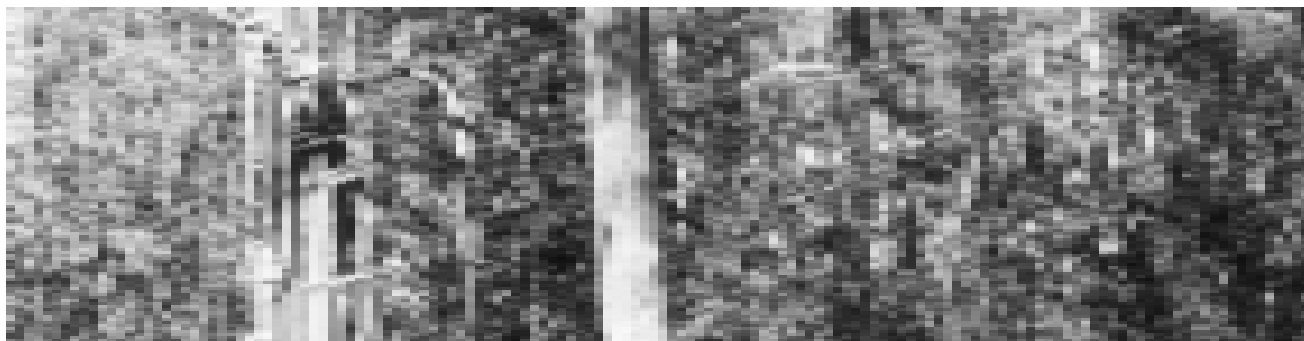


# DIAMOND VENTURES NL

ABN 82 062 091 909



## PROSPECTUS

for a non-renounceable Offer comprising:

1. a one for four pro-rata non-renounceable offer of approximately 23.7 million partly paid ordinary shares ('Partly Paid Shares') at an issue price per Partly Paid Share of 20 cents and paid to 3 cents on application (with each three Partly Paid Shares having an attaching free option to subscribe for a further share at 12 cents to be exercised no later than 31 October 2004) to raise up to approximately \$709,977 before expenses (being the Rights Issue) and
2. a non-renounceable offer to accept, at the discretion of Directors, applications for a total of up to 5 million Partly Paid Shares (with each three Partly Paid Shares having an attaching free option) issued on the same terms as the Rights Issue, under which shareholders may apply for a greater number of Partly Paid Shares than their entitlement under the Rights Issue, to raise approximately \$150,000 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 18 DECEMBER 2003

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## CHAIRMAN'S LETTER

Dear Shareholder

At the Company's annual general meeting held on 23 May 2003, I announced details of the Touquoy Gold Project in Nova Scotia Canada and the importance of having funds available to realize the potential of the Project. We now intend to proceed with a rights issue of partly paid shares to raise approximately \$860,000 primarily to further advance Touquoy and to maintain our other exploration interests. It is the directors' intention to focus the Company's technical and financial efforts on Touquoy while the project continues to yield encouragement that a potentially commercial gold mining operation may be possible.

### **Touquoy Gold Project**

*(DDV may earn up to a 75% interest)*

The Touquoy Gold Project is a potential open pit mine development with considerable opportunity for substantial additions to resource ounces. Since our annual general meeting, Company personnel have undertaken significant steps in their understanding of the geological, technical and economic aspects of the Project. An order of magnitude scoping study is being completed by the Company to determine whether a potentially commercial open pit gold mining operation exists. The preliminary results of this scoping study are positive.

In an announcement to the Australian Stock Exchange dated 1 October 2003 the Company has said


- "The Touquoy Gold Project is a potential open pit mine development with considerable opportunity for substantial additions to resource ounces.

- A resource estimate by DDV using existing drill data totalled 5.6 million tonnes at 2.2 g/t Au using a 1.0 g/t Au cut-off grade. While the DDV estimate does not comply with the JORC Code it does compare favourably with an earlier resource estimate by Canadian Mining and Engineering consultants Watts Griffis McOuat which estimated Indicated and Inferred resources of 5.7 million tonnes of 2.2 g/t Au containing 405,000 ounces of gold.
- A preliminary pit optimisation commissioned by DDV revealed the opportunity to add additional resources within this pit. DDV believes that a proposed infill drilling program of approximately 100 shallow drill holes has the potential to define a commercially viable open pit mining operation.
- Further potential additions to the gold resource base are likely from future drilling immediately along strike to the east of the existing resource, and at the Higgins and Lawlor gold occurrences along strike approximately two kilometres to the west.

