



Cluff Resources Pacific NL

ABN 72 002 261 565

QUARTERLY REPORT FOR PERIOD ENDING 31 MARCH, 2009

HIGHLIGHTS:

- SEVENTEEN DIAMONDS RECOVERED TO DATE FROM BINGARA
- BEDROCK BRECCIA INTERSECTED IN DRILLHOLE AT BIG HILL
- NEW INTERPRETATION OF COPETON DIAMOND GEOLOGY

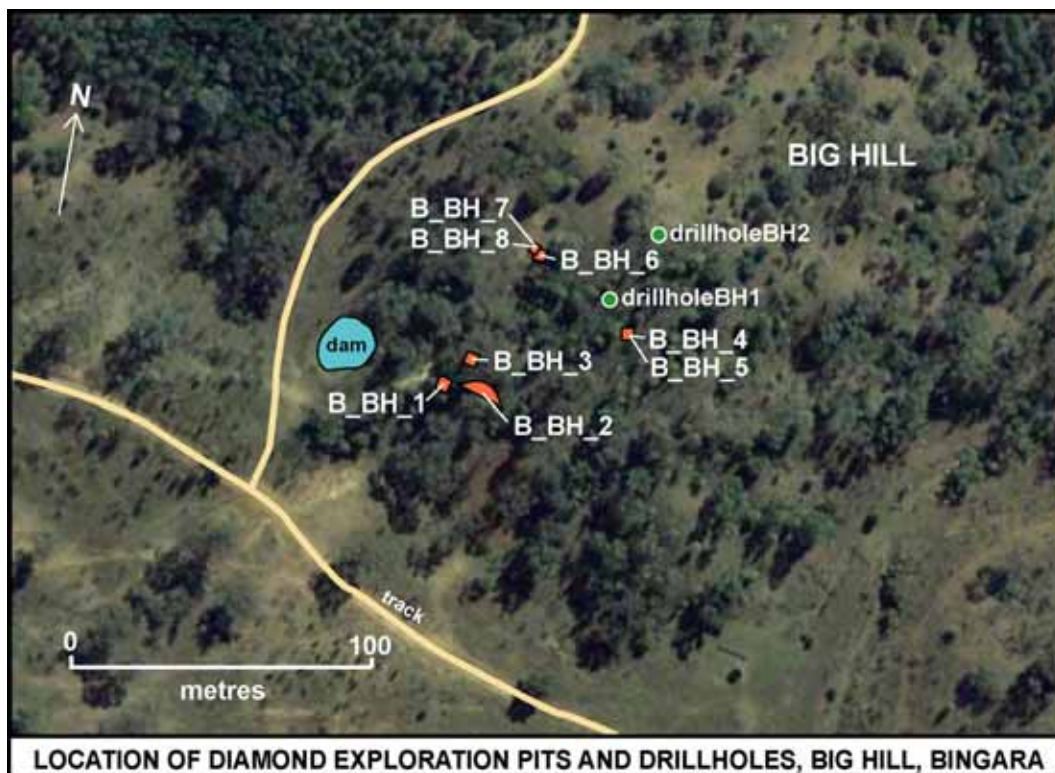
1. DIAMONDS

1.1 BINGARA DIAMOND PROJECT (Cluff 100%, Diamond Ventures 10% NPR, reducing to 5%)

Bulk Sampling

Seventeen diamonds have been recovered to date from bulk sampling at Big Hill, on the Bingara Diamond Field. Ten gem quality diamonds have been recovered from one twelve tonne sample (BH 1) of hill slope or debris flow deposit containing bedrock fragments together with underlying weathered bedrock, giving a grade for this sample of 20.2 carats / 100 tonnes.

BH 8 returned five diamonds weighing 0.9 carats at a grade for the sample of 5.7 carats/hundred tonnes. Sampling is continuing to determine whether these diamonds were sourced from the upper 2.5 metres of gravels, shown in the overlying sample BH7 to be of low grade, or were sourced from the underlying 0.5 metres of clay.



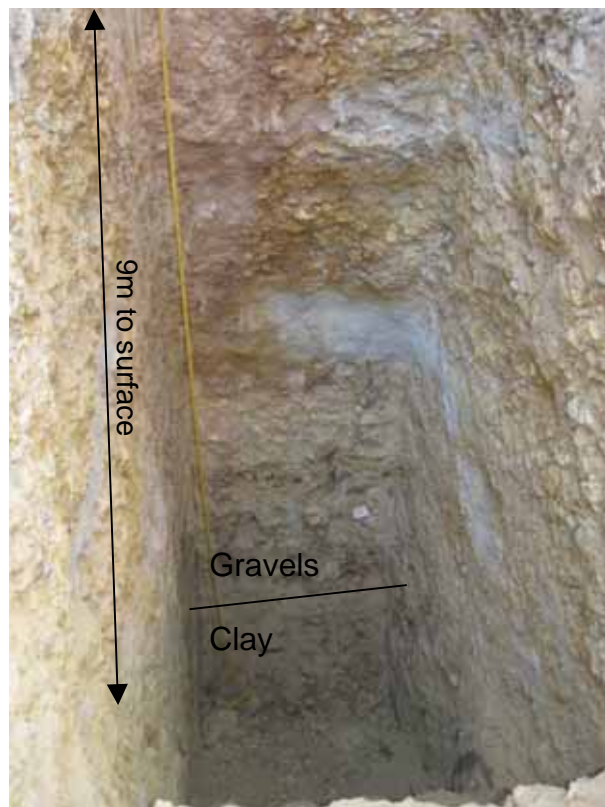
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The results to date are shown on the table below:

