

# DIAMOND VENTURES NL

ACN 062 091 909

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30 April 2003

Australian Stock Exchange Limited  
Company Announcements Office  
10th Floor, 20 Bridge Street  
**SYDNEY NSW 2000**

Dear Sir,

## **QUARTERLY REPORT FOR PERIOD ENDING 31 MARCH 2003**

### HIGHLIGHTS

#### *BEACONSFIELD GOLD EXPLORATION PROJECT*

- **DDV completes the first full quarter of exploration activity on tenements immediately surrounding the high grade Beaconsfield Gold Mine**
- **Highly encouraging results returned from extensive gold-in-soil geochemical survey covering 9km length of the property, with 12 composite anomalies having been selected as drill targets.**
- **RC drilling at Salisbury prospect highlights anomalous gold and prospective geology within and adjacent to E-W Johnsons Creek fault as a Tasmania Reef (Beaconsfield Gold Mine) look-alike. Diamond drilling planned to commence.**
- **Stream sediment geochemical survey testing Beaconsfield-style thrust slices west of Beaconsfield indicates a zone of anomalous drainage.**

#### *KOOKYNIIE GOLD PROJECT*

- **Final round of drilling completed at Diamantina with Indicated Resource of 173,000 tonnes @ 3.4 g/t Au for 18,800 contained ounces gold estimated. Evaluation of this resource for possible open-pit or underground extraction is in progress.**

## GOLD

### **BEACONSFIELD GOLD EXPLORATION PROJECT, Tasmania** *(DVNL may earn 8% royalty interest)*

Exploration on the Beaconsfield Mine property is being advanced by Diamond Ventures pursuant to an Agreement which provides DDV the right to earn an 8% gross production royalty in any discoveries it makes within the 85 km<sup>2</sup> property, excluding the Beaconsfield Gold Mine. Past production and reserves at Beaconsfield amount to more than 1.5 million ounces of gold and the operation is currently estimated to be producing at an annualised rate of about 100,000 ounces per year. Ore Reserves at 30 June 2002 stood at 878,000 tonnes @ 16.7 g/t gold for 471,000 ounces.

All production at the Beaconsfield Gold Mine is derived from the Tasmania Reef, a NE-trending quartz vein which cross-cuts a NNW-trending sequence of sandstones, siltstones and conglomerates<sup>1</sup>. The vein averages about 3 m wide and ore grades occur over a length of up to 400 m. Production levels currently extend to 800 m depth. From its discovery in 1877 until closure in 1914 the Tasmania Reef produced 854,570 ounces of gold from 1,080,000 tonnes at a recovered grade of 24.7 g/t, from surface to a depth of about 400m. Beaconsfield therefore ranks as one of Australia's richest gold mines. It was discovered by prospectors seven years after alluvial gold was first discovered in Brandy Creek, just 1.2 km to the north. The prospectors reportedly first exposed the vein over a mere half metre width on the eastern slope of Cabbage Tree Hill.

Recognising the capability of this geological environment to host such a profitable gold deposit and the relative paucity of modern exploration, Diamond Ventures seeks to make a similar discovery. It is assumed that any outcropping, or near outcropping, gold mineralisation would almost certainly have been found in the past by prospectors. Thus undiscovered gold mineralisation, obscured beneath extensive areas of Tertiary gravels, or scree on the slopes of Cabbage Tree Hill, is necessarily targeted by relatively subtle geochemical, and indirect geophysical, signposts. These signposts will be followed using shallow percussion drilling, a tool unavailable to the historic prospector.

Field activities on the Beaconsfield property commenced last November following receipt of statutory Ministerial approval of the Exploration Agreement with the Beaconsfield Mine Joint Venture. The initial exploration has comprised (i) an extensive soil geochemical survey over the key Cabbage Tree thrust slice, (ii) drilling of sixteen vertical RC holes for 551 m at the Salisbury workings in the southern part of the property, and (iii) a stream sediment survey further west (refer to location plan). Results are highly encouraging as shown below.

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<sup>1</sup> These are referred to as the Transition Beds, or more recently the Salisbury Hill Formation (lower Transition Beds) and Eaglehawk Gully Formation (upper Transition Beds).

