DIAMOND VENTURES NL

ABN 82 062 091 909

PROSPECTUS

for a non-renounceable Offer comprising:

1. a one for three pro-rata non-renounceable offer of approximately 20 million New Shares at an issue price per New Share of $0.05 (each with an attaching free option to subscribe for a further share at $0.10 to be exercised no later than 30 June 2006) to raise up to approximately $1,000,018 before expenses (being the Rights Issue) and

2. a non-renounceable offer to accept, at the discretion of Directors, applications for up to 4 million New Shares (each with an attaching free option) issued on the same terms as the Rights Issue, under which shareholders may apply for a greater number of New Shares than their entitlement under the Rights Issue, to raise approximately $200,000 before expenses.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.
The securities offered by this Prospectus should be considered as speculative.
This issue is not underwritten.

Applications must be lodged by
5:00 pm (EST) on 21 JUNE 2002

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CHAIRMAN'S LETTER

Dear Shareholder,

In the 2001 Annual Report, I indicated that consideration would be given to a fund raising in the near future. We now intend to proceed with a rights issue to all shareholders to raise approximately $1.2 million. The funds will be used primarily for the Company's gold activities.

The Company's newest exploration project, located at Beaconsfield in northern Tasmania, is a particularly exciting project not only because the highly prospective tenements remain relatively under-explored by modern methods, but also because the memorandum of understanding entered into with parties representing the Beaconsfield Mine Joint Venture provides for immediate cash flow to Diamond Ventures in the event of a potentially commercial discovery. Diamond Ventures will have full exploration access to all tenements apart from an exclusion zone immediately surrounding and containing the currently operating Beaconsfield mine. Exploration is a high risk, speculative business, although the directors of Diamond Ventures are optimistic about the exploration potential at Beaconsfield.

Publicly available information from the Australian Stock Exchange states that the Beaconsfield mine is currently producing gold at an annualised rate in excess of 90,000 ounces per year from a head grade of about 15 g/t gold. Ore reserves plus production to date from Beaconsfield, where gold was discovered in 1877, amount to more than 1.5 million ounces, with a recovered grade of in excess of 15 g/t gold.

Diamond Ventures continues its gold exploration activities at Kookynie, located 200 kilometres north of Kalgoorlie and is currently undertaking discussions with an off-site operator regarding mining and processing of several small gold deposits. The Company also has a majority interest in diamond exploration joint ventures at Ellendale in the West Kimberley region of Western Australia and at Mmashoro in Botswana.

On behalf of your directors, I am pleased to invite you to participate in a non-renounceable rights issue of 1 new share priced at 5 cents (each with an attaching free option to subscribe for a further share at 10 cents to be exercised no later than 30 June 2006) for every 3 shares held at record date. The issue is not underwritten, however, the opportunity exists for shareholders to apply for participation in any shortfall in the rights issue and to apply for additional shares above their 1 for 3 entitlement. The directors have reserved the right to place any shortfall at the issue price or higher within three months of the closing date of the issue.

All three directors, who in total hold approximately 17 million shares (29% of issued capital), have indicated that they will be taking up their full entitlement under the rights issue. Directors have also indicated that they will not be exercising any of the existing options they hold in the Company prior to the record date of the offer.

The following prospectus contains details of the rights issue. I encourage you to read the document carefully and if necessary obtain independent financial advice.

Yours sincerely

Ronald J Hawkes, Chairman
14 May 2002

1 CORPORATE DIRECTORY

DIRECTORS

Ronald J Hawkes
Non-Executive Chairman

Walter R Bucknell
Executive Director

Donald L Cooper
Non-Executive Director

COMPANY SECRETARIES

Grahame Clegg
Walter R Bucknell

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 701
220 Pacific Highway
Crows Nest NSW 2065 Australia
Ph: 02-9929 6633
Fax: 02-9929 9366

SHARE REGISTRY*

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000

AUDITOR*

KPMG
111 Philip Street
Parramatta NSW 2150

* The names of these parties are included for information purposes only.

