

Diamond Ventures NL
EL 2/2001 Andersons Creek
Final Report

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21 June 2004

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INTRODUCTION

This report is to accompany the relinquishment of EL 2/2001. For the past two years the EL has been included in the Diamond Ventures NL - Beaconsfield Mine JV joint venture, which was ratified on 8 November 2002. Exploration commenced in January 2003 with a licence-wide stream sediment survey which produced one convincing gold anomaly. The anomaly was drill tested in 2004 and no mineralisation was encountered. No further work is considered warranted and the licence will be surrendered at the end of year 3, on 22 June 2004.

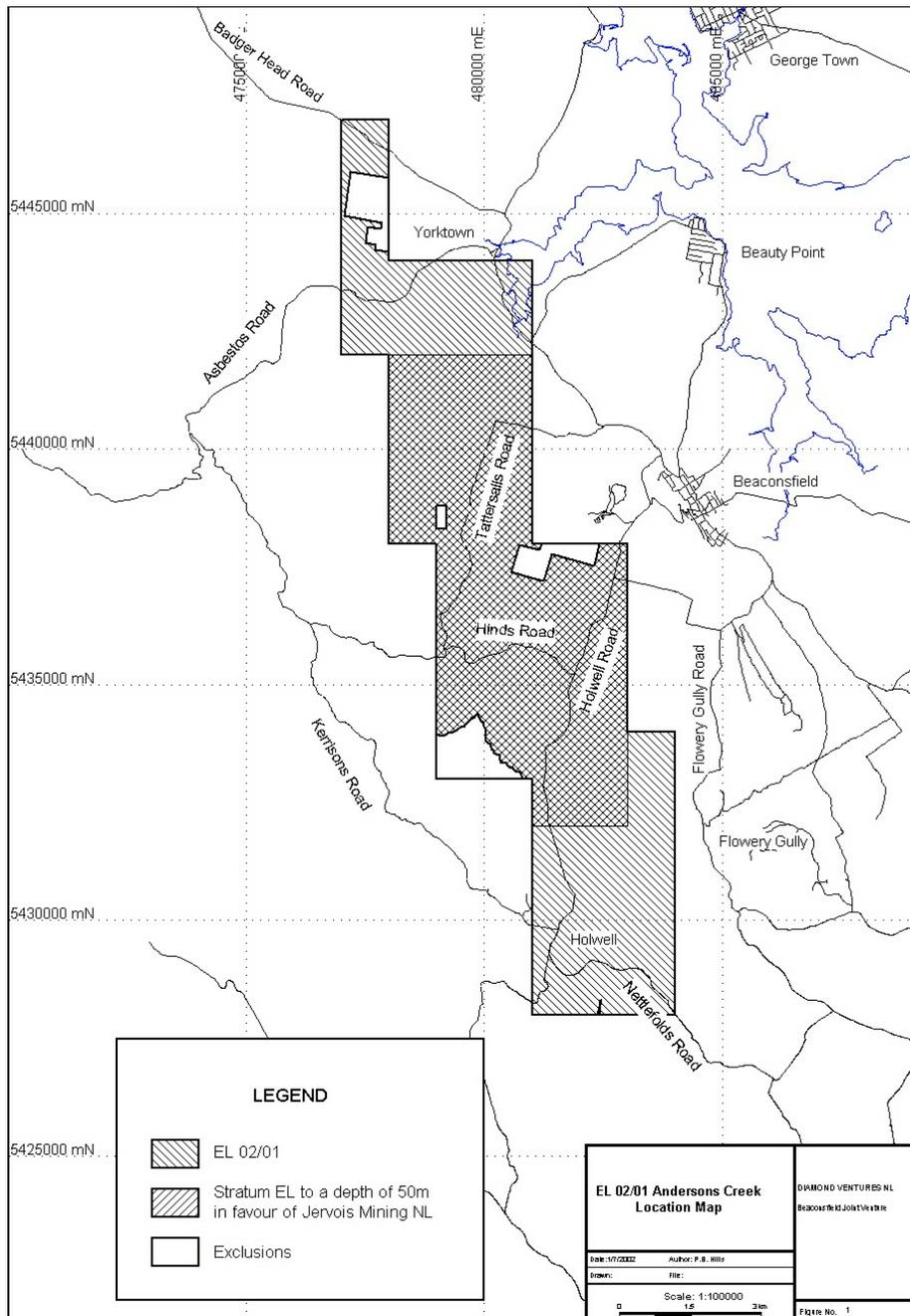
TENEMENT DETAILS

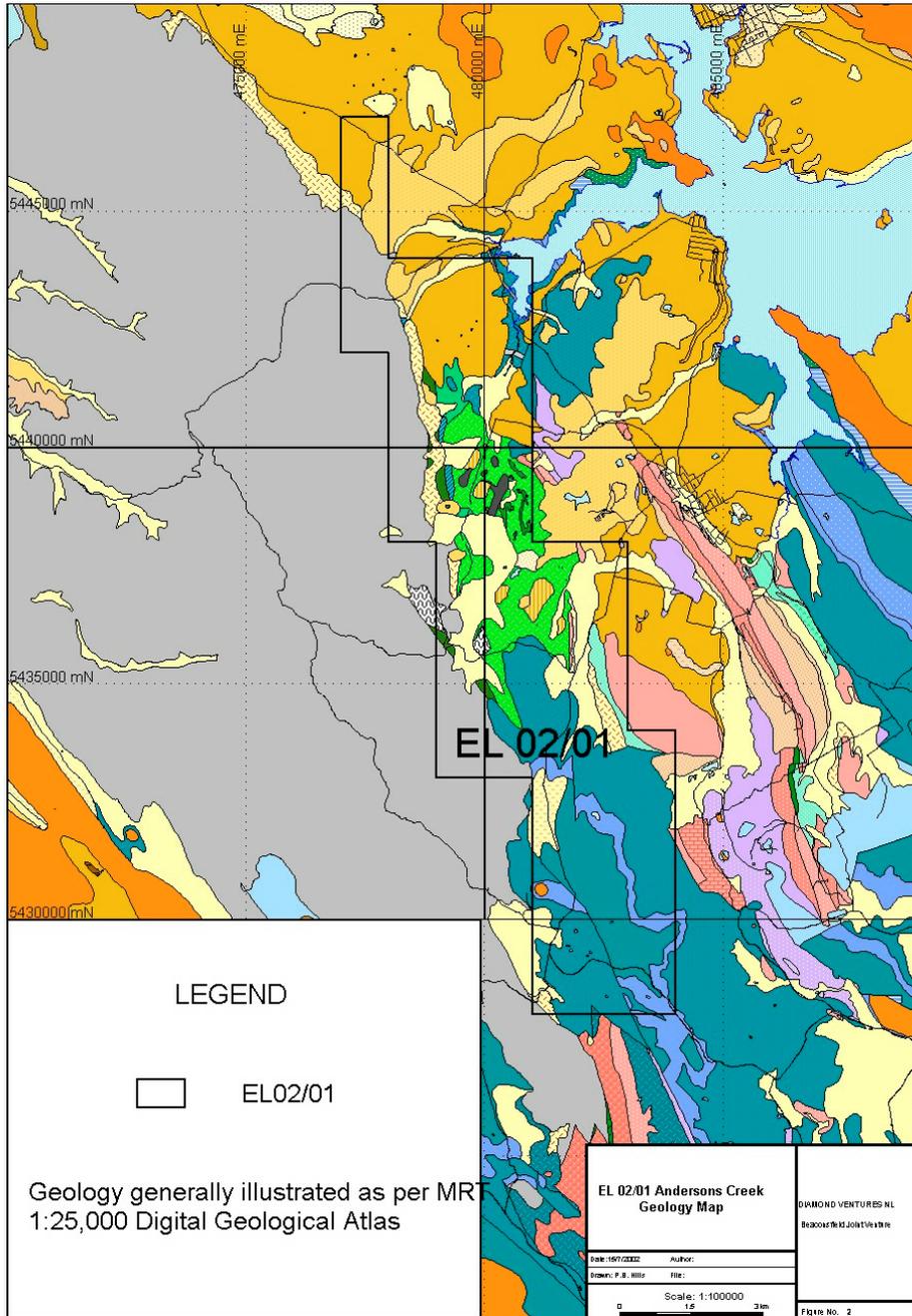
EL 2/2001 covers 55 km² in the Andersons Creek area west of Beaconsfield (Figure 1). The licence was granted to Allstate Prospecting Pty Ltd on behalf of the Beaconsfield Mine Joint Venture, for a period of 5 years from 22 June 2001 to the 22 June 2006 (Hills, 2002). Tenure is somewhat complicated by the 34 km² (including exclusions) EL 1/2001, held by Jervois Mining Ltd, within the central part of EL 2/2001 but limited to a depth of 50 metres below surface (Figure 1). EL 2/2001 includes exploration access rights on ground covered by EL 1/2001 but no rights to resources discovered within EL 1/2001.

