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The Manager
Company Announcements Platform
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

**Re: QUARTERLY REPORT FOR THE PERIOD ENDING
30 JUNE 2004**

HIGHLIGHTS:

Nangali Gold Project, Peru - (AKD 30%)

- AKD and its Australian partner, Compass Resources NL, have entered into an agreement with Newmont Mining Corporation to acquire Newmont's high quality Nangali epithermal gold project in Northern Peru.

Chinguela Gold Project, Peru - (AKD 100%)

- AKD controls the Chinguela gold project which lies adjacent to Nangali and within which previous joint venture partner, Newmont, identified a robust gold anomaly up to 1,100 ppb Au in soils over an area of 1000m x 400m.

"801" Lead/Zinc/Diamond Project, NT - (AKD can earn up to 80% from Conarco)

- AKD has commenced a geophysical review of magnetic targets at the "801" lead/zinc and diamond project in the Northern Territory which the Company plans to drill test later this year.

King George Diamond Project - (Striker/DMA earning 80% in respect of Falcon™)

- Field evaluation has commenced over kimberlite targets generated late last year by the Falcon™ System survey flown over AKD's tenement E80/2461, located in the northern Kimberley region of Western Australia.

EXPLORATION PROJECTS - PERU

1. NANGALI GOLD PROJECT – (AKD 30%) Huancabamba District, Northern Peru

AKD Limited and Compass Resources NL have signed a letter of intent with Compania Minera LJB Normandy Peru SA a subsidiary of Newmont Mining Corporation (“Newmont” NYSE:NEM) to acquire the Nangali Gold Project located in northern Peru.

Nangali is a high level, low sulphidation epithermal vein system with high grade gold and silver values at the surface assaying up to 98.2 g/tonne gold and 814 g/tonne silver. As soon as all regulatory approvals, title transfers and land access have been obtained, AKD and Compass plan to undertake drilling of gold targets that have been defined by Newmont's exploration programme over the past several years. These significant gold targets are based on geochemical anomalies from extensive surface rock chip and soil sampling programmes, supported by geophysical anomalies.

Under the terms of the agreement, AKD and Compass will jointly make an initial payment of US\$30,000 to Newmont. When full title has been transferred to AKD and Compass, a further payment of US\$200,000 will be made. Newmont will also receive a 2% NSR production royalty. The Nangali Project will be beneficially owned 30% by AKD and 70% by Compass with both companies contributing proportionally to acquisition costs.

The acquisition of this outstanding exploration project provides both AKD and Compass shareholders with exposure to a growing gold region that is producing major new gold discoveries and is part of a plan to enhance the value of AKD's and Compass' non-Australian assets.

AKD and Compass have also agreed to examine the pooling of their other gold interests in the Americas, comprising AKD's Chinguela Gold Project in Peru and Compass' World Beater Gold Project in the USA.

The World Beater Project is located in southern California and currently has an indicated resource of 860,000 tonnes at a grade of 5.8 g/tonne gold. This project is currently in joint venture with MBA Gold Inc (“MBA”), a Canadian company who are operator having earned a 30% interest in the project. MBA have the right to earn a 60% interest by completing a prefeasibility study by September 2004 at which point Compass can contribute or dilute to a 20% carried interest.

The combination of these properties offers the potential for participation in an early gold mine development in the USA and excellent gold exploration discovery potential in Peru.

2. CHINGUELA GOLD PROJECT – (AKD 100%) Huancabamba District, Northern Peru

The Chinguela gold property lies adjacent to the Nangali Gold project in northern Peru. Previous joint venture partner, Newmont, had identified a robust gold anomaly at Chinguela up to 1,100 ppb Au in soils over an area of 1000m x 400m. The geochemical and geophysical programs carried out by Newmont also identified drill targets at Chinguela.

**3. EL MOLINO Cu-Au PROJECT - (AKD: 10% NPI converting to 0.5% NSR)
Cajamarca District, Peru**

During the last Quarter, AKD and its Canadian partner, New Inca Gold Ltd, sold their interests in the El Molino Cu-Au project in Peru to Canadian company, Lumina Copper Corp. The total consideration payable to AKD/New Inca was US\$300,000 cash. AKD/New Inca also retained a Net Profits Interest of up to 20% depending on the timing of production from the concession. The NPI converts to a 1% NSR royalty if production commences after 2006. AKD is entitled to 50% of the total consideration.

EXPLORATION PROJECTS – NORTHERN TERRITORY, AUSTRALIA

**4. “801” LEAD/ZINC/DIAMOND PROJECT – (AKD can earn up to 80% from
Conarco Minerals) - Tennant Creek Region, NT**

AKD has a Joint Venture Agreement with Conarco Minerals Pty Ltd to allow AKD to explore and drill-test a number of lead-zinc and diamond targets within Conarco’s “801” exploration licences located in the Northern Territory.

Conarco is a privately owned exploration company controlled by former senior executives of the CRA / Rio Tinto Group, one of whom is Mr John Collier, who previously held the positions of Chief Executive - Gold and Other Minerals Product Group, and Head of Rio Tinto World-wide Exploration.

During the Quarter, AKD commenced a geophysical review of magnetic targets at the “801” lead/zinc and diamond project. It is the intention of AKD to follow-up the review with ground-truthing of the “801” targets and then drill-test some of them later this year, subject to finalisation of heritage clearance surveys and access agreements.

