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**ASX ANNOUNCEMENTS
AUSTRALIAN STOCK EXCHANGE**

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PROGRESS REPORT – MARTIN’S DRIFT DIAMOND PROJECT

SUMMARY

- **BULK SAMPLE 01 FROM PIPE K002 GRADES 13.58 CARATS PER HUNDRED TONNE(CPHT)**
- **BULK SAMPLE 02 FROM PIPE K002 GRADES 25.68 CPHT**
- **BULK SAMPLE 03 FROM PIPE K002 GRADES 48.78 CPHT**
- **ELEMENTS OF FEASIBILITY STUDY COMMENCED**

All grades assume a 1mm cut-off

A. Preliminary Results From Bulk Sampling – Pipe K002

DiamonEx Limited is pleased to announce that it has completed the processing of bulk samples from diamondiferous kimberlite pipe K002, within the Martin’s Drift Diamond Project in north-east Botswana. The 1,331 tonne bulk sample was excavated from three different sites spread along the long axis of the pipe. 397 carats of diamond were recovered.

The aim of the sampling is to produce a parcel of diamonds for valuation purposes and to provide additional information on the grade of the pipes



Plate 1. Bulk Sample Site 03 at Pipe K002

At K002, 514.8 tonnes were excavated from pit BS01, 261.0 tonnes from pit BS02 and 555.51 tonnes from pit BS03.



Plate 2. Bulk Sample Site 01 at Pipe K002

All samples were treated on site through a leased Dense Media Separation (DMS) plant and then processed through the Company's X-Ray Flowsort to separate the diamonds.

Bulk samples 01 and 02 were initially crushed at 12mm with a small sample of 15 tonne from site BS01 and a 23 tonne sample from site BS02 subject to a recrusher at 8mm, to further liberate diamonds that had not been released in the first crush.

At present the bulk sample from BS03 has only been subjected to the first 12 mm crush.

None of the samples from any of the bulk sample sites have yet been processed over a grease table to recover those diamonds which do not fluoresce and hence not recovered by the X-Ray Flowsort.

Following is a summary of the samples processed and results obtained from Pipe K002:

Bulk Sample	Sample Size (tonnes)	Diamond Grade (cpht) (1)
BS01	514.8	13.58
BS02	261.0	25.68
BS03	555.5	48.78

(1) All grades assume a 1mm cut-off

Processing of the remaining bulk sample is expected to be completed by the end of July 2005.

B. Results of all Bulk Sampling to Date

To date 3,266 tonnes of the projected 5000 tonne bulk sample have been processed. A summary of these results is presented in the table below

Pipe Sample	Sample Size (tonnes)	Diamond Grade (cpht)(1mmcut off)
K002		
BS01	514.8	13.58
BS02	261.0	25.68
BS03	555.5	48.78
K003		
BS04	999.0	30.74
BS06	790.0	32.77
K006		
BS11	146.0	33.10

C. Feasibility Study

A Feasibility Study of the Martin's Drift Diamond Project is currently in progress. A summary of progress to date is presented below:

1. Stage 1 of a water supply study has been completed. The objectives of this review were to assess the groundwater supply potential in the area in relation to increased water demands for mine development. Its purpose was also to examine the current supply and demand situation in adjacent villages that may be impacted by expanded mining activities.
2. Stage 2 of the study is about to commence and will involve ground geophysics to determine the sites of likely underground aquifers that will then be assessed with follow up drilling.
3. A Community Liaison Officer has been appointed in Botswana, as the Company adopts a proactive role in ensuring that local communities are aware of project progress and development plans. The appointee will liaise with the local community during the ongoing assessment of the Martin's Drift pipes, through feasibility study compilation, to mine development. The appointee will also assist in the Environmental Impact Assessment, which will be commissioned in the near future. The appointee is from the township of Lerala, which lays 15 kms south west of the Martin's Drift site
4. A major engineering firm has been engaged to update the 3-dimensional resource models of the pipe and compile data for the preparation of mining plan options.
5. Botswana Power Corporation are undertaking a detailed study and costing for the delivery of power to the site.
6. Financial models for a range of mine development scenarios are being constructed, ranging from a 50 tonne per hour plant to a 150 tonne per hour plant

ON BEHALF OF DIAMONEX LIMITED



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