### **Beaconsfield Gold Project Tasmania**

*(DDV may earn an 8% royalty interest)*

The Company has completed eight months of exploration activity on tenements surrounding the high grade Beaconsfield Gold Mine. Systematic drilling has commenced on 12 attractive drill targets selected from the results of an extensive geochemical survey covering a 9 km length of the Property. Under an agreement, the Company has the right to earn an 8% royalty on any commercial discoveries it makes within the 85 km<sup>2</sup> exploration area with provision for reimbursement of exploration expenditure. For a variety of reasons this highly prospective area has not been systematically explored by modern methods and the Company is very enthusiastic about the potential of the property.



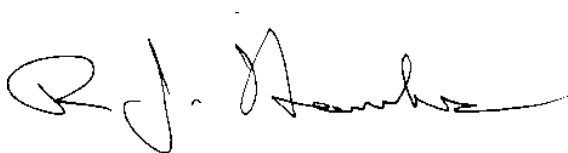
On behalf of your directors I am pleased to invite you to participate in a non-renounceable rights issue of 1 new partly paid share issued at 20 cents and paid on application to 3 cents per share (with each three partly paid shares having an attaching free option to subscribe for a further share at 12 cents to be exercised no later than 31 October 2004). **In respect of future calls, the Company shall not make any calls in respect of the unpaid capital owing on the Partly Paid Shares until after 1 April 2004 and will call not more than 2 cents in any 6 month period thereafter, and will provide at least 3 weeks notice of any call.**

The rights issue of partly paid shares is not underwritten and the opportunity exists for shareholders to apply for additional shares above their 1 for 4 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 25 million shares (26% 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 professional advice.

Yours sincerely



Ronald J Hawkes,  
Chairman

20 October 2003

# I 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  
[www.diamondventures.com.au](http://www.diamondventures.com.au)

## 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 20 October 2003.

- A copy of this Prospectus was lodged with ASIC on 20 October 2003.
- ASIC and the ASX do not take any responsibility for the contents of this Prospectus.
- No Partly Paid 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 and its Shares 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 Partly Paid Shares and New Options offered by this Prospectus to be granted Official Quotation by the ASX.
- In the event that the Partly Paid Shares are fully paid up, the Company will apply to the ASX to have the issued Shares, within 10 Business Days after the date of the final payment of any capital owing, granted Official Quotation as fully paid shares.
- 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) 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 the Company reserves the right to make any changes without notice (in consultation with the ASX if necessary).

Announcement of Offer	20 October 2003
Lodgement of this Prospectus with ASIC and ASX	20 October 2003
Application to ASX for listing of Partly Paid Shares	20 October 2003
Record Date to determine entitlements	26 November 2003
Despatch of Prospectus and Entitlement and Acceptance Forms	28 November 2003
Opening Date	28 November 2003
Closing Date for Offer and payment of 3 cents per Partly Paid Share	18 December 2003
Securities quoted on a deferred settlement basis by ASX	19 December 2003
Despatch date of holding statements	12 January 2004

## 3 DETAILS OF THE OFFER

### 3.1 THE OFFER

The Company is to make a *pro-rata* non-renounceable Rights Issue of approximately 23,665,908 Partly Paid Shares to Eligible Shareholders at an issue price of 20 cents each paid to 3 cents on application on the basis of one Partly Paid Share for every four Shares held by an Eligible Shareholder at the Record Date, together with one free option to subscribe for a further Share at 12 cents to be exercised no later than 31 October 2004 for every 3 Partly Paid Shares subscribed for. The gross proceeds (before costs) of the Rights Issue will be approximately \$710,000.

Eligible Shareholders may also apply for Shortfall Partly Paid Shares in excess of their *pro rata* entitlement to Partly Paid Shares. To the extent that Eligible Shareholders apply for Shortfall Partly Paid Shares in excess of the Shortfall Partly Paid Shares available, the Directors at their discretion may decide to issue up to 5 million additional Partly Paid Shares (together with one free option to subscribe for a further Share at 12 cents to be exercised no later than 31 October 2004 for every 3 Partly Paid Shares subscribed for). The gross proceeds (before costs) of that issue, if 5 million additional Partly Paid Shares are issued, will be approximately \$150,000.