(i) Soil geochemical survey

A first-pass blanket soil geochemical survey covering 9 km of the central Cabbage Tree thrust slice from the northern to the southern property boundaries has been completed and ground follow-up (detailed soil geochemistry, mapping and prospecting) of identified anomalies is in progress. The Cabbage Tree thrust slice contains the Tasmania Reef at the Beaconsfield Gold Mine and most of the substantial historic workings. Over 1900 samples have been collected and analysed for gold and base metals. Soil samples were taken from a depth of at least 0.5 m to minimise any possible effects of ground disturbance from historic mining activity. Fifty-five gold-anomalous sites were identified, with a peak value of 7.0 ppm.

As a result of this work twelve composite gold-anomalous zones have been established as first-pass drill targets. The locations of these zones are shown on the accompanying summary plan. Following completion of the detailed follow-up of the remaining anomalous zones, shallow (20–30 m) percussion drilling is planned to trace each of these soil anomalies to bedrock source.

Brief descriptions of these anomalous zones follow:

Anomaly	Peak value	Notes
Pease Creek	3.6 ppm Au, 680 ppm As	Largely covered by gravels. Extends prospect from previously drilled area where best intersection is 5.3g/t over 10m. Mineralisation intersected in this drilling is bedding-parallel (re-interpretation) and is open in all directions. NE striking fault (parallel to Tasmania Reef) evident in aeromagnetics.
Brandy Creek	7.0ppm Au 530 ppm As	Strong gold and arsenic anomalies over 15ha NE from historic North Tasmania workings (a Tasmania Reef analog). Footwall, hangingwall, depth and strike extensions of North Tasmania only partially explored.
O'Tooles	115 ppb Au 63 ppm As	E-W spread of anomalies over 250m at north end of Cabbage Tree Hill, south of North Tasmania. Shallow drill intersection of 1.38g/t over 2m in this area.
Leonards	203ppb Au	Located west of Cabbage Tree thrust slice, in sandstones. Some old workings but no modern evaluation. Detailed soil geochem in progress.
Moonlight	830ppb Au 52ppm As 359ppm Cu	Anomalies relate largely to old workings, which extend to 250m depth. No modern evaluation. Strike-parallel mineralisation to be drilled.
Olive Branch	145ppb Au	350m north of Tasmania Reef in same stratigraphy.
Quarry	32ppb Au	Westwards along strike of Tasmania Reef, on western side of Cabbage Tree Hill, in Cabbage Tree conglomerates
Eaglehawk	18ppb Au 67ppm As 130ppm Cu	In the general area of historic prospecting activity, hampered by scree cover, on the high eastern slope of Cabbage Tree Hill. In the headwaters of alluvial gold-bearing drainage.
Blue Tier	13ppb Au 59ppm As	On crest of Cabbage Tree Hill near historic prospecting activity. Extensions to east and west obscured by scree
Ironstone Blow	22ppb Au 72ppm As	At break of slope on eastern side of Cabbage Tree Hill. Associated laterite and pyritic sandstones.
Ironstone Road	29ppb Au 84ppm As	Located within prospective Transition Beds.
Salisbury	247ppb Au 195ppm As	Soil anomalies concentrate at the southern end of the historic workings, where some derive from cultural activity. Johnsons Creek fault is present focus. (See below).

## (ii) Reverse circulation drilling

Sixteen shallow vertical reverse circulation drill holes for a total of 551 m were drilled at, and south of, the Salisbury workings where channel samples up to 7 m @ 4.4 g/t gold had been reported in quartz-veined sandstones. Salisbury is located about 5 km south of the Beaconsfield Mine. These holes were sited to test the resource potential around the old workings, to assist in understanding the disposition of the indicated mineralisation, and to test for gold mineralisation within the unexposed, cross-cutting Johnsons Creek fault. Locations of the drillholes are shown on the accompanying plan.

At the Salisbury workings drilling has identified a sub-horizontal sheet of weak mineralisation (averaging < 1 g/t) about 2–5 m thick, over 200 m long (N-S) and at least 50 m wide within the Cabbage Tree sandstones. Best

assays are 3 m @ 1.73 g/t Au from 35 m in hole BRC6 and 5 m @ 1.12 g/t Au beneath an old stope from 10 m in hole BRC10 at the southern, exposed limit of the workings.

