ASX Announcement 29 July 2005

Quarterly Activities Report for 3 months ended 30 June 2005

Exploration Highlights

MERLIN

- Mk 111 processing plant commissioned and treatment of x-ray sorthouse tailings underway.
- Sorting of the concentrates generated from the final recovery circuit has commenced.
- Some 1,500t of the x-ray sorthouse tailings excavated and transported to the processing plant site.
- A combined Indicated and Inferred Resource of 19.1M tonnes with an average grade of 17.3cpht for 3.3 million carats has been identified from 9 of the 13 pipes within the Merlin field.
- Follow-up sampling and ground inspection of fourteen indicator mineral anomalies and sixteen geophysical targets in the Merlin orbit area is underway with the collection of 14 loam, 17 gravel and 84 soil samples.

SEPPELT

- Exploration is continuing in the Seppelt orbit area with the collection of 26 loam and rock samples during the quarter.

NORTH KING GEORGE

- Follow-up sampling and trenching completed on 5 high priority and 5 moderate priority gravity targets with 48 loam, 10 stream, 11 rock and 9 soil samples collected.

KIMBERLEY REGIONAL EXPLORATION

- Follow-up of new targets awaits grant of tenements.

Corporate Highlights

- Appointment of Tom Reddicliffe as Chief Executive Officer.
- On 27 June 2005 shareholders approved the change of the Company's name to North Australian Diamonds Limited and adopted a new constitution.
- Glenister Lamont was appointed as a Non-Executive Director.
- On 12 May 2005, the Company announced it had raised $762,352 by the placement of 25,411,730 ordinary shares at 3.0 cents each.

MERLIN MINING LEASE & ASSOCIATED EXPLORATION TENEMENTS

MERLIN DIAMOND MINE – ML 1154

Processing of the Merlin x-ray sorthouse tailings is underway, being the first step in a staged approach to evaluate and redevelop the Merlin diamond mine which ceased openpit production in 2003.The Merlin Mining Lease contains 11 of the 13 known kimberlite pipes in the Merlin field (of which 9 were subject to open-pit operations by previous holders), producing approximately 500,000 carats of diamonds at an average value of US$108 per carat. Two pipes with potential economic ore grades remain to be evaluated. In line with world increases in diamond prices a recent revaluation of Merlin goods indicates a 30% increase in price to approximately US$140 per carat. The Company completed the acquisition of the lease from Argyle Diamond Mines in late 2004.

Inferred and Indicated Resources

The combined **Indicated** and **Inferred Resources** being **19.1Mt** at a grade of **17.3cpht** for a total of **3.3Mcts. Over 50% of the total resource is in the Indicated category.**

	Indicated	Inferred	Total		
Southern Cluster					
PalSac	4,015,000t	2,713,000t	6,728,000t	@ 20cpht	
Launfal	730,000t	510,000t	1,240,000t	@ 22cpht	
Excalibur	464,000t	309,000t	773,000t	@ 34cpht	
Tristam		410,000t	410,000t	@ 18cpht	
			9,151,000t	**@ 21.4cpht**	**(1,955,000cts)**
Central Cluster					
Gawain	868,000t	1,252,000t	2,120,000t	@ 30cpht	
Ywain	68,000t	105,000t	173,000t	@ 60cpht	
			2,293,000t	**@ 32.3cpht**	**(740,000cts)**
Northern Cluster					
Gareth	125,000t	143,000t	268,000t	@ 22cpht	
Kaye	1,498,000t	1,335,000t	2,833,000t	@ 9cpht	
Ector	2,357,000t	2,221,000t	4,578,000t	@ 7cpht	
			7,679,000t	**@ 8.3cpht**	**(634,000cts)**
Total	**19.1Mt**	**17.3cpht average**		**3.3 million carats**	

Inferred and indicated resource grades are based on a bottom screen size of 1.2mm

Processing of Sorthouse Tailings

Records indicate there is approximately 10,000 tonnes of x-ray sorted tails (sorthouse rejects) which were deposited in Ywain pit on cessation of previous mining operations. This pit has been largely dewatered giving access to a major proportion of these tailings. Some 1,500 tonnes of these tailings have been excavated and transported to the processing plant site where processing is underway through a Mk 111 Dense Media Separation Plant.

Commissioning of the Mk 111 process plant was completed in early July, allowing primary processing to get underway. Concentrates generated from the primary processing have been stored due to the necessity for modifications to be completed on the final recovery/optical sorting circuit. These modifications are now completed and processing of the final product for the recovery of diamonds has commenced.

Based on test sampling results it is estimated that the tailings could contain in excess of 50,000cts.

It is anticipated that this reprocessing will completed **within 4 months** and is expected **to generate a net surplus of $3.3M** based on a conservative diamond value of US$60 per carat which recognizes that the diamonds in the sorthouse tailings may not be representative of the full range of Merlin diamonds.

