31 October 2003

The Manager
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

AURIDIAM LIMITED
QUARTERLY ACTIVITIES REPORT
TO 30 SEPTEMBER 2003

WOODLARK MINING LIMITED (WML) - SOLOMON SEA - 75%

EL 1172 -- 100% Held by WML
EL 1279 -- 100% Held by WML

During the quarter Auridiam Limited entered into an agreement to sell its interest in the Woodlark Gold Project.

Under an agreement with BM Diamondecorp Inc Auridiam Limited agreed to sell all the issued capital of April Enterprises Pty Ltd for 1,500,000 common shares in that company. The consideration payable on the transaction is 250,000 common shares upon acceptance and the balance upon renewal of the exploration licences held by Woodlark Mining Ltd, a subsidiary of April Enterprises Pty Ltd.

Applications for renewal of both tenements have been lodged with the Department of Mining in Papua New Guinea and a Mining Warden's hearing as required by the Mining Act has been scheduled for 26 November 2003.
BM Diamondcorp Inc is a Canadian listed company and currently holds a 25% interest in the project.

The investment in Woodlark had previously been fully provided for in the Auridiam group as it was considered that although a significant gold resource had been identified it was not of a size and grade that could be economically exploited at this time. The project holds significant potential for expanding the current resource and the discovery of additional ore bodies. It is considered that BM Diamondcorp Inc has the geological expertise and access to capital that will ensure that a meaningful and substantial exploration programme may be deployed to achieve these aims.

Based upon the current market value of BM Diamondcorp a substantial contingent profit exists dependant upon the successful renewal of the licence and the ultimate realisation of shares acquired under the transaction. At this time the directors have considered it prudent practice not to account for any profit that has or may arise on the transaction.

TECHNICAL AND INDUSTRIAL

Overall sales during the 30 September 2003 quarter exceeded the corresponding period to 30 September 2000 with continued positive cash flow from operations.

PG Watson’s Engineering in particular had a sound quarter with a modest growth in sales over the corresponding period. During the fourth quarter of the 30 June 2003 financial year an additional CNC lathe was installed and commissioned allowing faster manufacturing cycle times and creating additional capacity for jobbing production work. The automation achieved has ensured the company remains price competitive without compromising on quality.

Recom Engineering has not had as strong a start to the year as the corresponding period, but sales should pick up with an increase in temperatures leading into summer. Mild temperatures were experienced in most of the states in the September quarter, but with a strong correlation between sales and increasing temperatures it is hoped to reverse this sales result in the second quarter.

In May 2003 the Recom Engineering board made the decision to move to larger and more practical premises in Sydney, and as a consequence to rationalise the assets in that state which were situated in two different locations following the purchase of the Dayson’s assets earlier in that year. The physical move occurred during the September quarter with minimal adverse impact on productivity and the new factory is now fully operational.
CORPORATE

Shareholders were advised in the Annual Report that was mailed to them during the quarter that opportunities were actively being sort to broaden and lift the overall dimension of the Company.

As part of this growth initiative the Company initiated a Shareholder Share Purchase Plan (SPP) that entitled shareholders to subscribe for new shares in the Company (to a maximum of $5,000 per shareholder) free of all brokerage, commission and stamp duty. The SPP closes on 14 November 2003.

Funds raised from the issue of shares pursuant to the SPP will be used to supplement the company’s internal cash resources and positive cash flow from the Technical and Industrial businesses allowing acquisitions of merit to be pursued.

NEW PROJECTS

As outlined in the SPP the company is currently investigating a number of projects that may have the potential to significantly increase shareholder value and determine the future direction of the company. Having dealt with assets that were not positively contributing to the free cash position and with comfortable free cash position the company is now investigating projects of this nature.

Yours sincerely,

STEPHEN BELBEN
COMPANY SECRETARY

Further Information

Further information on the Company’s projects and investments may be obtained from the Company’s home pages at the following addresses:

www.auridiam.com.au
www.pgwatson.com.au
www.guster.com.au
www.promec.com.au
www.recom-eng.com.au