Exploration exclusions on EL 2/2001 (and in part on EL 1/2001) comprise; 260 hectares of mining leases (including ML 6M/2000 held by BMJV), the Holwell Gorge State Reserve over 160 hectares and various small State Reserves totaling approximately 10 hectares (Figure 1). Therefore, EL 2/2001 has approximately 52 km² available for exploration, 52 km² with access to resources below 50 metres and approximately 20 km² with access to resources from the surface.

GEOLOGY AND EXPLORATION PHILOSOPHY

The regional geology of the EL consists of three NNW striking thrust conformable associations of Proterozoic - Ordovician rocks which young to the east and are covered by flat lying Permian sedimentary rocks in the south of the EL and by semi consolidated Tertiary sediments in the north-northeast (Figure 2). Thus the target rocks for exploration, in outcrop, predominantly occupy a window through younger cover in the central third of the EL. In the west of the window and extending to the northwest corner of the EL, Proterozoic quartzites and schists of the Badger Head Group comprise basement to an association of serpentinites, peridotites, mafic volcanics and metamorphosed marine sediments: the Middle Cambrian Andersons Creek Ultramafic Complex. The Andersons Creek Ultramafic Complex is overlain by correlates of the Blyths Creek Formation, undifferentiated Cabbage Tree Formation (used here as a general term for the Salisbury Hill and Eaglehawk Gully Formations) rocks and Flowery Gully Limestone.





The rocks overlying the ultramafics correlate with the Beaconsfield Mine Sequence but are clearly contained in a separate thrust slice, producing the stratigraphic repetition SW of the mine (Figure 2). Reed (2002) and Reed et al (2002) describe the structural relationships and tectonic history of the pre-Permian rock units in the Beaconsfield region.

The exploration philosophy remains to discover gold mineralisation using the structural, stratigraphic and alteration setting of the Tasmania Reef as a model, but also considering the role of other major thrusts as possible fluid pathways and the potential of the Badger Head Group and the Andersons Creek Ultramafic Complex as gold reef hosts (Hills, 2002).

SUMMARY OF EXPLORATION RESULTS

Following the signing of the Diamond Ventures NL - BMJV joint venture in late 2002, exploration on EL 2/2001 commenced in January 2003. A 172 sample -80 mesh stream sediment survey was completed and interpreted by May 2003.

An expected strong anomalous nickel response exists in creeks draining the Cambrian Andersons Creek Ultramafic Complex, in the central part of the EL. A maximum nickel value of 3040 ppm was achieved.

Copper, lead, zinc and arsenic show no convincing anomalies but weak and patchy zinc elevation tracks the nickel highs.

