

DIAMOND VENTURES NL

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Australian Stock Exchange Limited
Company Announcements Office
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BY FAX: 1300-300 021

Dear Sir,

ELLEDALE DIAMOND PROJECT, WESTERN AUSTRALIA 2001 EXPLORATION PROGRAMME

Diamond Ventures and Auridiam Limited are pleased to announce that their diamond exploration field programme has commenced on the Ellendale Joint Venture Exploration Licence 04/813 in the West Kimberley region of Western Australia.

Alluvial Programme

The prime objective of the alluvial programme is to evaluate, by bulk sampling, the commercial potential of a section of diamond-bearing alluvial gravels which extend for up to five kilometres through the tenement. Diamonds in these particular gravels were recovered from three bulk samples processed by Kimberley Diamond Company (KDC) during the period (October 1998 to March 2001) that KDC held E04/813 under option. A total of 43 diamonds for 18.50 carats was recovered by KDC from the three bulk samples. Details of these recoveries are given below and the locations of the pits from which the bulk samples were taken are shown on the accompanying map.

Pit	Tonnes	No. diamonds	Total weight (ct)	Largest diamond (ct)
57	89	19	4.29	0.87
63	195	19	11.00	2.85
69	95	5	3.21	1.87

Prior to bulk sampling, a programme of infill drilling and trenching will be undertaken to detail the distribution, thickness and depth of the gravels. This work is expected to be completed in July with the bulk sampling programme to commence in August. Bulk samples will be processed through a Heavy Media Separation (HMS) plant to be set up on the tenement with total expected throughput of 2000–3000 tonnes. Evaluation of the gravels will commence in the vicinity of Pit 63 and will extend for up to three kilometres from the southern tenement boundary northwest towards Pit 69. This stretch of alluvial gravels appears from KDC's data to have the best continuity and relatively shallow (3 m)

cover. The gravels are up to 1.5 m thick and 500 m wide. Palaeo-drainage is interpreted by KDC to be towards the northwest.

Lamproite Programme

In addition to the alluvial programme, exploration of the large Ellendale 22 lamproite pipe and subsidiary pipes in the southeast corner of the tenement will be undertaken. Ellendale 22, at 2 km long and 0.5 km wide, is the third largest pipe in the Ellendale Field but appears to have been inadequately explored. It is located close to Pit 63 and the diamondiferous alluvials. A geochemical survey to map the lamproites ahead of selective bulk sampling is in progress. Bulk sampling will particularly address the surficial material, which from KDC's recently publicised experience at Ellendale 4 and Ellendale 9 to the southeast, may be enriched in diamonds relative to the underlying lamproite.

In undertaking these programmes Diamond Ventures, as manager of the Ellendale Joint Venture, will increase its interest in the project from 40% to 51% by the expenditure of approximately \$400,000 by the end of 2001. Auridiam Limited holds the remaining interest.

Yours faithfully,



W R Bucknell
Director

