

Diamond Ventures NL

**EL 20/1994, EL 2/2001, RL 1/1999
& ML 1767P/M**

**Beaconsfield Project
Exploration Report for the Period
1 April 2004 – 30 June 2004**

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1 August 2004

DIAMOND VENTURES NL

REPORT ON EXPLORATION AT BEACONSFIELD FOR THE PERIOD 1 APRIL 2004 – 30 JUNE 2004

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REPORT ON EXPLORATION AT BEACONSFIELD FOR THE PERIOD 1 APRIL 2004 – 30 JUNE 2004

1. INTRODUCTION

This report describes the gold exploration activities undertaken by Diamond Ventures NL (DDV) around the Beaconsfield Gold Mine during the period 1 April 2004 and 30 June 2004.

This exploration activity was undertaken pursuant to an Agreement dated 30 September 2002 between Diamond Ventures NL, the Joint Venturers of the Beaconsfield Gold Mine (BMJV) and the Deed Administrators and Receiver. The Commencement Date of this Agreement is 8 November 2002. This report is submitted in accordance with Clause 19.1 of that Agreement.

The tenements subject to the Agreement are Mining Lease 1767P/M, Retention Licence 1/1999, Exploration Licence 20/1994 and Exploration Licence 2/2001 (Figure 1).

The exploration undertaken during this reporting period comprised the following:

- A fence of 8 vertical percussion/RAB holes (86 metres) on Hoopers drainage anomaly (EL 2/2001).
- 13 vertical percussion/RAB drill holes (265 metres) to test the Lyons soil anomaly (RL 1/1999).
- A 145 metre diamond drill hole through the Johnsons Creek Fault zone at Salisbury, to extend the test for structurally controlled mineralisation further east (EL 20/1994).

These activities are described below.

2. HOOPERS PROSPECT DRILLING

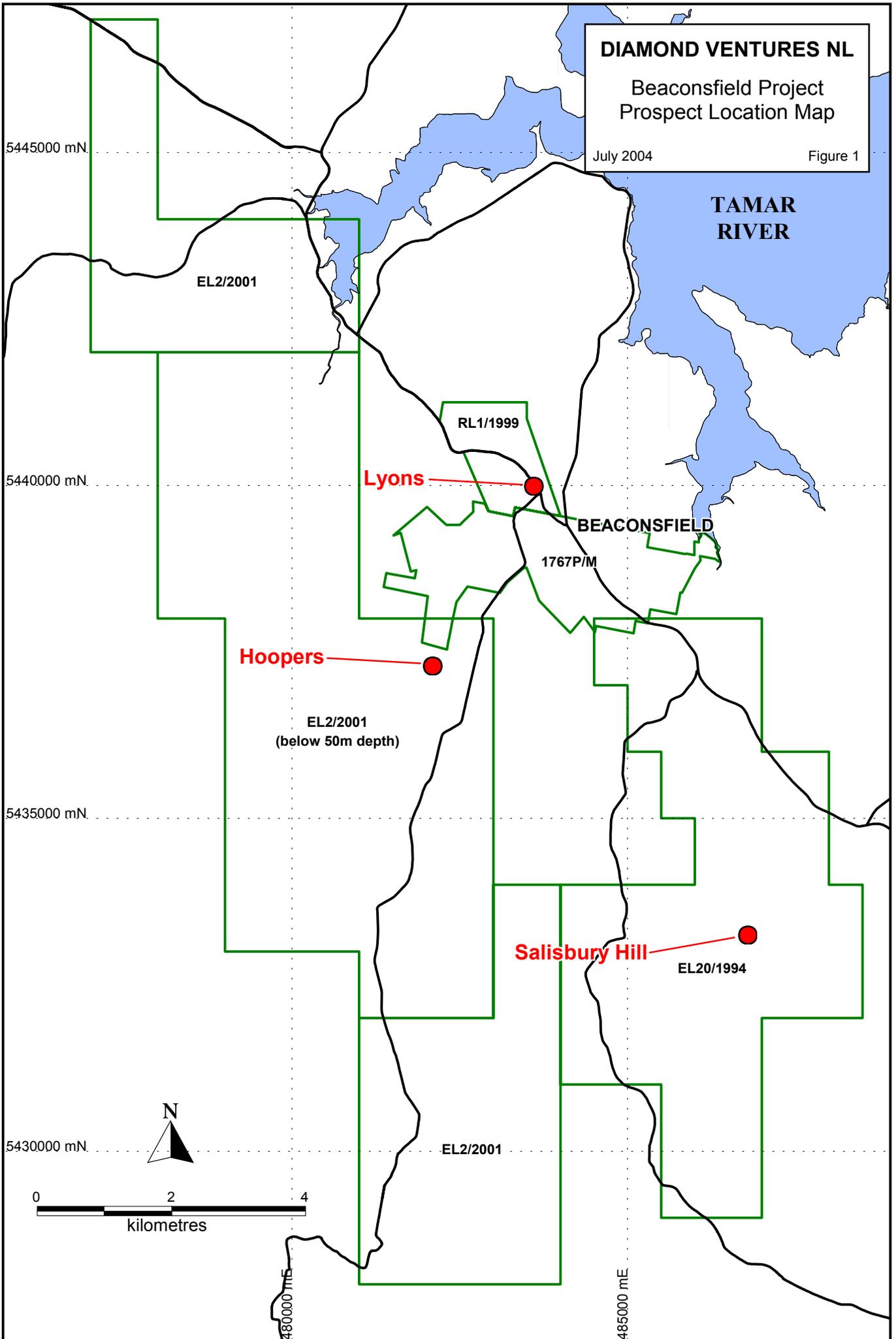
A north-south fence of 8 vertical percussion/RAB holes (86 metres) tested the three sample weak drainage anomaly at Hoopers, which appeared to align on a structural trend with the Tasmania Reef (Figure 2). All holes penetrated the Cainozoic cover and intersected serpentinite within the Cambrian Andersons 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 (Appendix A). No further work is justified on this target and no other convincing anomalies exist on the EL. The EL is to be relinquished at the end of licence year 3, on 22 June 2004.