Partly Paid Shares must be paid to 3 cents on acceptance. **The Company shall not make any calls in respect of the unpaid capital owing on the Partly Paid Shares until after 1 April 2004 and shall call not more than 2 cents in any 6 month period thereafter. The Company will provide at least 3 weeks notice of any call.**

### 3.2 PURPOSE OF THE OFFER

The purpose of the Offer is to raise approximately \$860,000 (before costs) to provide additional working capital for the Company's ongoing mineral exploration activities and in particular undertaking further technical work to determine whether the Touquoy Project in Eastern Canada can be developed as a commercial stand-alone gold mining operation.

### 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
Lowest	14 August 2003	6 cents
Highest	14 October 2003	15 cents

The last sale price for Shares on the ASX the day prior to the date of this Prospectus was 13 cents on 17 October 2003.

### **3.4 ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS TO TAKE UP ENTITLEMENTS**

The number of Partly Paid 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 Partly Paid 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 Partly Paid 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 Partly Paid 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 Partly Paid Shares will forfeit their entitlements. If you decide not to take up all or part of your entitlement to Partly Paid Shares, the rights, to the extent not taken up, will lapse. Partly Paid Shares not taken up will become 'Shortfall Partly Paid Shares' and you will receive no benefit.

### **3.7 APPLICATION FOR SHORTFALL PARTLY PAID SHARES**

Eligible Shareholders, excluding related parties of the Company, unless approved by shareholders, may apply to take up Shortfall Partly Paid Shares in excess of their *pro-rata* right or entitlement to Partly Paid Shares. Eligible Shareholders may apply for Shortfall Partly Paid Shares by indicating on the Entitlement and Acceptance Form the number of Shortfall Partly Paid 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 Partly Paid 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 PARTLY PAID SHARES**

Where Eligible Shareholders have applied for Shortfall Partly Paid Shares in excess of the Shortfall Partly Paid Shares available, the Directors may, at their discretion, decide to issue up to a further 5 million Partly Paid Shares ('Shortfall Oversubscription Partly Paid Shares') (each three Partly Paid Shares having an attaching free option to subscribe for a further Share at 12 cents to be exercised no later than 31 October 2004) to meet those applications. No Shortfall Oversubscription Partly Paid Shares will be allotted by Directors to related parties of the Company, unless approved by shareholders, or to Non-Resident shareholders or where to do so would be a breach of the *Corporations Act 2001* or the requirements under the Listing Rules.

Subject to the *Corporations Act 2001* and the requirements of the Listing Rules, the Directors have reserved the right to place Shortfall Oversubscription Partly Paid 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.

### **3.9 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 Partly Paid Shares under the Rights Issue, their entitlement to those Partly Paid Shares not accepted will lapse and those Partly Paid Shares will become Shortfall Partly Paid Shares to which Section 3.7 will apply.

### **3.10 RIGHTS ATTACHING TO PARTLY PAID SHARES AND NEW OPTIONS**

All Partly Paid Shares issued on the basis of this Prospectus will, from allotment, rank equally with all existing Shares on issue notwithstanding any differences in the amounts to which the shares are paid. The rights, privileges and restrictions attaching to the Partly Paid Shares, Shares and New Options are set forth in Sections 7.1, 7.2 and 7.3 of this Prospectus.

### **3.11 OPENING AND CLOSING DATES**

Eligible Shareholders may return duly completed Entitlement and Acceptance Forms to the Company 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 EXCEPT 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 3 cents per Partly Paid 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 Partly Paid Shares and New Options offered by this Prospectus will be made within 7 days after the date of this Prospectus.

If the Partly Paid Shares and New Options 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 Partly Paid 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 Partly Paid 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 Partly Paid 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 \$184,398.

### **3.17 NON-RESIDENTS**

The Offer is being made to all Eligible Shareholders.

### **3.18 TAXATION**

The Directors do not consider it appropriate to give shareholders advice regarding the taxation consequences of applying for Partly Paid 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 Partly Paid 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 Partly Paid Shares and New Options.

### **3.20 ALLOTMENT**

Partly Paid Shares and New Options will be issued and holdings statements will be despatched no later than 12 January 2004 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.

Whilst two of the Directors have considerable experience planning and executing mineral exploration programs in Canada, the Company has no Canadian mining experience. However it will use its extensive Australian mining experience and its usual consultants and contacts, together with Canadian professional expertise to assist in making commercial judgements in respect of its Canadian activities.

### 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.

### 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 Partly Paid Shares issued pursuant to this Prospectus are issued they will constitute 30% of the presently issued share capital which currently totals 94,663,634 Shares. Taking into account the number of Options previously issued by the Company (and assuming they are exercised), the maximum number of Partly Paid Shares issued pursuant to this Prospectus will constitute 24% of the issued share capital of the Company on a fully diluted basis.

