

# DIAMOND VENTURES NL

ABN 82 062 091 909

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29 April 2004

Australian Stock Exchange Limited  
Company Announcements Office  
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## **QUARTERLY REPORT FOR PERIOD ENDING 31 MARCH 2004**

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### **HIGHLIGHTS**

#### ***TOUQUOY GOLD PROJECT – Nova Scotia Canada***

- The second step-out diamond drilling program comprising 25 holes for 2304m has just been completed with the bulk of assays yet to be returned.
- A reconnaissance property-wide percussion drilling program has commenced to investigate favourable stratigraphy and structure along strike from the Touquoy deposit, and is expected to be completed by July.

#### ***BEACONSFIELD GOLD EXPLORATION PROJECT – Tasmania***

- First-pass percussion-drill testing of the Lyons prospect (north of Beaconsfield) has been undertaken, with assays awaited. Diamond drilling is underway at the Salisbury prospect, with drilling at three other prospects to follow.

#### ***KOOKYNIIE GOLD PROJECT – Western Australia***

- An option agreement has been entered into to sell the Kookynie project assets at any time prior to 27 May 2004 for \$500,000 cash to Altona Resources Limited.

## **GOLD**

### ***TOUQUOY GOLD PROJECT Nova Scotia Canada***

*(DDV may earn up to 75%)*

A second diamond drilling program, comprising 25 holes (MR-04-025 to 050) for 2304m, has just been completed. This scoping program was a follow-up to that undertaken last November/December and was designed to test for extensions to the presently known resource. Drillhole locations are shown on the accompanying plan.

Widely spaced holes were drilled to:

- explore for eastern extensions of the deposit beneath shallow glacial cover (holes 26-36) with two fences of widely spaced holes, on nominal 100m x 80m centres,
- test for down-dip resources extensions on the northern limb of the anticline on 100m-spaced sections (holes 37-40),
- test for western extensions of the deposit (holes 41-45), and
- follow up encouraging results from previous hole 8 (6m @ 6.1g/t from 5m and 12m @ 4.4g/t from 37m) on the southern margin (holes 46-50).

While the bulk of the assays have yet to be returned observations of strong alteration and fine visible gold in the drill core and intersections through historic workings indicate that the mineralising system extends into all four of the above locales. Strongly altered host argillites were evident particularly in the latter three areas, these having been drilled during the second half of the program.

At this time assays for the first six holes, all on the eastern extension drilling, have been received. Initial indications are that the easternmost fence of holes (holes 26-30 on 22250E – refer to plan), placed 175m east of the previous drilling, has penetrated a separate fault block which is unmineralised in this position. Best result so far is 1m @ 8.96g/t in hole 34 located on 22150E and 75m east of the previous drilling. It is too early to draw meaningful conclusions given the isolated nature of this result and further assays are awaited.

Assay results are given in the following table along with results from the final two holes (24 and 25) of the previous program. These two holes cut narrow mineralised intervals within the host argillites but south of the central resource area.

Hole	Easting	Northing	Dip	Grid Az.	Depth	Best Assays			
						From (m)	To (m)	Width (m)	Grade (g/t Au)
<b>Eastern Extension</b>									
MR-03-024	22075	10040	45°	180	80	21	22	1	8.19
						58	59	1	6.83
						72.5	74	1.5	3.39
MR-03-025	22075	10000	45°	180	110	39	40	1	3.17
MR-04-026	22250	10360	45°	180	110				<1.00
MR-04-027	22250	10280	45°	180	52.5				<1.00
MR-04-028	22250	10200	45°	360	100.7				<1.00
MR-04-029	22250	10120	45°	360	101	72.5	73.5	1	1.25
MR-04-032	22150	10400	45°	180	158	14	18	4	2.06
MR-04-034	22150	10240	45°	180	53	15	16	1	8.96
						39	43	4	1.04

Individual samples comprise ½ NQ core of nominal 1m length, and all assays are fire assays.

In addition to the diamond drilling a reconnaissance open-hole percussion drilling program was commenced to explore the wider property to identify mineralisation for more comprehensive follow-up drilling. Holes are generally shallow and are designed to penetrate glacial overburden to sample the basal till and several metres of bedrock. Drilling started on 250m-spaced fences, with holes 50m apart, immediately east of the Touquoy deposit with current completion of 37 holes for 245m on four fences. No assays have been returned at this time. Drilling will subsequently proceed on nominal 1km-spaced traverses, extending eastwards along the favourable stratigraphy/structure to the property boundary some 15km east of Touquoy. This program is expected to be completed by July.