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**Beaconsfield Project
Prospect Location Map**

July 2004

Figure 1



481700 mE 481900 mE 482100 mE 482300 mE 482500 mE

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)

5437500 mN

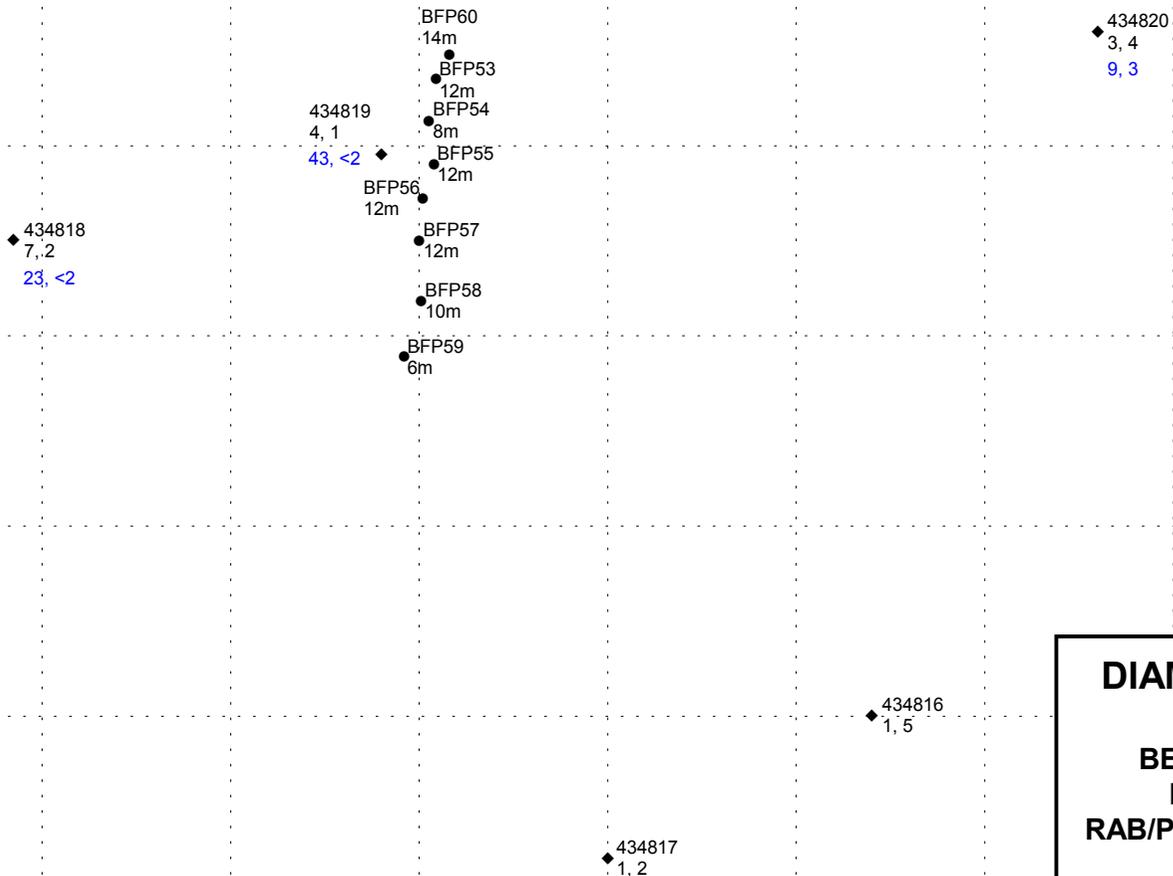
5437300 mN

5437100 mN

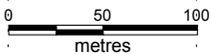
5437500 mN

5437300 mN

5437100 mN



Scale 1:4 000



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

Date: July 2004

Figure 2

481700 mE 481900 mE 482100 mE 482300 mE 482500 mE

3. LYONS PROSPECT DRILLING

Two parallel northwest-southeast fences of 13 vertical percussion/RAB holes (265 metres) tested a strong soil anomaly on a site with no outcrop (Figure 3). Drill rig access was somewhat restricted by the position of The Lyons family house to the southwest and steep wet ground immediately north (and where some of the higher soil values were achieved). The drilling showed that < 1 metre of surficial sediment overlies dark blue grey and pale grey quartz sandstone with variable quartz veining and occasional pyrite shows (Appendix B). The site is along strike from lower Eaglehawk Gully Formation sandstones further south and the rocks sampled correlate with this position.

SGS/Analabs assays from 4 metre composite samples throughout the 13 holes at Lyons returned no gold or arsenic values above level of detection (Appendix B). Check assays on eleven of the most prospective looking 4 metre composites were sent to ALS, Queensland. The highest value was 0.02 ppm gold, confirming the absence of significant mineralisation but indicating greater sensitivity in the low end range, by the ALS method. It seems likely that the soil anomaly is confined to down slope transported surficial material, derived in part from the adjacent North Tasmania workings. No further work is planned at Lyons.