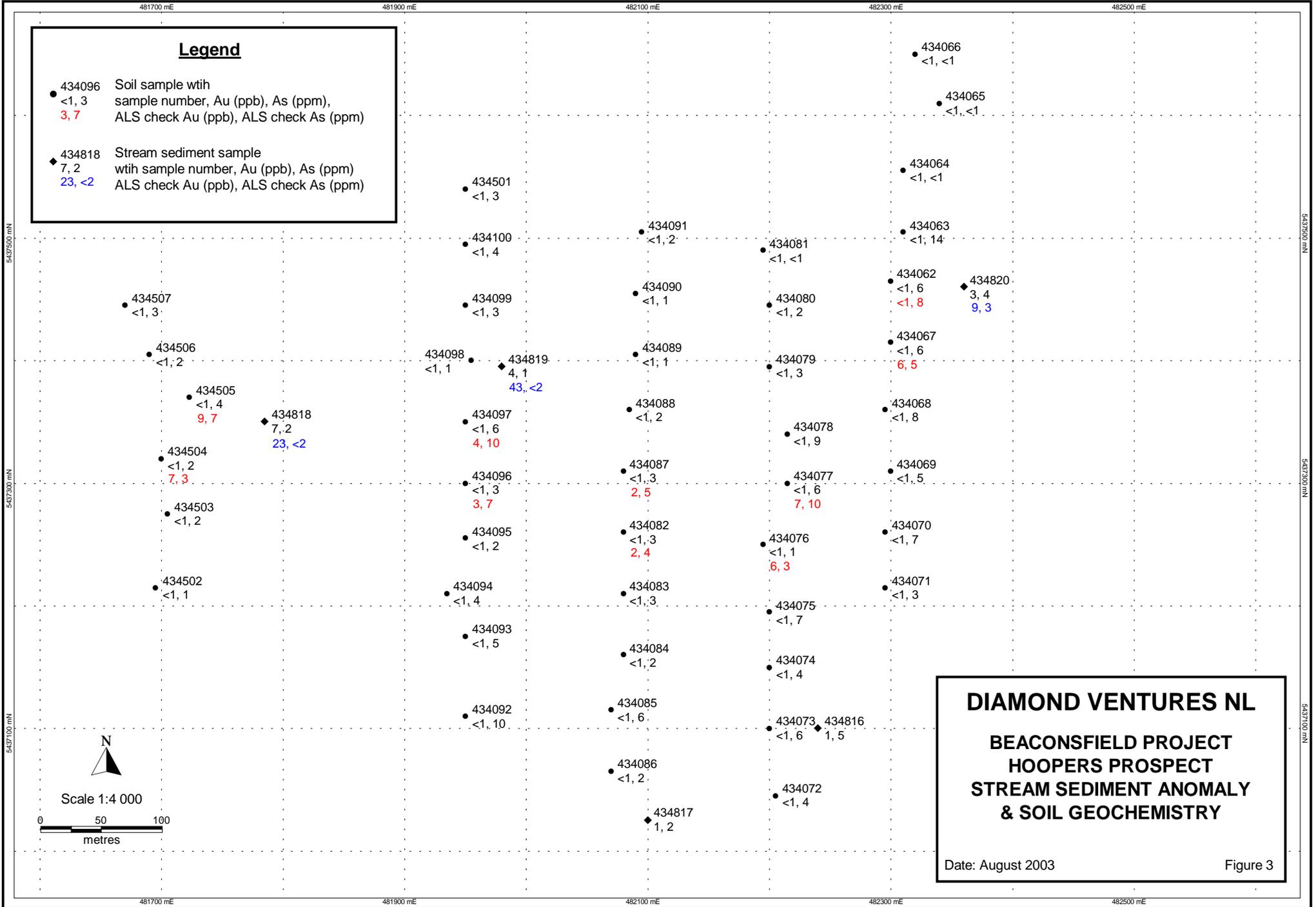
Gold was the main target of the survey and several areas of subtle gold elevation were detected, with follow-up work required. Five drainage networks containing elevated gold values were identified in the central eastern, southern and north western sectors of the EL. The anomalous drainage is sampling Cambro-Ordovician Beaconsfield Mine Sequence correlates, Permian strata probably overlying Mine Sequence correlates and Proterozoic quartzites and schists.

The highest ranking anomaly was an ENE trend in Cambro-Ordovician correlates of the Beaconsfield Mine Sequence rocks, in the central east of the EL, on Hooper's property (sample nos 434818 - 434819 – 434820 in Morrison, 2003). This trend could project as an extension from the Tasmania Reef host structure, to the northeast and across the Cabbage Tree Thrust.

