

NOVEMBER 2008 QUARTERLY REPORT

ASX Release

Wednesday 31 December 2008

DIORO EXPLORATION NL

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Directors

Ted Grobicki - *Chairman*

Rhod Grivas - *Managing Director (CEO)*

David McArthur - *Director/Secretary*

Mark Pitt - *Operations Director*

Mark O'Dea - *Non-Executive Director*

Ross Kestel - *Non-Executive Director*

Issued Capital

92 million shares

19.75 million options/warrants

Cash: \$1.18 million

Debt ; \$6.5 million

Attrib Reserves 0.516Moz Au

Attrib M+I Resources 2.15Moz Au

Stock Exchange

ASX Code: **DIO**

TSX Code: **DIO**



- **Frog's Leg deposit delivered first positive cashflow.**
- **Fog ore zone intersected as predicted in Frog's leg underground deposit.**
- **Dioro commenced carting 49% Frog's Leg ore to Jubilee Mill to blend with South Kal ore stocks**
- **Mt Marion pit wall failed blocking access to the blasted ore in the pit floor.**
- **Underground diamond drilling at Frog's leg returned significant intercepts outside of the reserve boundaries. Results include:**
 - **4.16m @ 51.25g/t/t from 218.84m**
 - **7.54m @ 20.62g/t from 241.0m**
 - **11.49m @ 8.98g/t from 273m**
 - **6.83m @ 6.80g/t from 230.48m**
- **Dioro completed a 5 year budget which produces in excess of 90,000oz for 2009 and 2010 at at cash cost of less than \$750/oz.**
- **Subsequent to the end of the quarter, Dioro announced a geotechnical event in the west wall of the HBJ pit.**

INTRODUCTION

During the quarter ending 30 November 2008, Dioro has continued to develop the 100% owned HBJ and haul the company's 49% share of the Frog's leg ore for processing at the 100% owned Jubilee Mill In addition the company contributed to capital development of the Frog's Leg underground deposit.

Resource development drilling continued at the Frog's Leg deposit with drilling from underground to upgrade the inferred resource envelope into mineable ore.

The cashflow of the company was significantly hampered by the Mt Marion wall failure. The revenue from the 13,000 ounces of blasted broken stocks grading in excess of 4 g/t was intended to offset the development costs at HBJ.

At August 31, Frog's legs Ore reserve is approximately 296,400oz @ 5.31g/t (Dioro share) and South Kalgoorlie 220,000oz @ 1.5g/t.

The Frog's Leg Project (Dioro 49%) contains a total attributable Mineral Measured and Indicated Resource inventory of 472,360 ounces at 6.8g/t (JORC-TSX compliant).

The South Kal Project (100%) contains a total Mineral Measured and Indicated resource of 1.675 million ounces at 1.7g/t an increase of 8% on December 2007 resources when taking into consideration adjustments at Penfold and SKO.

DIORO QUARTERLY STATISTICS

Dioro's quarterly statistics include mining from the South Kal Operations ("SKO") HBJ and Mt Marion open pits and the Company's interest in the Frog's leg underground mine.

Dioro completed a full quarter processing campaign of ore stocks from Frog's leg blended with HBJ, remnants from Mt Marion and low grade oxide stocks. The Jubilee Mill continued to perform well against forecast with approximately 100,000 tonnes throughput per month.

Dioro 100% ore mined		Quarter Ended 30 November 2008	Quarter Ended 31 August 2008
SKO	Waste and ore mined (bcm)	964,536	952,934
	Ore Mined (tonnes)	343,481	275,590
	Grade (g/t)	1.50	2.03
	Ounces	16,578	17,967
Frog's Leg 49%	Ore Mined	54,811	39,258
	Grade	4.13	4.03
	Ounces	7,427	5,087

Table 1 - Total Quarterly Mining statistics for Dioro;

SOUTH KALGOORLIE GOLD MINING OPERATION

The South Kal Operation is located near Kalgoorlie in Western Australia approximately 50km from the company's 49% owned Frog's Leg gold mine. The South Kal project includes the 1.2 million tonne per annum Jubilee mill, 220,000oz of JORC compliant Ore Reserves and 1.675Moz of JORC compliant Mineral Measured and Indicated Resources.

Dioro 100% ore mined		Quarter Ended 31 Aug 2008	Quarter Ended 31 August 2008
HBJ	Waste and ore mined (bcm)	781,557	835,961
	Ore Mined (tonnes)	323,869	220,750
	Grade (g/t)	1.47	1.58
	Ounces	15,325	11,214
Mt Marion	Waste and ore mined (bcm)	189,979	116,973
	Ore Mined (tonnes)	6,990	54,840
	Grade	4.98	3.83
	Ounces	1,119	6,753
TOTAL	Waste and ore mined (bcm)	964,536	952,934
	Ore Mined (tonnes)	330,859	275,590
	Grade	1.55	2.03
	Ounces	16,444	17,967
CASH OPERATING COST/OZ (includes \$132/oz Mt Marion costs)		\$1,179/oz	\$720/oz
DEVELOPMENT&CAPEX/OZ		\$157/oz	\$245/oz

Table 2 Total Quarterly Mining statistics for South Kal operations



Mining during the quarter concentrated on the HBJ and the Mt Marion pits. Production at Mt Marion was interrupted by a wall failure as a result the majority of the quarter's gold production was sourced from HBJ. A total of 964,536 bcm was mined to produce 343,481 tonnes of ore, in line with the previous two quarters. Ore mined continued to increase with a 47% increase on the last quarter. At the end of the quarter the ore stockpile closed at 225,000 tonnes.