Sample Number	Tonnage	Rock Type	Diamonds Recovered	Total Weight (carats)	Grade (ct/100 tonnes)	Tracer Recovery (2mm)
B BH 1	12	Debris flow	10	2.42	20.2	9/10
B BH 2	37.4	Bedrock	1	0.2	0.5	8/10
B BH 3	12	Weathered Bedrock	Nil	Nil	Nil	N/A
B BH 4	14	Boulders in red sand	Nil	Nil	Nil	9/10
B BH 5	12	Clay, with pebbles	Nil	Nil	Nil	N/A
B BH 6	14.3	Pebbles in red sand	Nil	Nil	NIL	10/10
B BH 7	14.0	Gravel	1	0.44	3.1	N/A
B BH 8	13.0	Gravel overlying clay	5	0.74	5.7	10/10



Sample BH 8- Looking west

Drilling

Breccias (masses of broken rock) were drilled in drill hole BH 2, completed on the Big Hill area at Bingara. They consist of fragments of several types of bedrock mixed together, with some rounded, some angular, and with alteration occurring on fractures. The matrix to the fragments is fine bedrock with apparently pervasive alteration, and this has been replaced by carbonate around the fragments and in some thicker zones. Whether these rocks decompose to the clay underlying the nearby gravels is not known.

The nature, form and significance of the breccia is uncertain at this time, but studies will be conducted to determine its origin. Similar breccias occur south of Bingara and have been shown to be non-kimberlitic and non-diamondiferous diatreme pipes.



Bedrock breccia, Hole BH 2, 14 metres

Hole BH 2 intersected the breccia between 7.8 metres and 32.2 metres, where it was underlain by hard, fine sandstone basement, separated by a 1.7 metre shear zone.

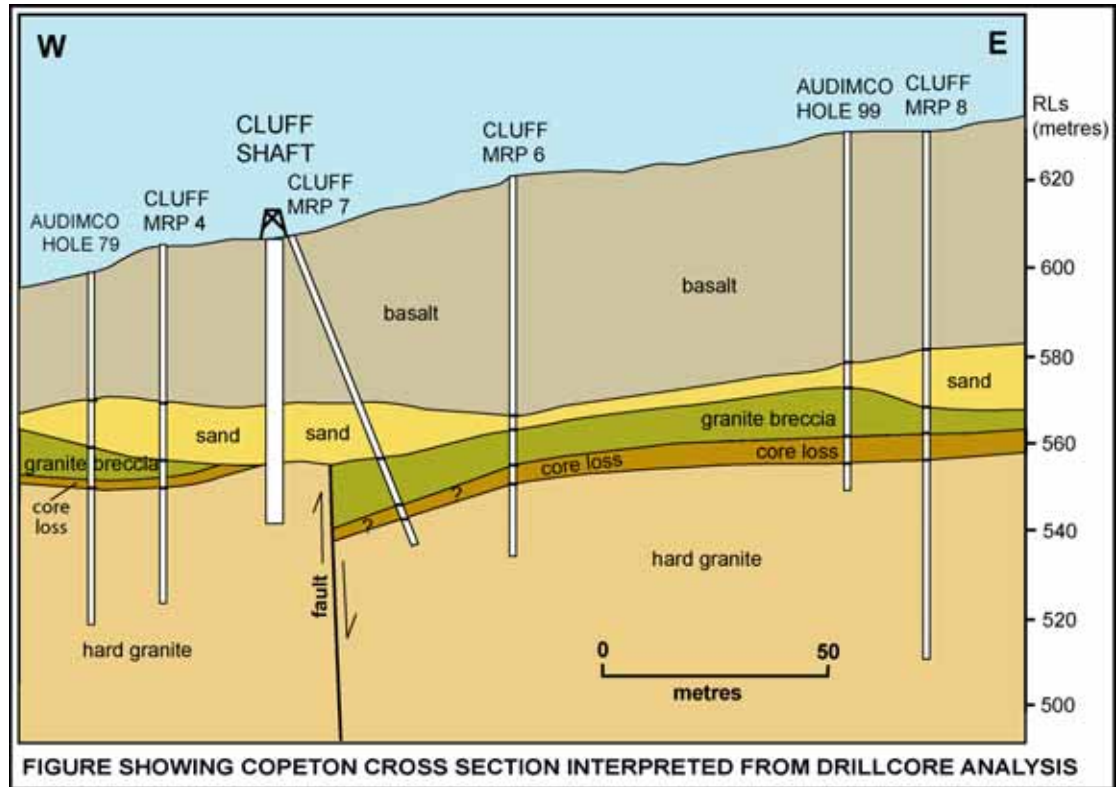
1.2 COPETON DIAMOND PROJECT (Cluff 100%)

Recent drilling or deepening of eight cored holes to depths of between 70 and 119 metres in the area surrounding the Company's 60 metre deep shaft on the Copeton Diamond Field in northern NSW has been completed. This has allowed refinement of the model for occurrence of the high grade diamond deposits at Copeton.

