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Company Announcements Office
Australian Stock Exchange Limited
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SYDNEY NSW 2000

Dear Sir/Madam

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2004***HIGHLIGHTS***

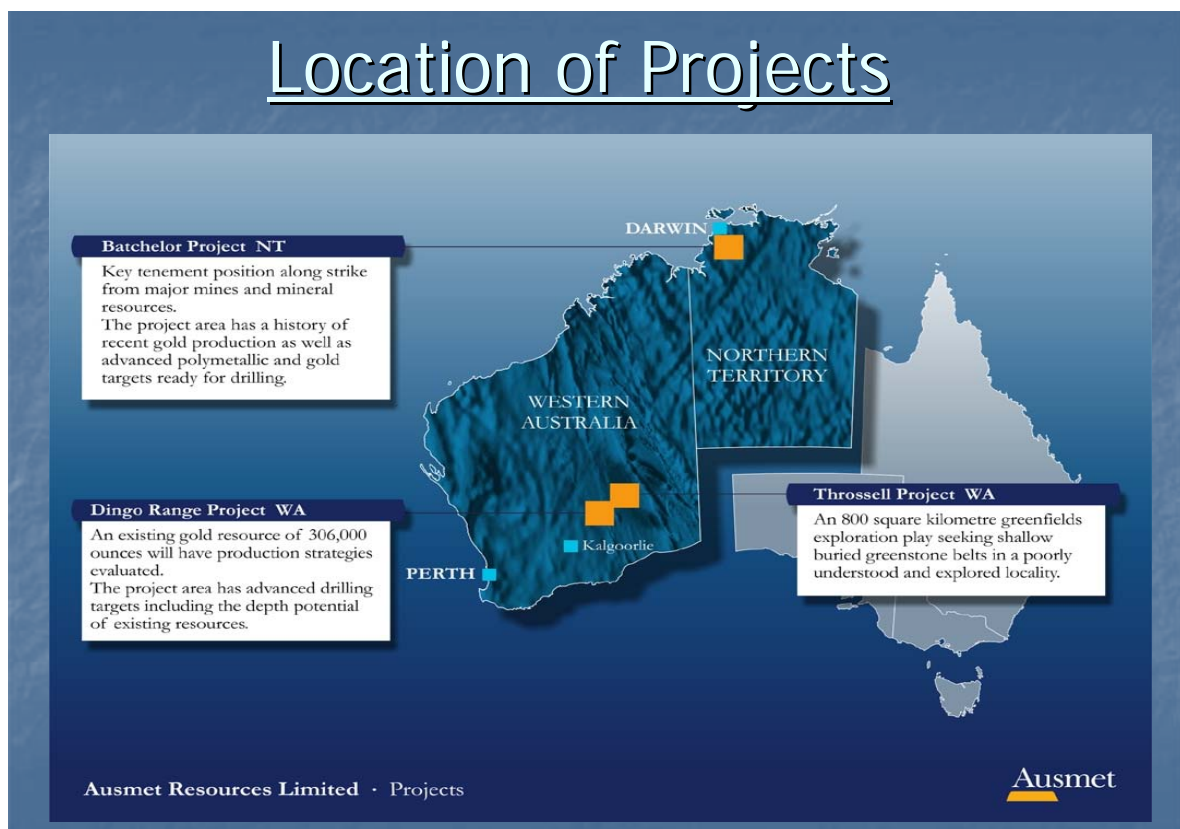
- ❖ Continued study of the Dingo Range projects area delineated additional targets for drilling.
- ❖ Drilling commenced at Dingo Range on 26 October.
- ❖ Sampling of previous drill holes over contact zone at Batchelor completed and preliminary results received. A number of zones anomalous in gold and zinc were discovered.
- ❖ Drilling at Batchelor expected to commence during the first week of November.
- ❖ A range of advanced and conceptual exploration opportunities were evaluated.

Overview

Ausmet Resources (ASX Codes AME and AMEO) has a portfolio of advanced and grass root exploration projects located within Western Australia and the Northern Territory.

During the September quarter the Dingo Range and Batchelor projects remained the focus of activity as targets were generated and refined for upcoming drilling programmes.

Ausmet also continued to actively review new projects, both promoted and generated internally. These projects were located within Western Australia and the Northern Territory.