The Offer will increase the Company's cash reserves by approximately \$860,000 (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 financial statements of the Company as at 30 June 2003 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 \$20,000 for the estimated expenses of the Offer.

**PRO FORMA UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2003**

	CONSOLIDATED 2003 \$'000	100% SUBSCRIBED \$'000	UNAUDITED PRO FORMA 2003 \$'000
<b>Current assets</b>			
Cash assets	879.0	840.0	1719.0
Receivables	66.8		66.8
Other	28.1		28.1
<b>Total current assets</b>	<b>973.9</b>	<b>840.0</b>	<b>1813.9</b>
<b>Non-current assets</b>			
Receivables			
Investments			
Property, plant and equipment	14.1		14.1
Exploration expenditure	2400.1		2400.1
<b>Total non-current assets</b>	<b>2414.2</b>		<b>2414.2</b>
<b>TOTAL ASSETS</b>	<b>3388.1</b>	<b>840.0</b>	<b>4228.1</b>
<b>Current liabilities</b>			
Payables	83.3		83.3
Provisions	8.8		8.8
<b>Total current liabilities</b>	<b>92.1</b>		<b>92.1</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>			
<b>TOTAL LIABILITIES</b>	<b>92.1</b>		<b>92.1</b>
<b>NET ASSETS</b>	<b>3296.0</b>	<b>840.0</b>	<b>4136.0</b>
<b>Equity</b>			
Contributed equity	16125.4	840.0	16965.4
Accumulated losses	12829.4		12829.4
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3296.0</b>	<b>840.0</b>	<b>4136.0</b>

### 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 30 June 2003) and assuming full completion of the Offer.

#### ORDINARY SHARES

NUMBER	DESCRIPTION	SHARE CAPITAL
		\$
94,663,634	fully paid ordinary shares	16,125,405
<b>Shares to be issued under this Prospectus</b>		
28,665,908	partly paid ordinary shares, paid to 3 cents	859,977
123,329,542	<b>Total issued</b>	16,985,382

#### OPTIONS

NUMBER	EXERCISE PRICE	EXPIRY DATE
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
22,405,600	To acquire one Share at \$0.10 each	30 June 2006

#### Options to be issued under this Prospectus

9,555,303	To acquire one Share at \$0.12 each	31 October 2004
-----------	-------------------------------------	-----------------

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 Partly Paid Shares 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 Partly Paid 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 2002
  - ii. the Company’s half yearly accounts for the six months ended 30 June 2003
  - iii. any continuous disclosure notices given by the Company after the lodgement of the Company’s annual financial report for the year ended 31 December 2002 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)(iii):
- |               |  |
|---------------|--|
| 15 April 2003 | Notice of Annual General Meeting (23 May 2003)                 |
| 30 April 2003 | March Quarter 2003 Activities & Cashflow Report                |
| 23 May 2003   | Announcement of deal over Touquoy prospect, Canada             |
| 23 May 2003   | Chairman’s Address to the Annual General Meeting (23 May 2003) |
| 23 May 2003   | Resolution at Annual General Meeting (23 May 2003)             |
| 30 June 2003  | Completion of placement 11.3 million shares                    |
| 30 June 2003  | Appendix 3B Working Capital (Share placement)                  |
| 3 July 2003   | Substantial shareholder notice (Wapimala)                      |
| 22 July 2003  | Substantial shareholder notice (Cairnglen)                     |
| 31 July 2003  | June Quarter 2003 Activities & Cashflow Report                 |
| 10 Sept 2003  | Half yearly accounts for the six months ended 30 June 2003     |
| 11 Sept 2003  | Substantial shareholder notice (R J Hawkes)                    |
| 1 Oct 2003    | Touquoy Gold Project Update – Scoping Study                    |