Most encouragement however was gained south of the exposed limit of the workings beneath shallow surficial cover, where holes BRC14 and 16 intersected strongly pyritic, quartz-carbonate veined, graphitic black shales carrying anomalous gold (up to 2 m @ 0.7 g/t). These rocks are assumed to be a local sample of the Johnson's Creek fault, which appears to be about 40m wide. Since the Johnsons Creek fault is spatially related to known gold mineralisation at Salisbury (which it offsets or truncates) and is sub-parallel to the Tasmania Reef it has long been considered a potential host for a Tasmania Reef look-alike – though it has never been tested. The geological interpretation of this locale is shown on the attached summary plan.

Two angled diamond drillholes are now planned to cross-cut the full width of the fault to test for Tasmania Reef style mineralisation.

#### (iii) Stream sediment geochemical survey

A total of 172 stream sediment samples has been collected throughout Exploration Licence 2/2001 located to the west of Beaconsfield. This Licence is of interest because it includes at least one thrust-repeated sequence of Ordovician sediments similar to that which hosts the Tasmania Reef. Sample density is approximately 3.7 samples per km<sup>2</sup>, which is effectively saturation. Sample collection is now completed but only half of the analyses have been returned to date. Samples are analysed for gold and base metals and sample type was predicated on results of previous orientation sampling at Beaconsfield. A moderately gold-anomalous drainage is indicated in the southern portion of the Licence from the results received so far.

***KOOKYNIE GOLD PROJECT, Western Australia (170 km north of Kalgoorlie)***  
*(DVNL may earn 50%)*

### **DEVELOPMENT**

A further round of drilling was undertaken at Diamantina with 26 reverse circulation holes (DVRC 197-222), three with diamond core tails, drilled for 2762 m. As well as extending the resource this drilling was also designed to infill the existing drilling to increase confidence in the resource model, and core three intersections for geological and geotechnical observation, bulk density determinations and metallurgical testing.

The Diamantina prospect is located along the gold-mineralised Cosmopolitan quartz vein system about 500 m south of the main inclined shaft of the historic Cosmopolitan Mine. Up until about 1910 when it closed, the Cosmopolitan Mine

produced 312,000 ounces of gold at a grade of 16 g/t to a vertical depth of 320 m. A small open pit was developed to approximately 40m depth on the Diamantina section of the vein in 1989–1990. The Cosmopolitan/Diamantina vein extends for a strike length of at least 1400 m, dips 40°E and averages about 2 m thick. It is hosted entirely within granite. It is developed either as a massive quartz vein, or as a discrete zone of sheared, silicified and sericitised granite carrying thinner quartz veins and veinlets with 1–2% pyrite. In drilling, the position of the Diamantina vein is very predictable.

Best assays from this round of drilling are tabulated below.

Hole	Northing	Easting	Dip	Grid Az.	Depth	Best Assays			
						From (m)	To (m)	Width (m)	Grade (g/t Au)
DVRC201D	6753010	354085	-90	-	110	102.1	105.3	3.2	6.8
					incl	104.5	105.3	0.8	25.2
DVRC215	6753000	354070	-60	270	82	72.5	76.0	3.5	2.9
DVRC202	6753010	354120	-90	-	140	130.5	133.5	3.0	4.7
DVRC217	6753020	354070	-60	270	82	69.0	73.5	4.5	2.70
DVRC205	6753050	354120	-90	-	130	112.0	115.0	3.0	7.4
DVRC206	6753050	354140	-90	-	144	128.5	130.0	1.5	11.9
						135.5	138.0	2.5	4.7
DVRC211	6753090	354140	-90	-	148	141.0	143.0	2.0	14.0
DVRC219	6753090	354070	-77	270	76	71.5	73.5	2.0	7.6
DVRC221	6753020	354070	-46	270	81	68.0	73.0	5.0	6.1
DVRC222	6753040	354080	-46	270	81	71.5	73.5	2.0	4.0

Based on drilling now completed an updated Indicated Resource of 173,000 tonnes @ 3.4 g/t for 18,800 contained ounces gold<sup>2</sup> has been estimated over a 120 m strike length and vertical extent of 120 m beneath the base of the Diamantina pit using a 1.0 g/t lower cut-off grade. Using a 3.0 g/t lower cut-off grade an undiluted Indicated Resource of 79,000 @ 6.2 g/t for 15,800 ounces gold is estimated. Evaluation of this resource for possible open-pit or underground extraction is proceeding.