Additional Test Work
In conjunction with the processing of the sorthouse tailings, grinding and crushing tests will be completed on 1,000 tonne samples of primary kimberlite obtained from several of the previously mined pipes. This testwork is aimed at identifying procedures for the improved liberation of diamonds from the kimberlite during processing, which the Company believes contributed to reduced overall diamond recoveries. These liberation related losses appear to be a consequence of the increased competency of the kimberlite with depth. The work will provide information on recoverable grade as well as processing requirements. Dewatering of the relevant pits will commence in August to enable the samples to be mined.

Staged Approach
In early 2005 the Company commissioned AMC Consultants Pty Ltd (AMC) to undertake a scoping study to evaluate the economics of open-pit and underground mining of several of the kimberlite pipes within the Merlin Diamond Project area. AMC'S brief was to identify, from a study of Merlin mining and production and exploration data provided by the Company, a potential mining project and to cost appropriate mining techniques.

The study incorporated new information generated by the Company as well as significant diamond price increases experienced since the closure of the mine in 2003. **The scoping study incorporated grades based on the expectation of improved liberation and recovery of diamonds.**

Sampling undertaken by the Company in early 2005 of the sorthouse and other tailings at Merlin demonstrated significant diamond losses during previous mining operations due to poor liberation and inefficient diamond recovery. Reconstruction of mass balances indicate these losses may have exceeded 25%.

The AMC study **indicated that there is potential for an economic mining operation based on the expectation of improved recovery due to better liberation and more suitable diamond recovery techniques.** At an anticipated diamond value **of US$140/ct and a $US exchange rate of 78 cents**, the stage 1 and 2 project could produce **a surplus cash flow of $11.4M over a two year operation**.

In addition to this, there is potential for an underground mining project which provides a further 10.1 million tonnes with a contained 2.36 million carats.

Surface mining
The Company will be **relocating its North Kimberley Ashmore modular HMS plant to Merlin.** With some modifications this plant will have the capacity to **process up to 500,000tpa**.

A commitment to surface mining operations will be made upon the satisfactory completion of the liberation and recovery testwork during stage 1 and the relocation of the HMS processing plant. It is anticipated that this preliminary test work and relocation of the plant will be completed by the end of 2005. The capital costs of this operation are estimated to be less than $1M.

Re-optimisation of the current pits by AMC has led to the **identification of 475,000 tonnes** of kimberlite which could be exploited by surface and open-pit mining operations. This stage will involve the processing of ore contained in at surface tailings and reject stockpiles, remnant ore sourced from previously mined pits and ore minable as a consequence of re-optimized pit design. Processing of ore from pipes Ywain, Gawain, and Gareth should recover approximately 20,000cts from 60,000 tonnes of ore. An additional 180,000cts is expected to be recovered from the estimated remaining balance of 415,000t of stage 2 resources.

This operation will be **completed in two years** and is estimated to produce a cash flow **surplus of $8.1M** at an expected diamond price of **US$140/ct and a US$ exchange rate of 78 cents.**

PalSac cutback
During the first two stages of operation the feasibility of undertaking a large cutback on the pipe PalSac and other pipe cutbacks will be further investigated. At current anticipated diamond values and exchange rates**, 1.7M tonne of kimberlite** containing an **estimated 380,000cts** has the potential to be economically

exploited from PalSac alone. This feasibility will also examine the options for increasing process capacity and reducing processing cost.

Underground mining potential

The Company will also be investigating two potential underground mining operations based on the exploitation of kimberlite resources within the southern and central pipe clusters which have been identified from the AMC study. **The potential underground mining project provides a total of 10.1 million tonnes for a contained 2.36Mcts.**

This multi-staged approach will allow the Company to gain a better understanding of the diamond grade and diamond recovery potential before committing to the major capital investment required for a large cut-back on PalSac and any ensuing underground operations.

MERLIN EXPLORATION

The Merlin Orbit properties consist of seven tenements surrounding the mining lease of the former Merlin Diamond Mine totalling approximately 1,800km^2, encompassing the currently known extent of the Merlin kimberlite field.

New Targets

A review of the Merlin exploration sampling data has identified 25 indicator mineral and diamond anomalies of which 17 are considered to be high priority exploration targets. One of these targets has significant numbers of alluvial diamond trains in drainages emanating from the southern tenements. These targets provide strong evidence for the potential to discover new diamond bearing kimberlite pipes in the immediate Merlin region. In addition there remain 26 geophysical anomalies, 8 of which are high priority which warrant follow-up investigation.

Follow-up sampling and ground inspection has been carried out on 16 of the geophysical targets and 14 of the indicator mineral anomalies resulting in the collection of 14 loam, 17 gravel and 84 soil samples. These samples have been despatched to the Company's Perth laboratory for analysis. This work will continue during the next quarter.

