise of options. As at 31 December cash and liquid investments totalled \$2.4 million.
- Independence has reported that further geophysical surveying is planned for the March Quarter to better define encouraging results from the Irwin Bore joint venture, targeting nickel sulphide mineralisation.
- First pass RAB and air core drilling at the Wonganoo Nickel Project has confirmed the presence of nickel and copper anomalous ultramafic horizons as targets for nickel sulphide mineralization.
- The first RC drilling from Yanks Bore Trend in the Ashburton Region, returned a best intersection of **10m @ 1.92 g/t Au in RHRC001** (from 5 -15m depth, 5m composites).
- In New South Wales, RC drilling of the “Scoop Holes” and “Walsh” prospects near Yalgogrin identified granite-hosted, supergene gold mineralization – 6m @ 1.2g/t Au and 4m @ 1.8g/t Au.
- Detailed gravity surveying and geochemical compilation of areas selected from a regional gravity survey are planned by joint venture manager, Minotaur, to commence shortly at the Duchess Project in Queensland.

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## **EXPLORATION ACTIVITIES – WESTERN AUSTRALIA**

### **NORTH EASTERN GOLDFIELDS**

**GUNBARREL NICKEL JOINT VENTURE - (Eureka Group : E53/568, E53/535, E53/818, E53/837, Cullen 100%, WMC Resources Ltd has earned a 75% interest in nickel and base metal rights by spending \$1M, Cullen's 25% is free carried to Decision to Mine)**

During the Quarter, a geochemical data compilation and review programme was initiated by consultant geochemists on behalf of the Joint Venture. This work is due for completion by mid-February, and the results will be integrated with an on-going review of the geological data and the most appropriate ground geophysical techniques, to aid target definition in the project area. A work programme for 2005 will then be prepared based on these review results.

**GUNBARREL GOLD/NEWMONT JOINT VENTURE - (Eureka Group, E53/568, E53/535, E53/818, E53/837, MLAs 53/868-870, Cullen 100%; Irwin Bore Group, E53/403, 925 and 981, Cullen 90%, ELA 53/1040 and 1096, Cullen 100%)**

As announced previously, a conditional agreement has been reached with Newmont Exploration Pty Ltd (Newmont), a subsidiary of Newmont Mining Corporation, to form a joint venture (Newmont Joint Venture) covering a portion of Cullen's Gunbarrel Project tenements (E53/535, E53/568, E53/837 and E53/818). Formation of the Newmont Joint Venture, for gold rights only, is contingent upon development of documentation satisfactory to WMC, Newmont and Cullen. Work on the various agreements is progressing well.

**IRWIN BORE JOINT VENTURE - (E53/403, 925 and 981, Cullen 90% Independence earning 65%, and Mt TATE and NEW TAFFY WELL (ELA'S 53/1040 and 1096 - Independence earning 70%)**

Cullen's 90% interest in the nickel rights for the Irwin Bore Project has been farmed out to the Independence Group NL (Independence). The Revesco Group Ltd owns the remaining 10% interest which is free carried to completion of a pre-feasibility study in the project.

The Irwin Bore tenements contain prospective komatiites which have had only limited previous exploration for accumulations of nickel sulphides. The tenements contain 16 strike kms of at least three komatiite horizons, some of which show cumulate textures.

A number of conductive responses associated with interpreted ultramafic units were identified during the ground EM survey commenced last quarter. The surveys cover anomalous, nickel-suite soil geochemical targets (up to 1,050 ppm Ni) within prospective ultramafic sequences. A follow-up fixed loop survey to better define the best bedrock conductor for drill testing is scheduled for January/February 2005 together with continuation of the systematic first pass survey over the remainder of the project area.

**WONGANOO GOLD/NICKEL PROJECT - (E 53/1046, ELA's 53/1030, 1069, and 1083  
Cullen 100%, Cullen can earn 80% in E53/988)**

Consulting group "Newexco Services Pty Ltd" completed a review of the nickel sulphide potential of the Wonganoo Project area in the previous Quarter. The review, which included a field inspection of the project area, established the presence of olivine cumulates and two substantial komatiite horizons within E53/988, which are prospective for nickel sulphide mineralisation.

During December 2004, Cullen completed a short, wide spaced RAB/air core drilling programme (1046m RAB and 415m air core) within E53/988, to test between some previous drilling, with anomalous Ni and Cu values, and across some untested aeromagnetic anomalies. The programme also provided general information about the petrology of ultramafic sequences as a precursor to detailed exploration.