4. SALISBURY DRILLING

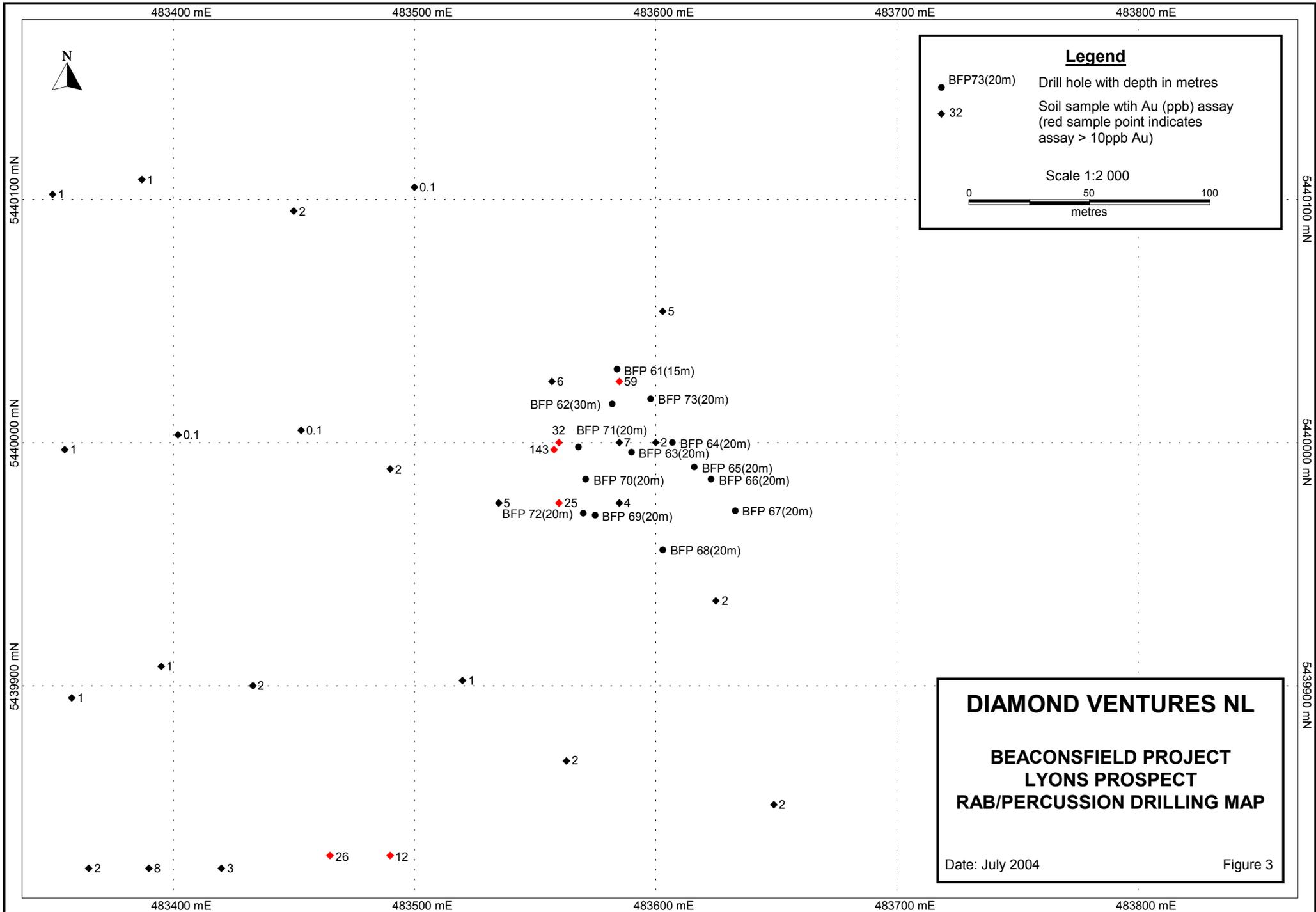
Diamond drilling continued at Salisbury, with BFDD-74 drilling 145.1 metres towards the south, from a collar position east of all previous Diamond Ventures drilling on the northern side of the Johnsons Creek Fault (Figure 4). Drilling was extremely slow and over-budget, due to frequent water loss and partial hole collapse and the need for repeated grouting and casing. The reward for slow careful drilling has been a core recovery of 83.4%, which has enabled interpretation of the rocks drilled as a conformable sequence of deeply weathered Johnsons Creek Siltstone overlying Flowery Gully Limestone overlying Eaglehawk Gully Formation sandstone, siltstone and limestone (Appendix C). This interpretation implies a right lateral and rotational fault displacement of the rocks drilled, with the Johnsons Creek Fault showing as a fault breccia in Johnsons Creek Siltstone black and grey shales. It also implies that the Johnsons Creek Fault has displaced the southern end of the Cobblestone Creek Thrust and that BFDD-74 drilled entirely beneath the thrust. This is the most plausible explanation for the rather complicated stratigraphy and structure encountered in previous holes BFRC-11 to -18 and BFDD-51 (see Figure 4 and earlier quarterly reports).