2 IMPORTANT INFORMATION AND DATES

2.1 IMPORTANT INFORMATION

- This Prospectus is dated 14 May 2002.
- A copy of this Prospectus was lodged with ASIC on 14 May 2002.
- ASIC and the ASX do not take any responsibility for the contents of this Prospectus.
- No New Shares or New Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus.
- This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.
- The Company is admitted to the Official List of the ASX. The New Shares are of the same class as securities for which Official Quotation has already been granted by the ASX and which are continuously quoted securities of the Company in the terms of section 713 of the *Corporations Act 2001*.
- Application will be made within 7 Business Days after the date of this Prospectus for permission for the New Shares and New Options offered by this Prospectus to be granted Official Quotation by the ASX.
- In preparing this Prospectus, the Company has taken such precautions and made such enquiries as are reasonable in order for it to have complied with the provisions of the *Corporations Act 2001* and the Listing Rules in force at the date of this Prospectus.
- No person is authorised to give any information or to make any representation concerning the Offer. Any information or representation concerning the Offer which is not contained in this Prospectus should not be relied upon as having been authorised by the Company or its Directors.
- Words and phrases used in this Prospectus and defined in Section 9 (Glossary of defined terms) forming part of this Prospectus have the meanings ascribed to them in that Section.
- Before deciding to accept the Offer in the terms of this Prospectus, it is recommended that you consult a suitable professional adviser such as a stockbroker, solicitor, accountant or financial adviser.
- Applications must be made by completing the Entitlement and Acceptance Form which accompanies this Prospectus. The *Corporations Act 2001* prohibits any person from passing to another person the Entitlement and Acceptance Form unless it is attached to or accompanies the complete and unaltered version of this Prospectus.

2.2 IMPORTANT DATES

The following dates are indicative only and may be subject to change without notice (in consultation with the ASX if necessary).

Announcement of Offer	14 May 2002
Lodgement of this Prospectus with ASIC and ASX	14 May 2002
Application to ASX for listing of New Shares	14 May 2002
Record Date to determine entitlements	28 May 2002
Despatch of Prospectus and Entitlement and Acceptance Forms	30 May 2002
Opening Date	30 May 2002
Closing Date for Offer and payment in full	21 June 2002
Securities quoted on a deferred settlement basis by ASX	24 June 2002
Despatch date of holding statements	5 July 2002

3 DETAILS OF THE OFFER

3.1 THE OFFER

The Company is to make a *pro-rata* non-renounceable Rights Issue of approximately 20,000,369 New Shares to Eligible Shareholders at an issue price of $0.05 each on the basis of one New Share for every three Shares held by an Eligible Shareholder at the Record Date, together with one free Option to subscribe for a further Share at $0.10 to be exercised no later than 30 June 2006 for every New Share subscribed for. The gross proceeds (before costs) of the Rights Issue will be approximately $1.0 million.

Eligible Shareholders may also apply for Shortfall Shares in excess of their *pro rata* entitlement to New Shares. To the extent that Eligible Shareholders apply for Shortfall Shares in excess of the Shortfall Shares available, the Directors at their discretion may decide to issue up to 4 million additional New Shares. The gross proceeds (before costs) of that issue, if 4 million additional New Shares are issued, will be approximately $200,000.

New Shares must be paid for in full on acceptance.

3.2 PURPOSE OF THE OFFER

The purpose of the Offer is to raise approximately $1.2 million (before costs) to provide additional working capital for the Company's ongoing mineral exploration activities and continued investigation for suitable mining production assets.

3.3 SHARE PRICE INFORMATION

The highest and lowest market price of Shares recorded on the ASX during the three months immediately preceding the date of this Prospectus are set out below.

	DATE	PRICE
Highest	18 February 2002	7 cents
Lowest	2, 6 & 10 May 2002	4 cents

The last sale price for Shares on the ASX prior to the date of this Prospectus was 4 cents on 10 May 2002.