The results of the drilling confirmed that:

- the Wonganoo North ultramafic trend has interesting, anomalous nickel and copper geochemistry in the untested south eastern portion of the trend (**up to 2755 ppm Ni with 416 ppm Cu** , in a 5m composite sample from 15-20m depth) - the target horizon has a strike length of at least 3km;
- a previously untested aeromagnetic anomaly in the eastern portion of the tenement includes anomalous geochemistry, **up to 1970ppm Ni with 499 ppm Cu** (in a 2m composite sample, at 25 - 27m depth to end of hole). The aeromagnetic anomaly suggests a possible strike length of ~ 1km for this target;
- the Wonganoo West ultramafic target includes anomalous geochemistry of **up to 11m of 3450ppm Ni from 45 - 56m depth, end of hole** , with 57ppm Cu.

The coincidence of elevated nickel and copper values in ultramafic rocks confirms the nickel sulphide prospectivity of the Wonganoo project area.

Other untested magnetic anomalies of similar magnitude to those drilled at Wonganoo North and West occur within E53/988 and west of the Dingo Range within E53/1046.

Further exploration will now include: geological mapping and geophysical surveying of known ultramafic trends; and RAB traverses to broaden the testing of aeromagnetic anomalies.

## EASTERN GOLDFIELDS

### **KILLALOE NICKEL PROJECT - (E63/722\*, E63/765\*, Ps 63/1131-1133, 1172-1174, Cullen 100%, \* 7.5% NPI to Xplore Pty Ltd applies to these tenements)**

In October, Nickel Australia Ltd entered into a joint venture with Cullen on the Killaloe Project in the Norseman district of Western Australia. This project forms a strategic addition to Nickel Australia's Norseman portfolio.

The project comprises two granted Exploration Licences and six granted Prospecting Licences, situated 25km northeast of Norseman township adjoining the eastern boundary of Nickel Australia's Norseman property. Killaloe covers about 150km<sup>2</sup> containing 27 strike kms of the southern extensions of the Kambalda ultramafic sequence: the Eastern Ultramafic Belt (EUB) and the Western Ultramafic Belt (WUB).

Previous exploration confirmed the presence of highly anomalous nickel and pathfinder elements within gossans developed over the ultramafics. Some of these anomalies were drill tested producing narrow (1-3m) intersections of low grade (0.5-1.0%) nickel sulphide mineralisation, confirming the prospectivity of this district. However, numerous strongly anomalous gossans and TEM conductors remain totally untested.

In 2003, Cullen commissioned the experienced nickel exploration consulting firm Newexco Services Pty Ltd, to conduct a review of the nickel and base metal potential of the Killaloe project, and to assist with the development of a nickel exploration strategy. As a result of their technical review, Newexco concluded that: ***“With so many untested targets remaining throughout the EUB komatiite sequence, the nickel sulphide potential of the EUB is considered to be very high, whilst as a result of the nickel sulphides already intersected in the WUB and the identification of a structurally repeated, untested cumulate horizon, the nickel sulphide potential of the WUB is also considered high.”***

In their most recent Quarterly report, Nickel Australia stated that:

***“There is significant potential to better define the known TEM conductors as well as undertaking further TEM surveys over areas not yet explored. In addition, numerous gossans located in favourable geological locations have yet to be drill tested. These will undergo aircore drilling to confirm the orientation and definition of the target zones prior to deep drill testing by RC and diamond drilling.”***

Nickel Australia is managed by an experienced team with a track record in nickel sulphide discovery. Exploration at Killaloe will commence as soon as practicable after the completion of documentation and will include: surface electromagnetic and geochemical surveys, and aircore, RC and diamond drilling.

**KILLALOE GOLD PROJECT - (E63/722\*, E63/765\*, Ps 63/1131-1133, 1172-1174, Cullen 100%, \* 7.5% NPI to Xplore Pty Ltd applies to these tenements)**

Cullen has now completed a field assessment of the drilling results obtained by Placer Development Asia Pacific (PDAP) during its exploration of the Killaloe tenements (PDAP subsequently withdrew from the Joint Venture in October 2004), and compiled and integrated the results of PDAP's exploration into its own database.

The results of PDAP's RAB drilling (214 holes for 5459m) at Killaloe included a best intersection of **6m @ 1.32 g/t Au from 30m** to end of hole in "KLRB092", together with other, low-grade gold anomalies.

From its work, Cullen has concluded that the Killaloe-Buldania break/shear zone targeted by PDAP's drilling is an extension of the Zuleika shear, and that analogies to the Kundana, White Foil and Broads Dam gold ore bodies are valid targets types. These ore bodies are localized along the Zuleika shear and broadly consist of either high grade quartz veins, or moderate grade quartz stockworks and silicified shear zones localized along lithological contacts, often near cross-cutting fault offsets.