The absence of Blyths Creek Formation rocks at the southern end of the hole requires that the hole has drilled mainly south of the Johnsons Creek Fault and beneath the westerly displaced southern end of the Cobblestone Creek Thrust. This implies that the black shales encountered in the previous vertical RC drilling south of the Power line Road collared in the hanging wall to the thrust and that BFRC-16 drilled through the Cobblestone Creek Thrust rather than the Johnsons Creek Fault.

BFDD-74 was terminated at 145.1 metres due to an absence of obvious mineralisation combined with frequent circulation loss and rods sticking. From 109 metres the hole encountered fairly fresh Eaglehawk Gully Formation fine sandstone, siltstone, marl and limestone strengthening the interpretation that the hole drilled down stratigraphy. The rocks carry only weak quartz carbonate veining with rare pyrite, by comparison with previous Salisbury drilling, and the presence of carbonate in the veins correlates with

calcareous host rocks rather than alteration. 17 core intervals containing veining were sampled and assayed but the highest value was 0.21 ppm Au from quartz veined, partly oxidised sandstones at 76.5-78 metres. The logs in Appendix C show that the weak gold /arsenic mineralisation encountered is restricted to quartz (with no carbonate) veining above the base of oxidation, suggesting that supergene mobility and enrichment have occurred. The high arsenic values between 64-78 metres, where no sulphide was observed in the core, are likely to be the result of oxide scavenging.

The results from BFDD-74 mean that a twin hole drilled from south to north, as initially planned, is not needed. If this interpretation above is correct then all mineralisation seen to date at Salisbury (in both drill holes and old workings) is related mainly to east-dipping veining near the Dyke Tunnel and Cobblestone Creek Thrusts, and is not related to the Johnsons Creek Fault, and it is probably uneconomic.



