

# DIAMOND VENTURES NL

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Australian Stock Exchange Limited  
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Sydney NSW 2000

Dear Sir,

## **TOUQUOY GOLD PROJECT – RESOURCE ESTIMATE UPDATE**

Diamond Ventures (DDV) wishes to announce the remaining assay results received from the 25-hole diamond drilling program (holes MR-04-026 to 050) recently completed on the Touquoy Gold Project in Nova Scotia, Canada and the resultant resource estimate. Drillhole locations, including those for holes MR-03-001 to 025 drilled in late 2003, are shown on the accompanying plan and best results from the recent program are given in the accompanying table.

This program was a follow-up to that undertaken last November/December and was designed to test for extensions to the presently known resource, as follows:

- explore for eastern extensions of the deposit beneath shallow glacial cover (holes 26–36) with two fences of widely spaced holes, on nominal 100 m x 80 m centres. These holes, which defined the eastern limit of the East Zone and an eastern bounding fault (see plan), indicated a possible extension of mineralisation beyond this fault where hole 30 cut 4.5 m @ 4.49 g/t from 54.5 m.
- test for down-dip resource extensions on the northern limb of the anticline on 100m-spaced sections (holes 37–40). Hole 39 flagged deeper resource extensions (8 m @ 2.02 g/t from 89 m) while a shallow intersection near an old stope in hole 40 (1 m @ 59.8 g/t from 33 m) indicates projection of mineralisation from historic workings at surface.
- test for western extensions of the deposit (holes 41–45). Mineralised intersections in holes 42 and 43 indicate continuation of weaker mineralisation in argillites westwards across the western bounding fault.
- follow up encouraging results from previous hole 8 (6 m @ 6.1 g/t from 5 m and 12 m @ 4.4 g/t from 37 m) on the southern margin (holes 46–50). Shallow run-of-mine grade was cut over approximately 100 m strike length.

Hole	Easting	Northing	Dip	Grid Az.	Depth	Best Assays			
						From (m)	To (m)	Width (m)	Grade (g/t Au)
<b>Eastern Extension</b>									
MR-04-030	22250	10040	45°	360	140	32	33.5	1.5	6.29
						54.5	59	4.5	4.49
MR-04-033	22150	10320	45°	180	101	50	51	1	6.13
MR-04-036	22150	10080	45°	360	100	55	56.15	1.15	8.70
<b>Northeast Fault</b>									
MR-04-039	21900	10300	45°	180	120	89	97	8	2.02
MR-04-040	21800	10275	45°	180	119	33	34	1	59.8
						37.3	39.5	2	stope
						96	101	5	1.89
						117	118	1	7.57
<b>Southeast Quarry Extensions</b>									
MR-04-041	21500	10045	45°	360	82.7	58.5	59.5	1	7.87
MR-04-042	21535	10033	45°	360	80.5	11.5	13.5	2	5.08
						22	30.5	8.5	1.50
						34.5	37.5	3	2.35
MR-04-043	21550	9990	45°	360	59	50.5	57	6.5	1.57
						57	58.5	1.5	stope
						58.5	59	0.5	3.95!
<b>Around Hole 8 (Central Infill)</b>									
MR-04-046	21725	9987	45°	360	80.5	40.5	52.5	12	1.48
MR-04-048	21775	9975	45°	360	86.5	56.5	63.5	7	3.30
						68.5	69.5	1	5.24
MR-04-049	21845	10020	60°	360	80	26	42.5	16.5	2.27
! Mineralisation to end of hole Individual samples comprise ½ NQ core of nominal 1m length, and all assays are fire assays. Intersections quoted are based on 1.0 g/t grade cut-off with maximum 2 m internal dilution. No individual sample assays exceed 30 g/t, except for that quoted from MR-04-040 at 33-34.									

