

Cluff Resources Pacific NL

ABN 72 002 261 565

QUARTERLY REPORT FOR PERIOD ENDING 30 SEPTEMBER, 2005

HIGHLIGHTS:

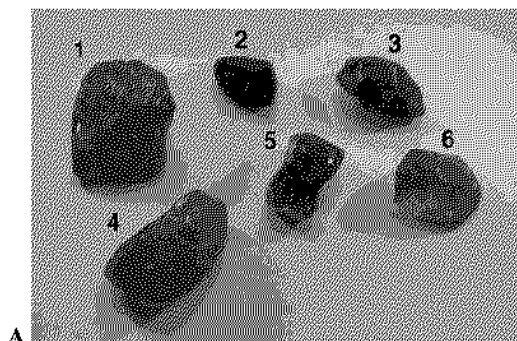
- RUBY MINE IN ONGOING PRODUCTION
- COMPLETION OF BRIDGE ENABLES ACCESS TO HIGH GRADE AREA
- REDISCOVERY OF CAPTAIN ROGERS' DIAMOND MINE

1. RUBY MINE (Cluff 100%, subject to the agreement with CPH Limited)

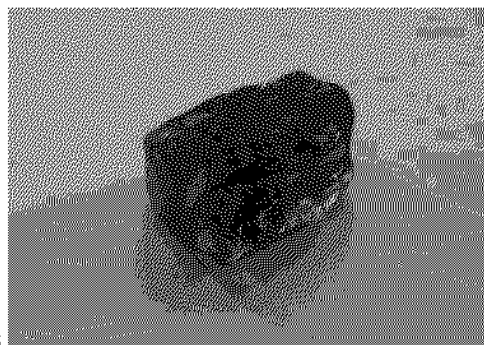
Mining and processing activity at the Ruby Mine was stepped up to a continuous level during the Quarter, after plant and camp facilities were upgraded to support ongoing activity.

During July, over 1,700 tonnes of ruby-bearing gravels were processed through the plant, sourced from Area 4 (larger gemstones with lower grade). Production rates were affected by personnel assisting with bridge construction and the camp upgrade, and there were some machinery breakdowns which led to plant downtime. Construction of the substantial bridge, capable of supporting trucks weighing forty tonnes and hauling across the Gummi River, was completed late in the month. The high grade deposit in Area 11 then became accessible. As shown in photographs C and D below, the bridge is constructed of four pre-cast reinforced concrete planks attached to concrete foundations set into the bedrock on either side of the river.

The largest facet quality gemstones recovered from Area 4 production were a 9.8 carat pink sapphire (number 1 below), and a 9 carat deep green sapphire (number 4 below). A notable find was the 3.5 carat bright orange facet quality sapphire, shown at number 5 below, and as a closeup in Photograph B. This sapphire measures 10 mm long, 6 mm high and 5 mm wide. This colour is very rare in natural sapphire, and has not been found at the Ruby Project before. The other stones shown in photograph A are: number 2: a 2 carat deep pink ruby; number 3: a 2.4 carat pink ruby; and number 6: a 3.2 carat light green sapphire.



A



B



C



D

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During August and September, production continued from Area 11, following the receipt of a construction certificate for all activities on the Upper Hunter Shire side of the river. Mining from this high grade area immediately provided a boost to ruby production, with 3,080 tonnes of ruby gravels mined and 3,969 tonnes washed through the plant during August. Extremely cold conditions were experienced which took a toll on plant and equipment during September, with the result that 904 tonnes were mined and 1121 tonnes washed through the plant during September. The increased production rate also led to a silting issue with the tailings dam, which is currently being addressed. There were no reportable safety or environmental issues during the Quarter.

The Company currently offering souvenir boxes of cut rubies to shareholders at very reasonable prices, sourced from the Ruby Project prior to the supply agreement with CPH Limited. The response to the offer has been very positive, with over 50 orders received at this point in time. We suggest that in order to avoid disappointment at this point in time, shareholders should try to apply for boxes of round brilliant cut gemstones rather than the oval-cut stones, which have proven to be more popular.

