



18<sup>th</sup> October 2002

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 to 30 September 2002 - The Stanton Prospect**

In accordance with the Listing Rule 5.2 this report summarises the status of the Stanton Development as at 30 September 2002. 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 requested and is reviewing alternative cost estimates for onsite infill drilling to firm up the original cost estimate.
- **Licence Upgrade.**  
The current exploration licence expired in December 2001. The company is applying to the Northern Territory Mines Department for a mineral lease to cover the area already explored with the remainder of the lease to be protected by an exploration retention licence.
- **Potential JV partner.**  
The company is exploring the potential for a joint venture partner to become involved in the project and or the involvement an existing mining company.
- **Expenditure incurred in the quarter ended 30 September 2002.**  
Expenditure incurred in the quarter was limited to \$141.
- **Production or Development Activity.**  
During the quarter ended 30 September 2002 there has been no production or development activity.
- **Exploration Activity.**  
During the quarter ended 30 September 2002 there has been no exploration activity.

**1 Scoping Study and Infill Drilling**

Following the Scoping Study carried out by an independent engineer the Board of Directors is considering Infill drilling to confirm the preliminary reports.

A number of discussions were 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 conditions, access roads and camping facilities available etc.

An indicative cost estimate for the 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.

With the application for mineral lease status underway it is unlikely that the drilling exercise will be conducted until later in 2002.

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

Our current exploration lease expired on 30 December 2001. The exploration lease could not be extended beyond that date. Discussions were held with the Dept. of Mines N.T. regarding the next stage of development. A consultant has been engaged to represent Hydromet on the lease conversion.

Our current EL licence covers approximately 6,000 hectares. We will seek a Mineral Lease covering an estimated 1,000 hectares which is more than sufficient to cover our identified resource area of Stanton, extending to Running Creek Stanton 2 and 3 as shown in the sketch.

The above process may require some negotiations with the local aboriginal land council to resolve any potential land claims.

The remaining area of the exploration lease can be covered by for exploration retention lease (ERL) and application will be made to that effect.

**3 Potential JV Partners**

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

**4 Expenditure incurred in September 2002 quarter.**

Total expenditure of \$141 comprising:

Capricorn Mapping and Minimig Title Services      \$141

Mr Neil Smith  
**Company Secretary**