



Our Ref. LJ2005030:mc

31 January 2005

The Manager  
Company Announcements Office  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**Re: Quarterly Report 31 December 2004 – Stanton Prospect**

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

The following points should be noted:

- **Licence Upgrade**

Our 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. On 4 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 licence 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. The company was notified by the Department of Mines that the ML would be considered subject to the survey and pegging of the area. Survey was conducted and completed by end of November 2004.

- **Potential JV Partner**

The company entered into an option agreement with Stanton Resources Ltd (formerly Conico Ltd) to sell the lease subject to the completion of the Due Diligence

work and successful flotation of SRL on the Australian Stock Exchange. Consideration to be given to Mineral Estates is \$500,000 cash and \$2,500,000 worth of shares in the new company.

- **Expenditure Incurred in the Quarter 31 December 2004**

Expenditure incurred in the quarter was limited to \$157,000.

- **Production or Development Activity**

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

- **Exploration Activity**

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dr Lakshman Jayaweera', written over a horizontal line.

Dr Lakshman Jayaweera  
Chairman/Technical Director