5440100 mN

5440000 mN

5439900 mN

483400 mE

483500 mE

483600 mE

483700 mE

483800 mE

483400 mE

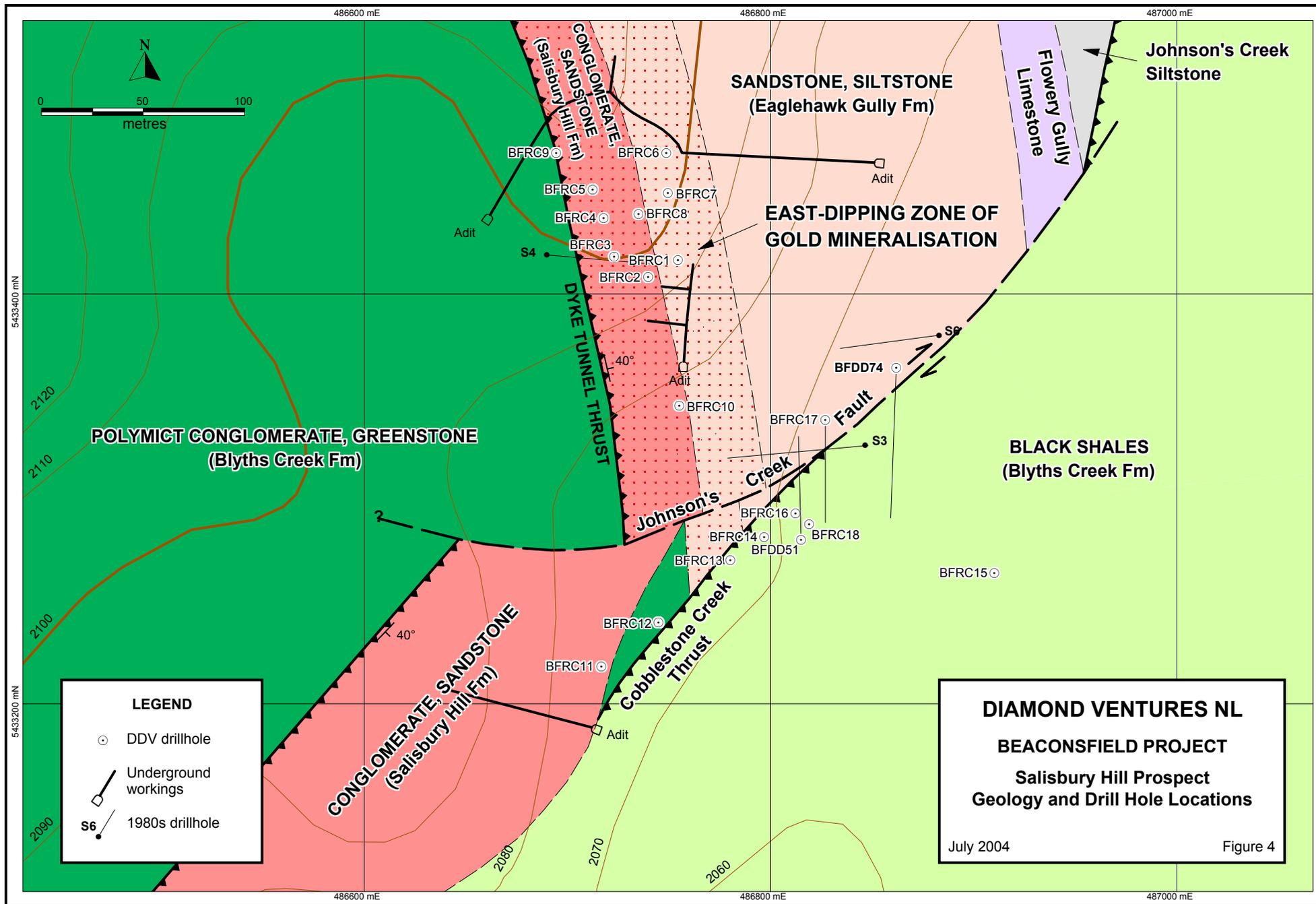
483500 mE

483600 mE

483700 mE

483800 mE





5. EXPENDITURE

Exploration expenditure incurred on all tenements combined, in the quarter ending 30 June 2004 is as follows:

Geology	\$987
Diamond Drilling (including drill geology and assays)	\$44,372
RAB/Percussion Drilling (including drill geology and assays)	\$29,494
Tenement Costs	\$892
Administration and Overheads	<u>\$7,575</u>
Total	\$83,320

6. FORECAST ACTIVITIES AND EXPENDITURE FOR THE NEXT QUARTER

(a) *Prospect Review and Drill Program Planning*

Drill target generation by surface exploration surveys and historical data compilation is essentially complete and a concerted drilling program on several targets between Middle Arm Gorge and Pease Creek is required through the remainder of 2004. Diamond and RC percussion drilling to date has run heavily over budget, due to a combination of ground conditions and slow drilling, and a re-ranking of cost effective targets and priorities will occur prior to further drilling. In addition, at least three existing exploration targets carry tenure and access encumbrances which will need resolving before they can be drilled. Discussions with MRT have commenced on these matters.