3.4 ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS TO TAKE UP ENTITLEMENTS

The number of New Shares under the Rights Issue to which Eligible Shareholders are entitled is shown on the Entitlement and Acceptance Form accompanying this Prospectus. Fractional entitlements to New Shares will be rounded up to the nearest whole number. Eligible Shareholders may:

- take up their entitlement in full
- take up any part of their entitlement
- take up all their entitlement in full and apply to take Shortfall Shares in excess of their *pro-rata* entitlement, or
- not take up any of their entitlement and allow it to lapse by taking no further action.

The issue is non-renounceable which means that you may not sell or transfer any part of your entitlement on the ASX or otherwise.

3.5 IF YOU WISH TO TAKE UP ALL OF YOUR ENTITLEMENT

To take up entitlements you must complete and return the Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions on that form and this Prospectus.

3.6 IF YOU WISH TO TAKE UP PART OF YOUR ENTITLEMENT

Complete and return the accompanying Entitlement and Acceptance Form accompanying this Prospectus in respect of the number of New Shares you wish to take up in accordance with the instructions on that form and this Prospectus.

If you allow the balance to lapse, the effect of doing so is as follows. Rights are non-renounceable, which means that Eligible Shareholders who do not wish to take up some or all of the New Shares will forfeit their entitlements. If you decide not to take up all or part of your entitlement to New Shares, the rights, to the extent not taken up, will lapse. New Shares not taken up will become 'Shortfall Shares' and you will receive no benefit.

3.7 APPLICATION FOR SHORTFALL SHARES

Eligible Shareholders excluding related parties of the Company and Non-Resident Shareholders may apply to take up Shortfall Shares in excess of their *pro-rata* right or entitlement to New Shares. Eligible Shareholders may apply for Shortfall Shares by indicating on the Entitlement and Acceptance Form the number of Shortfall Shares for which they wish to apply.

Subject to the *Corporations Act 2001* and the requirements of the Listing Rules, the Directors have reserved the right to place Shortfall Shares at their discretion within three months of the Closing Date of the Offer. Surplus application moneys will be returned to applicants without any interest.

3.8 SHORTFALL OVERSUBSCRIPTION SHARES

Where Eligible Shareholders have applied for Shortfall Shares in excess of the Shortfall Shares available, the Directors may, at their discretion, decide to issue up to a further 4 million New Shares ('Shortfall Oversubscription Shares') (each with an attaching free option to subscribe for a further Share at $0.10 to be exercised no later than 30 June 2006) to meet those applications. No Shortfall Oversubscription Shares will be allotted by Directors to related parties of the Company or Non-Resident Shareholders or where to do so would be a breach of the *Corporations Act 2001* or the requirements under the Listing Rules.

3.9 ENTITLEMENTS NOT TAKEN UP

The Offer in the terms of the Rights Issue may be accepted in whole or in part. If Eligible Shareholders decide not to accept all or any part of their entitlement to New Shares under the Rights Issue, their entitlement to those New Shares not accepted will lapse and those New Shares will become Shortfall Shares to which Section 3.7 will apply.

3.10 RIGHTS ATTACHING TO NEW SHARES AND NEW OPTIONS

All New Shares issued on the basis of this Prospectus will, from allotment, rank equally with all existing Shares on issue. The rights, privileges and restrictions attaching to the New Shares are set forth in Section 7.1 of this Prospectus. The rights, privileges and restrictions attaching to the New Options are set forth in Section 7.2 of this Prospectus.

3.11 OPENING AND CLOSING DATES

Eligible Shareholders may return duly completed Entitlement and Acceptance Forms to the Company's share registry on or after the Opening Date.

Accepting Eligible Shareholders must return duly completed Entitlement and Acceptance Forms by no later than 5:00 pm (EST) on the Closing Date provided that member organisations of the ASX have a further 3 Business Days after the Closing Date to return completed Entitlement and Acceptance Forms.

3.12 TERMS OF PAYMENT

The payment of $0.05 per New Share to be issued pursuant to the Offer must be made in full and must accompany the duly completed and returned Entitlement and Acceptance Form.