The Mt Marion wall failure contributed significantly to the cash operating cost per ounce as approximately 200,000bcm was moved to remediate the pit wall failure.

HBJ Open Pit

The Hampton-Boulder-Jubilee ("HBJ") open pit is located adjacent to the Jubilee mill on the Boulder Lefroy Fault, host also to the Kalgoorlie Super Pit (Golden Mile). The HBJ pit has historically produced in excess of 1,473,000 ounces (includes 203,000 from the underground). As at August 2008 HBJ has a measured and indicated resource of 778,000oz and a reserve of 144,000oz.

The pit is being mined in two sections, the southern cutback presently being excavated and a northern cutback that is scheduled to commence in 2010. During the quarter 781,557 bcm was excavated to produce 336,715 tonnes of ore grading 1.45 g/t. Total mining cost was \$7.5 million. The southern cutback has now reached a stage where significant ore production at a higher grade will be achieved at a lower waste to ore ratio.

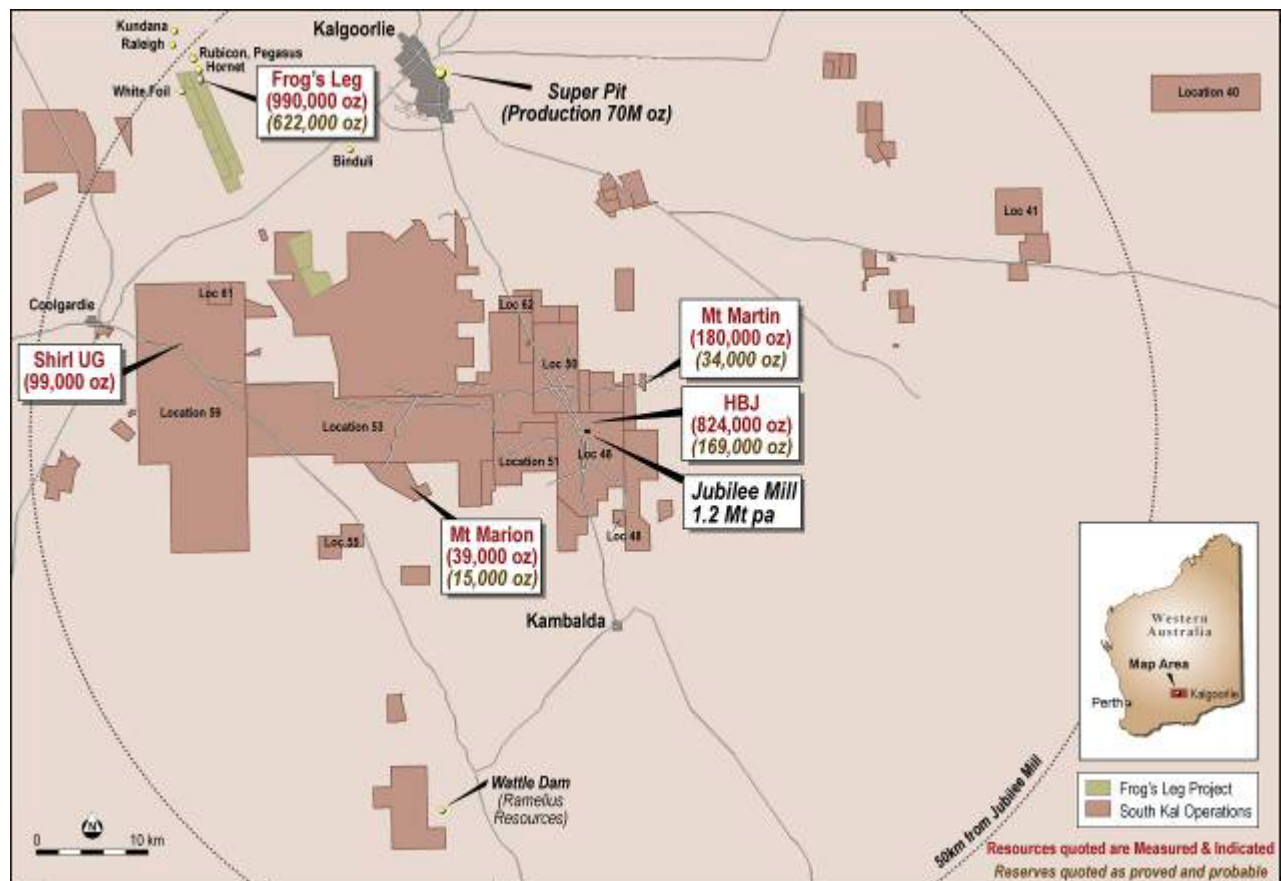


Figure 1 - Dioro projects location showing significant resources and reserves



Subsequent to the end of the quarter, on 23 December the company announced that cracking and wall movement had been measured in the west wall of the HBJ pit. This movement was largely due to recent heavy rain. As a result the company commenced a small cutback in the wall to unload the pressure and reduce the risk of a wall failure. Mining of the ore in the bottom of HBJ has continued to extract the remaining 36,000 ounces in the southern cutback.

Mt Marion Crown Pillar

The Mt Marion deposit is located 25km SSW of the Shirl open pit and was mined as a small open cut followed by an underground mine (total production 650Kozs). During 2007 the underground operation ceased thus making available the high grade crown pillar between the former open pit and underground operations.

Work was well advanced to complete the mining of some 13,000 ounces of gold contained within blasted ore stocks when a wall slip prevented access to the pit floor. During the quarter remediation included a cutback of the wall and dewatering of an adjacent underground channel. With additional wall movement and limited dewatering it was decided to defer mining at Mt Marion until 2009 allowing the wall to settle.

