

# DIAMOND VENTURES NL

ACN 062 091 909

*Suite 701, 220 Pacific Highway, Crows Nest NSW 2065 Australia  
Telephone: 02-9929 6633 Facsimile: 02-9929 9366*

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Australian Stock Exchange Limited  
Company Announcements Office  
10<sup>th</sup>. Floor, 20 Bond Street  
SYDNEY NSW 2000

BY FAX: 1300-300 021

Dear Sir,

## **QUARTERLY REPORT FOR PERIOD ENDING 31 MARCH, 2000**

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### **PROJECTS**

#### **GOLD**

#### **KOOKYNIE, Western Australia (DVNL may earn 50%)**

As previously announced a Letter of Understanding has been signed with Barmenco Pty Ltd, a leading privately owned WA-based mining contractor, in relation to the Kookynie Gold Project located 200km north of Kalgoorlie. This Letter of Understanding foreshadows the formation of a 50:50 Joint Venture whereby Diamond Ventures will explore the Kookynie tenements and Barmenco will mine and process the discovered reserves.

The Kookynie Gold Project meets all the essential criteria set by the company in its acquisition programme and is highly rated because of the following favourable attributes (please refer to Figures 1 and 2):

- The Project area is well mineralised and highly prospective with substantial upside potential. Over 600,000 ounces of gold have been produced from the property since the 1890's and there are over 200 small historic workings and a number of former mid-sized mines within the tenements. The geological environment is similar to that at Darlot-Centenary (2.7 million resource ounces) located to the north and potential for major discoveries of this magnitude is recognised. Centenary was discovered by the directors of Diamond Ventures while they were managing Plutonic Resources Limited, former owner of Darlot-Centenary.
- The Project is well located. It is situated in the midst of the Eastern Goldfields of Western Australia within 150km of seven major deposits aggregating 24 million ounces of gold. Three of these deposits -Wallaby-Just in Case, Tarmoola-Eastern Flank and Thunderbox - were discovered in the last two years.

- The property is large, covering an area of over 1000km<sup>2</sup>.
- Despite a recent history of exploration since the early 1980's the property remains under-explored. Although some 12,000 holes had been drilled throughout the property prior to Barminco's involvement in 1997 average hole depth is only 40m, numerous holes intersect mineralisation which has yet to be purposefully followed up and many holes have been drilled in directions inappropriate to the geometry of the target mineralisation.
- Only since the mid-1990's has the formerly disparate tenement ownership of the ground been consolidated. Exploration is now able to proceed with a unified geological perspective essentially unrestricted by a patchwork tenement ownership.
- The Joint Venture will have access to Barminco's 1 million tonne per annum CIP treatment plant and associated infrastructure which is located on the property and is currently under care and maintenance. The availability of this plant and infrastructure is a major advantage as it will substantially minimise the cost of development and production start-up, lower the critical mass of reserves necessary to proceed to production, and shorten the lead time from discovery to production and cashflow.
- The main mineralised areas and prospects are located on granted Mining Leases thus averting the additional costs and delays normally associated with Native Title issues in relation to grant of production tenements.
- Barminco is a leading local mining contractor and will be able to apply its extensive experience and capability to the Project. The directors of Diamond Ventures are delighted to have the opportunity to form this association with Barminco.

The basis of the Letter of Understanding is that Diamond Ventures will explore the property and Barminco will mine and process the discovered reserves. Diamond Ventures will earn 50% interest of Barminco's interest in any development area defined by the Joint Venture and also has the option to earn 50% interest in the entire Barminco interests by sole-funding approximately \$5 million on exploration/development. Diamond Ventures is required to spend \$0.4 million each six months on exploration/development to maintain the agreement. Barminco will continue to own the treatment plant, camp and associated infrastructure but will ensure the availability of the facilities to the Joint Venture. In certain circumstances Diamond Ventures may purchase the plant, camp and infrastructure.

Since its involvement in the Project in mid-February the company has directed its effort to validating, supplementing and substantially upgrading the electronic drillhole database with reference to the extensive and detailed historical hardcopy exploration files. This geological and geochemical information, together with some geophysical data, is being compiled and interpreted on

sections and plans to facilitate an understanding of the geometry and controls of the mineralisation. This understanding will continue to evolve. This study was initiated in what is presently perceived to be the most prospective parts of the Project area - the Admiral-Butterfly-King and the Orient Well areas in the northern sector of the property.

Shallow drill targets have now been identified along the strike projections north and south of the Butterfly mineralisation. This mineralisation is also open in a general easterly direction down-dip beyond a drillhole intersection of 13m @ 4.37g/t from 51m depth. In addition to several other local shallow targets selected for drill follow-up a gently plunging shoot of gold mineralisation in the 20-40 gram-metre range extending eastwards from the floor of the Admiral Pit has also been recognised and prioritised for drilling. An initial programme of approximately 6000m of RAB and RC drilling is planned to commence in the Admiral-Butterfly-King area in early May.

## DIAMONDS

### **ELLENDALE, Western Australia** (DVNL 40%, under Option)

Optionholder, Kimberley Diamond Company NL, reports that as planned no field exploration was undertaken during the quarter owing to seasonal climatic conditions.

Kimberley Diamond Company NL maintains its option over Diamond Ventures' 40% interest by making monthly cash payments of \$4000 to Diamond Ventures. The option is exercisable by a cash payment of \$50,000 per percentage point. If the option is exercised, Diamond Ventures retains a 2% net profit interest and may purchase a 7% participating interest. Up until 30 June 2000 Kimberley may elect to extend the option period until 31 March 2002 in which event the exercise price increases to \$84,000 per percentage point and the monthly payment increases to \$6000 per month. Kimberley advised on 31 January that they had elected to extend the option until 31 March 2002

### **MMASHORO JOINT VENTURE, Botswana** (DVNL 45%)

Efforts to farm out this property on conditions reflecting its underlying value have so far been unsuccessful. The location of this property within a district containing two world-ranking diamond mines, Orapa and Letlhakane, has been previously noted. An indication of the re-emerging interest in this district is

provided by the recent application for ground adjoining the property by De Beers, Riotinto and interests associated with BHP.

A site visit was therefore made by a company representative and a formal review of exploration data was completed in order to establish an exploration programme to advance the property. Data from two recently completed, regionally extensive aeromagnetic surveys commissioned by the Botswana Government and covering the project area were acquired and are currently being interpreted in order to identify kimberlite intrusions. Results of this interpretation to date are favourable and several high priority targets have been identified. A follow-up programme to further investigate selected aeromagnetic anomalies is planned.

**POLICE VALLEY, Western Australia**  
(DVNL 100%)

No fieldwork was undertaken on this property.

**BINGARA PROJECT, New South Wales**  
(DVNL 10% NPI)

No activities are reported by Cluff Minerals (Australia) Pty Ltd, the project operator.

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

Yours faithfully,



**W R Bucknell**  
Director