Cash should not be forwarded. Receipts will not be issued.

Payments should be made in Australian currency by cheque payable to 'Diamond Ventures NL – Rights Issue' (marked 'Not Negotiable') drawn on and payable at an Australian bank in the manner designated on the Entitlement and Acceptance Form.

3.13 ENQUIRIES

Any questions concerning the Offer should be directed to the Company on (02) 9929 6633. For further instructions, please refer to the accompanying Entitlement and Acceptance Form.

3.14 OFFICIAL QUOTATION BY THE ASX

Application for Official Quotation by the ASX of the New Shares and New Options offered by this Prospectus will be made within 7 days after the date of this Prospectus.

If the New Shares offered by this Prospectus are not admitted to Official Quotation by the ASX before the expiration of 3 months after the date of the Prospectus, (or such period as is varied by ASIC), the Company will not issue any New Shares and will repay all application moneys within the time prescribed under the *Corporations Act 2001*, without interest.

Application moneys will be held in trust for applicants in a subscription account until issue. Application moneys will not be released from trust until the application for Official Quotation is approved.

The fact that the ASX may grant Official Quotation to the New Shares and New Options pursuant to this Prospectus is not to be taken in any way as an indication of the merits of the Company or the New Shares and New Options now offered for subscription.

3.15 UNDERWRITING

The Offer has not been underwritten.

3.16 MINIMUM RAISING

Whilst there is no minimum threshold amount to be raised, the Directors have indicated they will be taking up their full entitlement under the Offer which amounts to $286,513.

3.17 NON-RESIDENTS

The Offer is being made to all existing Shareholders. The making of the Offer to existing United Kingdom Shareholders does not constitute an offer to the public in the United Kingdom.

3.18 TAXATION

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of applying for New Shares (including New Options) under this Prospectus. The taxation implications for a particular shareholder of taking up the Offer will depend upon the individual circumstances of that person. Neither the Company nor any of its officers accepts any liability or responsibility arising from an investment pursuant to this Prospectus in New Shares or New Options (including ordinary shares issued upon the exercise of New Options). Shareholders should therefore consult their own tax adviser in connection with the taxation implications of the Offer.

3.19 CHESS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd (ASTS), a wholly owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules. Under CHESS, Eligible Shareholders who take up their entitlement will not receive a certificate but will receive holding statements for the New Shares and New Options.

3.20 ALLOTMENT

New Shares and New Options will be issued and holdings statements will be despatched no later than 5 July 2002 to allottees at the address appearing in the Register or such other address as may be advised by the allottee.

4 RISK FACTORS

Shareholders should read this Section carefully to understand the material risk factors which the Directors consider could impact on shareholders' investments.

MARKET RISK

As the Company's Shares are listed on the ASX its share price is subject to unforeseen and unpredictable circumstances including numerous influences which may reflect broad trends in the share market and in turn, affect the share prices of individual companies.

EXPLORATION AND MINING RISKS

Mineral exploration is a highly speculative activity. There are also risks involved in the development of orebodies and the production of minerals. Factors such as sample representivity, continuity of mineralisation, evaluation techniques utilised for the estimation of mineral resources and ore reserves will necessarily impact on the accuracy of the estimation and on production forecasts and costs. Production levels and costs can also be adversely affected by factors beyond the control of management.

MARKET CONDITIONS

The ability of the Company to benefit from the production of minerals, the acquisition or divestment of mineral properties, and investments in or mergers with resource companies will depend, to some extent, on market factors. World market prices for gold, diamonds and metals are subject to many variables and may fluctuate substantially.

LEGISLATIVE AMENDMENTS

There may be changes to the *Income Tax Assessment Act*, the *Corporations Act 2001* or other legislation or government policy, which may be detrimental to participants or investors in the resources industry.

NATIVE TITLE

It is possible that there may exist on tenements in which the Company has an interest or may acquire an interest a form of native title which could result in exploration/mining restrictions and/or claims for compensation.