During the quarter 182,979 bcm was excavated to produce 6,990 tonnes of pre grading 4.98 g/t

Jubilee Mill

The 1.2 million tonne processing facility is owned 100% by Dioro and is located adjacent to the HBJ pit. The facility has been in continuous operation for over 20 years and continues to provide a low cost processing facility for the company's 5 years of reserves and provide the company with time to replace reserves through resource development, exploration and M&A. The company considers the mill is a strategic asset with a number of resources located in the district requiring a processing option.

The Jubilee mill processed 292,584 tonnes of ore during the quarter very close to its capacity of 1.2 million tonnes per annum. During the quarter a major five day programmed maintenance shutdown was completed successfully. Repairs were carried out to the primary and secondary mills, structural steel work and the crushing circuit.

Considerable progress was made towards commissioning a new tailings facility which is anticipated to have capacity for the next ten years. It is anticipated that this tailings facility will be commissioned early in 2009.

Jubilee Mill	Tonnes	Grade	Recovery	Ounces
HBJ Saddle Pits	187,273	1.84	90.41%	10,017
Mt Marion Crown Pillar	15,128	4.30	92.00%	1,927
Frog's leg (100%)	46,152	4.19	91.73%	5,702
Low grade stockpiles	44,031	0.99	86.81%	1,218
Total	292,584			18,864

Table 3 – Jubilee processing statistics



Stockpile management at South Kal has been highlighted by the company as essential to provide a buffer to protect against times of low productivity due to weather and other mining risks, as well as also allowing the operation to optimise the material processed. The wall failure and loss of ore access at Mt Marion and wall movement at HBJ has confirmed the importance of this management strategy.

The South Kal closing stockpiles at the end of the quarter continued to grow significantly from the previous quarters with 225,000 @ 1.17g/t on stockpile, an increase of 310%. During the remediation of the west wall of HBJ, mining in the bottom of HBJ will be curtailed and the company will draw down some of the stockpile.

In the last quarter the company highlighted the relationship between the stockpile, hedging and the security of the debt facility with BNP Paribas. The size of the stockpile is not a condition of the debt facility.

Five Year Budget

During the quarter the company finalized a budget for 2009 – 2013. The budget has highlighted the company has sufficient reserves to continue processing into 2013 with ore from Frog's Leg blended with ore from HBJ, Mt Martin and Mt Marion. In 2009 the company is projected to mine from the open pits in excess of 650,000 tonnes at approximately 2.5g/t and in excess of 300,000 tonnes at approximately 5.2g/t from the Frog's Leg underground (Dioro share). Total annual gold production is scheduled to be 95,000oz at a cash cost of approximately \$700/oz

In 2010 the company is projected to produce in excess of 90,000 ounces from the South Kal operations and Frog's Leg at an average cash cost of approximately \$800/oz.

The company will continue to optimize gold production, mining and stockpile to maximize cashflow year to year.

Resource Development

Resource development work during the quarter concentrated on the Greater Jezebel Area. This area incorporates the Enigma, Cordelia, Jezebel, Butterfly East and Painted Lady deposits located along the Wildcatters Shear. When modelling the economics of these prospects, previous worker had only looked at each deposit separately; Dioro has investigated the economics of combining the deposits into one large operation.

Exploration

Baseline geochemical data collection and interpretation has continued at the South Kal Project during the quarter with numerous drilling targets identified for testing. Drilling carried out by Dioro at South Kal comprised a small RAB program testing several discrete auger anomalies on Location 48.