NORTH KIMBERLY PROJECTS

Seppelt Project

The Seppelt Project comprises a number of related kimberlite dykes, blows and pipes constrained within a narrow corridor over a strike length of some 6km. No additional work was undertaken in this area during the quarter.

Seppelt Regional Exploration

Ongoing exploration at Seppelt is focussed on the discovery of kimberlites within the already identified Seppelt structural corridor as well as the orbit area. Exploration to date has identified a number of areas where both indicator minerals and commercially sized diamond occurrences remain unresolved. These include the Coolabah, Collison, and Collison North areas. A total of 13 loam and 13 rock samples have been collected from these areas during the quarter and work is continuing.

RIO TINTO JOINT VENTURES

Kimberley Data Base

The Company has an exclusive diamond licensing agreement with Rio Tinto Exploration Pty Ltd (RTE) over the majority of its extensive Kimberley diamond database. The Kimberley diamond database contains information relating to approximately 13,000 sample sites. The data has been accumulated over a 30 year period and includes SEM probe as well as indicator-mineral and diamond recovery data.

Narrie Anomaly

The first exploration target to be identified from the database was secured by a tenement application in 2004. Limited follow-up sampling in this area has confirmed the presence of kimberlitic chromite with probe analysis indicating the source rock has good diamond bearing potential. The recovery of a single

+0.3mm microdiamond associated with the chromite supports this analysis. Follow-up exploration to locate the source of these indicator minerals is subject to the grant of the tenement which is expected in August.

Other targets
Ongoing review of the Kimberley data set data has led to the identification of a further 4 priority anomalous areas which will be the subject of ongoing investigation.

OTHER

North King George Falcon™ System Joint Venture

Diamond Mines Australia Pty Ltd, (DMA) a wholly owned subsidiary of Gravity Diamonds Limited, are in a 50/50 joint venture with the Company to follow-up the results of the Falcon™ survey that was funded by DMA. The Company is managing the field program on behalf of the joint venture.

Follow-up of Anomalies
The follow-up of 5 priority targets and 5 moderate priority targets has been completed. These targets were selected from the 25 priority targets which were sampled in 2004.

Trenching was completed on 3 of the high priority and 2 of the moderate priority targets. A total of 47 loam, 10 stream, 11 rock and 9 soil samples were collected. These samples have been despatched to the Company's Perth laboratory for analysis.

AKD Joint Venture - E80/1590

Processing of exploration samples collected in late 2004 have been completed with 37 of the 39 samples reporting positive for indicator minerals and or microdiamonds. A total of 12 microdiamonds have reported to 8 samples including one loam sample which reported 4 microdiamonds. Follow-up of these positive results will continue in the coming quarter.

DE BEERS JOINT VENTURE

Arnhem Land Northern Territory – Striker Earning 100%

The Company has a farm-in agreement with De Beers Exploration Australia Limited (DBAE) to earn 100% interest in tenements with a total project area of 13,500km^2 in the Arnhem Land region of the Northern Territory. The Company has made application for a further 4 tenements totalling an area of 4,200km^2 in which the Company will have 100% interest. The project area covers twenty-two separate tenements of which 18 are in joint venture with De Beers.

Work programs have been submitted for two of the tenements, totalling 1,400km^2, that are available for immediate exploration. Heritage clearances and final meetings with Traditional Owners will take place in 2005, thus clearing the way for field programs to commence.

The Company considers these tenements to be highly prospective for **diamond-bearing kimberlites and other minerals.** Regionally the area is situated within stable platform Proterozoic-aged sediments in close proximity to a major crustal trough, a setting geologically analogous to the Merlin kimberlite field which is located some 400km to the south. Initial exploration will include the taking of traditional indicator mineral and diamond stream samples, as well as the interpretation of photo and satellite imagery and aeromagnetic data sets. Ground access to two of the tenement areas is anticipated this year.

CORPORATE

Appointment of Tom Reddicliffe as CEO

The Company on 22 June 2005 announced that Mr Clayton Dodd had stepped down as Managing Director of the Company.

Mr Tom Reddicliffe, the Company's Technical Director has assumed the position of Chief Executive Officer whilst recruitment of a new managing director is finalised.

Change of Company Name and Constitution
Shareholders at a general meeting held on 27 June 2005 approved the change of the Company's name to North Australian Diamonds Limited and adopted a new constitution.

Documentation dealing with the changes has been lodged with the Australian Securities and Investment Commission (ASIC) and we await registration of the changes.

Appointment of New Executive Director Glenister Lamont
On 25 May 2005 the Company advised the appointment of Mr Glenister Lamont, B.Eng. (Mining Hons), MBA (IMD Switzerland), ASIA, FAICD, MAusIMM.