(b) *Forecast Expenditure*

Exploration expenditure planned on these activities during the next quarter is anticipated to be about \$50,000.

7. PRELIMINARY FEASIBILITY STUDIES

No Preliminary Feasibility Studies were undertaken during the previous period, no Preliminary Feasibility Studies are expected to be undertaken during the next quarter, and no Expenditure Claims are expected to be made to the Joint Venturers during the next quarter.

APPENDIX A

Drilling Data: Hoopers

Register of Drill Samples: Hoopers

Hole No	Easting	Northing	Depth	Lithology	Sample No	Au F650	As A102
AGD 66 Zone 55						0.01 10000	50 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	<	<

APPENDIX B

Drilling Data: Lyons

APPENDIX C

Drilling Data: Salisbury Hill

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Diamond Drill Hole Summary Log Sheet

Tenement: EL 20/1994
Prospect: Salisbury
Hole No: BFDD-74
Date Drilled: April- July 2004
Driller: Stacpoole-(T Lodge)

Collar: 486,862E, 5,433,365N AGD66 AMG-by GPS
RL: approx 67m-by GPS
AZM: 183 AMG
Dip: -60
Core Size: HQ triple tube

Total Depth: 145.1m
Water Table: N/A
Base of Oxid'n: 109m
Sample No's: 434878-894
Geologist: K Morrison