Cluff's shaft, sunk several years ago, clearly demonstrated that the sands and river gravels within "deep leads" do not carry significant numbers of diamonds, as was historically reported. The only alternative source from which the large numbers of gem diamonds mined in the past could have originated is a previously unrecognised source rock within the granite basement. Accordingly Cluff's drilling targeted basement rocks to investigate whether non-conventional, high grade gem diamond source rocks may be present.

The drilling program initially utilised the dewatering bores necessary for shaft sinking and no longer required. Metal screening at their base was drilled out, providing cased access to the top of the basement rocks beneath the unconsolidated river gravels, now known to be non-diamondiferous.

Preliminary interpretation indicates a granite basement high area immediately beneath the shaft, hence the lack of diamondiferous rocks penetrated. The shaft was located on the western side of a fault displacing the bedrock upward by about fifteen metres, possibly causing contemporaneous erosion of the overlying softer rocks. These softer rocks are preserved to the east, no less than 30 metres from the shaft, where they consist of brecciated or broken up granite that has been altered to clays, which have formed a slurry in parts. To the west they may have been partly mined. Low grade diamonds have been recovered from such rocks in other parts of



the Copeton field, and hence these rocks may have diamond bearing potential, particularly at their base where blast breccias and ash from high energy volcanic eruptions may be represented by core loss.

It is these areas of core loss which will be investigated by the Company's future exploration program, both in the area of the shaft, and in locations where they occur closer to the surface and may be more accessible.

All drilling has been done by Cluff's drilling team, and aimed to obtain the best core recoveries, not the fastest drilling rate, as is common when using contractors. This is essential in diamond exploration, where diamonds commonly occur within very soft rocks.

TIN PROJECTS (Cluff 100%)

There were no activities undertaken on Cluff's tin projects during the quarter, with all personnel working on the diamond projects.

EGERTON GOLD PROJECT (Cluff earning up to 75% from Tech-Sol Pty Ltd)

Completion of Hole EG 1 to its target at 600 metres presently continues to be delayed by the transfer of title on the ground on which the hole is being drilled from a MIN to an Exploration Licence. The intention is to resume drilling of the hole after the title transfer has been completed, and while the drilling rig is not being required on other projects.

RUBY MINE (Cluff 100%)

Regeneration of vegetation on mined areas continued at an accelerated rate throughout the warmer weather, and cattle are now grazing on the regressed paddocks. Water turbidity monitoring continued to indicate that the Company's activities have had no measurable impact on the local water systems.

Having received little serious interest from various parties regarding entering into business arrangements which would enable the continuation of profitable mining activities at the ruby mine, the decision was made during the quarter to sell the heavier trucking equipment and accommodation facilities, in order to assist funding the Company's ongoing operations. Should diamond or tin or ruby production be necessary in the medium term, this equipment is readily available and can be quickly replaced.

Other mining equipment that is hard to obtain and is essential for production of diamonds or tin, such as the trommel and jig plant, is being retained and will be moved directly onto a new production site when planning is finalised. The Company will continue to maintain its tenements, and environmental monitoring activities and restoration at the mine site as required under the terms and conditions of its development consents.

FINANCE

At a recent Board meeting, Cluff directors resolved to provide short-term funding to the Company to a combined total of \$380,000. The Cluff Board was mindful of the need to provide working capital to enable the continuation of exploration programs and the completion of confidential negotiations.

Directors' funds have been provided in the form of commercial loans to the Company, with an interest rate of 10% applicable where interest is payable quarterly. It is furthermore proposed that at the next General Meeting of the Company, approval will be sought from shareholders to convert these funds into convertible notes, together with options.

To summarise, the funds provided are considered to be a commercial loan to the Company, until the Company receives approval from shareholders to convert them into converting notes, together with additional unlisted Options. If shareholder approval is not granted at the AGM, the funds will continue to be classified as loans to the Company.

There is a substantial distinction between 'converting' and 'convertible' notes. While convertible notes create an ongoing liability for the Company in that if they are not converted they are still regarded as a debt by the Company to the holder, funds transferred into converting notes can only be recovered by converting them into shares. The risk always remains with lenders or directors in respect to the loans, not to the Company.

The information in this report that relates to mineral exploration or mineral resources is based on information compiled by Peter John Kennewell, who is a corporate member of the Australasian Institute of Mining and Metallurgy included in a list promulgated by the ASX from time to time. Peter John Kennewell is a full time employee of Cluff Resources Pacific NL and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Identified Mineral Resources, and Ore Reserves". Peter John Kennewell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

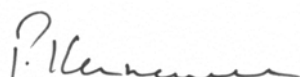
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Yours faithfully,



Peter Kennewell,
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