A small soil survey was conducted across the drainage anomaly trend but it did not detect significant gold or arsenic (Figure 3). A north-south fence of 8 vertical percussion/RAB holes (86 metres) also tested Hooper's prospect (Figure 4). The drilling penetrated the Cainozoic cover and intersected serpentinite within the Cambrian Andersons Creek Ultramafic Complex, slightly further east than expected from existing regional mapping. No evidence of veining, structure or alteration was seen and all assays returned less than detection levels for gold and arsenic (Table 1). No further work is justified on this target and no other convincing anomalies exist on the EL.

Legend

- 434096 Soil sample with sample number, Au (ppb), As (ppm), ALS check Au (ppb), ALS check As (ppm)
● <1, 3
● 3, 7
- ◆ 434818 Stream sediment sample with sample number, Au (ppb), As (ppm), ALS check Au (ppb), ALS check As (ppm)
◆ 7, 2
◆ 23, <2



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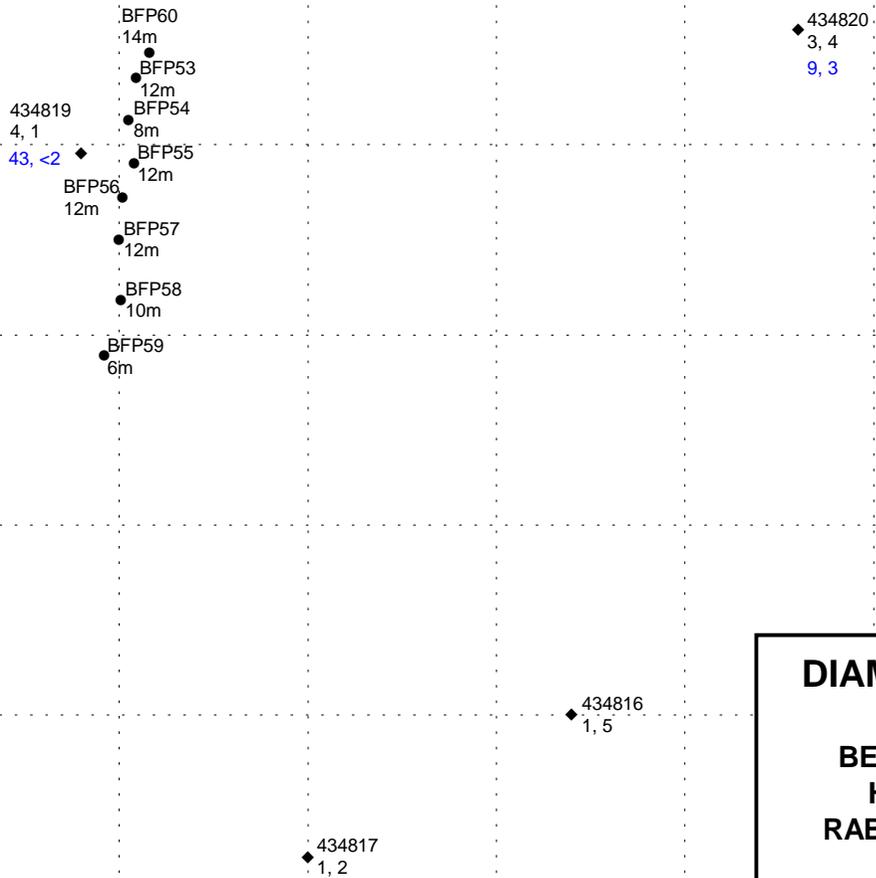
BEAconsfield PROJECT HOOPERS PROSPECT STREAM SEDIMENT ANOMALY & SOIL GEOCHEMISTRY

Date: August 2003

Figure 3

Legend

- BFP53 Drill hole with depth in metres
- ◆ 434818 Stream sediment sample with sample number, Au (ppb), As (ppm)
23, <2 ALS check Au (ppb), ALS check As (ppm)