Dingo Range (100%)

The Dingo Range project area is located 400km north of Kalgoorlie and is contained in the greenstone belt lying immediately east of the Bronzewing gold operation.

Previous exploration within the area has defined gold resources of 306,000 ounces contained in three zones – Boundary, Bungarra, and Stirling.

During the September quarter a number of consultants, in conjunction with Ausmet staff reviewed various targets within the project area, including the known areas of anomalism. The aim of this review was to build a better understanding of the controls on mineralisation within Dingo Range so as to generate additional targets as well as prioritise those existing.

In addition a review of all historic exploration work carried out within Dingo Range was completed. This included the integration of all previous drill results into a single data base.

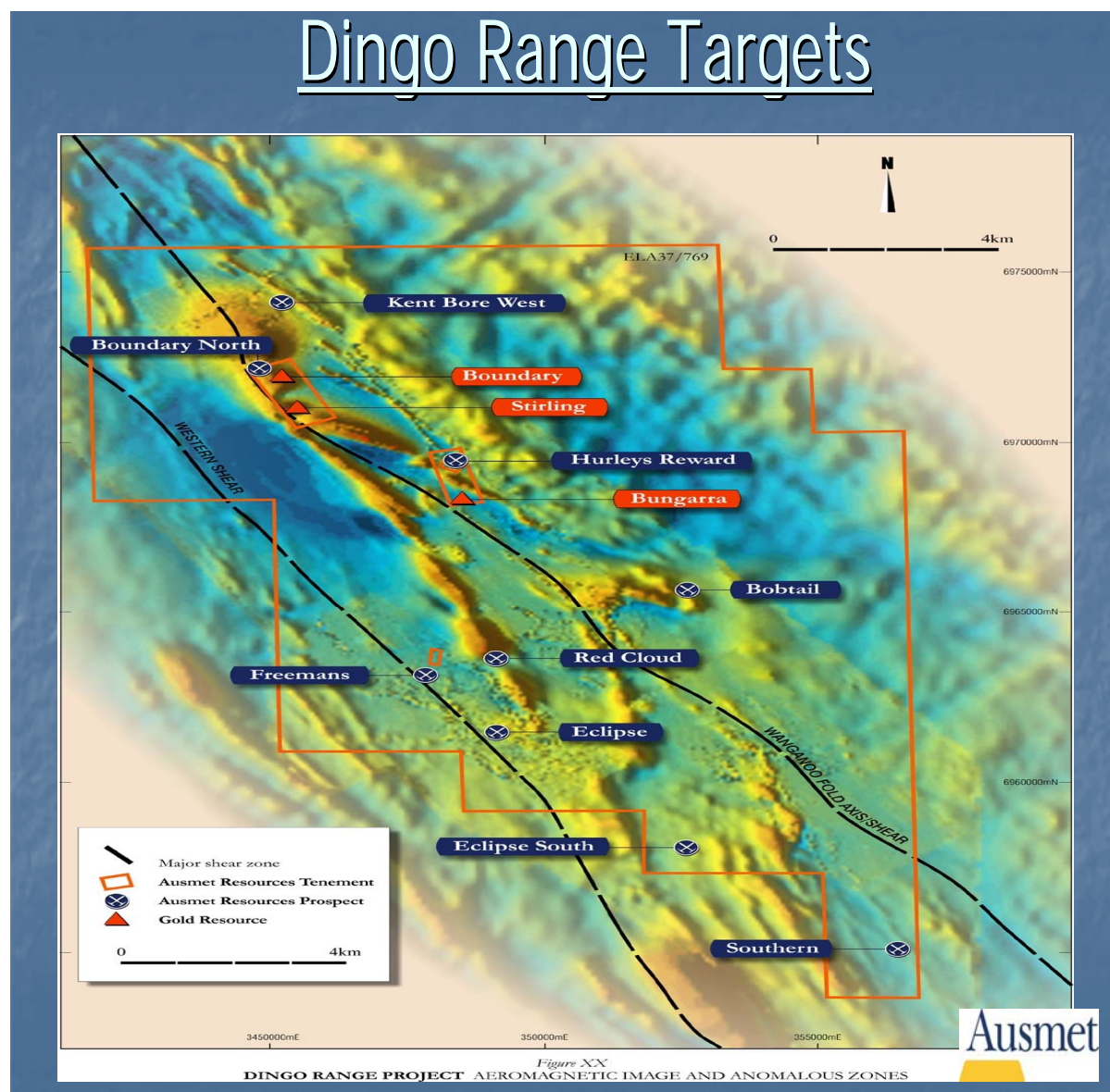
As a result of these studies, a 2,000 metre drilling programme was designed and drilling commenced on Tuesday 26 October.

