

18 July 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 30 June 2002 – The Stanton Prospect

In accordance with the Listing Rule 5.2 this report summarises the status of the Stanton Development as at the 30 June 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 is reviewing alternative cost estimates for onsite 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 a Mineral Lease and an Exploration Retention Licence covering the original area of exploration. Also a subsequent application for an Exploration Licence was lodged with the Department that includes the original area of exploration plus a further portion to the North of the Stanton Prospect.

We are currently awaiting a response to the applications.

- **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 ended 30 June 2002.**
Expenditure incurred in the quarter was limited to \$2,077
- **Production or Development Activity.**
During the quarter ended 30 June 2002 there has been no production or development activity.
- **Exploration Activity.**
During the quarter ended 30 June 2002 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 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 applications to the Department underway and 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

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 an Exploration Retention Licence.

The Exploration Licence 8413 covered approximately 6,000 hectares and our application for a Mineral Lease covering an estimated 1,670 hectares is more than sufficient to cover our identified recourse are of 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.

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 kilometers.

The above process may require some negotiations 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 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 June 2002 quarter

Total expenditure of \$2,077 comprising:

Report to DME Northern Territory	\$1,637
ASIC filing fees	\$ 440

Yours faithfully

Neil Smith
Company secretary