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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
31 DECEMBER 2003**

HIGHLIGHTS:

“801” Lead/Zinc/Diamond Project - (AKD has the right to earn up to 80% pursuant to a Joint Venture with Conarco)

- AKD has entered into an MOU with private explorer, Conarco Minerals (a company controlled by former executives of Rio Tinto), over a lead/zinc and diamond target in the Northern Territory.

Dumbleyung Diamond Project - (AKD earning 80% of the diamond rights in the South West Yilgarn project from Dominion Mining)

- AKD is preparing for a drilling program of selected diamond targets interpreted from an airborne survey flown in October 2002.

King George Diamond Project - (AKD 100%: Striker earning 70%: Striker/DMA earning 80% in respect of Falcon™ targets)

- At least 3 prime targets for kimberlite were 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.
- A total of 12 high priority EM anomalies prospective for kimberlite were identified late last year from an airborne survey conducted over part of the Company's tenement, E80/2465 (AKD 100%).

EXPLORATION PROJECTS - NORTHERN TERRITORY

1. “801” LEAD/ZINC/DIAMOND PROJECT – (AKD has the right to earn up to 80% pursuant to a JV with Conarco Minerals) - Tennant Creek Region, NT

During the Quarter, AKD advised that it had signed a Memorandum of Understanding (“MOU”) with Conarco Minerals Pty Ltd to allow AKD, subject to the necessary approvals, to farm into two of Conarco’s exploration licences, EL 23726 & ELA 23767, located adjacent to AKD’s Wonarah phosphate deposit in the Northern Territory.

The tenements are considered to be prospective for potential “Mississippi Valley Type” lead-zinc mineralisation, and also for kimberlite diamond opportunities with the latter based on interpretation of airborne magnetic data provided by the Northern Territory Department of Business, Industry & Resource Development.

It is the intention of AKD to further advance and then drill test some of these prospects, which have been identified during Conarco’s regional exploration programs.

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.

Conarco is also in the early stages of developing other prospects in the Northern Territory and Far Western Queensland and has discussed with AKD the possibility of furthering the alliance should other diamond opportunities emerge.

The terms of the proposed farm-in are such that AKD can earn an 80% interest in Conarco’s tenements by spending a total of \$400,000. AKD can also earn an additional 10% in the project by spending a further \$1,000,000 or committing to a bankable feasibility study. During its 80% earning stage, AKD will issue Conarco a total of 2,000,000 shares and upon completion of this earning stage will issue Conarco a further 3,000,000 shares in AKD.

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

AKD has a 100% interest in the Wonarah Phosphate deposit located in the Northern Territory, Australia. 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. Exploration expenditure on the project totalled AUD\$2.4m.

AKD is currently seeking global expressions of interest from phosphate/fertiliser producers and end users of the product with a view to divest or JV the project.

During the Quarter, AKD received expressions of interest from a number of companies on Wonarah. Negotiations have commenced with one particular company on the sale of Wonarah.

EXPLORATION PROJECTS - WESTERN AUSTRALIA

3. SOUTH-WEST DIAMOND JV – (AKD earning 80%) Dumbleyung region, W.A.

AKD is preparing for a drilling program of selected diamond targets interpreted from an airborne survey flown by AKD in October 2002. The program is scheduled for March this year and will initially involve the drilling to bedrock of several magnetic anomalies prospective for kimberlite generated from the airborne geophysics.

AKD has a joint venture with Dominion whereby it can earn an 80% interest in the diamond rights over part of Dominion's South West Yilgarn exploration project covering approximately 10,000km² located in the south-west region of Western Australia near Dumbleyung, approximately 250km southeast of Perth.

4. KING GEORGE DIAMOND PROJECT North Kimberley region, W.A.

The King George project consists of E80/2465, 2461, 2463 and 2472. The latter three exploration licences have been added to the Striker agreement over the Seppelt Range tenements whereby Striker can earn a 70% interest by spending \$1.5 million over three years. E80/2465 is held 100% by AKD and is not subject to any joint venture arrangement.

4.1 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)

At least 3 prime targets for kimberlite pipes together with several other potential targets were identified late last year from a Falcon™ System survey flown 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 of readily accessible targets is now scheduled early in the field season. Subject to sample results, trench/drill testing of selected targets will be undertaken as soon as the weather permits. Striker is managing the field program on behalf of the joint venture partners.

Exploration Licence 80/2461 comprises part of AKD's King George diamond project area which is in joint venture with Striker Resources. Striker currently has the right to earn a 70% interest in EL 80/2461. However, this earn in right has been varied in respect of targets nominated following the Falcon™ survey such that Striker will have the right to earn an 80% interest in such targets. AKD's residual interest in the nominated targets will change from a 30% participating interest to a 20% interest free carried through to completion of pre-feasibility.

4.2 E80/2465 – (AKD 100%)

A total of 12 high priority EM targets prospective for kimberlite were identified late last year at the Company's 100% owned King George tenement, E80/2465, following the processing and interpretation of airborne geophysical data flown over the North Kimberley tenement during the June 2003 Quarter.

AKD had contracted Fugro to fly the survey over the south-west portion of the tenement using their "Hummingbird" five frequency electromagnetic ("EM") system, which also incorporated a Geometrics magnetometer. A total of 105 line kms was flown.

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.

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.

