

ASX RELEASE
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**DE BEERS WITHDRAWS FROM
SHELL LAKES DIAMOND JV PROJECT**

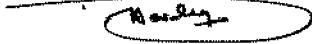
De Beers Australia Exploration Ltd have advised of their withdrawal from the Shell Lakes Diamond Joint Venture Project (WA), following interpretation of results from the first pass drilling program, completed in March 2003. The De Beers drill program tested eight magnetic anomalies, each with a single drill hole, all of which intersected para kimberlitic pipes of olivine melilitite or olivine bearing leucitite composition.

Despite De Beers' decision to withdraw from the Project, after spending nearly \$800,000, the Company remains optimistic about the diamond potential at Shell Lakes for the following reasons:

- It is a new field of para kimberlitic rocks at least 40 kilometres long. This is an important achievement in Australian diamond exploration, where discoveries of new fields are rare and the number of pipes in each field is generally low.
- Micro diamonds have been reported in the district by previous explorers, notably by CRA in the early 1990s.
- An interpreted craton considered favourable for diamondiferous kimberlites lies on the western part of the Project, some 10 kilometres west of the nearest De Beers drill hole.
- Only a small proportion of the area covered by Gunson's tenements has been subject to modern aeromagnetic surveys adequate to detect kimberlitic pipes. Even in this small area, about 100 intrusives can be identified and De Beers drilled only eight.
- In terms of high pipe abundance, structure and setting, the area closely resembles the rich Archangelsk diamond field in Russia. Significantly, at Archangelsk, small numbers of diamond-bearing kimberlites occur in association with numerically far more abundant para kimberlitic rocks of olivine melilitite and other composition.

Based on the petrology of selected drill core samples, De Beers interpreted the rocks as being sourced from depths outside the area in which diamonds are formed (diamond stability field).

Discussions with potential new diamond joint venture partners who are keenly interested in the Project will commence this week.



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ATTRIBUTION

The information contained in this report is based on, and accurately reflects, information compiled by Mr D N Harley, a corporate member of the Australasian Institute of Mining and Metallurgy, who has over five years experience in the field of activity being reported on.