This drilling programme will be a combination of RAB and aircore and it is expected that results will be available by the middle of November.

This drilling is testing a number of previously advised anomalous areas as well as testing areas of apparent structural complexity contained under alluvial cover.

Whilst the majority of the targets are gold related, around 20% of the programme will be testing areas which, based on previous geological mapping and a recent re-interpretation of the detailed aeromagnetics, contain potential for nickel.

Analysis of the existing resources within Dingo Range was put on hold during the quarter so that available personnel could be concentrated on the overall synthesis of the project area to develop the drilling targets.



Batchelor (earning 60%)

The Batchelor project is located in the Northern Territory near the town of Batchelor.

Similar to Dingo Range, the Batchelor project has a number of readily identifiable anomalous zones ready for drill testing. The focus of Batchelor is more base metal than gold, as the project area is located along the same strike horizon that hosted the nearby world class Woodcutters zinc/lead deposit as well as the undeveloped Browns deposit, which contains 39.8 million tonnes @ 3.61% lead, 0.11 cobalt and associated copper, nickel and silver credits.

During the September quarter a complete review of all previous exploration work within the Batchelor project area was completed by our consultants.

In addition, sampling of the drilling completed by New World Alloys across the Whites Formation and Coomalie Dolomite contact zone was completed.

This drilling by New World Alloys was undertaken to test the area for magnesite potential and very few samples were analysed for base metals or gold.

The location of the drill cuttings for the majority of these holes has significantly advanced the exploration of the Batchelor project area, as well saving considerable exploration expenditure. The sampling of these pre-existing holes for example has reduced the need for around 4,000 metres of drilling as an initial test of the contact zone.

At quarter end, results had been received for around 60% of the samples submitted for analysis. These samples have been bulked on 5 and 10 metre intervals where available, so as to provide first pass representation of the respective holes geochemistry.

Of these results a number of zones of interest have been delineated, their full significance however can not be determined until all results are available.

