

DIAMOND VENTURES NL

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Australian Stock Exchange Limited
Company Announcements Office
10th Floor, 20 Bond Street
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BY FAX: 1300-300 021

Dear Sir,

BULK SAMPLING FOR DIAMONDS UNDERWAY AT ELLENDALE

Diamond Ventures NL and Auridiam Ltd are pleased to advise that bulk sampling of alluvial gravels on the Ellendale Joint Venture property (E04/813) in the Kimberley region of WA is now in progress. The bulk sampling is part of an exploration programme to determine the commercial viability of the alluvials and to assist in locating the bedrock source of the diamonds. The area being tested is part of an ancient diamond-bearing alluvial system that extends for up to five kilometres through the tenement.

It is planned to take seven 200 tonne bulk samples as a first-pass evaluation of gravels within an area 700m wide and 1.5km long. These sample sites have been selected on the basis of pattern drilling by Diamond Ventures to nominal 6 metre depth and confirmatory trenching. This work, carried out over the last month, has outlined two gravel channels each about 200m wide, 1m thick and about 4m deep. Further drilling and trenching however is required to completely map the extent and thickness of the target gravels.

Over 400 tonnes of gravels from two sample sites have now been excavated and stockpiled, and processing of this material through the on-site Heavy Media Separation (HMS) plant has commenced. The first sample has been taken near the site of former Pit 63 from which 19 diamonds weighing 11.00 carats were recovered from 195 tonnes by former optionholder Kimberley Diamond Company NL last year. The largest of these diamonds weighed 2.85 carats.

With regard to exploration for the bedrock source of the alluvial diamonds a recently completed geochemical survey undertaken in the vicinity of the diamond-bearing gravels has successfully defined the large lamproite pipe, Ellendale 22, and has highlighted several adjacent zones. In light of these results this survey is now being extended to explore adjacent areas for additional pipes for eventual bulk sampling.

Diamond recoveries made in the course of these operations will be advised as received.

This report was compiled by W R Bucknell who is a Corporate Member of the Australasian Institute of Mining and Metallurgy.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'W R Bucknell', written in a cursive style.

W R Bucknell
Director