2. DIAMONDS.

2.1 COPETON DIAMOND FIELD (Cluff 100%)

A new geological model developed by the Company for the origin and occurrence of the Copeton diamonds has suggested the presence of a previously unidentified shear zone within the granite of the Mount Ross area. The shear zone has hosted intense alteration of the granite bedrock over a width up to several metres. It has been identified by reinterpretation of previous drilling completed during the 1970s by other companies.

During the Quarter the Company commenced a Calweld large diameter (0.75 metre) drilling program at Mount Ross to investigate the nature of this shear zone at shallower depths and to confirm its extent. It investigated the potential of disrupted granite bedrock to carry diamonds, in a similar manner to the disrupted shale bedrock recently found to host diamonds at Bingara. The drilling was limited to the Doctors Workings, a former area of open cut diamond mining, due to access constraints due to the recent heavy rains.

Results are below:

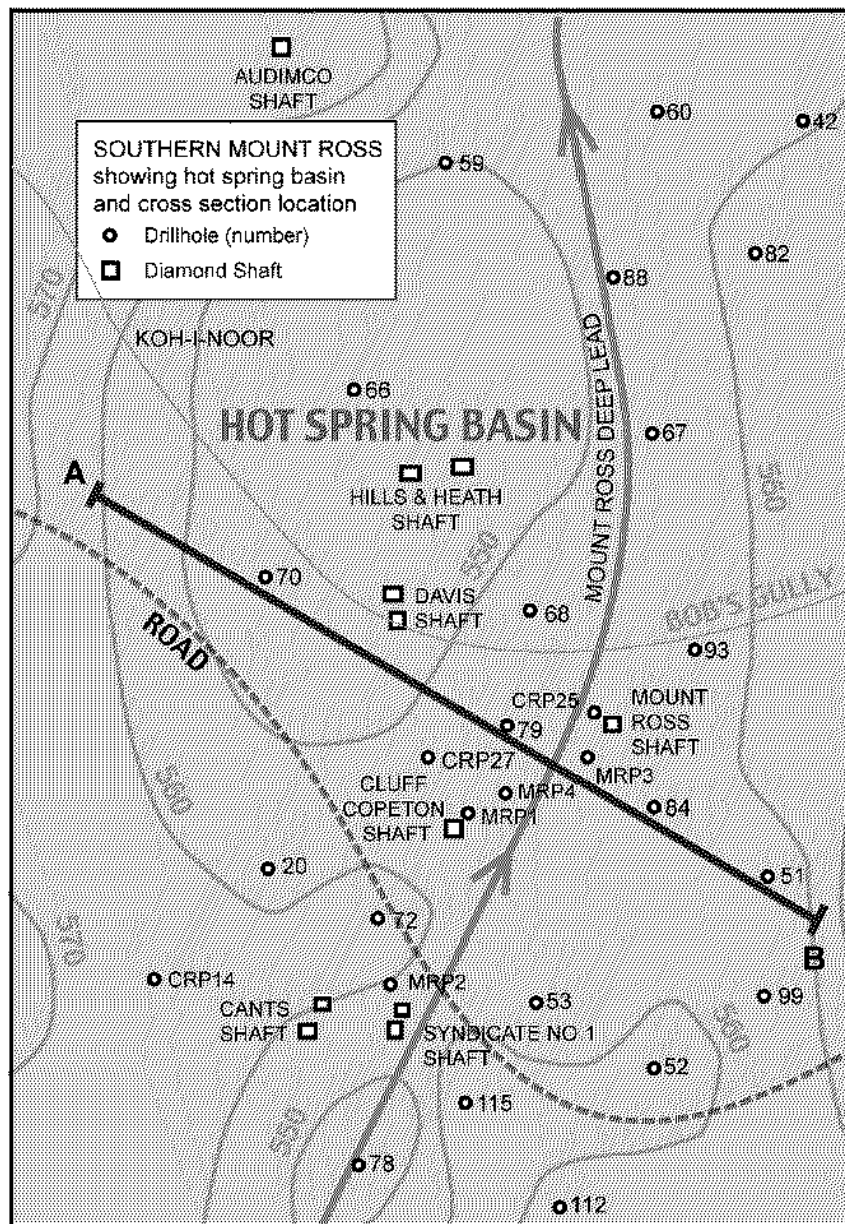
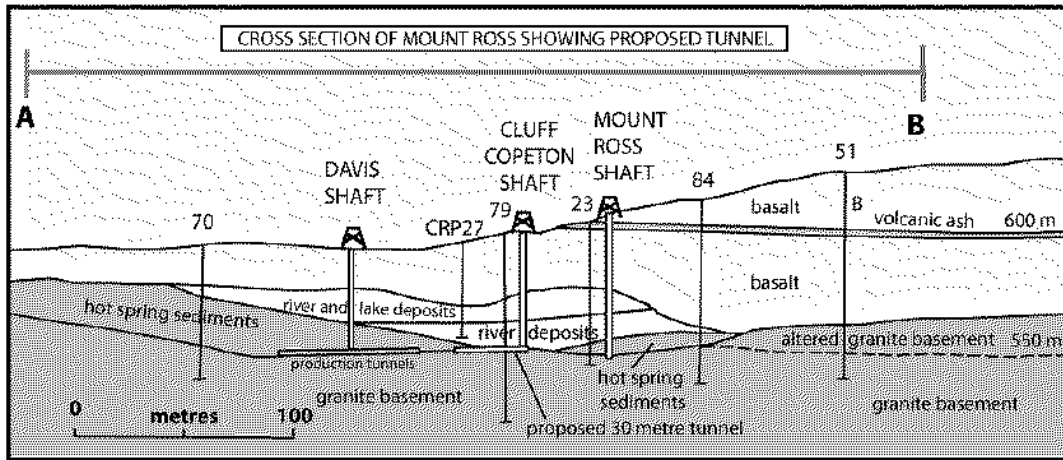
Hole Number	Total Depth	Result	Sample Number	Sample Interval
DW 1	4.3 m	0.2 m soft clayey zone	DW 1-1	4.0 to 4.2m
DW 2	6.3 m	0.1 m soft clayey zone	No sample	
DW 3	4.8 m	0.6 m old workings over 0.3 m soft zone (3.5 to 4.4 m)	No sample	
DW 4	13.6 m	Orange granitic "clay rubble"	DW 4-1	10.3 to 10.8m
		Grey-green granitic "clay rubble" Soft sticky clay	DW 4-2	10.8 to 11.5 m
			DW 4-3	11.5 to 13.6m
DW 5	6.5 m	0.1 m soft clayey zone	No sample	