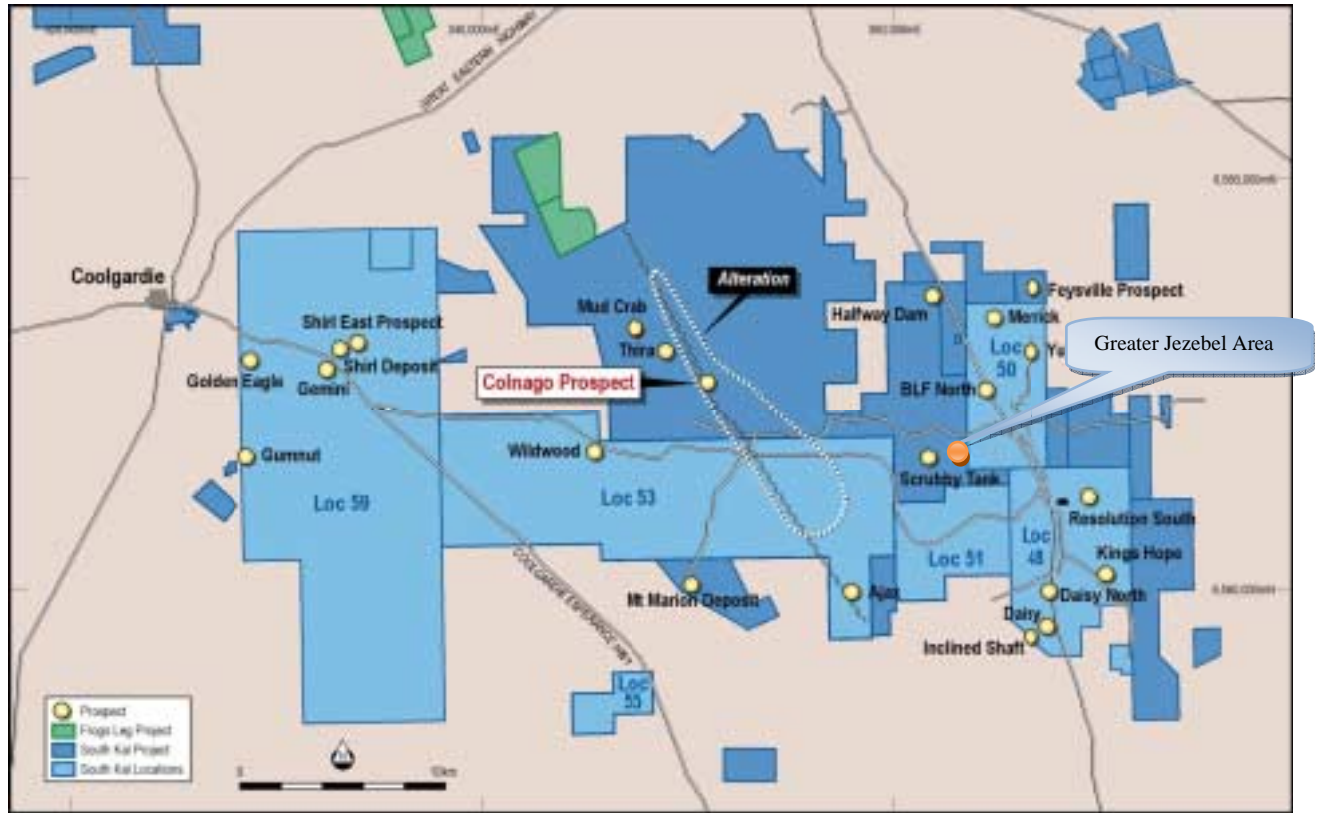


Figure 2 – Exploration targets

PROSPECT PHYSICALS		Sept-08	Oct-08	Nov-08
DRILLING				
Assays	#	3,288	2,397	196
Auger	m	1054	684	0
RAB Drilling	m	0	3,080	0
TOTAL METRES	m	0	3,080	0

Table 4 – Exploration Statistics

Geochemical Surveys

Baseline multi-element auger collection and interpretation continued during the quarter. This work has been conducted on the core Locations 48 and 59. The assay results returned have identified significant untested greenfield anomalies and has further refined existing prospects of interest. Drill programs have been designed to test the main geochemical anomalies and concepts resulting from this initial phase of exploration work.

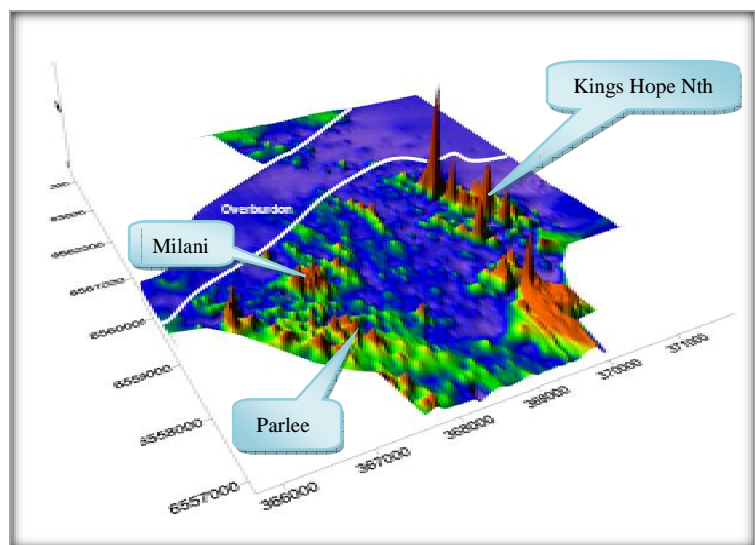


Figure3 - Location 48 gold auger anomalies

Anomalies highlighted from the geochemical work have had drilling programs designed in preparation for testing in 2009. Drill prospects include Kings Hope North, Milani, Parlee, NW Anomaly, Pirate and Golden Eagle.

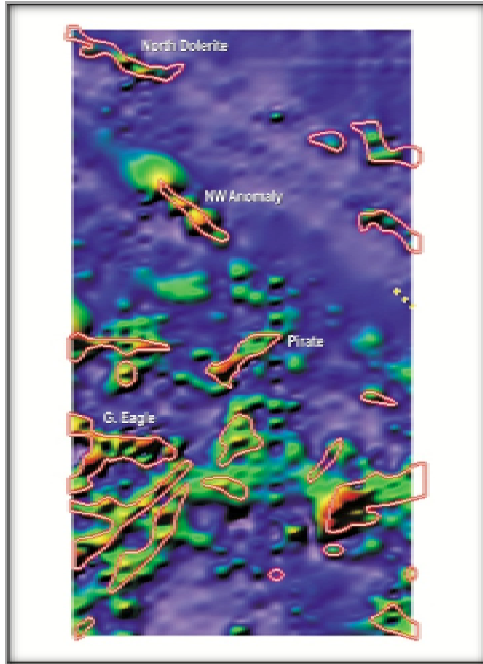


Figure 4 - Location 59 gold auger anomalies:

Drilling

Gemini (RAB)

A program of RAB drilling was undertaken during August to follow up on anomalous soil and rockchip samples taken from the historic workings at Gemini. The workings at Gemini are near the contact between Hampton ultramafics and a basalt/high magnesium basalt package on the southern limb of the Tindals anticline. Mineralisation is associated with felsic intrusives in the mafic units intruded along cross cutting structures (100°).

