



31 October, 2001

Manager Companies
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Dear Sir

September 2001 QUARTERLY REPORT

HIGHLIGHTS

Eloise

- Three year mining contract awarded.
- Metallurgical test work to improve gold recoveries commenced.
- Profitable copper hedging.
- Drilling at Altia intersects 46.6m @ 7.19% Pb.

QUEENSLAND

Eloise (Copper/Gold)

Production

A total of 99,469 t of ore was milled with an average head grade of 4.20% Cu. This produced 13,780t of concentrate grading 29.31% Cu.

Production Statistics			
Production	September 2001 Quarter	Financial Year to Date	September 2000 Quarter
Ore Mined (t)	113,809	113,809	129,720
Ore Milled (t)	99,469	99,469	133,508
Head Grade			
- Copper (%)	4.20	4.20	4.38
- Gold (g/t)	1.10	1.10	1.27
Metal Recovery			
- Copper (%)	96.6	96.6	95.89
- Gold (%)	61.82	61.82	70.69
Concentrate Produced (t)	13,780	13,780	18,961
Concentrate Sold (t)	10,098	10,098	10,050
Concentrate Stocks at End of Period (t)	13,094	13,094	15,282
Concentrate Grade			
- Copper (%)	29.31	29.31	29.60
- Gold (g/t)	4.89	4.89	6.32
- Silver (g/t)	87.98	87.98	86.5

Mined ore was below budget primarily due to the under performance of the mining contractor. Resource drilling at depth was sufficiently encouraging for a tender to be called for a three year period commencing in October 2001.

Three recognised contractors were invited to submit pricing and equipment lists for a three year contract and the successful tenderer was Barmenco Ltd who commenced on 8 October 2001.

Whilst gold recoveries to date have been in accordance with expectations work has commenced to improve the recoveries by isolating losses to a separate product.

Mine Development

Mine development focussed on providing access to Levuka South, Elrose South and the Arolla Lode. Construction of the new in take airway continued throughout the quarter.

Mine Development Statistics			
Description	September 2001 Quarter	Financial Year to Date	September 2000 Quarter
Decline Advance (m)	638	638	412
Level Access Drives (m)	332	332	191
Ore Sill Drives (m)	426	426	146
Ventilation Access Drives (m)	24	24	19
Exploration Drive (m)	0	0	0
Total (m)	1,420	1,420	768
Ventilation Raises (m)	69.5	69.5	18
Cut Off Raises (m)	74.9	74.9	90
Total (m)	144.4	144.4	108
Sill Stripping – Ore (m ²)	4,930	4,930	2,911
Total (m³)	4,930	4,930	2,911

Ore Reserves and Mineral Resources

Underground diamond drilling and development has allowed the re-calculation of resources and reserves at Eloise.

The resources and reserves were estimated using three dimensional wire frames, inverse distance weighted block models and a 2.0% Cu cut-off.

Note that reserves are in addition to resources and the grades shown are percentage copper.

Area	Reserves				Resources				Total	
	Proved		Probable		Indicated		Inferred		Tonnes	Grade
	Tonnes	Grade	Tonnes	Grade	Tonnes	Grade	Tonnes	Grade		
Levuka South	24,000	4.95%	72,000	4.99%					96,000	4.98%
Arolla Lode	18,000	4.70%	60,000	2.56%	300,000	3.46%			378,000	3.38%
Maronan Lode					780,000	3.46%			780,000	3.46%
Elrose South Lode			13,000	3.38%	52,000	2.76%			65,000	2.88%
Eloise North West Lode	13,000	3.82%			77,000	4.70%			90,000	4.57%
40 Lode							70,000	3.20%	70,000	3.20%
42 Lode							40,000	7.40%	40,000	7.40%
45 Lode							34,000	4.10%	34,000	4.10%
Stockpiles	21,000	4.40%							21,000	4.40%
Total Resources and Reserves	76,000	4.55%	145,000	3.84%	1,209,000	3.51%	144,000	4.58%	1,574,000	3.69%

Eloise Exploration

A total of 14 underground diamond drill holes were completed for 1,957m.

- Drill holes EAM291-293 were designed to investigate the Eloise North West trend.
- EAM294 the deep off-set of the 60A Lode now called the Maronan Lode.
- EAM295-304 to in-fill the northern zone of the 60A Lode now called the Arolla Lode.

Summary of Drill Hole Intersections

Drill hole intersections using a 1.0% Cu cut off grade are summarised below:-

Arolla (60A) Lode

Hole Number	Collar Coordinates		RL (m)	Azimuth °	Dip °	Total Depth	Intersections		Metres	Grade		
	North	East					From	To		% Cu	g/t Au	g/t Ag
EAM 295	82278.7	97636.3	639.5	141.9	-52.2	151.0	65.80	75.90	10.10	2.65	0.35	4
							134.00	137.80	3.80	2.52	1.29	11
EAM 296	82278.5	97636.5	639.5	142.6	-44.2	129.6	93.80	116.20	22.40	4.23	1.16	12
EAM 297	82281.4	97637.4	640.1	73.5	-23.3	111.0	47.60	61.40	13.80	3.20	0.61	7
EAM 298	82281.2	97637.3	640.2	95.6	-26.6	95.7	39.95	47.65	7.70	2.27	0.44	5
							69.70	85.70	16.00	3.07	1.90	9
EAM 299	82281.2	97637.4	639.7	95.2	-44.6	112.1	53.00	72.00	19.00	3.68	0.97	8
							82.00	93.00	11.00	2.45	0.18	6
EAM 300	82278.5	97636.4	639.5	95.5	-56.5	127.7	64.00	78.00	14.00	2.29	0.36	5
							84.00	91.20	7.20	2.34	0.35	4
EAM 301	82281.5	97637.5	639.4	74.5	-40.4	89.7	53.50	65.80	12.30	2.30	0.66	5
							72.45	80.00	7.55	1.44	0.29	3
EAM 302	82278.8	97636.4	639.5	119.9	-63.4	149.4	71.60	75.00	3.40	4.59	0.36	8
EAM 303	82278.8	97636.5	639.5	121.7	-51.7	141.6	65.60	79.10	13.50	2.28	0.28	5
EAM 304	82281.1	97637.5	639.4	120.1	-45.5	114.6	48.00	60.70	12.70	2.44	0.44	6
							83.00	96.00	13.00	3.04	0.57	9

