

29 July 2005

**Re: QUARTERLY REPORT FOR THE PERIOD ENDING
30 JUNE 2005**

HIGHLIGHTS:

Seppelt Range Diamond JV – (AKD:100% - Striker earning 70%)

- Positive indicator minerals including microdiamonds have now been recovered from 95% of samples taken over the Collison North Anomaly located within AKD's tenement E80/1590 which is 15km east of the Seppelt #2 kimberlite pipe. Follow-up work is continuing through the coming Quarter

King George Diamond JV – (AKD:100% - Striker/Gravity earning 80% over Falcon targets)

- Sampling has been completed over three Falcon™ gravity anomalies located within AKD's tenement E80/2461. Microdiamonds have previously been recovered from one of these a Falcon™ anomalies which is upstream from a bulk sample location that returned a 1.73 carat gem. Results are awaited.

“801” Lead/Zinc & Diamond Project - (AKD earning 80%)

- AKD has commenced site clearance to prepare for a proposed drilling program to test a number of lead-zinc and diamond targets within Conarco's “801” exploration licence located in the Northern Territory.

Nangali Gold Project - (AKD 30%)

- AKD and its partner, Compass Resources NL, have agreed in principal with Newmont to delay for a further 12 months the final payment to Newmont regarding the purchase of the advanced Nangali gold project in Peru.

EXPLORATION PROJECTS - WESTERN AUSTRALIA

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

E80/1590

Thirty seven (37) samples have now returned positive for kimberlitic indicator minerals from a total of 39 stream and loam samples taken over the "Collison North Anomaly" located within AKD's tenement E80/1590 and only 15km east of the Seppelt #2 kimberlite pipe.

Twelve (12) of these samples also reporting positive for microdiamonds including one (1) loam sample returning 4 microdiamonds.

The results to date are showing a focus and follow-up work of these positive results will continue in the coming Quarter. Striker Resources is managing the project and is continuing to earn its 70% interest.

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

E80/2461

**Striker earning up to 70%, subject to;
Striker/Gravity Diamonds earning 80% in respect of Falcon™ targets (AKD to dilute to 20% FCI)**

Sampling has been completed over three Falcon™ gravity anomalies, KNG-070, KNG-54 and KNG-100 identified from a Falcon™ survey flown over AKD's tenement E80/2461 at King George. Forty one (41) loam and six (6) stream sediment samples were collected during the Quarter over these gravity targets and are awaiting results.

Four (4) microdiamonds were previously recovered from two loam samples over gravity target KNG-070. It is a significant result in that the sample is upstream of a previously taken reconnaissance bulk stream sample which reported 3 commercial sized diamonds, one of which was a 1.73 carat gem.

The gravity anomaly, KGN-070, is 260m x 200m in size and is one of several gravity anomalies identified by a Falcon™ System survey flown in late 2003.

The Falcon™ survey was flown following agreement between AKD, Striker Resources and Gravity Diamonds on behalf of Gravity's 100% 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.

Striker is managing the field program on behalf of the joint venture partners.

EXPLORATION PROJECTS – NORTHERN TERRITORY, AUSTRALIA

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

AKD Limited has entered into an agreement with Minemakers Australia NL (formerly named Desert Energy NL) whereby Minemakers has acquired an option to purchase AKD's Wonarah Phosphate Project located near Tennant Creek in the Northern Territory, Australia.

Minemakers has secured a 6 month option (expiring 30 September 2005) to purchase Wonarah by paying AKD \$25,000 cash with the right to extend the option period for a further 6 months by making an additional payment of \$25,000 cash to AKD.

Minemakers can exercise the option to purchase Wonarah upon Minemakers listing on the ASX and hence paying AKD a further \$50,000 cash and issuing AKD \$250,000 worth of ordinary shares at par value in the capital of Minemakers. Minemakers has advised AKD that seed capital requirements for their company have been completed and that Minemakers is proceeding towards an ASX listing.