The samples recovered will be processed to determine whether they carry diamonds, when staff currently focused on mine development and production at the Company's ruby mine become available.

With respect to the Copeton Diamond Shaft, it has been decided to drive a 35-metre tunnel horizontally from the base of the shaft, targeting inferred higher diamond grade areas to the north. Evaluation of the high grade Copeton diamond deposit progressed during the Quarter, with completion of the shaft to 51 metres depth. This aimed to test the deeper part of the Copeton diamond field on the limits of the former underground workings. The cross section shows that, unfortunately, the shaft did not intersect hot spring lake deposits which may be expected to contain diamond resources at their base, or unworked traditional alluvial diamond deposits. It appears that the intersected area has been locally eroded by a channel of river carrying a low diamond grade.

Past drilling indicated that the diamonds should be preserved in this area, as there was no evidence that these river sands had eroded through the hot spring deposits to the hard granite basement. The grade was expected to be high, as the shaft was sited at a spot in which some of the highest diamond grades on the field had been reported in the early 1900s. Accordingly it is likely that the channel erosion to the base of these deposits is not extensive, and that uneroded diamond bearing rocks at the base of hot spring lake deposits are present within a short distance, and may be high in diamond grade.

A tunnel driven from the former Davis Shaft in the early 1900s was found to have terminated less than a metre from our shaft. It is probable that this tunnel was being driven in the diamond bearing deposits until the barren river channel was reached, at which point work on it would have stopped. It is likely they are within a short distance of our shaft, and back along this tunnel. We propose to drive a new tunnel parallel to it for up to thirty metres, and determine whether the very high grades of diamonds mined in the Davis mine were narrowly missed by our shaft.