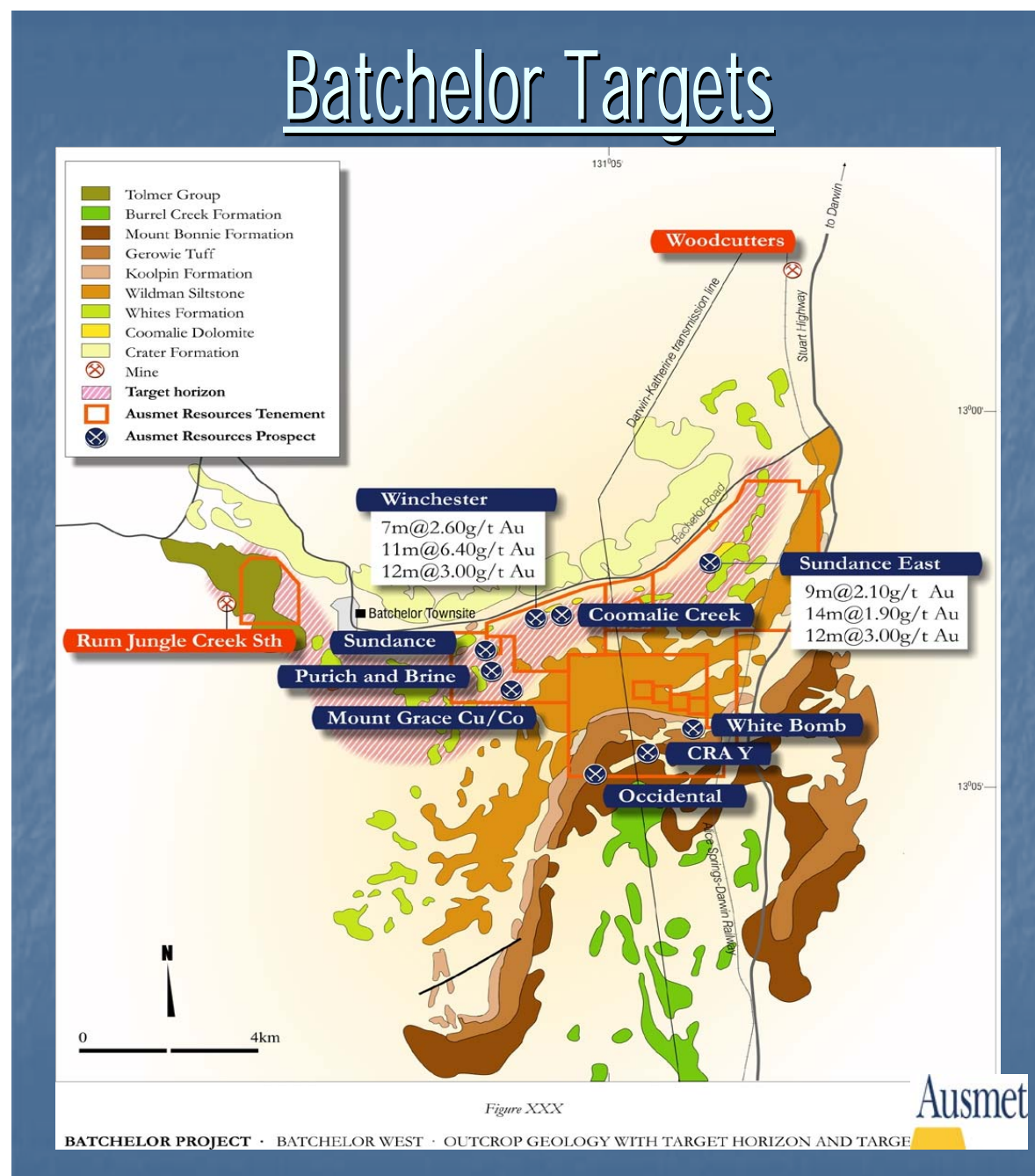
Selected results include

Hole MRC 005 81-90 metres (10 metres) – 0.21 g/t Au
Hole MRC 207 41-55 metres (15 metres) – 0.15 g/t Au
Hole MRC 030 21-30 metres (10 metres) - 0.13 g/t Au
Hole MRC 068 81-90 metres (10 metres) – 0.12 g/t Au
Hole MRC 45 21–30 metres (10 metres) – 0.69% Zn
Hole MRC 43 52-53 metres (1 metre) - 0.12% Zn
Hole MRC 44 40-42 metres (2 metres) – 0.09% Zn

A drilling programme to test a number of previously delineated anomalies within the Batchelor project area is scheduled to commence during the first week of November.

This programme will be a combination of RAB and reverse circulation drilling and results should be available by middle to late November.

Amongst the targets in this current programme are follow up drilling over previous drill intercepts including 7 metres @ 2.6g/t and 11 metres @ 6.4g/t within the Winchester magnesite resource.



Throssell (100%)

The Throssell project area is located 420 kilometres northeast of Kalgoorlie and consists of 4 exploration licence applications.

Throssell is a grass roots conceptual target seeking to test the potential for previously untested greenstone lithologies adjacent to the northeast margin of the Yilgarn Craton.

It is now hoped that approval to conduct exploration over the area will be achieved during the December or March quarter. A 1,500 metre drilling programme to test the targeted zones is planned once this approval has been received.