AKD will retain the right to a 50% contributing interest in the project area for the exploration and development of deposits for diamonds, gold and base metals. AKD will also have the right to clawback up to 10% equity in the phosphate rights in the project area by reimbursing Minemakers 20% of the total expenditure incurred by Minemakers.

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

AKD has commenced site clearance to prepare for a proposed drilling program to test a number of lead-zinc and diamond targets within Conarco's "801" exploration licence 23726 located in the Northern Territory.

AKD has a Joint Venture Agreement over Conarco's tenements whereby AKD can earn up to 80% interest. The licences are adjacent to AKD's Wonarah phosphate project. Conarco Minerals Pty Ltd is a privately owned exploration company controlled by former senior executives of the CRA / Rio Tinto Group.

EXPLORATION PROJECTS - SOUTH AUSTRALIA

5. LOBETHAL DIAMOND JV – (Flinders Diamonds earning 75% for diamonds) Adelaide Hills, S.A.

AKD (75%) and its partner Statelink Holdings Pty Ltd (25%) have entered into an agreement with their joint venture partner at Lobethal, Flinders Diamonds Ltd, to sell AKD/Statelink's non-diamond rights in the Lobethal tenement to Maximus Resources Ltd for a vendor consideration of 666,667 shares and 333,333 options in Maximus Resources upon Maximus listing on the ASX by 30 September 2005. The vendor consideration will be shared pro-rata by AKD/Statelink according to their respective equities.

The Lobethal (“Echunga”) diamond project is located in the Adelaide Hills, South Australia and is prospective for diamonds, precious and base metals. Flinders can now earn a 51% interest in the diamond rights in the tenement by spending \$500,000 over six 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 Lobethal diamond project with the remaining 25% held by private explorer Statelink Holdings Pty Ltd.

EXPLORATION PROJECTS - LATIN AMERICA

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

The Company and its partner, Compass Resources NL, has agreed in principal with Newmont to delay the final payment for a further 12 months regarding the purchase of the advanced Nangali gold project in Peru which it acquired from Newmont last year.

A final payment of US\$200,000 is to be paid to Newmont once title is formally registered in Compass/AKD name by government decree (AKD’s share is 30% of the consideration). Newmont will also receive a 2% royalty on production. In accordance with the purchase agreement terms from Newmont’s Peruvian subsidiary, Compass and AKD Ltd have paid annual tenement costs of US\$21,600 thus maintaining the agreement with Newmont in good standing.

Nangali is a highly prospective epithermal gold vein system with a number of established but undrilled prospects. The gold targets are high level, low sulphidation epithermal vein systems with high grade gold and silver values at the surface assaying up to 98.2 g/tonne gold and 814 g/tonne silver. These significant gold targets are based on geochemical anomalies from extensive surface rock chip and soil sampling programmes carried out by Newmont, which are supported by geophysical anomalies.

A number of Australian and overseas based companies have expressed an interest in farming into this project and are currently reviewing the data.

7. 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 exploration programs carried out by Newmont also identified drill targets at Chinguela.

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

AKD and its Canadian partner, New Inca Gold Ltd, have retained a royalty in the El Molino Cu-Au project in Peru following the sale of the property to Canadian company, Lumina Copper, last year. AKD/New Inca will retain a 20% NPI depending on the timing of production from the concession, however the NPI

converts to a 1% NSR royalty if production commences after 2006. AKD is entitled to 50% of the NPI/NSR.

9. POTENTIAL ACQUISITIONS

The Directors are committed to moving the Company forward and are seeking new opportunities to improve the value of shareholders' interests. As a result, the Directors are currently reviewing a number of potential new projects for the Company which the Directors consider relevant in the current market conditions.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Zlad Sas', with a long, sweeping horizontal line extending to the right.

Zlad Sas
Managing Director

NB: Note: In accordance with ASX listing requirements, the geological information contained in this report with regard to the mineral properties 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").