5. SEPPELT RANGE DIAMOND/GOLD JV, North Kimberley region, WA Striker earning up to 70%, subject to;

- ◇ **De Beers earning 50.1% on E80/1590 (AKD & Striker to dilute to 24.95% each)**

5.1 De Beers JV

During the September 2003 Quarter, joint venture partner, De Beers, carried out a diamond drilling program over 8 geophysical targets (3 magnetic and 5 EM anomalies) at AKD's Seppelt Range diamond tenement, E80/1590. Eight diamond holes (totalling 89.9m) were drilled into select anomalies, however, no kimberlite material was intersected. The tenement is located approximately 20km to the east of the Seppelt group of kimberlites which are held by Striker Resources in the Northern Kimberley province of Western Australia..

The current joint venture on E80/1590 is between AKD, De Beers and Striker whereby De Beers have the right to earn a 50.1% interest in the tenement by spending \$750,000. Should De Beers earn its interest, the remaining 49.9% will be shared equally by AKD and Striker. De Beers are currently reviewing their involvement in the joint venture.

5.2 Striker JV

Concentrates from bulk samples collected by JV partner, Striker Resources, from a drainage in AKD's tenement E80/1589 during the 2002 and 2003 field seasons have returned a combined total of 12 macro diamonds weighing 0.97 carats from a total of 80.5 tonnes of sample treated. This positive result has narrowed the search area for the source of the diamonds and further bulk sampling is being planned by Striker during this year's field season.

AKD's tenement lies within the Seppelt kimberlite corridor where Striker has confirmed commercial size diamond grades in excess of 200cph for the Seppelt 2 pipe. Preliminary sampling of the Seppelt 5 pipe has also revealed similar indicative grades.

Striker can earn up to 70% interest in AKD's tenements E80/1589,1590,1591,2461,2463 and 2472 by spending a total of \$1.5m in expenditure over 3 years.

5.3 AngloGold JV

AngloGold have informed the joint venture partners that they have withdrawn from the joint venture for gold over tenements in the northern Kimberley region following a review of sample results.

In the March 2003 Quarter, AKD, AngloGold Australia Ltd, Striker Resources and De Beers Australia Ltd entered into a joint venture agreement for gold covering a large area of the northern Kimberley, which included an area currently the subject of Striker Resources farm-in to AKD's Seppelt Range project (tenements E80/1589 and E80/1590).

EXPLORATION PROJECTS - SOUTH AUSTRALIA

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

No field work was carried out this Quarter by joint venture partner, Flinders Diamonds Limited, at the Lobethal diamond JV project, EL 2585, in the Adelaide Hills, South Australia. During the March 2003 Quarter, Flinders reported the recovery of 3 kimberlitic indicator minerals (1 picroilmenite, 2 chromites) from a stream sediment sample (AG9) collected from a drainage within the project area.

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). Flinders is committed to spend at least \$100,000 prior to withdrawal. AKD currently has a 75% interest in the Echunga diamond project with the remaining 25% held by private explorer Statelink Holdings Pty Ltd.

EXPLORATION PROJECTS - BRAZIL

7. ABAETE DIAMOND PROJECT - (AKD earning 50%) Minas Gerais, Brazil

Subsequent to the end of the Quarter, AKD announced its withdrawal from the farm-in arrangement with Canadian explorer Brazilian Diamonds Ltd, formerly Black Swan Resources, over their Abaete alluvial diamond project in Brazil. AKD earned no equity in the project prior to its withdrawal.

The 2003 bulk testing program at Abaete produced a total of 264 diamonds weighing 95.45 carats from gravels excavated from 19 pits. The largest stone recovered weighed 5.5 carats. The average grade of the terrace gravels was calculated at 1.55 carats/100m³ and the average stone size was 0.36 carats. The valuation of the 95.45 carats came to US\$21,232 or US\$222 per carat.

Although the bulk testing results were satisfactory, preliminary studies relating to the logistics of mining the estimated 1,000,000m³ of palaeo-gravels contained within 13 different target areas along 30km of the Abaete River system were not considered sufficiently encouraging for AKD to invest further in the project.

EXPLORATION PROJECTS - PERU

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

During the Quarter, AKD received further expressions of interest from a number of companies on its Chinguela gold property 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.

9. EL MOLINO Cu-Au PROJECT - (AKD: 50%) Cajamarca District, Peru

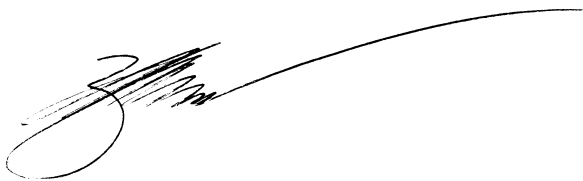
Negotiations are continuing towards the sale of El Molino. At least 10% of the adjoining 400 Mt Cu-Au porphyry deposit at “Galeno” extends into AKD’s El Molino tenement. Prospective gold and polymetallic targets also exist in the eastern part of AKD’s El Molino tenement.

10. CORPORATE

At the beginning of the Quarter, the Company placed 20 million ordinary shares at an issue price of 2 cents per share to private investors, which raised \$400,000 in working capital. AKD placed 10.5 million shares of this placement with UK based Anglo Pacific Group and as a result Anglo Pacific has increased its substantial equity position in AKD to 19.6%.

Anglo Pacific is listed in the UK on the Stock Exchange London and on the ASX, and has invested in a number of gold, diamond and PGM projects in North America, Australia and Europe. For further information refer to <www.anglo-pacificgroup.com>.

Yours faithfully,



Z.A.SAS
Managing Director

NB: In accordance with ASX listing requirements, the geological information contained in this report has been compiled by Mr ZA Sas, B.Sc. (Hons), MAusIMM, who is a Competent Person as defined by the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (“JORC Code”).