The Killaloe/Zuleika shear extends for over 15km of strike within the Cullen tenements and includes several targets areas as follows:

- Killaloe - old gold workings and abundant quartz veins localized along a 300° structural trend/splay from the Killaloe/Zuleika shear (330°). This splay is coincident with a linear, aeromagnetic, "low" feature.
- Cashel – where gold mineralization has been intersected in previous drilling in quartz veins hosted by sheared basalt close to the Killaloe/Zuleika shear, a series of interpreted N and NNE trending faults; and,
- Windy Hill - where gold mineralization, indicated by PDAP's drilling, is coincident with the Killaloe/Zuleika shear which in this section includes shale and conglomerate lithologies in contact with basalts, and faulting along N-S trends.

RAB and/or RC drilling programmes are planned to follow up these target zones.

## **ASHBURTON GOLD PROVINCE**

Cullen holds a strategic position in the NW sector of the Ashburton Gold Province, including a number of projects areas along the Parburdoo Hinge Zone - a 300km long set of regional structures which host a number of gold deposits and prospects (see Figure). During the Quarter new initiatives included : a Joint Venture with Aquila Steel Pty Ltd (Aquila) to explore for iron ore on a group of Cullen's tenements; and a farm-in agreement with NuStar Mining Corporation Ltd (NuStar) to explore for gold.

## **Farm-In by NuStar Mining Corporation Limited**

NuStar Mining Corporation Ltd (NuStar) and Cullen Exploration Pty Ltd (Cullen) have agreed to a joint venture over Cullen's Hardey Junction tenements, E08/1145, 1166 and 1189, which cover an area of 175 sq km.

Under the terms of the agreement, NuStar can earn a 70% interest in the tenements with an expenditure of \$800,000 over 4 years, or a 51% interest by spending \$500,000 over 3 years. The minimum expenditure commitment is \$75,000. If NuStar earns a 51% interest, Cullen can contribute pro rata or revert to a 30% carried interest to a Decision to Mine. The carried interest will be repayable to NuStar from 50% of free cash flow attributable to Cullen. If NuStar proceeds to earn a 70% interest, Cullen can contribute pro rata or revert to a 25% carried interest to a Decision to Mine.

NuStar is currently developing the Paulsens gold deposit as an underground mine, (Reserve of 1.2 Mt @ 10.7 g/t Au - NuStar ASX announcement of 24/8/2004) and has indicated that it intends to produce its first gold from Paulsens in May 2005. NuStar became the subject of a takeover bid by Sedimentary Holdings Limited on the 18th of November 2004. In light of these new developments, Cullen believes its extensive ground position in the Wyloo Dome region is of significant strategic interest. The Hardey Junction tenements are centred approximately 15km south of the Paulsens Mine.

## **Iron Ore Joint Venture - Farm in by Aquila Steel Pty Ltd**

An agreement has been reached with Aquila Steel Pty Ltd (a wholly owned subsidiary of Aquila Resources Limited) whereby Aquila Steel can explore, and if warranted, develop, iron ore deposits within: E08/1135 (Red Hill West); E08/1292 and E08/1375 (Mt Stuart); E08/1330 (Catho Well) and E08/1341 (Cardo Bore) - see Figures. Cullen retains the rights to minerals other than iron ore.

Under the terms of the Agreement Aquila Steel can earn a 70% interest in iron ore deposits by expending a total of \$1.0M over five years with a minimum expenditure of \$100,000. Once Aquila has earned its 70% equity, Cullen can elect to contribute pro rata or dilute. If Cullen's interest dilutes below 10% whilst Joint Venture activities are continuing, Cullen shall be entitled to a 50 cents per tonne royalty.

The Cullen tenements contain paleodrainage channels that have been in-filled with sediment derived from erosion of iron formations in the western part of the Hamersley Basin. The exploration target is channel iron deposits (CIDs), which are accumulations of material anomalously high in iron that have concentrated in the channels and become lithified.

Exploration in the 1960's identified the palaeochannels on the western part of the Hamersley Basin. Drilling and sampling showed the channels to contain CIDs. At that time, however, such occurrences were not considered viable as a source of iron when compared with the higher-grade Brockman type ores. Today Rio Tinto is profitably mining CIDs from Mesa J at Robe River, some 70 km to the north. Production of iron ore from CIDs is anticipated to increase over the next decade to cope with the rising demand.

Aquila Steel plans detailed mapping and sampling to define the CIDs, with follow-up drill testing of targets anticipated for the June 2005 Quarter.

**WYLOO - De Courcy (E47/874, 875, 1004), De Courcy North/Horse Well (E47/903, E 47/1154) Hardey Junction (E08/1145, 1166, 1189, ELA 08/1327), Catho Well (E08/1330) and Mount Stuart (E 08/1292,1375)**

The Company received the results of a first pass, reconnaissance RC drilling programme which targeted the a coincident Au, As and Sb soil anomaly, the **Lizzie Prospect**, on the south east margin of the Wyloo Dome also in the Ashburton Region (see Figure).