Results have been returned from a small RAB drilling program carried out at the Gemini Prospect. The penetration of the RAB holes was generally shallow but has proven effective in testing for near surface mineralisation. First pass RAB drilling identified near surface (>1 g/t Au) gold mineralisation over a 400m strike length that remains open

along strike and at depth. Mineralisation appears to be dipping relatively shallowly towards the south. Results of the 1m resamples have been returned during the month with best intercepts:

- 1m @ 8.76g/t Au from 14m in 08GMRB048
- 4m @ 1.94g/t Au from 22m in 08GMRB066
- 6m @ 1.32g/t Au from 18m in 08GMRB001
- Incl 2m @ 3.41g/t Au
- 2m @ 2.45g/t Au from 18m in 08GMRB004
- 2m @ 2.01g/t Au from 20m in 08GMRB083

Beggar's Bush (RAB)

A 1,700 metre RAB drilling program was carried out on high priority targets identified in the recent multi-element auger program. The geology observed in the drilling provided evidence of a major N-S trending structure along the western margins of the drill traverses. Hydrothermal breccia veining was logged at the contacts of a granodiorite unit, associated with strong shearing in the mafic units on either side. The granodiorite and veining are consistent from section to section and have a strike length of 800m. The auger anomaly is associated with a slight increase in the weathering profile thought to be related to an inverted topography.

Only the composite results have been returned which confirm residual anomalism coincident with the auger sampling albeit at the southern end of the soil anomaly with the best composite result being 4m @ 1.27g/t Au in 08BBRB036. Several other anomalous bottom of hole gold results have been returned from the drilling that will require follow-up drilling. Single metre assays are expected early next quarter.

MUNGARI EAST JOINT VENTURE (Dioro 49%)

Dioro has a 49% interest in the Frog's Leg Project, part of the Mungari East joint venture, a 32km² tenement package located 25 kilometres west of Kalgoorlie which includes the Frog's Leg underground deposit. The remaining 51% of the project is owned by La Mancha Resources Inc ("La Mancha"), a Toronto listed company.

Mining Operations

The Company has recorded its first positive cashflow month in November from the Frog's Leg underground with revenue from ore processed exceeding costs. During November the gold sales of 2,374 ounces produced revenue of \$2.89 million verse costs of \$2.26 million providing a net surplus of \$0.63 million.

During the quarter a total of 1592 metres of underground development was completed. Development in the Mist decline reached a depth of 8130mRL approximately 210 metres below surface and the Rocket decline 8109mRL approximately 231meteres below surface. Orebody development has now been carried out down to the 8120mRL on the rocket lode and 8160mRL on the Mist lode.

Approximately 50% of all ore produced is from development headings. During the quarter a total of 111,860 tonnes grading 4.13 g/t Au was mined.

Dioro is now processing its 49% share of the ore at the Jubilee mill. During the quarter Dioro processed 54,811 tonnes of ore grading 4.13 g/t to produce 7,427 ozs of fine gold.

Development (100% project)		
Jumbo Advance	m	1,592
Jumbo Waste	m	939
Jumbo Ore	m	652
Ore Mined (100% project)		
Development Ore	tonnes	57,761
	g/t	3.66
Stope Ore	tonnes	54,099
	g/t	4.62
Total Ore	tonnes	111,860
	g/t	4.13
Ore Processed (Dioro 49%)		
	tonnes	54,811
	g/t	4.13
recovered gold	ozs	7,427

Table .5 – Frog's Leg quarter statistics



Frog's Leg Resource Development

During the quarter the joint venture completed underground drilling of the “Gap” region between the Rocket and Mist/Fog lodes and between Rocket and Tinker to the south. Previous drilling from the surface in 2007 highlighted mineralization was continuous at depth between the Rocket/Whistle Lodes and the Mist/Fog Lodes. This resulted in a significant increase in the resources in April 2008.

In addition mining on the Rocket Lodes had located mineralization beyond the extents of the reserve boundaries both north into the “Gap” and south towards Tinker. Results to date have confirmed the significant economic mineralization is evident in the lower reaches of the “Gap” outside the current Measured and Indicated Resource boundaries however it confirmed the mineralization in the upper reaches was still uneconomic to mine.

As a result of this drilling the joint venture is planning to complete a resource update prior to a new reserve update.

October results included;

LOCATION	Hole ID	From	To	Grade	Thickness	Dip	Hole Depth
South Rocket	FUGD006	211.5	215	21.01	3.5	-59.8	260.47
South Rocket	FUGD013	218.84	223	51.25	4.16	-52.5	269.44
South Rocket	FUGD014A	255.54	258.98	3.46	3.44	-60.8	295
South Rocket	FUGD018	230.74	233.94	15.46	3.20	-44	337.54
“Gap”	FUGD021	210	217	0.45	7.00	-43.7	261
“Gap”	FUGD022	142	145	0.54	3.00	-12.8	167.38
“Gap”	FUGD025	150.41	153	0.11	2.59	-28.7	165
“Gap”	FUGD026	117	121	2.30	4.00	-27.9	137
“Gap”	FUGD029	85.15	88	0.18	2.85	-17.4	110.56
“Gap”	FUGD030	110	113	0.00	0	-37.3	130.86

