

DIAMOND VENTURES NL

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Australian Stock Exchange Limited
Company Announcements Office
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BY FAX: 1300 300 021

Dear Sir,

HIGH GRADE GOLD INTERSECTIONS AT KOOKYNIE, WESTERN AUSTRALIA.

Diamond Ventures is pleased to announce that high grade gold intersections have been returned from recent reverse circulation drilling at the Diamantina prospect within its Kookynie Joint Venture property south of Leonora, WA.

The drilling programme comprised eleven RC holes (DVRC186-196) for 1114m sited to infill and step out from previous holes drilled to test for down-dip extensions of gold mineralisation within the Cosmopolitan reef beneath the small Diamantina open pit. The Diamantina prospect is located along the gold-mineralised Cosmopolitan quartz vein about 500m south of the main inclined shaft of the historic Cosmopolitan Mine. Up until about 1910 when it closed, the Cosmopolitan Mine produced 312,000 ounces of gold at a grade of 16g/t to a vertical depth of 320m. A small open pit was developed to approximately 40m depth on the Diamantina section of the vein in the early 1990's. The Cosmopolitan/Diamantina vein extends for a strike length of at least 1,400m, dips 40°E and averages about 2m thick. It is hosted entirely within granite.

Best assays from this recent round of drilling at Diamantina are as follows:

Hole	Northing	Easting	Dip	Az	Depth	Best Assays			
						From (m)	To (m)	Width (m)	Grade (g/t Au)
DVRC186	6752990	354068	-60	272	84	72.0	75.0	3.0	17.1
					incl	74.0	74.5	0.5	90.8
DVRC188	6753010	354069	-77	269	90	76.0	78.5	2.5	20.7
					incl	77.0	77.5	0.5	92.4
DVRC189	6753010	354100	-90	-	126	113.5	114.0	0.5	54.4

Hole	Northing	Easting	Dip	Az	Depth	Best Assays			
						From (m)	To (m)	Width (m)	Grade (g/t)
DVRC190	6753030	354071	-77	270	90	75.0	76.5	1.5	44
					incl	75.5	76.0	0.5	103
DVRC192	6753050	354081	-77	270	90	74.5	80.5	6.0	5.9
					incl	78.5	79.0	0.5	17.4
DVRC193	6753050	354100	-90	-	112	101.5	106	4.5	2.78
DVRC194	6753070	354075	-60	268	78	68.0	69.5	1.5	12.5
					incl	68.5	69.0	0.5	22.8
DVRC195	6753070	354142	-90	360	138	123.0	126.5	3.5	4.21

Intersections in three of these holes (DVRC186, 192 and 194) were made in the transition weathering zone, whereas all other intersections were made in fresh rock. It is likely therefore that the high grades represent a primary grade distribution rather than a result of supergene enrichment necessarily restricted to shallow depths. Mineralisation is directly associated with vein quartz carrying variable, but generally minor, amounts of pyrite. In drilling, the position of the Diamantina vein is quite predictable.

Eighteen holes have now been drilled on nominal 20m centres over 100m strike length and extending for 100m down dip from the base of the Diamantina pit. Mineralised intersections from these eighteen holes have an average true width of 2.4m and a weighted average grade of 10.4g/t. If individual assays are cut to 30.0g/t gold the weighted average grade reduces to 6.1g/t.

A resource estimate will now be made on the basis of drilling completed to date and the resulting resource will be evaluated for possible open-pit or underground extraction. Following this evaluation further step-out drilling is expected to be undertaken to extend the resource. Given these encouraging results, and the untested extent of the large Cosmopolitan/Diamantina vein system the discovery potential for major additional reserves within this prospect is high.

With regard to other activities at Kookynie the interface sampling RAB drilling programme in the alluvial-covered area between Admiral/Butterfly and Orient Well was completed with a further 162 shallow RAB holes (DVG123-284) for 1963m drilled. This work detailed the five gold-anomalous areas identified in the first round of this programme (undertaken in July), and extended the reconnaissance coverage further to the west. These anomalies, which are generally associated with the magnetic dolerites (as defined in the aeromagnetic

data), are defined by > 100ppb gold response with cores > 500ppb and a peak value of 1.7g/t. A 2000m RAB drilling programme is now in progress to test the five detailed anomalies with a single fence of RAB holes sited to section each anomaly. Assay results are awaited.

In addition three fences of RAB holes totalling 900m have been drilled to test a 300m-strike length of prospective stratigraphy at the Double J prospect. Assay results for this drilling are also awaited.

Sons of Gwalia continue to evaluate the Clark and Admiral resource data previously provided. Should the evaluations be positive a commercial arrangement providing for processing of gold ore through Sons of Gwalia's treatment plant is expected to be negotiated.

Yours faithfully

A handwritten signature in black ink, appearing to read 'W R Bucknell', written in a cursive style.

W R Bucknell
Director