Drilling tested a gold-arsenic soil anomaly in a Paulsens type geological setting. Numerous quartz-pyrite veins were intersected but gold values were generally low (up to 0.2 g/t Au). Cullen has delineated other rock chip and soil sampling anomalies (see Figure) to the south of Lizzie along a series of regional faults and shears (Highway Shear Zone). These anomalies may be the subject of reconnaissance drilling in the coming field season.

**YANKS BORE PROJECT - Yanks Bore (E08/1022, Cullen 51% and Udu Resources Ltd 49%, diluting; Red Hill West, E08/1135 and Cardo Bore E08/1341, Cullen 100%)**

Target areas along the Paraborndoo Hinge Zone (PHZ) at the Yanks Bore Project (see Figure) were drill tested using a "light weight" RC drill rig. A programme of 10 holes for 590m was completed - eight of these were within E08/1022, a Joint Venture with Udu Resources Pty Ltd (49%); and 2 holes were within Cullen's 100% owned E08/1135. Previous scout RAB drilling targeting spot rock chip highs along the anomalous gold trend, has recorded a best intersection of 3m @ 2.4 g/t Au (Aberfoyle Knoll Prospect - E08/1022).

The RC programme, which is the first along this extensive anomalous trend, has provided information below the oxidation level at key, structurally-favourable sites, and has confirmed the interpreted orientation of the mineralized quartz vein and dolomite horizons.

**The assay results (see Table below) below included a best intersection of 10m @ 1.92 g/t Au in RHRC001 (from 5 -15m depth, 5m composites), from the northern portion of the Red Hill West tenement (E08/1135).**

RHRC001 and a second hole were drilled at -60° into a prominent quartz vein ridge marked by rock chip and nearby soil anomalies. The second hole, located ~40m along strike from RHRC001, did not intersect any significant gold values. **However, the intersection in RHRC001 is important and indicates that the Yanks trend, which has a strike extent of ~ 8 km within E08/1135, is prospective and will be the focus of further exploration.**

The other drill holes included a number of low grade intersections from along the trend between the Aberfoyle Knoll and Red Hill West prospects (up to 10m @ 0.55 g/t Au in 5m composites).

**TABLE - ANOMALOUS DRILL INTERSECTIONS (>0.5 G/T AU) FROM YANKS BORE TREND**

Hole ID	EASTING	NORTHING	From(m)	To(m)	Intercept
YBRC6	399186	7566920	15	25	10m @ 0.55 g/t Au
RHRC1	399851	7564277	5	15	10m @ 1.92 g/t Au

\*5m composites, aqua regia digest AAS to 1ppb. Datum GDA 84

## EXPLORATION ACTIVITIES - NEW SOUTH WALES

**CENTRAL LACHLAN INTRUSIVE-RELATED GOLD PROJECT (E6168, 6206, 6227 , 6207, 6220, 6235, 6257, 6256, Cullen 100%; option to purchase - EL's 5891 and 6020 from Mr Denis Walsh, Yalgogrin Prospect Area)**

### **Yalgogrin**

E's 5891 and 6020 are centred on the old Yalgogrin Goldfield in the Central Lachlan Fold Belt of New South Wales, 35kms west of West Wyalong. They cover an area of 5.7km<sup>2</sup> and are surrounded by Cullen's E6206 Gibsonvale.

During the Quarter, reverse circulation (RC) drilling was carried out in E6020 and 6206 to follow up earlier drilling and encouraging continuous channel sampling at the **Walsh Prospect** reported in the September Quarterly (T6 near YAC44 - 17m @ 1.74 g/t Au and T7 ~40m east of T6 - 20m @ 1.08 g/t Au), and test the down dip potential at the **Scoop Holes workings**. Three holes (212m) were drilled at the Scoop Holes workings (2.5 km east of Yalgogrin) and 12 holes (755m) at the Walsh Prospect (1km south of Yalgogrin).

The drilling intersected weathered to fresh biotite granite with zones of weak to moderate sericite alteration and limonite staining/fracture coatings in all holes, with minor, narrow quartz vein zones in some holes. Mineralized intersections are shown in Table 1.

Interpretation of drill sections has shown that the mineralization at the **Walsh Prospect** occurs in shallowly south dipping (20-30<sup>0</sup>) zones with a supergene overprint. In the vicinity of the Walsh trenches area, several drill holes have intersected supergene gold mineralization from surface: DWRC004, 8m @ 2.4 g/t Au including 1m @ 13.25 g/t Au and DWRC012, 6m @ 1.21 g/t Au. Further shallow (20-30m) drilling is necessary to define the extent of supergene mineralization.