Australian native title is recognised and protected under the *Native Title Act* 1993 (Cth). Future Australian court decisions and legislation may increase or decrease the risks for the Company and its shareholders in relation to Australian native title issues.

OTHER RISKS

The Company's operations or developments may be adversely affected by change in general economic and social conditions, interest rates or the rate of inflation.

5 EFFECT OF THE OFFER ON THE COMPANY

5.1 PRINCIPAL EFFECTS

If the maximum number of New Shares to be issued pursuant to this Prospectus is issued they will constitute 40% of the presently issued share capital which currently totals 60,001,107 Shares. Taking into account the number of Options previously issued by the Company (and assuming they are exercised), the maximum number of New Shares issued pursuant to this Prospectus will constitute 25.8% of the issued share capital of the Company on a fully diluted basis.

The Offer will increase the Company's cash reserves by approximately $1,200,018 (before expenses of the Offer).

5.2 PRO FORMA STATEMENT OF FINANCIAL POSITION

Set out below is a consolidated statement of financial position based on the audited financial statements of the Company as at 31 December 2001 together with, in the far right column, a *pro forma* statement of financial position drawn up as if the Offer had been completed fully subscribed and after allowing $28,000 for the estimated expenses of the Offer.

PRO FORMA UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2001

	CONSOLIDATED 2001 $000	100% SUBSCRIBED $000	PRO FORMA 2001 $000
Current assets			
Cash assets	791.2	1172.0	1,963.2
Receivables	83.6		83.6
Other	9.2		9.2
Total current assets	884.0	1172.0	2056.0
Non-current assets			
Receivables			
Investments			
Property, plant and equipment	19.4		19.4
Exploration expenditure	1,449.8		1,449.8
Total non-current assets	1,469.2		1,469.2
TOTAL ASSETS	2,353.2	1,172.0	3,525.2
Current liabilities			
Payables	51.0		51.0
Provisions	13.9		13.9
Total current liabilities	64.9		64.9
Non-current liabilities			
Total non-current liabilities			
TOTAL LIABILITIES	64.9		64.9
NET ASSETS	2,288.3	1172.0	3460.3
Equity			
Contributed equity	14,425.1	1,172.0	15,597.1
Accumulated losses	12,136.8		12,136.8
TOTAL SHAREHOLDERS' EQUITY	2,288.3	1,172.0	3,460.3

5.3 PRO FORMA CAPITAL STRUCTURE

The following table describes the Company's capital structure at the date of this Prospectus (including any changes to capital structure since 31 December 2001) and assuming full completion of the Offer.

ORDINARY SHARES

NUMBER	DESCRIPTION	SHARE CAPITAL $
60,001,107	fully paid ordinary shares	14,436,688
Shares to be issued under this Prospectus		
24,000,369	fully paid ordinary shares	1,172,018
84,001,476	**Total issued**	15,608,706

OPTIONS

NUMBER	EXERCISE PRICE	EXPIRY DATE
30,751,607	To acquire one Share at $0.20 each	30 June 2002
733,335	To acquire one Share at $0.25 each	31 December 2003
733,335	To acquire one Share at $0.30 each	31 December 2003
733,330	To acquire one Share at $0.35 each	31 December 2003
Options to be issued under this Prospectus		
24,000,369	To acquire one Share at $0.10 each	30 June 2006

The Shares to be issued upon the exercise of the New Options will rank equally with existing Shares.

6 DISCLOSING ENTITY – CONTINUOUSLY QUOTED SECURITIES DISCLOSURE

6.1 DISCLOSURE

The New Shares are of the same class as securities for which Official Quotation has already been granted by the ASX and which are continuously quoted securities of the Company in the terms of section 713 of the *Corporations Act 2001*.

a) As a disclosing entity in the terms of section 111AC of the *Corporations Act 2001*, the Company is subject to regular reporting and disclosure obligations. These obligations include compliance with the requirements of the Listing Rules and the *Corporations Act 2001* concerning notification of information to the ASX.

b) This Prospectus adopts the special prospectus content rules for continuously quoted securities as set out in section 713 of the *Corporations Act 2001*. This section enables disclosing entities to issue a special prospectus in relation to securities (and options for those securities) in a class of securities that have been quoted by the ASX at all times in the 12 months before the issue of the Prospectus.