DIAMOND VENTURES NL

**BEACONSFIELD PROJECT
HOOPERS PROSPECT
RAB/PERCUSSION DRILLING**

Date: June 2004

Figure 4



Scale 1:4 000

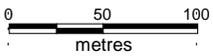


Table 1 - Register of Drill Samples: Hoopers

Hole No	Easting	Northing	Depth	Lithology	Sample No	Au F650	As A102
		AGD 66 Zone 55				10000	5000
						ppm	ppm
BFP53 (12m)	482009	5437435	1-4m	clay, frags oxid sst, vein qtz, chalcedony	458701	<	<
			4-8m	damp sticky mottled yell brn clay	458702	<	<
			4-12m	damp sticky mottled yell brn clay	458703	<	<
BFP54 (8m)	482005	5437413	1-4m	clay, frags oxid sst, vein qtz, chalcedony	458704	<	<
			4-8m	small samples damp yell brn clay	458705	<	<
BFP55 (12m)	482008	5437390	1-4m	soil, qtz lag, green brn talcose clay	458706	<	<
			4-8m	weathered serpent, clay, chalcedony	458707	<	<
			8-12m	partly weathered green brn serpentinite	458708	<	<
BFP56 (12m)	482002	5437372	1-4m	lateritic soil, clay, weathered serpentinite	458709	<	<
			4-8m	partly weathered green brn serpentinite	458710	<	<
			8-12m	partly weathered green brn serpentinite	458711	<	<
BFP57 (12m)	482000	5437350	1-4m	lateritic soil, clay, weathered serpentinite	458712	<	<
			4-8m	partly weathered green brn serpentinite	458713	<	<
			8-12m	damp fresh grey green serpentinite	458714	<	<
BFP58 (10m)	482001	5437318	1-4m	lateritic soil, clay, weathered serpentinite	458715	<	<
			4-8m	partly weathered green brn serpentinite	458716	<	<
			8-10m	damp fresh grey green serpentinite	458717	<	<
BFP59 (6m)	481992	5437289	1-4m	black clay soil, weathered serpentinite	458718	<	<
			4-6m	damp clay, heavily weathered serpentinite	458719	<	<
BFP60 (14m)	482016	5437448	1-4m	yell brn clay, trace vein qtz frags	458720	<	<
			4-8m	damp mottled red, yell brn clay	458721	<	<
			8-12m	damp mottled red, yell brn clay	458722	<	<
			12-14m	clay a/a, frags heavily weathered serpentinite	458723	<	<

EXPENDITURE

EL 2/2001 - Expenditure: 1 January 2003 to 21 June 2004

Tenement Costs	\$1,950.92
Geology	\$3,021.44
Geochemistry	\$9,763.05
Drilling	\$7,831.23
Administration & Overheads	\$2,256.66
TOTAL	\$24,823.30

CONCLUSIONS

Drill testing the highest ranking stream sediment anomaly produced no indication of a mineralised structure at Hoopers. The remaining four weak drainage anomalies are located on Permian or Proterozoic bedrock and are considered low priority targets for further exploration. The combination of low prospectivity for gold, the complications of a stratum title over the majority of the EL and environmental issues associated with rare plants on part of the EL result in this EL being downgraded relative to other exploration tenements in the Beaconsfield area. EL 2/2001 will be relinquished at the end of licence year 3.

REFERENCES

- Hills, P.B., 2002. Andersons Creek EL 02/01 Annual Report 2001-02, Allstate Explorations NL.
- Morrison, K., 2003. Diamond Ventures NL EL 2/2001 Andersons Creek Year 2 Annual Report, 2002-2003.
- Reed, A. R., 2001. Structure and setting of Proterozoic and Palaeozoic rocks in the Tamar region, northern Tasmania. *Field Guide Geological Society of Australia Specialist Group in Tectonics and Structural Geology 9*.
- Reed, A. R., Zengerer, M. and Roach, M., 2001. Andersons Creek Ultramafic Complex and Simmonds Hill Metamorphics, in: Reed A. R. (ed), Structure and setting of Proterozoic and Palaeozoic rocks in the Tamar region, northern Tasmania. *Field Guide Geological Society of Australia Specialist Group in Tectonics and Structural Geology 9*.