Eloise North West & Maronan Lode

Hole Number	Collar Coordinates		RL (m)	Azimuth °	Dip °	Total Depth	Intersections		Metres	Grade		
	North	East					From	To		% Cu	g/t Au	g/t Ag
EAM 291	82245.7	97462.7	778.2	299.2	-61.4	131.6	126.00	128.55	2.55	1.50	0.17	6
EAM 292	82245.8	97462.5	779.1	301.8	-20.3	88.2	73.00	73.70	0.70	1.17	0.17	5
EAM 293	82245.7	97462.9	778.2	299.4	-69.0	182.5	149.50	156.50	7.00	3.68	2.57	17
EAM 294	82122.7	97489.1	730.5	86.3	-64.2	332.5	270.50	306.6	36.10	3.19	0.71	10

Regional Exploration

Altia

Work undertaken at the Altia prospect included the acquisition of gravity data and the completion of two diamond drill holes.

Geophysical interpretation and diamond drilling are continuing.

ALDH07 was drilled 100m north of Pb-Ag mineralisation intersected in ALDH03 (30m @ 3.16% Pb and 47.42ppm Ag from 143m). ALDH07 intersected a similar sequence and alteration package to that in ALDH03 but mineralisation is slightly weaker.

ALDH08 was drilled on section 7679000N intersecting the target horizon at about 250m vertical depth, which is 130m down dip of the ALDH03 mineralisation. Thickness and lead grades of the main "B30" lode appears to be increasing with depth with the B31, B32, and B33 zones returning a bulked intercept of 46.6m @ 7.19% Pb and 29.5ppm Ag from 292.4m.

The gravity geophysical survey showed the Altia mineralisation is broadly coincident with a prominent linear gravity anomaly of at least 600m of strike. Results to date are from drilling of the peak of this anomaly.

Drill Hole Intersections

Hole	AMG N	AMG E	Dip/Az	Intersections (>1%Pb)	Comments
ALDH07	7679100	496470	60/270	3m @ 1.66%Pb and 17.3ppm Ag from 136m	B20 zone
				including 5m @ 0.72% Zn from 149m	B20 zone
				7m @ 4.18% Pb and 37 ppm Ag from 147m	B31 zone
				4m @ 2.22 % Pb and 41ppm Ag from 167m	B32 zone
				2m @ 2.28% Zn from 166m	B32 zone
				2m @ 2.25% Pb and 66 ppm Ag from 177m	B33 zone
				3m @ 2.13% Pb and 60.6 ppm Ag from 250m	E zone
ALDH08	7679000	496637	60/270	39.6m @ 8.17% Pb and 30.6 ppm Ag from 292.4m	B31 and B32 zones
				4m @ 2.72% Pb and 31.4ppm Ag from 335m	B33 zone
				4.5m @ 1.97% Pb and 22.6 ppm Ag from 357.9m	C zone
				including 2.1 m @ 2.08% Zn from 357.9m	

WESTERN AUSTRALIA

Production

Gold

Aurora

Stoping from the 5th Level produced a parcel of 3,667t of ore that was custom milled. It produced 2,380 oz of gold for a recovered grade of 20.2 g/t Au. Reverse circulation drilling below and directly east of the 5th Level proved disappointing with only minor mineralisation being intersected.

Industrial Minerals

Loongana Lime

Operations at Rawlinna and Parkeston continued routinely with quicklime sales again above budget.

Modified charge hoppers were installed and successfully commissioned.

Contracts for manufacture of two bag houses to service the vertical shaft kilns (VSKs) were let and manufacturing was completed by the end of the quarter. Site civil works were commenced.

A second legal opinion on Loongana's position to recover costs and loss of profits from the design engineers of the VSKs was received and notice of a claim was lodged. Following commissioning of the bag houses a formal claim will be prepared and lodged.

A review of the fuel alternatives for the fluid bed kiln by an independent engineer concluded that waste oil was not a viable alternative and a study on the use of natural gas was progressed.

Magnesite

Bulk sampling and metallurgical test work has been delayed as the result of recent wet weather.

FINANCIAL

Currency and Commodity Instruments

At the end of this quarter there was one fixed forward currency contract for the conversion of USD 2.49 million at an exchange rate of \$0.496.

There were no commodity instruments in place.

Copper Prices

The average quarterly LME settlement price for copper was USD 1,476 per tonne (as advised by the Queensland Department of Natural Resources and Mines). The average price realised by Amalg was USD 1,597 per tonne. The company, with the assistance of Glencore has continued to hedge copper on a maximum period forward of 4 months and this has been successful.

By order of the Board.

Mr. A White
Company Secretary

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Brian Kelty who is a Member of The Australasian Institute of Mining and Metallurgy. Brian Kelty is a fulltime employee of the company.

Brian Kelty has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 1999 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'. Brian Kelty consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.