

QUARTERLY REPORT

For the Period ended

30 September 2000

EXPLORATION

During the quarter Aquila Resources Limited completed 3,242 metres of RC drilling testing various structural targets within the Enterprise Project and Penny West Project areas. Drilling results confirm the existence of significant shallow zones of gold mineralisation along strike and down dip from the known mineralised zones.

- A total of 2,847 metres of RC drilling was completed at the Enterprise area, targeting seven different geological structures. On the 24 August 2000, Aquila Resources Limited announced that new zones of high grade gold mineralisation had been identified within the Enterprise Project.

The most significant drill holes, UNRC03 intersected 5m @ 3.91 g/t gold from 47 metres and 4 m @ 24.45 g/t gold from 62 metres and UNRC02 intersected 7 m @ 1.66 g/t from 65 metres. The holes were drilled to the south of the previously mined United North pit and hole UNRC03 confirms that a second zone of gold mineralisation has been identified over a strike length in excess of 100 m and remains open at depth and to the south.

Further RC drilling is planned to test this high grade zone with a RC drill rig booked for early November.

- In the Plant Zone area, the drilling was successful in identifying extensions to the gold mineralisation and to the oxide resources on the four different structures drilled in the Plant Zone area. The RC drilling extended the mineralisation along strike and at depth, with the continuation of gold mineralisation into bedrock below 100 m depth. Holes such as PZRC07 with 21m @ 1.73 g/t gold from 79 m depth and PZRC06 with 5 m @ 2.12 g/t gold from 58 m depth has confirmed the potential for further mineralisation at depth and along strike over previously identified gold mineralised structures.

Gold mineralisation with strike lengths in excess of 150m have been confirmed in two previously drilled RAB anomalies in the Plant Zone area, with encouraging results indicating depth and strike potential on both structures. Drill results of 5m @ 2.12 g/t gold from 58 m depth in PZRC16 and 11m @ 1.30 g/t gold from 80 m depth in PZRC03 confirm that both strike and depth potential exist, with both RAB anomalies remaining open at depth and along strike.

- Reinterpretation of magnetic and geological data for the Enterprise area has identified several interesting structural targets that have not been previously tested. A RAB drilling program was planned and initiated during the quarter to test two of the structural settings for potential gold mineralisation. The RAB drilling of 6,501 m was completed in late October, with assay results from the drilling program still to be received.

Drill hole details from the RC drilling received during the quarter are listed below.

RC Drilling Results From The Enterprise Project.

	Hole No	Northing	Easting	Hole Depth	From	To	Width (m)	Grade g/t gold
United North	UNRC02	13280	15450	111	41	42	1	2.51
					65	72	7	1.66
					84	85	1	2.95
United North	UNRC03	13280	15400	117	47	52	5	3.91
					62	66	4	24.45
					105	106	1	1.30
Plant Zone	PZRC01	13020	15975	165	57	61	4	1.67
					90	91	1	1.27
					129	132	3	1.70
					147	150	3	2.53
					161	162	1	1.35
Plant Zone	PZRC02	13060	15975	123	69	72	3	1.12
					94	95	1	1.67
Plant Zone	PZRC03	13150	16150	120	80	91	11	1.25
					101	102	1	1.59
					104	106	2	2.24
					119	120	1	1.12
Plant Zone	PZRC04	13150	6195	120	17	18	1	1.08
					24	27	3	1.91
					77	86	9	1.44
Plant Zone	PZRC05	13290	16150	120	62	63	1	1.03
					76	79	3	1.51
					82	89	7	1.06
					92	93	1	1.02
					96	97	1	1.35
108	111	3	2.25					
Plant Zone	PZRC06	13290	16175	117	68	70	2	1.91
					79	80	1	4.41
					97	108	11	1.30
Plant Zone	PZRC07	13490	16030	111	79	100	21	1.73
Plant Zone	PZRC08	13530	16060	99	34	35	1	2.93
					49	50	1	1.49
Plant Zone	PZRC09	13530	16040	111	46	47	1	1.14
					54	55	1	1.42
					63	66	3	1.05
					71	74	3	2.06
					92	97	5	1.81
Plant Zone	PZRC10	13570	16050	111	35	36	1	6.66
					48	49	1	1.05
					52	54	2	1.60
					64	66	2	2.55
					80	82	2	1.56
85	86	1	1.64					
Plant Zone	PZRC11	13570	16030	117	73	74	1	2.23
					77	78	1	1.80
					83	86	3	1.27
					101	102	1	1.66
					106	108	2	3.00

RC Drilling Results From The Enterprise Project. (con't)

	Hole No	Northing	Easting	Hole Depth	From	To	Width (m)	Grade g/t gold
Plant Zone	PZRC12	13590	16040	117	47	49	2	1.48
					53	55	2	1.46
					63	65	2	1.41
					70	72	2	1.46
					88	90	2	1.37
Plant Zone	PZRC13	13590	16020	123	77	78	1	2.12
Plant Zone	PZRC15	14010	16075	81	40	43	3	2.30
Plant Zone	PZRC16	14090	16075	87	50	51	1	1.19
					58	63	5	2.12
					69	70	1	1.32
					79	81	2	1.81
Plant Zone	PZRC17	14170	16090	65	36	37	1	2.04
					44	45	1	1.12
Airstrip	ASRC01	12010	15640	150	2	3	1	1.10
					115	116	1	2.08
					137	138	1	1.08
Airstrip	ASRC02	12010	15690	135	2	5	3	3.02
					90	91	1	1.96
Commonwealth - Connemarra	CCRC01	15370	14530	140	101	103	2	2.57
					115	116	1	1.15
Commonwealth - Connemarra	CCRC02	14990	14460	117	15	16	1	1.72
					33	34	1	2.81
					86	87	1	1.09

The technical aspects of this report have been prepared by Mr Neil Lithgow, MSc (Geol) of Aquila Resources Limited who is a Corporate Member of the Australian Institute of Mining and Metallurgy, who has had a minimum of five years relevant experience in this field of activity and has consented in writing to the report in the form and context in which it appears.