Drilling to date around and within the deposit is extending the existing resource. An estimate of the resource extension will be undertaken once all assays have been returned. These investigations are considered prefatory to a comprehensive drill delineation of the deposit which is expected to underpin a full feasibility study. In parallel with the current field work therefore, investigations relating to environmental permitting, community and government departmental liaison, refinement of expected capital and operating costs and financial modelling have been ongoing to advance the development of the project. At this stage no significant non-technical impediments to project development are foreseen.

The target is a production scenario incorporating an on-site gold treatment plant with a 1.5 million tonne per annum throughput and a 6.5 year minimum mine life to produce approximately 90,000 ounces gold per year. This target implies a substantial increase in the existing resource inventory, to which the ongoing drilling is being applied. Due diligence and scoping studies undertaken by DDV confirm that the deposit has a low stripping ratio, excellent ore metallurgy and favourable ore grindability characteristics.

As previously reported Diamond Ventures has entered into an agreement to earn 60% interest in the Touquoy Gold Project by spending C\$2.2 million by 31 December 2005, with further staged cash payments of C\$200,000. An additional 15% interest can be acquired in the property outside the general area of the known resource by securing project financing.

The property is located about 110 km by sealed roads from Halifax, the capital of Nova Scotia. Substantial diamond drilling in the late 1980s and mid-1990s has defined previously reported, combined Indicated and Inferred Resources of 5.7 million tonnes of 2.2 g/t Au for 405,000 ounces of gold.

### **BEACONSFIELD GOLD EXPLORATION PROJECT, Tasmania**

*(DDV may earn an 8% royalty interest)*

Two new gold-in-soil anomalous target areas were investigated with a total of 21 shallow percussion holes for 351m. At the Lyons prospect, 1.5km north of the Beaconsfield Gold Mine, weakly quartz-veined siliceous sediments (similar to Tasmania Reef host rocks) were intersected. Assays are awaited and positive results will be followed up with diamond drilling. No encouragement was forthcoming at the second prospect, located on the western Exploration Licence west of Beaconsfield.

Diamond drilling has commenced at the Salisbury prospect (5km south of Beaconsfield) where two holes are placed to follow up gold mineralisation intersected during the previous program. As part of this program single holes are planned to test each of the Moonlight and Little Wonder prospects, immediately west of Beaconsfield, and the Pease Creek prospect north of Beaconsfield.

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 produced 105,736 ounces of gold (from 227,908 tonnes grading 16.0 g/t) for the financial year ending 30 June 2003. Ore Reserves at 30 June 2003 are reported by the Beaconsfield Mine Joint Venture to be 640,000 tonnes @ 17.9 g/t gold for 369,000 contained ounces of gold.

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

As previously reported Diamond Ventures has entered into an option agreement with Altona Resources Limited (“Altona”) whereby Altona has the option to purchase Diamond Ventures’ 50% interest in the Development Area tenements at Kookynie at any time prior to 27 May 2004 for \$500,000 cash. The Development Area tenements comprise M40/3, M40/8, M40/101, M40/110, P40/989 and a small portion of M40/61 adjoining M40/8.

Should the sale proceed Diamond Ventures will hold no further interest in the Kookynie project.

**OTHER PROJECTS**

No fieldwork was undertaken on the Mt Drysdale (NSW) gold project, nor on the Ellendale Joint Venture (WA) diamond project.

