AUSTMINEX NL
ABN 56 005 470 799
QUARTERLY REPORT
FOR THE 3 MONTHS TO
30 SEPTEMBER 2003

Summary of Activities

Corporate

- Hartleys Limited was retained as corporate advisor, and is facilitating a capital raising by Austminex NL of $4 million by placement of 25,000,000 shares at $0.16. The placement is subject to shareholder approval at the AGM on 10 November 2003.

Exploration

Gold

- A surface rock chip sampling program was carried out at The Mount, with best results of 4 m @ 7.89 g/t Au, 2 m @ 21.54 g/t Au, and 2 m @ 23.65 g/t Au. (previously announced). Drilling will recommence within the next 2 weeks.

Nickel

- Drilling of the entire length of the crown pillar of the Nepean Nickel Project has been carried out, to assist with the evaluation of open-pit mining shallow nickel oxide and sulphide mineralisation. Drilling largely intersected the oxidised material overlying the nickel sulphide zone, and confirmed nickel values in earlier drilling by another company. Best results included 3m @ 3.18% nickel (Ni). In addition the drilling disclosed the existence of elevated platinum (up to 0.52ppm Pt), palladium (to 1.23 ppm Pd), and cobalt (in the range 200 – 500 ppm Co) associated with the nickel. The northernmost hole intercepted massive sulphides just to the north of a historic hole which intercepted 0.4m @ 17.69% Ni.
- Drilling commenced in late October with a 3 diamond drill hole program designed to enable Down Hole Electromagnetic (EM) surveying in order to locate possible extensions of the historic Nepean ore body at depth and along strike.
- Sipa Exploration commenced drilling within the Austminex-Sipa Coolgardie joint venture.
- First results were announced in late October, with massive sulphides to 2.4% Ni intercepted.

Plans for December Quarter

Exploration

- Infill drilling of the crown pillar at Nepean will commence in early November. Diamond drilling of the Nepean deeps will continue, with Down Hole EM surveying and surface EM planned.
- RC and diamond drilling will recommence at The Mount gold project in early November.
- Surface EM of the Mount Extended nickel anomaly will be followed by drilling.
GENERAL

Hartleys Limited was appointed as corporate advisor during the Quarter. Hartleys has been closely involved with advising and fund raising for a number of nickel exploration and mining companies in Western Australia over the last 2 years.

Hartleys has facilitated a capital raising of $4 million by placement of 25,000,000 shares at $0.16. The funds raised will be used to advance the company's exploration activities, in particular the Mount gold project and the Nepean nickel mine.

The Annual general meeting of the Company will be held at Rydges Hotel in Hay St, Perth, at 10.30am on Monday 10 November.

The cash position of the company at 30 September was $576,000.

EXPLORATION

NICKEL

Nepean Nickel Mine (Austminex 100%)

A program of 22 shallow RC drill holes for 1,234 metres was carried out over a strike length of 650 metres over the crown pillar of the Nepean nickel mine.

The drilling was designed to test whether it may be economic to re-open the mine through an open pit and decline from the bottom of the pit, to access the sulphide resource of 250,000 tonnes @ 2.70% Ni which remains in the upper levels of the mine.

The mineralisation targeted by the recent drilling is nickel oxide material at shallow depths. Drilling also aimed to test the depth of oxidation and define how far nickel sulphide mineralisation continues above the defined nickel sulphide resources in the upper levels of the mine.

Results of the recent drilling have confirmed the potential to re-open the mine by open pit, with best values including 3 metres @ 3.18% nickel. In addition the drilling disclosed the existence of elevated platinum (up to 0.52ppm Pt), palladium (to 1.23 ppm Pd), and cobalt (in the range 200 – 500 ppm Co) associated with the nickel. A full listing of results has been announced separately.

Drilling of 3 diamond drill holes designed as platforms for Down Hole EM surveying were commenced in late October. This will allow location of any extensions of the nickel sulphide mineralisation along strike and below the existing mine workings. An attempt may also be made to re-open some old diamond drill holes to allow further DHEM.

