

DIAMOND VENTURES NL

ABN 82 062 091 909

ANNUAL GENERAL MEETING FRIDAY 24 MAY 2002

CHAIRMAN'S ADDRESS

On behalf of the directors of Diamond Ventures I welcome you to our 8th Annual General Meeting.

We have been favoured this year by the stabilisation of the gold price above \$A500 per ounce and in particular an extended period of plus \$A550 per ounce. While this is a profitable price for producers and while gold company fund raisings have been more positively received than in recent years, it is not attracting exploration investment dollars at the levels the price justifies. No doubt there are many reasons for this but in my opinion the fundamental reason is that takeovers and mergers have diminished exploration success, hence there are fewer new discoveries to receive attention from potential investors. The diminished interest in gold in recent years has resulted in fewer gold analysts in brokerage firms world wide to highlight attention to gold and to encourage investors in this potentially profitable and worthy enterprise.

During the years we explored for gold at Plutonic Resources, we discovered more than 11million ounces of gold resources at an average discovery cost of about \$A14 per ounce. While not directly comparable, at Kookynie we have identified 128,000 ounces of gold resources after spending \$1.4 million dollars – a very similar ratio.

It has been just over two years since we signed a formal Heads of Agreement with Barmenco to cover the exploration and potential development of commercial gold deposits at Kookynie. We are encouraged with our exploration and evaluation of gold occurrences at Kookynie to the extent that we believe that we have defined deposits, which can be profitably mined and treated at third party processing plants in the region. I am pleased to announce that as a result of this work we have entered the final stages of concluding an arrangement with Sons of Gwalia whereby they will mine and process open pit gold mineralisation at the Admiral and Butterfly deposits and share the profits of the operation with the DDV and Barmenco Joint Venture.

Since the release of our annual Report for 2001, I announced that DDV has entered into a *Memorandum of Understanding* with parties representing the Beaconsfield Mine Joint Venture for a royalty exploration arrangement covering the tenements immediately surrounding the Beaconsfield Gold Mine in Tasmania. Stock Exchange information reveals 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.

Under the exploration royalty arrangement DDV may receive reimbursement of its exploration expenditure (under a prescribed formula) and may earn an 8% royalty on any potentially commercial discoveries it makes. Up to 80% of the royalty may be paid in advance of gold production (under a prescribed formula). No reimbursement of exploration expenditure will occur unless DDV makes a potentially commercial discovery, however the *Memorandum of Understanding* provides that DDV may earn a 5% royalty over the entire property with the expenditure of \$5.0 million. Exploration success under this arrangement has potential to deliver the company early cash flow. We are currently working to finalise a formal agreement incorporating the principles of this *Memorandum of Understanding*.

Negotiations for a similar exploration royalty arrangement with another gold mining company on tenements close to their existing gold processing plant and infrastructure are also underway.

Together with my fellow directors I strongly support the exploration philosophy and execution the company is exercising. Consequently, earlier this month, I announced a 1 for 3 rights issue at 5 cents with an attached option exercisable at 10 cents within 4 years. The issue will provide shareholders the opportunity to also participate in any shortfall related to the issue. The directors advised their intention to take up their 1 for 3 entitlements under the issue, however listing rules prohibit the directors from participating in the shortfall.

We intend to hold a general meeting of shareholders to seek approval of the shareholders to allow the directors to participate in the shortfall on the same basis as other shareholders.

This year has been a challenging one for Diamond Ventures. Wally Bucknell has received capable support from Brian Bolton, Juli Fidler and Rod Hanson and I wish to recognise the professional manner in which Wally and they have executed their duties on our behalf. I also thank fellow director Don Cooper for his support this year.

I thank you shareholders for your steadfastness and encourage you to work together with us in this rights issue so that we may continue our quest for “weaving dreams into gold”.

Ronald J. Hawkes
Chairman
24 May 2002