**TABLE 1: MINERALIZED INTERSECTIONS – RC DRILLING AT SCOOP HOLES AND WALSH PROSPECT.**

<b>Drill Hole</b>	<b>Easting</b>	<b>Northing</b>	<b>From</b>	<b>To</b>	<b>Thickness</b>	<b>Grade g/tAu</b>
SHRC-02	485355	6255440	59	60	1	5.6
SHRC-03	485450	6255400	47	48	1	1
DWRC-09	483690	6253790	9	10	1	1.47
DWRC-12	483687	6254084	0	6	6	1.21
incl			4	6	2	2.74
DWRC-13	483692	6254045	13	14	1	1.97
DWRC-15	483775	6253950	13	17	4	1.75
and			35	37	2	1.65
DWRC-16	483470	6254120	10	11	1	2.65
and			14	15	1	1.71
			22	23	1	2.59
DWRC-17	483545	6254105	41	42	1	1.1

All assays by fire assay with AAS finish. All holes -60°dip. Datum MGA'94



At **Scoop Holes**, a zone of altered granite up to 9m thick was intersected, with a narrow zone (1m in all holes) containing higher grades of up to 5.6 g/t Au (SHRC002) at depths of 40-50m down hole (Table 1) These results suggest the Scoop Holes veins targeted by previous prospectors are not of further interest, however, there is potential for near surface, supergene gold mineralization in this area, along ~200m of strike, which remains to be tested.

**Ardlethan E6207** - Includes the **Golden Spray** and **Harry Smith** historic gold mines within the metamorphic aureole of a granite intrusion (16-20,000 ounces of production during the 1890s and late 1930s). Mineralization consists of steeply dipping, structure-hosted, gold-bearing quartz stockworks and lodes within sandstones and siltstones along a 400m trend. Previous percussion drill intercepts include: 18m @ 0.75 g/t Au, 8m @ 2.46 & 6m @ 2.18 g/t Au, 6m @ 1.35 g/t Au, 13m @ 0.75 g/t Au & 4m @ 1.93 g/t Au, 31m @ 1.82 g/t Au, 23m @ 1.97 g/t Au; and 17m @ 1.45 g/t Au from 44m comprising quartz veining in siltstones intersected by Cullen RC hole, HSRC001, as previously reported.

During the Quarter, Cullen completed several continuous channel samples to aid interpretation of the geology and mineralization in the area of the old shafts and assist with siting of further drill holes. The results (Table 2) indicate gold mineralization in brecciated siltstone and sandstone and quartz veined, silicified siltstone and sandstone.

**TABLE 2: RESULTS OF CHANNEL SAMPLING – HARRY SMITH MINE**

<b>Channel No</b>	<b>From</b>	<b>To</b>	<b>Length</b>	<b>Grade g/t Au</b>
T1	9	20	11	0.7
incl	10	13	<b>3</b>	<b>1.1</b>
T2	19	23	4	0.4
T3	5	18	13	0.9
incl	9	12	<b>3</b>	<b>1.8</b>
T4	8	19	11	0.4
incl	9	11	<b>2</b>	<b>1.1</b>

All assays by fire assay with AAS finish

The mineralization is interpreted to be related to up to four vein sets between the “Stinker” and Golden Spray mines, with further drilling required to investigate the mineralization.

## **EXPLORATION ACTIVITIES - QUEENSLAND**

### **DUCHESS PROJECT AREA - Erle (EPM 11990) and Mayfield (EPM 12395).**

The tenements were granted to Cullen in early July 2004 for a period of four years. Cullen and a subsidiary of Minotaur Resources Ltd have formed the Duchess Joint Venture whereby Minotaur can earn a 70% interest in the tenements for an expenditure of \$3 million over four years, of which \$100,000 is a first year, minimum commitment after which Minotaur may withdraw at any time. Minotaur has reported that an Indigenous Land Use Agreement has been completed with the Kalkadoon and Yulluna Native Title Claimant Groups.