Apart from formal matters, a 'continuous disclosure' prospectus need only contain information relating to the terms and conditions of the offer, the effect of the offer on the Company, and the rights and liabilities attaching to the New Shares and New Options. Other general information is not required to be included by a disclosing entity as the periodic reporting and continuous disclosure requirements applicable to disclosing entities mean that all this information should have previously been released to the market.

6.2 DOCUMENTS

a) Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

b) The Company will provide, free of charge, a copy of each document described below to a person who asks for it prior to the Closing Date:

   i. the Company's annual financial report most recently lodged with ASIC, being its report for the year ended 31 December 2001

   ii. any continuous disclosure notices given by the Company after the lodgement of the Company's annual financial report for the year ended 31 December 2001 and before the lodgement of this Prospectus with ASIC.

c) Set out below is a description of all continuous disclosure notices lodged by the Company with ASIC and/or the ASX and used to notify ASIC and/or the ASX of information relating to the Company as referred to in Section 6.2(b)(ii):

11 April 2002	Exploration Access to Beaconsfield Tenements
30 April 2002	March Quarter Activities & Cashflow Report 2002

7 ADDITIONAL STATUTORY AND OTHER INFORMATION

7.1 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The New Shares to be issued pursuant to this Prospectus are ordinary shares and will as from their allotment rank equally in all respects with the Company's existing ordinary shares. Full details of the rights attaching to the Shares are set out in the Constitution of the Company, a copy of which can be inspected at the Company's office during business hours. A summary of these rights is set out below:

Voting

Subject to any special rights or restrictions for the time being attached to any class or classes of Shares in the Company (at present there are none) and provided all calls due to the Company in respect of any Share has been paid, at a general meeting every shareholder present in person or by proxy, representative or attorney will have one vote on a show of hands and on a poll, one vote for each fully paid Share held.

General meeting

Each shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the constitution of the Company, the *Corporations Act 2001* and the Listing Rules.

Dividends

Dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares. Power to declare dividends is vested in the Directors and they may fix the time for payment thereof.

Transfer of Shares

Generally, fully paid Shares in the Company are freely transferable, subject to formal requirements, providing that the registration of the transfer will not result in a contravention or a failure to observe the provisions of the law of Australia and the transfer is not in breach of the Listing Rules.

7.2 RIGHTS AND LIABILITIES ATTACHING TO NEW OPTIONS

- The New Options will expire on 30 June 2006.
- There is no obligation to exercise the New Options.
- The exercise price or number of New Options issued may be changed in accordance with Listing Rule 6.22 or any amendment of that Rule from time to time in respect of any *pro-rata* rights issue or bonus issue.
- In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the New Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- The New Option holder has no right to participate in a new issue of Shares without first exercising the Option.
- To exercise a New Option, the holder must complete and execute a Notice of Exercise of Option in the form that will be forwarded to all New Option holders following allotment, and must lodge the completed notice and payment of the exercise price with the Company Secretary at the Company's registered office at any time prior to the expiry date.

- The exercise price of each New Option will be $0.10.
- Shares issued on exercise of the New Options will rank equally in all respects with all other Shares on issue. The rights and liabilities attaching to the Shares issued upon exercise of the New Options are set out in section 7.1.
- The Company will apply for Official Quotation by the ASX of the Shares issued upon exercise of the New Options within 3 Business Days of allotment of the Shares.

7.3 INTERESTS OF DIRECTORS

Other than as set out below, no Director of the Company nor any firm in which such a Director is a partner, has or has had during the 2 years before the lodgement of this Prospectus with the ASIC any interest in:

a) the formation or promotion of the Company
b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer, or
c) the Offer.

Except as disclosed in this Prospectus, no amounts have been paid or agreed to be paid, in cash or shares or otherwise, to any Director or to any firm in which any such Director is a partner, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her or by the firm in connection with the promotion or formation of the Company or the Offer.