Purpose		Results
<p>To test ground immediately east of mineralisation known from previous drilling, outcrop and workings, in conjunction with achieving a complete profile through the Johnsons Creek Fault zone.</p>	<p><i>Core Recovery:</i> 83.4 %</p> <p><i>Down Hole Surveys</i></p> <ol style="list-style-type: none"> 1. 30m Dip -61.5 Az 183 AMG 2. 60m Dip -58 Az 181 AMG 3. 90m Dip -63 Az 182 AMG 4. 120m Dip -63 Az 183 AMG 	<p>The hole drilled 6.4m of Cainozoic sand overlying; 20.5m of brecciated Johnsons Creek Siltstone, 18.6m of deeply weathered and decomposed Flowery Gully Limestone and 99.6m of weathered to fresh Eaglehawk Gully Formation sandstone, limestone and siltstone.</p> <p>Brecciated black siltstone and mudstone between 6.4 and 26.9m is interpreted as the Johnsons Creek Fault zone, with a dextral sense of movement displacing the southern end on the Cobblestone Creek Thrust and the upper section of the Ordovician stratigraphy within the Cabbage Tree Thrust. The hole is interpreted to have drilled down section through the displaced rocks, and beneath the displaced Cobblestone Creek Thrust</p> <p>No mineralisation or significant alteration was encountered. 17 core samples were cut through quartz and quartz carbonate vein intervals. The highest assay was 0.21 ppm Au from 76.5-78m.</p> <p>The hole downgrades the potential of the prospect to host a viable deposit.</p>

**Diamond Ventures NL
Diamond Drill Hole Core Log**

Tenement: EL 20/1994
Prospect: Salisbury
Hole No: BFDD-74
Date Drilled: April-July 2004
Driller: Stacpoole-(T Lodge)

Collar: 486,862E, 5,433,365N AGD66 AMG-by GPS
RL: approx 67m-by GPS
AZM: 183 AMG
Dip: -60
Core Size: HQ triple tube

Total Depth: 145.1m
Water Table: N/A
Base of Oxid'n: 109m
Sample No's: 434878-894
Geologist: K Morrison

Depth (m)	Litho	Unit	Description
0.0-6.4	Sand, clay, gravel	Cainozoic cover	Unconsolidated quartz sand in yellow brown clay matrix, fragments vein quartz, blue quartzite.
6.4-26.9	Breccia	Ord JC Sltst	Brecciated angular black and grey mudstone, shale and siltstone (70%) in grey clay, rock flour matrix (30%) with green tinge below 20.5m and minor pyrite chlorite @ 24.15m. 5% milky vein quartz fragments in breccia. Soft sediment deformation, stretch fabric, foliation and dark-pale mottling textures in clasts. Core loss at basal contact. Unit interpreted as fault breccia.
26.9-45.45	Limestone, clay	Ord FG Lmst	Agglomerate of soft heavily oxidised multi-coloured clay with slump, compaction, brecciation textures indicative of carbonate dissolution. Minor angular vein quartz, coarse, fine sandstone fragments. Core loss at basal contact.
45.45-57.0	Sandstone, siltstone	Ord EG Fm	Mottled yellow red brown soft oxidised siltstone, fine quartz white mica sandstone with patchy heavy limonite development and zones of broken quartz veins @ 46.7-46.9, 56.7-57.0m.
57.0-80.6	Sandstone, siltstone	Ord EG Fm	Soft decomposed to coherent, partly oxidised clayey medium-fine quartz, quartz mica sandstone, siltstone a/a. Common trails on bedding of bioturbation textures, ? pits after carbonate dissolution. Zone of secondary limonite, silica @ 64-65m. Common partly oxidised quartz veins, especially 76.8-78.9m.