The plan and cross section above outline the potentially diamond bearing hot spring basin being tested. Several other similar basins are present beneath Mount Ross, and at other locations on the Copeton diamond field. Old tunnels within this basin and extending from the former Davis Shaft are illustrated on the plan, and it was claimed in the 1911 Prospectus of the Mount Ross Diamond and Tin Mining Company that "all wash taken out was rich in tin and diamonds".

2.2 BINGARA DIAMOND PROJECT (Cluff 100%, Diamond Ventures 10% NPI, reducing to 5%)

DIAMONDS RECOVERED NEAR CRADDOCK'S MINE

Several more results from sampling close to Craddocks mine were received during the Quarter, confirming that old workings found in this region were targeting diamond-bearing gravels with reasonable diamond grades.

The gravels had been mined by an open cut which was subsequently backfilled, and by a tunnel. The open cut, tunnels and description of the gravels and bedrock breccia are consistent with this being the mine of the Australian Diamond Mining Company, which commenced operations in 1883.

Results from the sampling are shown below:

Sample Number	Carats Recovered	Number of Diamonds	Tonnes	Carats per 100 tonnes
CD 3	13.0	81	79	16.4
CD 4	2.8	17	47	5.9
CD 1	0.3	2	28	1.1
CD 2	5.9	41	94	6.3
CD 26	5.5	37	81	6.8
TOTAL	27.5	178	329	Average 8.4

OLD WORKINGS UNCOVERED AT THE UPPER FOUR MILE

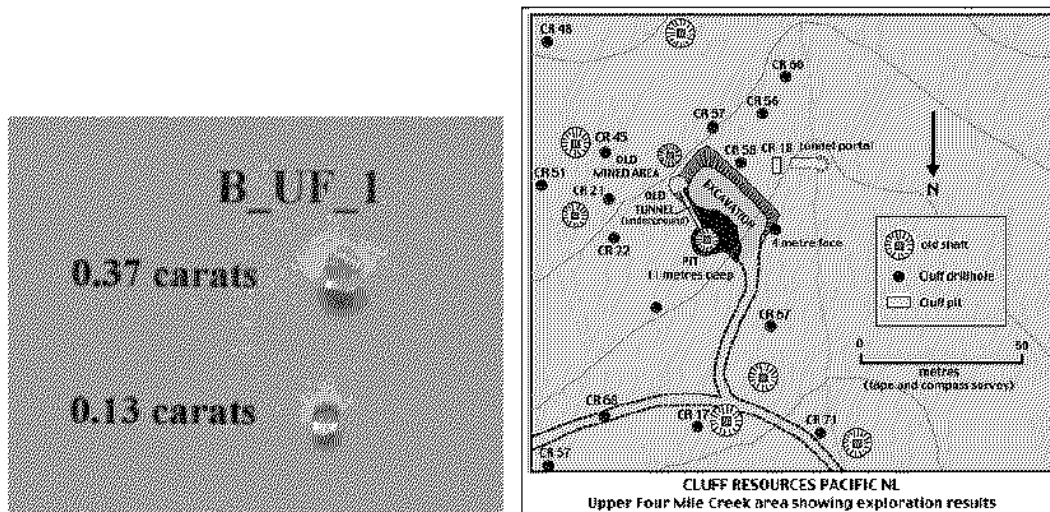
An eleven metre deep pit over an old shaft at the Upper Four Mile area uncovered a tunnel leading to the old working faces of an extensive mine, operational during the 1800s.

The tunnel was found to extend for fifteen metres, and several thin bands of rock have been previously mined from its sides. Beyond this it entered old workings in which rock has been extracted for a width of at least five metres, and a height of about one metre. A rock fall has occurred at this point due to lack of support of the wide roof for over a hundred years, and this stops further access at the present time.

The shaft was not bottomed by our pit, suggesting that a lower level of workings may also be present.

The pit was sited as a result of seventy four drill holes now completed by the Company in this area. Twelve have been completed in the last month. These holes have shown that the old mine workings extend over an area of at least 80 metres in width, and 150 metres in length, with working faces of up to two metres. The horizon which was extracted in the old mine, and sampled by the current program, has been shown by Cluff's drilling to fill an elongate basin structure, and to be more extensive and thicker than these old mine workings.