Sons of Gwalia has discontinued open-pit mining operations at Butterfly owing to a shortfall in recovered grade, having mined and processed approximately 163,000 tonnes. A further 72,000 tonnes @ 1.72 g/t, outlined by grade control drilling, remain in the pit. Sons of Gwalia have deferred further negotiations in regard to mining the adjacent Clark and Admiral open-pit resources but is amenable to processing this ore at Leonora under a toll treatment arrangement. Discussions with Sons of Gwalia and Barminto continue.

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<sup>2</sup> This is a diluted, block-modelled resource estimate based on 35 RC drill hole and five diamond drill hole intersections on maximum 20m x 25m hole spacings assayed by fire assay over maximum 1m (mostly 0.5m) intervals. The estimate uses a lower cut-off grade of 1.0 g/t and an upper cut-off grade of 45 g/t. Bulk densities of 1.8 t/m<sup>3</sup>, 2.1 t/m<sup>3</sup> and 2.7 t/m<sup>3</sup> were applied for oxide, transitional and fresh rock types respectively. The Surpac block model uses block size of 10m NS by 8m EW by 4m vertical with sub-blocking to 2.5m x 2m x 1.0m and ID2 grade interpolation

## DIAMONDS

No fieldwork was undertaken on the **Ellendale Joint Venture** in the Kimberley Region in WA. Diamond Ventures withdrew from the **Mmashoro Joint Venture** in Botswana. Cluff Resources Pacific NL, the project operator of the **Bingara Project** in NSW, reports that no substantial work was completed during the quarter.

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

This report and accompanying plans will be posted on the Company's website, [www.diamondventures.com.au](http://www.diamondventures.com.au), following its release to the Australian Stock Exchange.

Yours faithfully,



**W R Bucknell**  
**Director**

485000 mE

EL APPLICATION  
DDV 100%

# DIAMOND VENTURES NL BEACONSFIELD PROJECT Location and Tenements March 2003

### Pease Creek

Previous drill intersections  
to 10 m @ 5.3 g/t.  
Area blanketed by  
transported overburden.

### CABBAGE TREE THRUST SLICE (soil geochemical coverage)

5440000 mN

### Tasmania North

1890s shaft to 150 m depth  
in Tasmania Reef setting.  
Minimal drilling.

BEACONSFIELD  
GOLD MINE (excluded)

### Moonlight

1890s shafts to  
250 m depth.  
Never drilled.

TASMANIA  
REEF

### EL2/2001 (stream sediment geochemical coverage)

Eaglehawk Gully  
Alluvial nuggets.  
No recorded follow-up.