Directors' Fees

The total amount that may be paid to non-executive Directors for their services is determined by ordinary resolution of shareholders. Moneys paid to the Executive Director are in accordance with his service agreement.

The fees paid to Directors for the years ended 31 December 2000 and 2001 are detailed below.

DIRECTOR	YEAR ENDED 31/12/2000		YEAR ENDED 31/12/2001	
	SALARY	DIRECTORS' FEES	SALARY	DIRECTORS' FEES
R J Hawkes		32,250		32,400
D L Cooper		21,500		21,600
W R Bucknell (Executive Director)	150,500		151,200	

Directors' interests in securities

As at the date of this Prospectus, the Directors have an interest in the following Shares and Options in the Company:

DIRECTOR	SHARES	OPTIONS
R J Hawkes	13,938,460	12,699,998
W R Bucknell	2,323,076	2,950,000
D L Cooper	929,230	979,999

7.4 LITIGATION

The Company is not currently involved in any litigation or arbitration considered to be material in the context of this Prospectus and is not aware of any threatened litigation or pending arbitration against it considered to be material in the context of this Prospectus.

7.5 EXPENSES OF THE OFFER

The total expenses of the Offer including legal fees, ASX listing fees and printing costs have been estimated to be $28,000.

8 DIRECTORS' AUTHORISATION

This Prospectus is authorised by each of the Directors of the Company.

Signed on behalf of Diamond Ventures NL on 14 May 2002 pursuant to resolutions of its Board on the same day.

W R Bucknell
Executive Director

9 GLOSSARY OF DEFINED TERMS

In this prospectus the following terms and abbreviations have the following meanings, unless the context otherwise requires:

ASIC means the Australian Securities and Investments Commission

ASX means Australian Stock Exchange Limited

Business Day means a day on which the ASX is open for the transaction of business in Victoria

Closing Date means, subject to the right of the Company under Section 2.2 of this Prospectus to extend the Closing Date, 21 June 2002

Company or DDV means Diamond Ventures NL ABN 82 062 091 909

Directors means the directors of the Company at the date of this Prospectus

Eligible Shareholder means a person registered in the Company's share register as the holder of Shares on the Record Date

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Prospectus

EST means Eastern Standard Time

Listing Rules means the official listing rules of the ASX

New Shares means fully paid ordinary shares in the capital of the Company issued at $0.05 each pursuant to this Prospectus together with New Options

New Options means free options issued pursuant to this Prospectus

Non-Resident means a person domiciled outside Australia

Offer means the offer of New Shares and New Options to the Eligible Shareholders pursuant to this Prospectus, comprising the Rights Issue and the Shortfall Oversubscription Issue.

Official List means the Official List of the ASX

Official Quotation means official quotation of the New Shares by the ASX in accordance with the Listing Rules

Opening Date means, subject to Section 2.2 of this Prospectus, 30 May 2002

Option means an option to acquire one share

Prospectus means the Prospectus of which this section forms a part

Record Date means, subject to Section 2.2 of this Prospectus, 28 May 2002

Rights Issue means the non-renounceable rights issue to an Eligible Shareholder of 1 New Share (each with an attaching free New Option to subscribe for a further Share at $0.10 to be exercised no later than 30 June 2006) for every 3 Shares, at an issue price of $0.05 per New Share and the issue of any Shortfall Shares.

Share means a fully paid ordinary share in the capital of the Company

Shortfall means the event of less than all shareholders taking up their entitlements under the Rights Issue

Shortfall Oversubscription Issue means the issue of New Shares in accordance with Section 3.8 of this Prospectus

Shortfall Oversubscription Shares means shares issued in accordance with Section 3.8 of this Prospectus

Shortfall Shares means those New Shares which have not been taken up by Eligible Shareholders pursuant to their entitlements which are the subject of the Shortfall

References in this Prospectus to currency are, unless stated otherwise, to the currency of Australia.