Table 6 – October Frog's Leg assay results

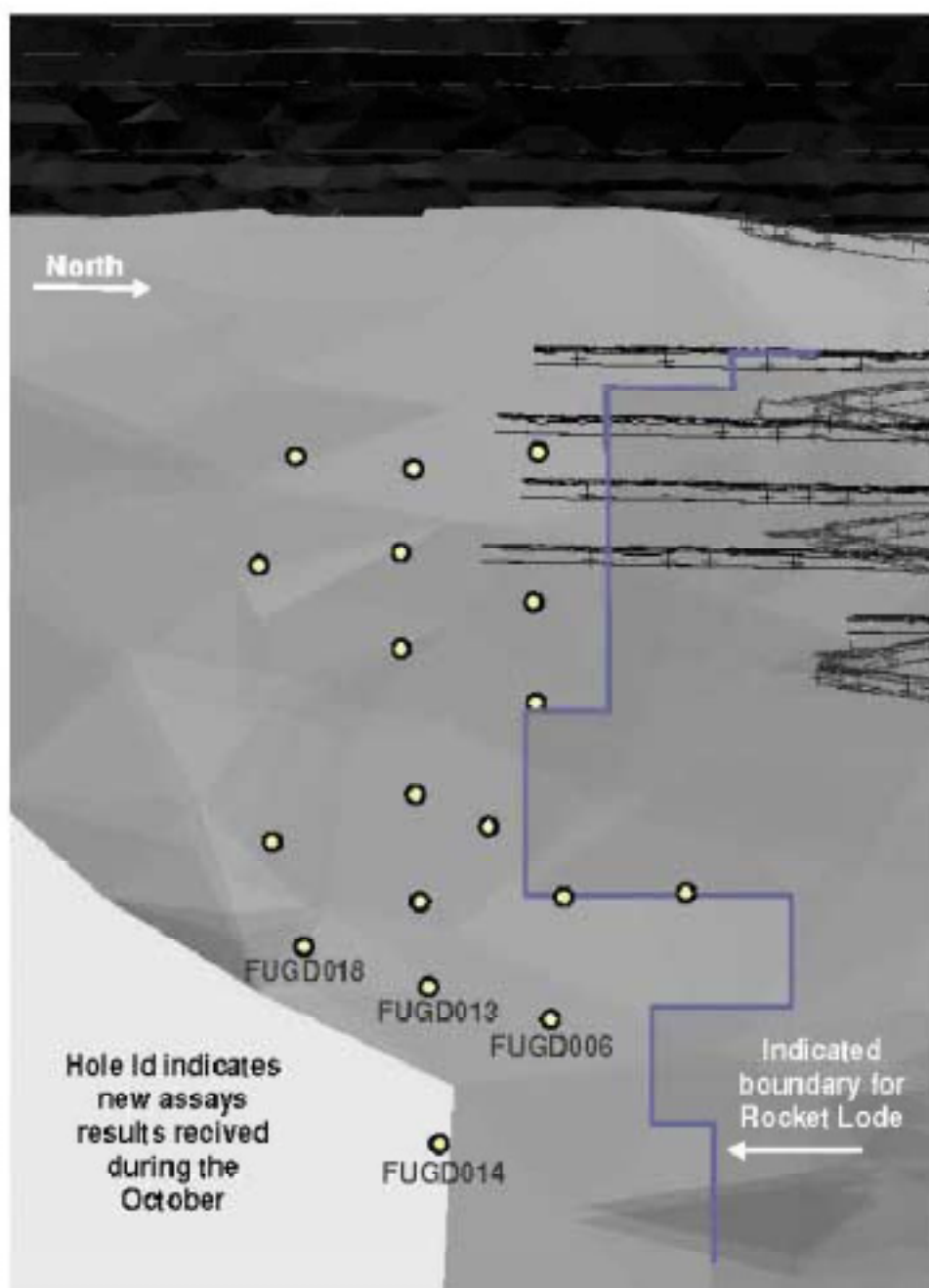


Figure 5 –Drillhole pierce points for southern extension of Rocket mineralization outside Indicated resource boundary