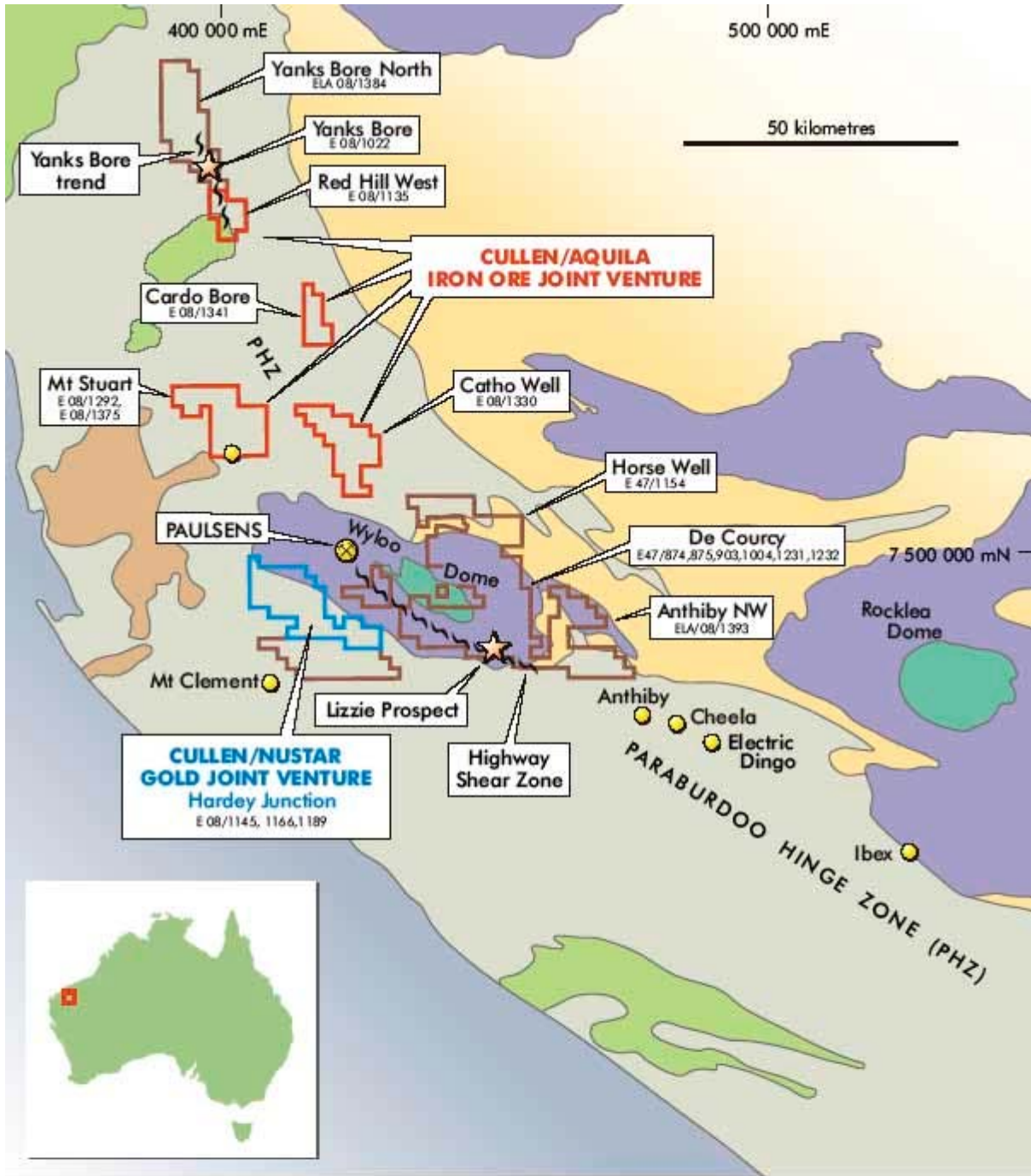
Field work commenced during the quarter with two gravity surveys undertaken to provide a regional geophysical overview of the tenements. Several areas have been highlighted for follow-up surveys and more focussed geological/geochemical compilation in the current Quarter.

## **CORPORATE**

Towards the end of the Quarter, Cullen completed a placement of 32,875,000 new Ordinary Shares to clients of Kefu Underwriters Pty Limited and other sophisticated investors. The issue price of the placement was 4 cents per share raising a total of \$1,315,000 for the Company before expenses.

As at 30 November 2004, 10,000,000 unlisted options were exercised by four directors and a former consultant at 4 cents each, raising \$400,000.