Mr Lamont is a mining engineer by training and who has considerable corporate and commercial experience. He held the position of General Manager Corporate for Ashton Mining Ltd which brings specific diamond industry experience to the board.

Mr Lamont is principal of a firm which focuses on providing strategic advice and working with companies to develop their relationship with their shareholders.

Tom Reddicliffe
Chief Executive Officer

The information in this report, which relates to mineral resources, is based on information compiled by Mr Tom Reddicliffe, a full time employee of the company. Mr Reddicliffe has relevant experience in relation to the mineralisation being reported on to qualify as a competent person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves. He has consented to the inclusion of this information in the form and context in which it appears in this report.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

STRIKER RESOURCES NL

ABN	Quarter ended ("current quarter")
86 009 153 119	30 June 2005

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (12 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	357
1.2	Payments for (a) exploration and evaluation	(725)	(3,950)
	(b) development		
	(c) production		
	(d) administration	(209)	(1,092)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	5	55
1.5	Interest and other costs of finance paid	(2)	(9)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(931)	(4,639)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	(133)
	(b) equity investments		
	(c) other fixed assets	(22)	(130)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities	-	(11)
1.11	Loans repaid by other entities		
1.12	Other - Merlin Security deposit	105	(73)
	Net investing cash flows	83	(347)
1.13	Total operating and investing cash flows (carried forward)	(848)	(4,986)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(848)	(4,986)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	709	3,271
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	709	3,271
	Net increase (decrease) in cash held	(139)	(1,715)
1.20	Cash at beginning of quarter/year to date	536	2,112
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	397	397

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	115
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Remuneration

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Refer Note 1	2,200
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	150
4.2	Development	
	Total	**150**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	397	536
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	397	536

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	E 80/2753	Reduction	55 blocks	28 blocks
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference $^{+}$securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**$^{+}$Ordinary securities**	662,961,364	662,961,364		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	25,411,730	25,411,730		
7.5	**$^{+}$Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	2,000,000 139,999,771 20,500,000	- 139,999,771 -	*Exercise price* 12 cents 15 cents 7.5 cents	*Expiry date* 31/10/05 30/11/05 31/07/08
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: . Date: 29 July 2005
(~~Director~~/Company secretary)

Print name: Kevin R. Hart

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

NOTE 1

SECTION 3

Australian Gold Fields NL (In Liquidation) ('AGF') had an obligation to underwrite a pro-rata offer by the Company to raise a minimum amount of $7.5 million by prospectus with the shares to be offered at a price at least equal to 12.5 cents ('AGF's Underwriting Obligation').-

Due to delays requested by AGF in proceeding with the rights issue, AGF provided interim funding of $2.2 million to the Company pending completion of the rights issue. AGF has a funding obligation in the order of $3.0 million. Repayment of the advance was not to the detriment of the Company or any of its controlled entities until at the earliest after 12 December 1998 and only out of the proceeds of a rights issue ('AGF's Funding Obligation').

The Company obtained the opinion of Senior Counsel that both AGF's Underwriting and Funding obligations are valid and enforceable. The then Administrators of AGF denied liability in respect of both such obligations.

On 25 August 1998, the Company advised the then Administrators of AGF that AGF's continuing failure to comply with its Underwriting Obligation was a repudiatory breach which the Company accepted, and reserved all its rights against AGF including a claim for all the loss and damages suffered by the Company as a result of the breach which the Company accepted.

It is Senior Counsel's opinion that the repudiatory breach by AGF will give rise to substantial issues of set-off and counter claim which will bear on any obligation by the Company to repay the amounts advanced.

The Company has lodged with the liquidator of AGF a formal proof of debt claiming the sum of $11,566,621 being the loss and damage suffered by the Company as a consequence of the failure of AGF to comply with its Underwriting Obligation.
On 8th September 2000, the Company lodged an application in the Supreme Court of Western Australia seeking leave to commence proceedings against AGF.
Following grant of leave, the Company has filed and served a writ seeking:

(a) A Declaration that it has, by reason of the breach, alternatively repudiation of the Residual Underwriting Commitment, suffered loss and damage, as set out in the Company's Proof of Debt, of the amount of $11,566,621.

(b) A Declaration that in respect of any indebtedness on its part by reason of the receipt of funds from AGF, that the obligation to repay such amounts has been set off and fully extinguished against its damages claim, being amounts totalling $2,328,580.

(c) A Declaration that the liquidators of AGF accept the proof of debt of the Company having made due allowance for amount set off, being an amount of $9,238,041.

(d) Costs.

The writ relates to the non-performance of the obligations of AGF pursuant to an Underwriting Agreement and Residual Underwriting Agreement entered into with the Company on the 2nd December 1996 and subsequent interim funding monies advanced to Striker up until 6th March 1998.

The parties are currently attending to pre-trial directions.