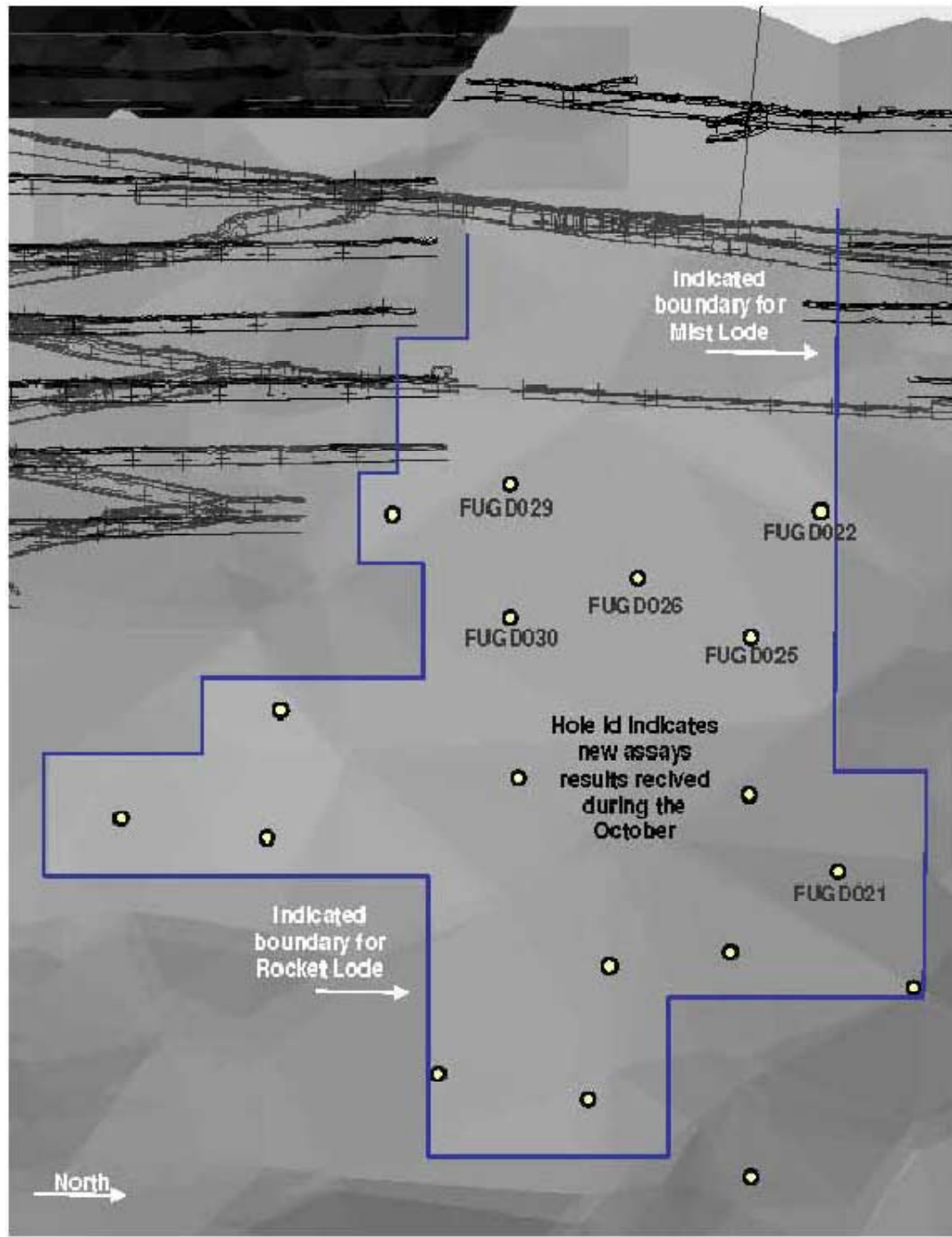


Figure 6 - October drillhole pierce points for the “Gap” mineralization outside Indicated resource boundary between Rocket/Whistle and Mist/Fog.



November results included;

LODES	Hole ID	From	To	Grade	Thickness	Dip	Hole Depth
	FUGD019	188.64	194	16.59	5.36	-49	293
Fog		205	211	5.86	6.00		
Mist		241	248.54	20.62	7.54		
Bull		273	284.54	8.98	11.49		
Mist	FUG023	202.48	213	1.82	10.52	-55	266.84
Mist	FUG024	174.41	175.34	15.17	0.93	-44	203.9
Whistle	FUGD027	219	226	8.99	7.00	-66	256.39
Rocket		239	245.83	14.16	6.83		
Rocket	FUGD031	146	149	0.62	3.00	-52	164.77
Whistle	FUGD032	204.9	208	8.87	3.10	-66	254
Rocket		230.48	230.71	6.80	0.23		
Rocket	FUGD033	78.68	81	1.96	2.32	-25	109
	FUGD034A			0	0	-45	154
	FUGD035			0	0	-52	199