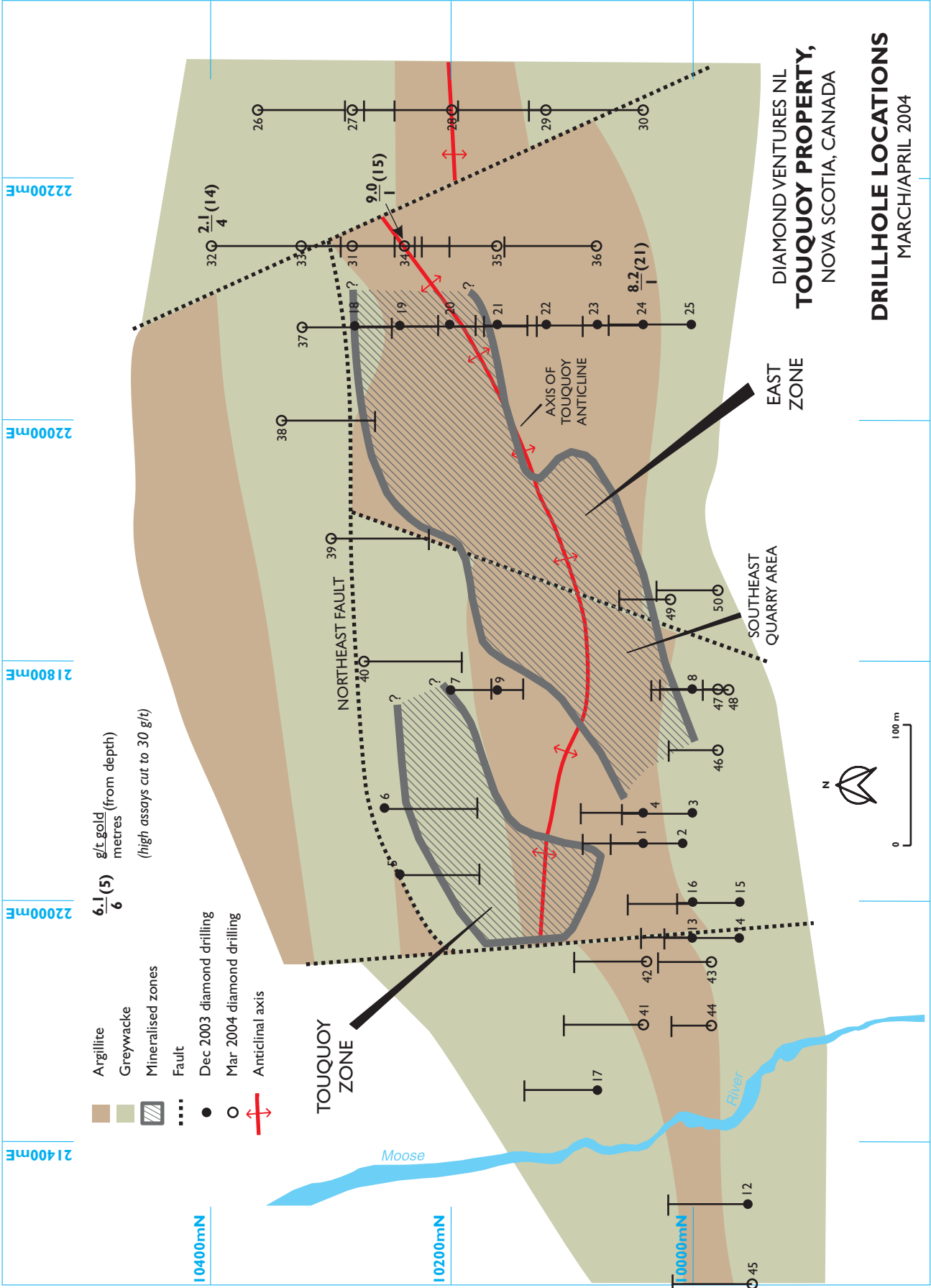
This report was compiled by WR Bucknell who is a Corporate Member of the Australasian Institute of Mining and Metallurgy.

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



DIAMOND VENTURES NL  
**TOUQUOY PROPERTY,**  
 NOVA SCOTIA, CANADA

**DRILLHOLE LOCATIONS**  
 MARCH/APRIL 2004

- Argillite
  - Greywacke
  - Mineralised zones
  - Fault
  - Dec 2003 diamond drilling
  - Mar 2004 diamond drilling
  - Anticline axis
- 6.1 (5)  
6  
g/t gold (from depth)  
metres  
(high assays cut to 30 g/t)

# 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 2004

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(378)	(378)
(b) development		
(c) production		
(d) administration	(98)	(98)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	22	22
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material) – Option income	3	3
<b>Net Operating Cash Flows</b>	<b>(451)</b>	<b>(451)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(3)	(3)
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) – Security deposit	(1)	(1)
<b>Net investing cash flows</b>	<b>(4)</b>	<b>(4)</b>
1.13 Total operating and investing cash flows (carried forward)	(455)	(455)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(455)	(455)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	2	2
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>	2	2
	<b>Net increase (decrease) in cash held</b>	(453)	(453)
1.20	Cash at beginning of quarter/year to date	1,787	1,787
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1,334	1,334

**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

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

+ 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 arrangement	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	
<b>Total</b>	400

### 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	70	1,059
5.2 Deposits at call	1,264	728
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	1,334	1,787

### 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> Fully paid DDV Partly paid 3c DDVCA	101,671,498 30,296,342	101,671,498 30,296,342		
7.4 Changes during quarter (a) Increases through issues – Fully paid DDV (b) Decreases through returns of capital, buy-backs	3,195	3,195		
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>
– DDVOA	23,615,931	23,615,931	\$0.10	30.06.06
– DDVOB	10,095,656	10,095,656	\$0.12	31.10.04
– DDVAI	2,200,000		\$0.20	31.12.08
7.8 Issued during quarter				
7.9 Exercised during quarter – DDVOB	3,195			
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: 29 April 2004  
(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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