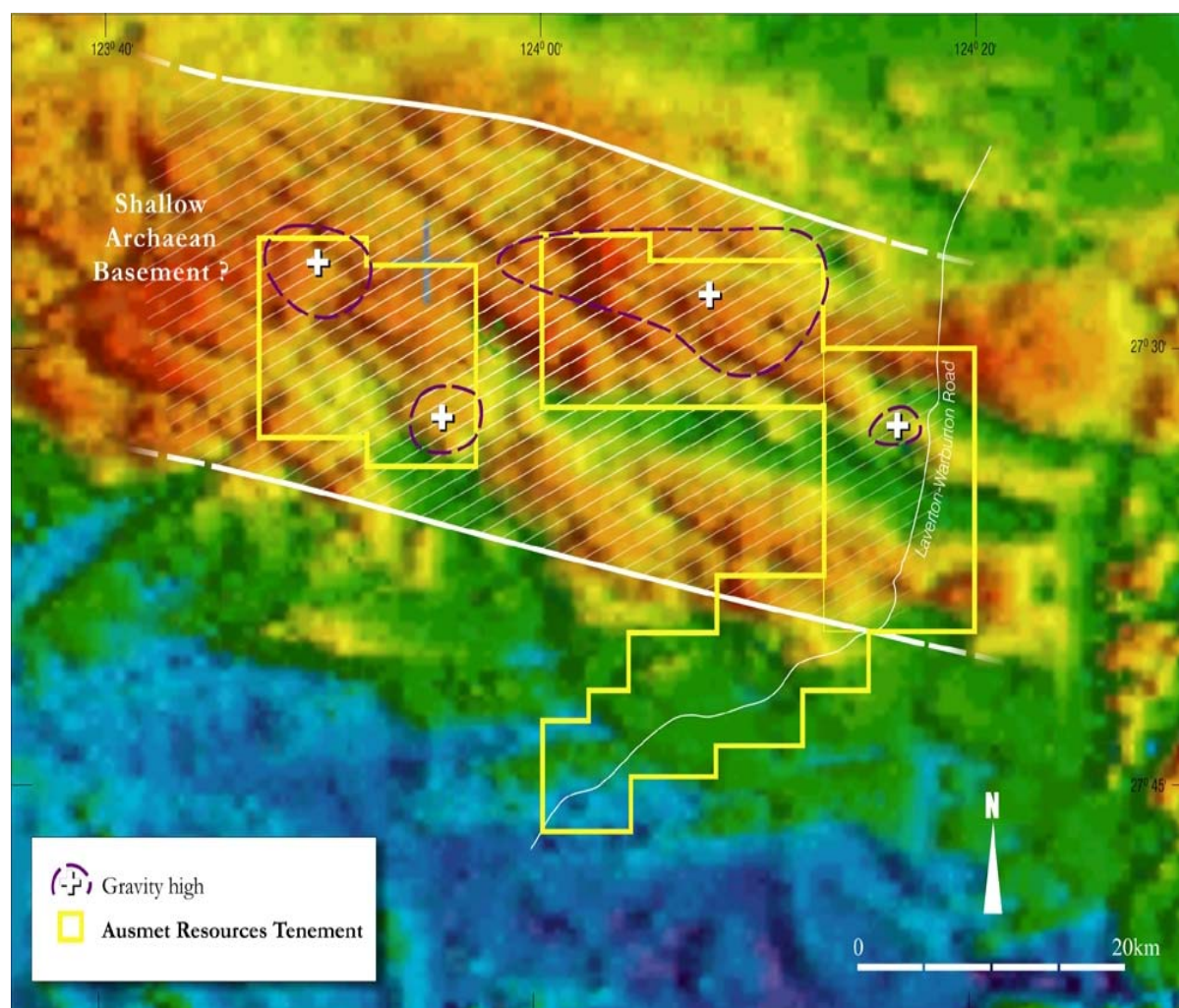


Figure XXX

THROSSEL PROJECT AEROMAGNETIC IMAGE WITH GRAVITY TARGETS

Business Development/New Projects

During the September quarter a number of exploration projects were office and field reviewed, however after investigation none fitted the upside potential sought within Ausmet.

In addition, field reconnaissance was completed over a number of conceptual target areas within the south-west of Western Australia, and, as a result follow up sampling is planned.

During the quarter your Company also made an offer for an advanced gold project containing a significant undeveloped resource. However the offer was ultimately unsuccessful as we were unable to match the price wanted with our commercial assessment of the projects value, commensurate with risk.

This project remains the subject of a confidentiality agreement and as a consequence we are unable to provide any more details.

Corporate

As at the completion of the June quarter the Company's cash balance was \$3,125,000.

Howard Dawson
Chairman

The information on mineralisation contained in this statement accurately reflects information compiled by Mr Malcolm Castle B.Sc (Hons), M.Aus.I.M.M who is a Competent Person (as defined by the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves) with relevant experience in relation to such mineralisation. Mr Castle has given permission for the information to be included in this statement.