Table 7 – October Frog's Leg assay results

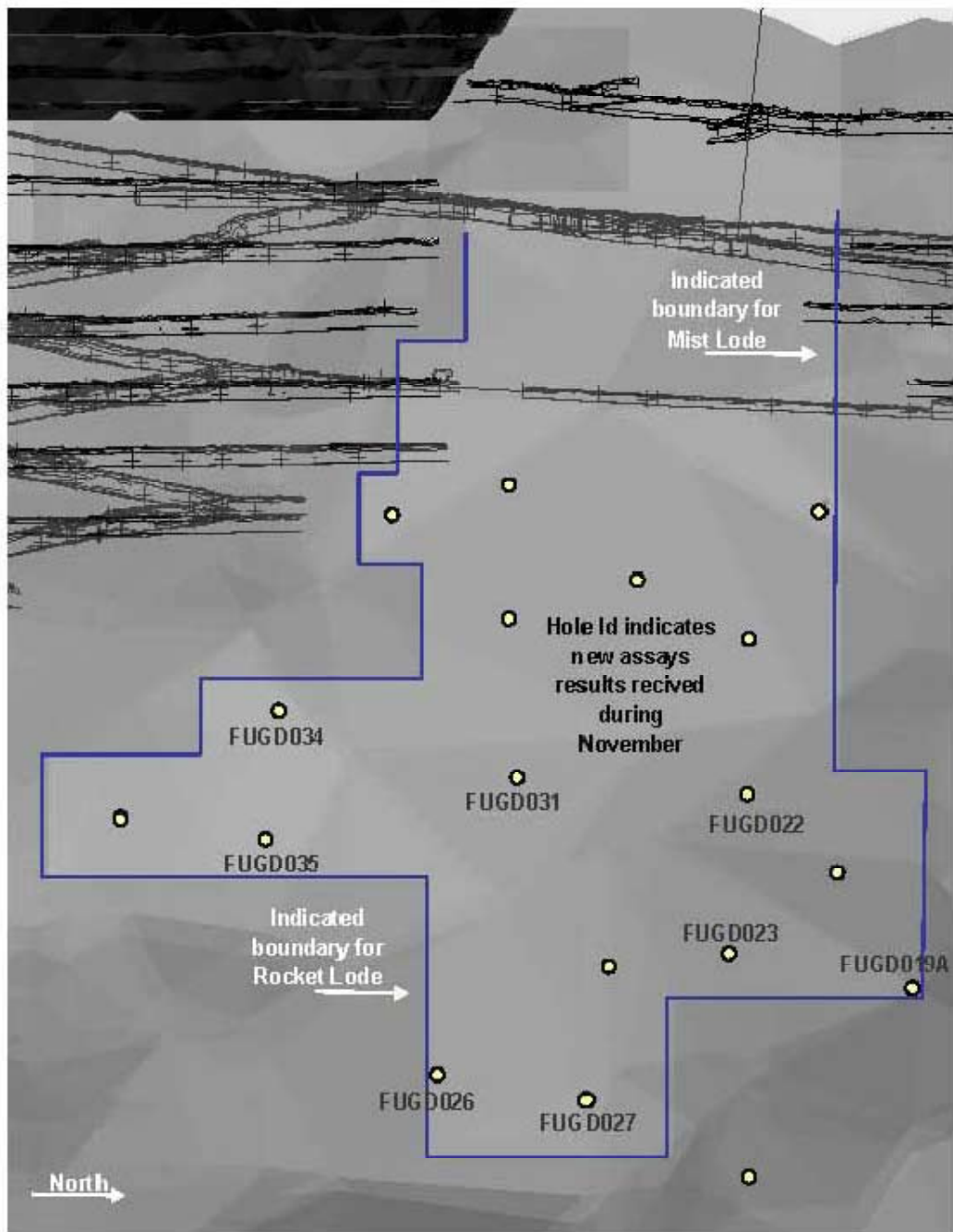


Figure 7 - November drillhole pierce points for the “Gap” mineralization outside Indicated resource boundary between Rocket/Whistle and Mist/Fog.



Ore Reserve Summary

As at August 2008, the South Kal Operation has a total JORC proved and probable Ore Reserve of 4.41 million tonnes at 1.5g/t for 220,00 ounces (including low grade stockpiles) taking into consideration reserve restoration and depletion since December 2007.

Table 8 –South Kal Ore Reserve (JORC)

Class	Tonnes	Grade (g/t)	Ounces
Proved	974,000	1.3	42,000
Probable	3,468,000	1.6	178,000
Total	4,442,000	1.5	220,000

Includes stockpiles of 35,000 ounces

The current Frog's Leg Ore Reserve was calculated November 2007 and although depletion of the reserve is in the process of being calculated it is expected to be less than 4%. Since the feasibility and reserve calculation a significant 37% increase to the Measured and Indicated Mineral Resource has been estimated.

Table 9 – Ore Reserve 100% Project (December 2007)

Frog's Leg 100%	Tonnes	Au g/t	Ounces
Proved Ore Reserve	1,048,200	5.38	181,500
Probable Ore Reserve	2,492,500	5.28	423,400
Total	3,540,700	5.31	604,900
Dioro 49% share	1,734,900	5.31	296,400

Mineral Resources Summary

As at 31 August, 2008 the 100% owned South Kal project and 49% owned Frog's Leg underground deposit had a total JORC measured and indicated resource of 2.15 million ounces.

Table 10 –South Kal Resource Estimation (JORC)

Class	Tonnes	Grade (g/t)	Ounces
Measured	2,491,000	1.9	153,000
Indicated	27,335,000	1.7	1,521,000
Total M+I	29,825,000	1.7	1,675,000
Inferred	6,050,000	1.7	336,000



Table 11 - Frog's Leg Resource Estimation as at 31 August 2008

Class	Tonnes	Grade (g/t)	Ounces	Dioro 49%
Measured	908,000	7.1	208,000	102,000
Indicated	3,522,000	6.7	757,000	370,000
Total M+I	4,430,000	6.8	964,000	472,000
Inferred	914,000	5.9	172,000	84,000

NB: Grade, Tonnes and Ounces rounding errors may occur.

Lower grade cut-off 3.5g/t.

The resource is inclusive of reserve tonnes and ounces.

This estimation does not include the results of holes drilled since Jan 2008.

The Mineral Resource and Ore Reserve estimates were evaluated in accordance with definitions and guidelines adopted by the Canadian Institute of Mining, Metallurgy and Petroleum and the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2004). The Mineral Resource and Ore Reserve has been calculated using standard dilution parameters applied to the resource based upon empirical knowledge and industry standards, mining methods, pillar and panel recoveries, standard assumptions on mine design made to suit operating equipment parameters. The detailed Mineral Resource and Ore Reserve reports can be viewed in separate releases and in company reports located on the website.

KUNDERONG JOINT VENTURE (Vale earning 60%)

The Kunderong and Kennedy uranium projects are located 220km SSW of Newman in Western Australia. The Company signed a uranium farm in agreement in 2007 with Rio Doce Australia Pty Limited, a wholly-owned subsidiary of Vale (formerly CVRD). Under the terms of the farm in agreement, Vale is to spend A\$4m on exploration at the project over the next four years, to earn an interest of 60 per cent in the uranium rights. Dioro maintains the rights to all other minerals, including gold, on the Kunderong and Kennedy Projects.

During the quarter the company successfully signed an agreement with the Jidi Jidi Aboriginal Corporation providing a heritage clearance protocol to allow for exploration to be undertaken in 2009.

Dioro in close association with JV partners Vale are putting together a budget to undertake significant exploration based on the detailed airborne EM surveying undertaken during 2008 and historical exploration undertaken by previous explorers.



CORPORATE

During the last quarter the company put in place a \$14 million debt facility with BNP Paribas. This included a \$10 million standby facility and a \$4 million environmental performance bond facility.

At the end of the quarter the company had drawn down \$6.5 million of the standby facility and \$4 million of the performance bond facility. The 2009 -2013 budget has projected to payback the facility during 2009.

Yours faithfully
DIORO EXPLORATION NL



RHODERICK GRIVAS
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr R Grivas, MAIG, MAusIMM an employee of Dioro Exploration NL. Mr Grivas has sufficient experience that 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, Mineral Resources and Ore Reserves. Mr Grivas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Caution Regarding Forward-Looking Statements: The forward-looking statements made in this release are based on assumptions and judgments of management regarding future events and results. Such forward-looking statements, including but not limited to those with respect to the operations at the company's South Kal project and the Frog's Leg joint venture and the company's capital expenditures and expected future production involve known and unknown risks and uncertainties which may cause the actual results, performance or achievements of the company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the actual market price of gold, the actual results of current exploration, the actual results of future mining, processing and development activities, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the company's public document.