**5. WONARAH PHOSPHATE PROJECT – (AKD: 100%)
Tennant Creek Region, NT**

AKD has a 100% interest in the Wonarah Phosphate deposit located in the Northern Territory. Former JV partner, Rio Tinto, calculated the deposit to contain an inferred resource of 72mt @ 23% P₂O₅ following the completion of drilling programs in 2000 and 2001.

During the Quarter, AKD sought global expressions of interest from phosphate/fertiliser producers and end users of the product with a view to divest or JV the project.

EXPLORATION PROJECTS - WESTERN AUSTRALIA

**6. KING GEORGE DIAMOND PROJECT
North Kimberley region, W.A.**

The King George project consists of E80/2465, 2461, 2463 and 2472. Exploration licence E80/2465 is held 100% by AKD and is not subject to any joint venture arrangement.

6.1 E80/2461
Striker earning up to 70%, subject to;
Striker/Diamond Mines Australia earning 80% in respect of Falcon™ targets
(AKD to dilute to 20% FCI)

A total of 7 prime targets for kimberlite together with several other potential targets have been identified from a Falcon™ System survey flown last year over AKD's tenement E80/2461 located in the King George area of the Northern Kimberley, Western Australia. The tenement lies within the AKD/Striker joint venture ground and was part of a 690km² area flown by Gravity Capital in August last year using the Falcon™ System.

The Falcon™ survey was flown following agreement between AKD, Striker Resources and Gravity Capital on behalf of Gravity's 40% owned diamond exploration company, Diamond Mines Australia. AKD's 20% interest in the joint venture is free carried to the completion of pre-feasibility on any targets generated by the Falcon™ System within E80/2461.

Ground evaluation and sampling of readily accessible targets has been completed on these targets. Subject to sample results, trench/drill testing of selected targets will be undertaken as soon as possible. Striker is managing the field program on behalf of the joint venture partners.

6.2 E80/2465 - (AKD 100%)

A total of 12 high priority EM targets prospective for kimberlite were identified last year at the Company's 100% owned King George tenement, E80/2465. The Company now plans to sample the EM anomalies during this year's field season and, if of interest, selected EM targets will be drilled.

The Company's King George tenement, E80/2465 is located along the Ashmore-Bulgurri kimberlite corridor and to the north of the Seppelt group of kimberlites. Positive kimberlitic indicator mineral results were returned in 2002 from E80/2465 following a sampling program conducted by AKD.

7. SEPPELT RANGE DIAMOND JV, North Kimberley region, WA
Striker earning up to 70%,

7.1 M80/566, 567, 568

During the Quarter, AKD pegged 3 mining leases over prospective kimberlite ground to replace expired exploration licences E80/1589 and E80/1590. Mining lease M80/568, which totals 884 hectares in area, covers part of expired E80/1589 where bulk samples have returned 12 macro diamonds. Further bulk sampling is being planned by JV partner Striker during this year's field season to narrow the search for the source of the diamonds.

Mining leases M80/566 and M80/567, which total 280ha and 485ha in size respectively, were pegged to replace prospective kimberlite ground within expired E80/1591. The mining leases lie within the Seppelt kimberlite corridor where Striker has confirmed commercial size diamond grades in excess of 200cpht for the Seppelt 2 pipe. Preliminary sampling of the Seppelt 5 dyke system has also revealed similar indicative grades.

7.2 E80/1590

Following the withdrawal by DeBeers during the last Quarter, Striker has confirmed that it will continue to earn its interest in E80/1590. Work is planned for this field season by Striker to find the source of numerous indicator minerals recovered in drainages situated in a restricted area of the tenement.

Striker can earn up to 70% interest in AKD's tenements E80/2461, E80/2463, E80/2472, E80/1590, M80/556, M80/567, M80/568, by spending a total of \$1.5m in expenditure over 3 years.

8. SOUTH-WEST DIAMOND JV Dumbleyung region, W.A.

AKD has withdrawn from the joint venture with Dominion Mining which was over part of their South West Yilgarn exploration project near Dumbleyung. AKD was earning an 80% interest in the diamond rights. During the period of the joint venture, AKD carried out an airborne magnetic survey over certain areas and completed a drilling program of selected magnetic targets with negative results.

EXPLORATION PROJECTS - SOUTH AUSTRALIA

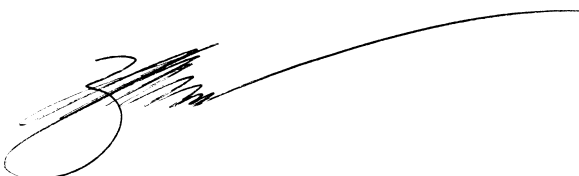
9. LOBETHAL DIAMOND JV – (Flinders Diamonds earning 51%) Adelaide Hills, S.A.

No field work was carried out during this Quarter by joint venture partner, Flinders Diamonds Limited, at the Lobethal diamond JV project, EL 2585, in the Adelaide Hills, South Australia. Flinders can earn initially a 51% interest by spending \$500,000 over five years. This interest can be increased to 75% by Flinders spending a further \$500,000 (total \$1 million). AKD currently has a 75% interest in the Echunga diamond project with the remaining 25% held by private explorer Statelink Holdings Pty Ltd.

10. ALICE RIVER GOLD PROJECT Northern Queensland

Further to the Company's announcement made on the 12 May 2004, AKD decided not to proceed with an Option to Purchase Agreement with private miner, Tinpitch Pty Ltd, over the Alice River Goldmine and operations located approximately 350kms northwest of Cairns in Queensland. The decision was made following the completion of due diligence on the project by AKD.

Yours faithfully,



Z. A. SAS
Managing Director