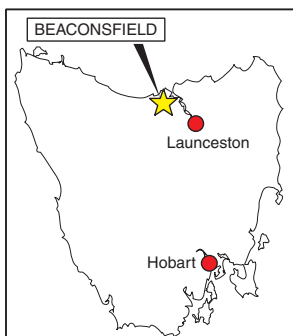
Johnsons Ck fault

**SALISBURY**  
16 RC holes  
drilled for 551 m



0 1 2 3 4 km

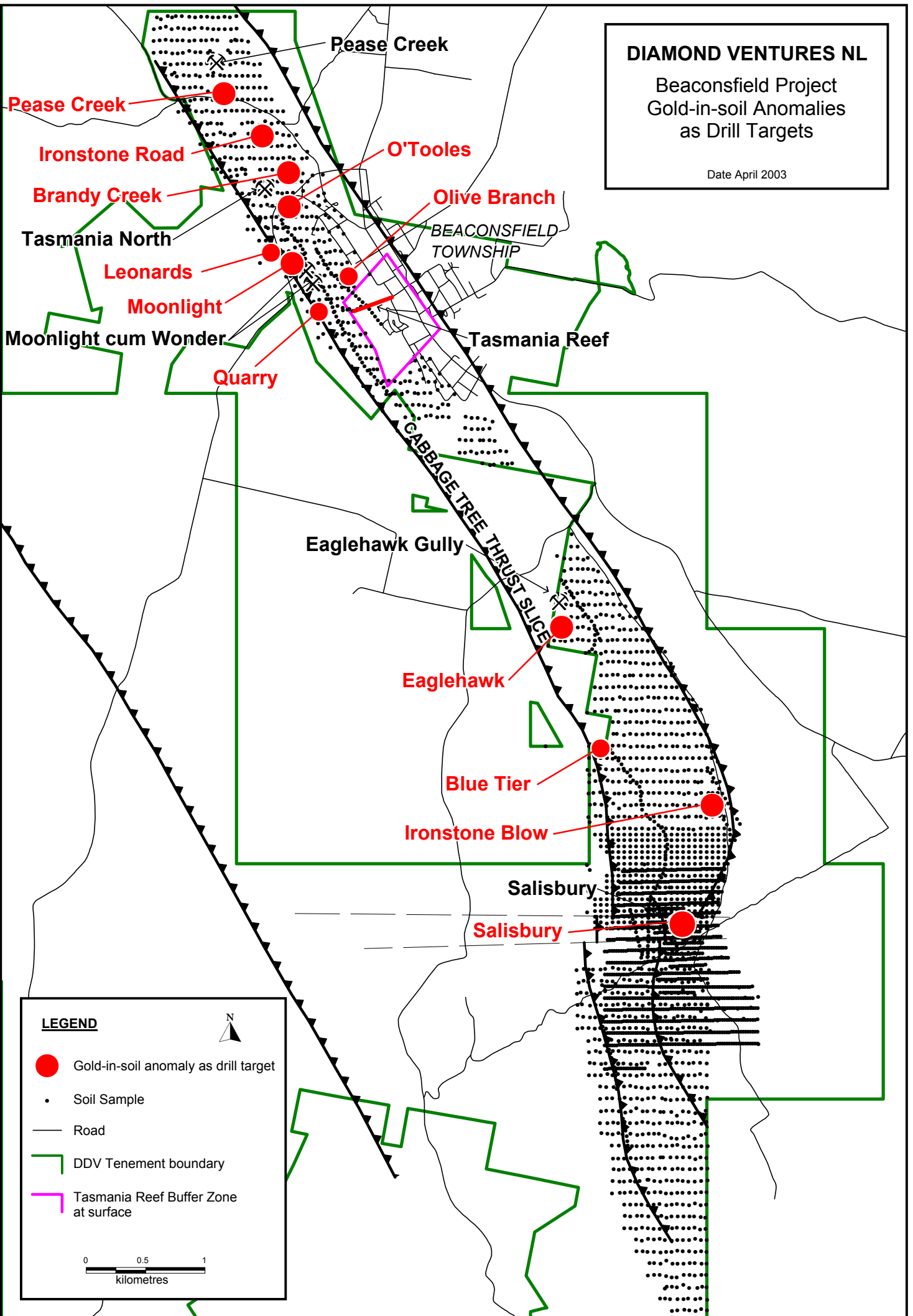
5430000 mN



**DIAMOND VENTURES NL**

Beaconsfield Project  
Gold-in-soil Anomalies  
as Drill Targets

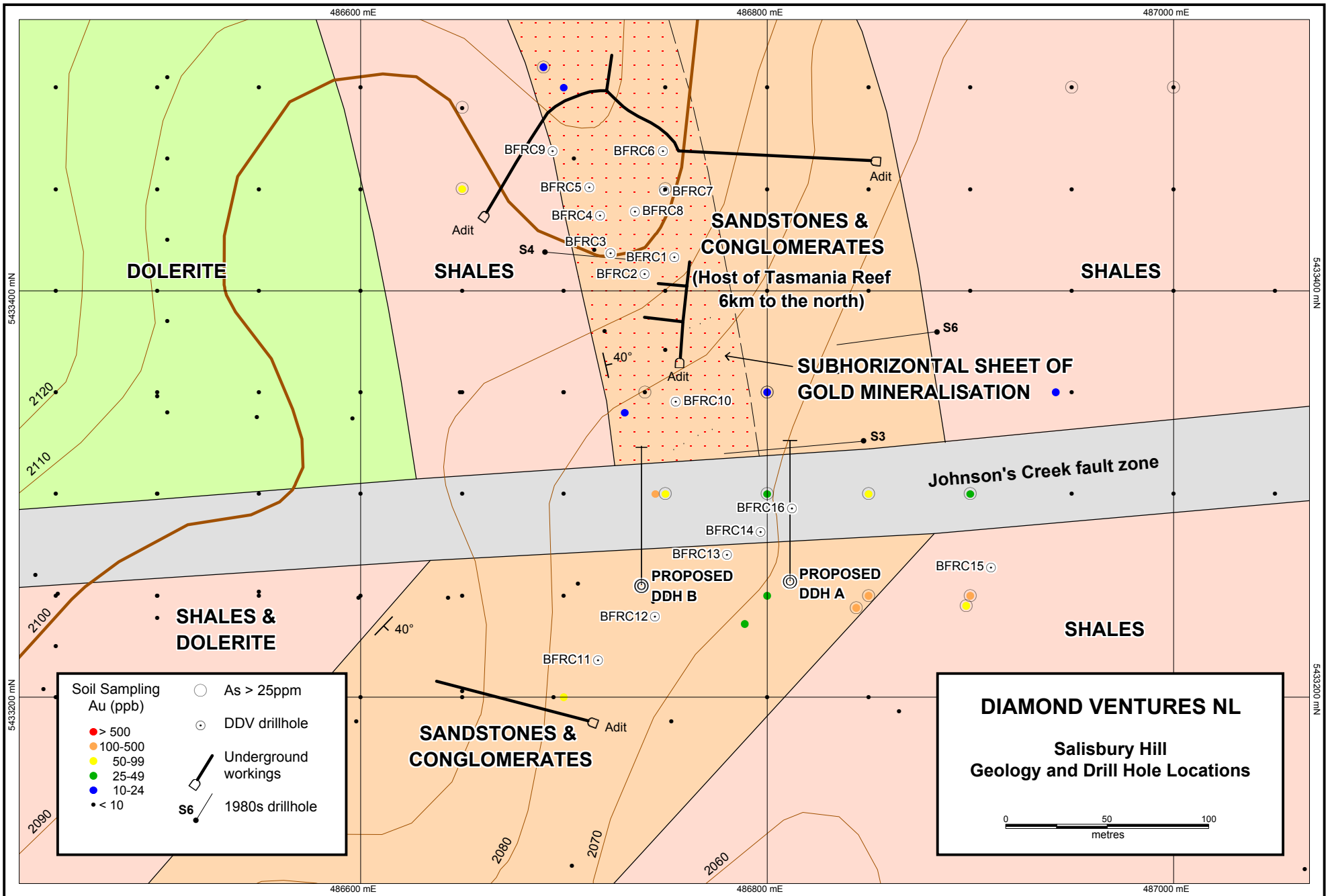
Date April 2003



**LEGEND**

- Gold-in-soil anomaly as drill target
- Soil Sample
- Road
- ▭ DDV Tenement boundary
- ▭ Tasmania Reef Buffer Zone at surface

0 0.5 1  
kilometres



Soil Sampling Au (ppb)	○ As > 25ppm
● > 500	○ DDV drillhole
● 100-500	▬ Underground workings
● 50-99	▬ 1980s drillhole
● 25-49	
● 10-24	
● < 10	

**DIAMOND VENTURES NL**

**Salisbury Hill**  
Geology and Drill Hole Locations

0 — 50 — 100  
metres

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Diamond Ventures NL

ABN

82 062 091 909

Quarter ended ("current quarter")

31 March 2003

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	100	100
1.2 Payments for (a) exploration and evaluation	(288)	(288)
(b) development		
(c) production		
(d) administration	(77)	(77)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	10
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(255)</b>	<b>(255)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	<b>(255)</b>	<b>(255)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(255)	(255)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(255)	(255)
1.20	Cash at beginning of quarter/year to date	1,074	1,074
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	819	819

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	30
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors fees	12
Salaries	18

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil
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+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	
<b>Total</b>	300

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	28	19
5.2 Deposits at call	791	1,055
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	819	1,074

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

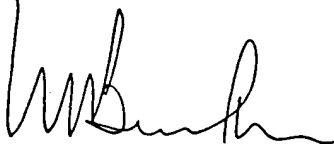
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	83,363,634	83,363,634		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	733,335		\$0.25	31.12.03
	733,335		\$0.30	31.12.03
	733,330		\$0.35	31.12.03
	22,405,600	22,405,600	\$0.10	30.06.06
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  ..... Date: 30 April 2003  
(Director/Company secretary)

Print name: Walter R Bucknell

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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