An old mine reopened by excavating an eleven metre deep pit over an old shaft was proven to have been mining diamonds by the Company's bulk sampling pit, completed in late September. Two diamonds, representing a low diamond grade were recovered from sediments interpreted by the Company as having an origin at the base of a hot spring lake. These were exposed in only one small part of the pit, adjacent to the shaft. The diamonds, and a map of the exploration area, are shown below.



The pit was dug on the edge of an extensive 1800s mine which the Company has now concluded is the original, very richly diamondiferous Monte Christo Mine, worked by "Captain" Charles Rogers. This is based on its mine plan, which is consistent with contemporaneous descriptions, the geological rock types present, and the accompanying heavy mineral suite. This recovery of diamonds on the edge of the mine supports the Company's conclusion. It is also apparent that large areas of the mine were worked out a century ago.

Potential for locating similar mines beneath nearby flat lying recent sediments, or the basalt of the adjacent mountain is obvious.

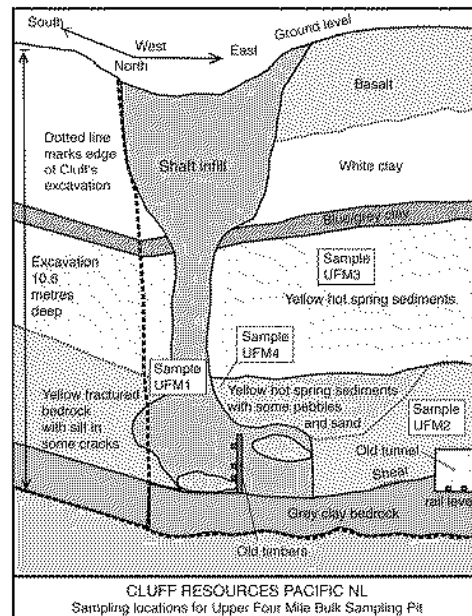
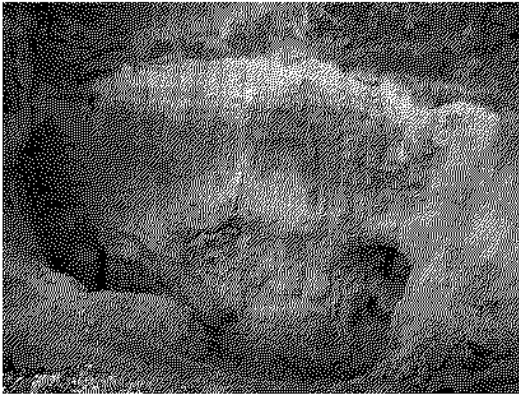
Four samples were taken from the pit shown above, and their locations are shown on the accompanying sketch.

Sample UFM 1 was of mixed rock types, with 60% interpreted as hot springs mud with some pebbles and sand, and the remainder altered fractured bedrock with mud infill. 40 tonnes were processed to yield two diamonds weighing half a carat in total.

Sample UFM 2 was of fractured altered shaly bedrock with some mud in cracks, and twenty tonnes processed yielded no diamonds.

Sample UFM 3 consisted of fragments of altered shale bedrock in a mud matrix, and forty tonnes processed yielded no diamonds.

Sample UFM 4 was only 18 kilograms, and was washed manually in a gold pan. It yielded a very rich array of heavy minerals recorded as accompanying diamonds in reports of the old Monte Christo mine, including abundant zircon, tourmaline, ilmenite, common topaz and rutile, and sparse sapphire and garnet.



3. SAPPHIRES

3.1 QUEENSLAND SAPPHIRE PROJECT (Cluff 100%)

During the Quarter a survey of one of Cluff's recently-granted Mining Lease areas was completed, which enables the commencement of exploration once the labour resources are available. The Company plans on undertaking exploration in order to determine the inferred resource of this lease area.

4. FINANCIAL

A Security Purchase Plan was announced on the 13th of October 2005, and will close on the 4th of November 2005. Under the Plan, individual shareholders are able to purchase up to \$5000 worth of shares at a price of 1.2 cents per share. Underwriting has been obtained from Kefu Underwriters, who are underwriting the first \$1 million of the issue.

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Yours faithfully,

Peter Kennewell,
Managing Director.
31 October, 2005