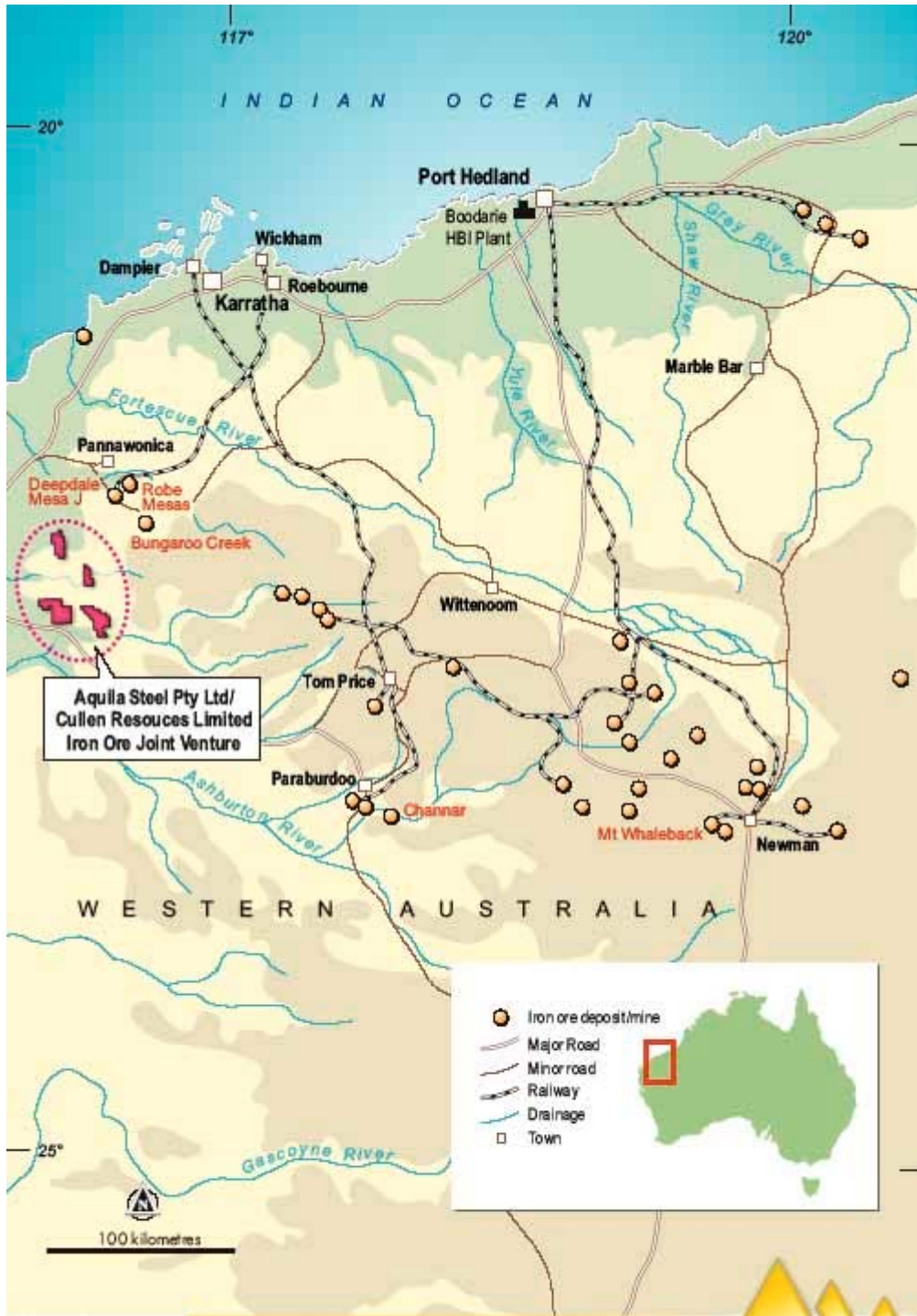
As at 31 December 2004 cash and liquid investments totalled \$2.4 million.



- |                               |                       |   |
|-------------------------------|-----------------------|---|
| <b>PROTEROZOIC</b>            |                       | Gold mine                                   |
| Mount Minnie Group            | Boolaloo Granodiorite | Gold prospect                               |
| Wyloo Group - Ashburton Basin | <b>ARCHAEAN</b>       | Cullen's recently completed drilling        |
| Hamersley Basin               | Fortescue Group       | Cullen Tenement                             |
| Granite/greenstone            |                       | Cullen/Aquila Steel Pty Ltd JV              |
|                               |                       | Cullen/Nustar Mining Corporation Limited JV |