Plan for next Quarter:-

- Infill drilling of the crown pillar to 20 metre spacing will be carried out, to allow feasibility studies to commence over the shallow sulphide and oxide mineralisation.

- If the DHEM is successful in locating sulphide targets, a further 10 diamond drill holes designed to intercept those sulphides under the mine has been planned for later in the year or early in 2004.

- Surface EM is planned for the area just to the north of the mine where historic drilling intercepted 0.4m @ 17.69% Ni.
Sipa Nickel Joint Venture (Sipa earning 70%)

RC drilling carried out by Sipa at Deano’s Prospect intercepted massive nickel sulphides and both disseminated and massive gossan after oxidized nickel sulphides. The best intercept of 1m @ 2.4% Ni with 0.11 g/t Pt + Pd from 52.5m depth.

The geochemistry indicates that the intercepts lie within channel facies ultramafic rocks in a body which is at least 60 metres wide. Down Hole EM and a detailed ground magnetic survey are underway to trace the prospective ultramafics.

Two drill holes were also drilled at Bill’s Prospect which is located 1km north of Deano’s Prospect, but did not intercept nickel mineralisation.

Long Section of Deano’s Nickel Prospect (courtesy Sipa Exploration NL)

GOLD EXPLORATION

The Mount (Option to Acquire 100%)

Detailed surface mapping and surface sampling was carried out at The Mount gold project, located 3km south of Widgee Mount. Two hundred and thirty one-metre surface channel samples were collected wherever quartz vein outcrop could be accessed without mechanised clearing, using a
kanga gun and an excavator. The veins were sampled across strike, and in addition the selvages were sampled separately to determine whether there is significant gold in the host rock adjacent to the veins.

Best gold assays obtained included 4m @ 7.89 g/t, 2m @ 21.54 g/t, and 7 m @ 4.93 g/t from the main lodes, and 2 metres @ 23.65 g/t, 6m @ 3.58 g/t, and 5m @ 2.99 g/t gold from the cross-cutting veins. Complete results and a location plan of the lodes have been previously announced.

In addition to the known 13 sub-vertical, 1 to 2 metre thick, quartz-tourmaline-chalcopryite veins, which occur largely within the mining lease, a further 6 veins were identified to the west of the mining lease within the company's adjacent prospecting licences. Some of the veins were also shown to extend further to the south than was previously recognised.

The detailed mapping has confirmed the existence of the cross-cutting veins which are far more numerous than was previously recognised. These cross-cutting veins have not been previously included in the Company's internal economic evaluations of the property due to a lack of detailed information on their frequency and grade.

The sampling demonstrated that in many areas there is significant mineralisation in the host rock adjacent to the mineralisation.

The average widths and grades of the main veins, estimated from the channel sampling, are consistent with the widths and grades derived from recent RC drilling (which returned 21 intercepts averaging 2.6 metres in width at 5.15 g/t based on a 0.5 g/t lower cut-off). This suggests that the results are not biased by surface weathering.

**Plan for next Quarter:**

Drilling will recommence in November, with 4,000 metres of RC drilling in the central mine area, and 1,000 metres of RAB drilling along the German Lode. A further 3,000 metres of RAB to test for extensions to the south and south-east will be carried out in 2004.

**BASE METALS**

An extension of the option to purchase the Benamba tenements and associated assets was renegotiated with Denehurst Ltd (under administration by PricewaterhouseCoopers) until February 28, 2004. The renegotiated agreement allows for a reduction in the exercise price with the balance of the Final Payment deferred until a decision to mine and all approvals are received by the State and local authorities.

A review of the Benamba Project is currently being conducted in light of the increase in copper and zinc prices.

**EXPENDITURE**

The Proforma Statement of Consolidated Cash Flows is a separate report. Exploration expenditure in the Quarter was $323,000.

The geological information in this report is supplied by Mr Charles McCormick, a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), who is defined as a Competent Person under the JORC Code of the AusiMM. Mr McCormick is joint Chief Executive Officer of Austminex.

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