Results of this and the previous diamond drilling program – 50 holes for 4388m having now been drilled – along with continuing validation of previous drilling, has enabled an updated estimate of Mineral Resources, as follows:

**Indicated Resource: 4.44 million tonnes @ 2.1 g/t gold for 300,000 oz gold**  
**Inferred Resource: 2.47 million tonnes @ 2.2 g/t gold 172,000 oz gold**  
**Total Mineral Resource: 6.91 million tonnes @ 2.1 g/t for 472,000 contained ounces gold.**<sup>1</sup>

<sup>1</sup> This resource estimate is based on the following input parameters:

Fire assays of ½ NQ core from 187 diamond drillholes

Drillhole spacing variable but nominally 20m x 25m

Specific gravity: 2.80

Lower cut-off grade: 1.0 g/t

Estimation technique: Multiple Indicator Kriging with block variance adjustment applied. Ore selectivity is assumed to be 5 metres (east) by 4 metres (north) by 2.5 metres (elevation) via an open pit mining scenario.

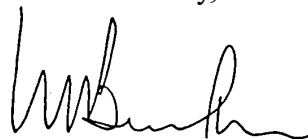
As part of the ongoing scoping study pit optimisation was applied to the Total Mineral Resource using a gold price of \$550 (Canadian dollars) per ounce<sup>2</sup>. This study indicates a present in-pit resource of 6.8 million tonnes @ 2.0 g/t grade for 425,000 contained ounces gold. Assays received since the resource estimation and pit optimisation were undertaken confirm our view that with modest in-pit resource extensions, projected ore throughput of 1.5 million tonnes per year at 95% metallurgical recovery annual production of 88,000 ounces of gold for 5 years could be obtainable. An infill drilling program of approximately 140 holes is now required to upgrade the Inferred Resources to Indicated and Measured Resources and to identify the modest resource extensions. Refined capital and operating costs will then allow reserve estimation and progress towards realisation of this production scenario.

The target however remains identification of sufficient ore to attain at least a 7 year mine life with annual production of 90,000 ounces gold. Ongoing exploration of the wider property is therefore progressing with the reconnaissance percussion drilling program expected to re-commence in the next three weeks. To date 37 holes for 245 m on four 250 m-spaced fences have been drilled immediately east of the Touquoy deposit. No assays have been returned at this time. Upon re-commencement drilling will proceed on nominal 1 km-spaced traverses, extending eastwards along the favourable stratigraphy/structure to the property boundary some 15 km east of Touquoy.

In parallel with the current field work, investigations relating to environmental permitting, community and government liaison, refinement of expected capital and operating costs and financial modelling will continue to advance the development of the project. At this stage, providing funds are available, no significant non-technical impediments to project development are foreseen.

Attribution: The geological information in this report relating to Mineral Resources has been compiled by W R Bucknell who is a Corporate Member of the Australasian Institute of Mining and Metallurgy and is a Competent Person in respect of the Australasian Code for Reporting of Mineral Resources and Ore Reserves and of the style of mineralisation and type of deposit under consideration. The resource estimation methodology undertaken in quantifying the Mineral Resources described in this report was applied by Mr Nic Johnson, an employee of Hellman and Schofield Pty Ltd. Mr Johnson is a Corporate Member of the Australian Institute of Geoscientists and is a Competent Person in respect of the Australasian Code for Reporting of Mineral Resources and Ore Reserves and of the style of mineralisation and type of deposit under consideration. Mr. Johnson has consented to the inclusion of this information in the form and context in which it appears in this report.

Yours sincerely,



Wally Bucknell  
Executive Director

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<sup>2</sup> It is cautioned that the Total Mineral Resource includes Inferred Resources. Inferred Resources are estimated with a low level of confidence, and it cannot be assumed that all or part of these Inferred Resources will be upgraded to Indicated or Measured Resource with ongoing drilling. It is therefore emphasised that the economic studies applied herein to the Total Mineral Resource are of a scoping nature and at this stage do not imply the existence of Ore Reserves.