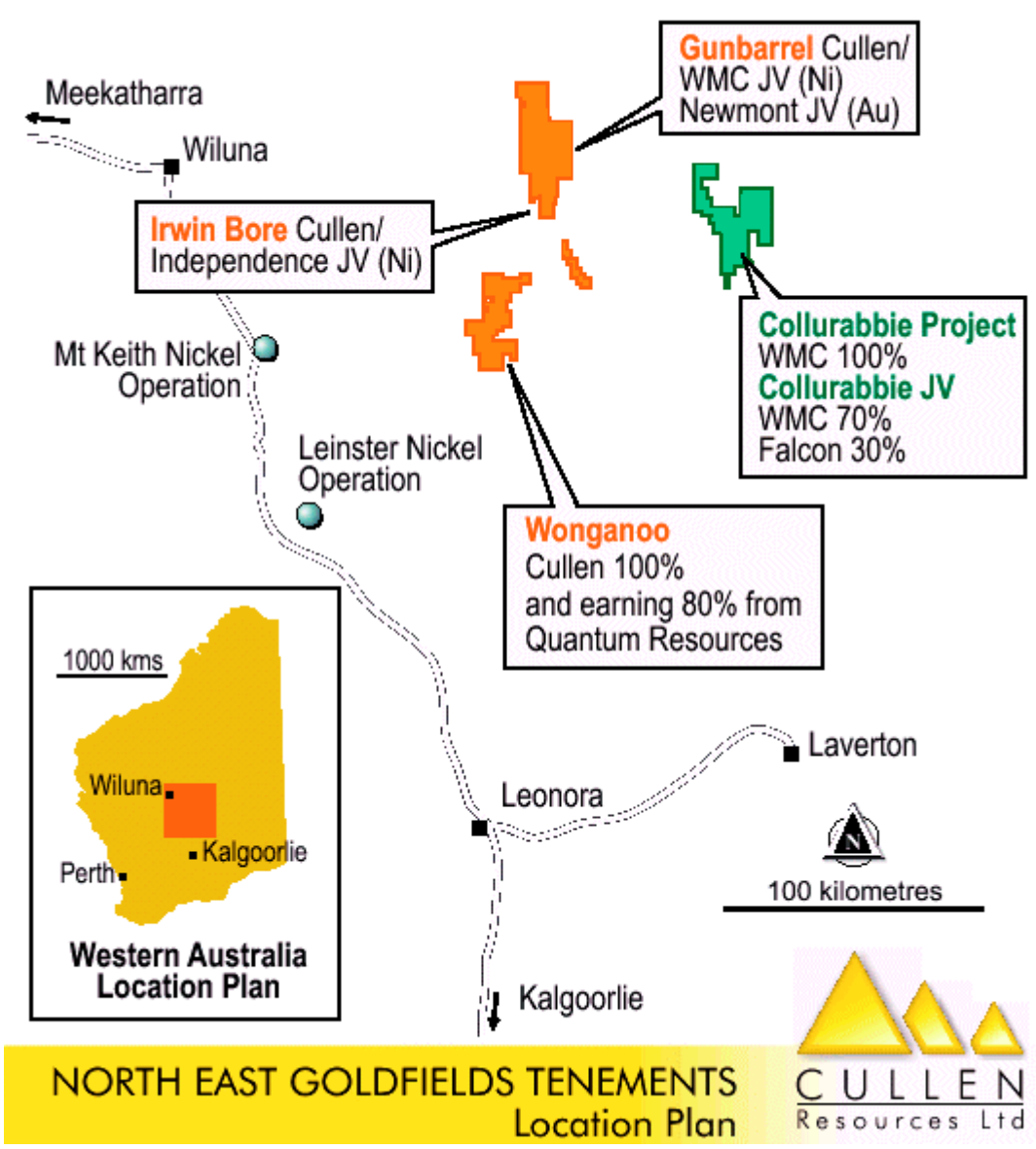
**ASHBURTON PROJECT**  
Joint Venture Areas & Recent Drilling Location Plan





Location of Cullen/Aquila Iron Ore JV Area, Pilbara Iron Ore Province, Western Australia





**NORTH EAST GOLDFIELDS TENEMENTS**  
Location Plan

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

CULLEN RESOURCES LIMITED

ABN

46 006 045 790

Quarter ended ("current quarter")

31 December 2004

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (...6... months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(472)	(770)
(b) development	-	-
(c) production	-	-
(d) administration	(84)	(169)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	20
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(548)</b>	<b>(919)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	(5)
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	316	316
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)- Security deposits	-	10
<b>Net investing cash flows</b>	<b>316</b>	<b>321</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(232)</b>	<b>(598)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(232)	(598)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1,710	1,710
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 share issue expenses	(25)	(25)
	<b>Net financing cash flows</b>	<b>1685</b>	<b>1685</b>
	<b>Net increase (decrease) in cash held</b>	<b>1,453</b>	<b>1,087</b>
1.20	Cash at beginning of quarter/year to date	700	1,066
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,153	2,153

**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	125
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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**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

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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

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+ See chapter 19 for defined terms.

### 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	250
4.2 Development	-
<b>Total</b>	250

### 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	2,153	700
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	2,153	700

### 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	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

**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.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	363,731,282	363,731,282	-	-
7.4 Changes during quarter				
(a) Increases through issues	10,000,000 32,750,000	10,000,000 32,750,000	\$0.04 \$0.04	- -
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>	3,500,000 2,000,000 8,000,000	- - -	<i>Exercise price</i> \$0.05 \$0.08 \$0.04	<i>Expiry date</i> 17 January 2006 17 January 2006 30 November 2007
7.8 Issued during quarter	8,000,000	-	\$0.04	30 November 2007
7.9 Exercised during quarter	10,000,000	-	\$0.04	30 November 2004
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

## 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: ....24/01/05.....  
(Director/Company secretary)

Print name: Wayne Kernaghan

## 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 complied with.

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+ See chapter 19 for defined terms.