

DIAMOND VENTURES NL

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14 May 2002

The Company Announcements Office
Australian Stock Exchange Limited
Level 10, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

RIGHTS ISSUE

As foreshadowed in the Chairman's review in the 2001 Annual Report, the Company is pleased to advise that it is undertaking a non-renounceable rights issue of 1 new share priced at 5 cents (each with an attaching free option to subscribe for a further fully paid ordinary share at 10 cents to be exercised no later than 30 June 2006) for every 3 shares held at record date. The rights issue including provision for oversubscriptions should raise approximately \$1.2 million.

It is proposed that the Record Date for determining entitlements to the New Shares will be 28 May 2002 and the Closing Date for acceptances and payment will be 21 June 2002. A copy of the Prospectus has been lodged with the Australian Securities and Investments Commission and Australian Stock Exchange Limited together with Appendix 3B.

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 offer. 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.

Yours faithfully,



Walter R Bucknell
Executive Director