ASSAYS (ppm)		
Interval	Au	As
64-65 76.5-78	0.05 0.21	500 445

Depth (m)	Litho	Unit	Description
80.6-109.0	Sandstone, siltstone	Ord EG Fm	Partly oxidised coherent, harder, fine sandstone, siltstone a/a. BCA 45-55 ⁰ . Incipient cleavage and common bioturbation textures but no fossils. Band of fine dark pyritic sandstone @ 99.0-99.25m. Common coherent quartz, quartz carbonate veins, especially 80-100m. VCA 20-30 ⁰ .
109.0-130.0	Sandstone, marl	Ord EG Fm	Fresh pale grey bioturbated, thinly bedded quartz sandstone, siltstone, marl with minor black shale laminae, common wispy-flaser bedding. BCA 50-55 ⁰ , Quartz veins 115-128m, VCA 05-20 ⁰ .
130.0-145.1	Limestone, marl	Ord EG Fm	Interbedded limestone, calc siltstone, shale with gradational carbonate increase from unit above. BCA 40-60 ⁰ . Common veining with coarse milky quartz, calcite,? ankerite, VCA 05-60 ⁰ .
EOH			

ASSAYS (ppm)		
Interval	Au	As
81-82	0.03	55
82-83	0.03	<
83-84	0.03	<
91-92	0.03	<
92-93	<	<
93-94	<	<
94-95	<	<
98-99	0.11	60
115-116	<	<
116-117	<	<
123-124	<	<
133-134	<	<
140-141	<	<
142-143	<	<
144-145	<	<

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BFDD-74 Core Recovery Log

Drill Interval (m)	Core Length (m)	Core Recovery (%)
0.0-3.0	2.7	90
3.0-6.0	2.6	86.7
6.0-9.0	2.7	90
9.0-12.0	3.0	100
12.0-15.0	3.0	100
15.0-18.0	3.0	100
18.0-21.0	3.0	100
21.0-24.0	3.0	100
24.0-27.0	2.7	90
27.0-30.0	2.1	70
30.0-33.0	2.0	66.7
33.0-36.0	2.8	93.3
36.0-39.0	2.4	80
39.0-42.0	2.7	90
42.0-45.0	2.8	93.3
45.0-48.0	1.8	60
48.0-51.0	2.1	70
51.0-54.0	2.7	90
54.0-57.0	2.8	93.3
57.0-60.0	2.8	93.3
60.0-63.0	3.0	100
63.0-66.0	2.9	96.7
66.0-69.0	2.4	80
69.0-72.0	2.6	86.7
72.0-75.0	2.8	93.3
75.0-78.0	2.7	90
78.0-81.0	2.7	90
81.0-84.0	1.4	46.7
84.0-87.0	2.5	83.3
87.0-90.0	2.7	90
90.0-93.0	1.9	63.3
93.0-96.0	2.1	70
96.0-99.0	2.4	80
99.0-102.0	2.5	83.3
102.0-105.0	2.5	83.3
105.0-108.0	2.4	80
108.0-111.0	2.4	80
111.0-114.0	2.2	73.3
114.0-117.0	2.2	73.3
117.0-120.0	2.5	83.3
120.0-123.0	2.4	80
123.0-126.0	2.1	70
126.0-129.0	1.9	63.3

Drill Interval (m)	Core Length (m)	Core Recovery (%)
129.0-132.0	2.1	70
132.0-135.0	2.5	83.3
135.0-138.0	2.7	90
138.0-141.0	2.4	80
141.0-144.0	2.4	80
144.0-145.1	1.0	90
EOH		
TOTALS:-145.1	121.0	83.4%

BFDD-74 Assay Register

BU019977	17	50		
205193	Au	Au(R)	As	
METHOD	FAA505	FAA505	AAS21R	
LDETECTI	0.01	0.01	50	
UDETECT	10000	10000	5000	
UNITS	ppm	ppm	ppm	

Depth (m)	Sample ID			
64-65	434878	0.05	-	500
76.5-78	434879	0.21	-	445
81-82	434880	0.03	-	55
82-83	434881	0.03	-	<
83-84	434882	0.03	-	<
91-92	434883	0.03	-	<
92-93	434884	<	-	<
93-94	434885	<	<	<
94-95	434886	<	-	<
98-99	434887	0.11	0.11	60
115-116	434888	<	-	<
116-117	434889	<	-	<
123-124	434890	<	-	<
133-134	434891	<	-	<
140-141	434892	<	-	<
142-143	434893	<	-	<
144-145	434894	<	-	<