## 7 ADDITIONAL STATUTORY AND OTHER INFORMATION

### 7.1 TERMS AND CONDITIONS OF PARTLY PAID SHARES

- The Partly Paid Shares shall be allotted and issued at an issue price of 20 cents per Partly Paid Share and shall at the allotment date be required to be paid to 3 cents each with 17 cents payable.
- The Company shall not make any calls in respect of the unpaid capital owing on the Partly Paid Shares until after 1 April 2004 and shall call not more than 2 cents in any 6 month period thereafter.
- The holder of Partly Paid Shares may at any time pay up all of the unpaid capital owing on the Partly Paid Shares at the holder's sole and absolute discretion. The Company may at its discretion pay interest on the amounts paid up in advance of calls.
- In the event that the Partly Paid Shares are fully paid up, the Company will apply to the ASX to have the issued Shares, within 10 Business Days after the date of the final payment of any capital owing, granted Official Quotation.
- In accordance with Part 2H.3 of the *Corporations Act 2001* and the Listing Rules the holder of a Partly Paid Shares does not have a contractual obligation to pay calls in respect of unpaid capital owing. Where calls are not paid, the Partly Paid Shares in question shall be forfeited and sold by public auction. Proceeds of the sale, after deduction of expenses and any calls outstanding, shall be paid to the holder.
- In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the Partly Paid Shares shall be reorganized in accordance with the *Corporations Act 2001*, the Listing Rules and the Company's constitution.

- A person who holds a share which is not fully paid, is entitled on a poll to such number of votes as results from applying the ratio of the amount of the issue price of shares paid to the total issue price, to the number of those partly paid shares registered in the shareholder's name. In the case of joint holders of shares, the vote of the senior who tenders a vote (whether in person or by proxy, attorney or representative) shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of shareholders.
- The rights attaching to the Partly Paid Shares, other than those listed above, shall be consistent, notwithstanding any differences in the amounts that the shares are paid up to, with shares in the company.

### 7.2 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The share capital of the Company is not divided into different classes of shares. All shares offered by this Prospectus, notwithstanding any differences in the amounts that the shares are paid up to, are ranked equally in all respects. Shares to be issued following the exercise of any options will also rank equally. 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 on all shares held in proportion to the number of shares held irrespective of 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, 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.

## **7.3 RIGHTS AND LIABILITIES ATTACHING TO NEW OPTIONS**

- The New Options will expire on 31 October 2004.
- 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 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.
- A New Option has no right to participate in a new issue of Shares unless that option has been exercised.
- 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 12 cents.
- 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 7.2.
- 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.

## 7.4 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 2001 and 2002 are detailed below.

DIRECTOR	YEAR ENDED 31/12/2001		YEAR ENDED 31/12/2002	
	SALARY	DIRECTORS' FEES	SALARY	DIRECTORS' FEES
R J Hawkes		32,400		32,550
D L Cooper		21,600		21,700
W R Bucknell (Executive Director)	151,200		94,928	

### 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	20,000,000	7,061,540
W R Bucknell	3,347,436	2,024,360
D L Cooper	1,238,974	509,744

## 7.5 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.

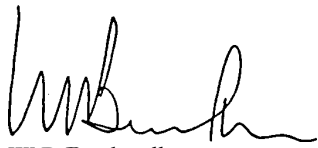
## 7.6 EXPENSES OF THE OFFER

The total expenses of the Offer including legal fees, ASX listing fees and printing costs have been estimated to be \$20,000.

## 8 DIRECTORS' AUTHORISATION

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

Signed on behalf of Diamond Ventures NL on 20 October 2003 pursuant to resolutions of its Board on the same day.

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

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, 18 December 2003

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 and who has a registered address in Australia or New Zealand

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

EST means Australian Eastern Summer Time

Listing Rules means the official listing rules of the ASX

New Options means free options issued pursuant to this Prospectus

Non-Resident means a person registered in the Company's share register as the holder of Shares on the Record Date but who does not have a registered address in Australia or New Zealand

Offer means the offer of Partly Paid 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 Partly Paid Shares by the ASX in accordance with the Listing Rules

Opening Date means, subject to Section 2.2 of this Prospectus, 28 November 2003

Option means an option to acquire one Share

Partly Paid Shares means partly paid ordinary shares in the capital of the Company issued at 20 cents each and paid to 3 cents each pursuant to this Prospectus together with New Options

Prospectus means the Prospectus of which this section forms a part

Record Date means, subject to Section 2.2 of this Prospectus, 26 November 2003

Rights Issue means the non-renounceable rights issue to an Eligible Shareholder of 1 Partly Paid Share (with each three Partly Paid Shares having an attaching free New Option to subscribe for a further Share at 12 cents to be exercised no later than 31 October 2004) for every 4 Shares, at an issue price of 20 cents per Partly Paid Share and paid to 3 cents on application, and the issue of any Shortfall Partly Paid 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 Partly Paid Shares in accordance with Section 3.8 of this Prospectus

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

Shortfall Partly Paid Shares means those Partly Paid 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.

**DIAMONDVENTURES NL ABN 82 062 091 909**

**Suite 701, 220 Pacific Highway, Crows Nest NSW 2065 Australia Ph: 02-9929 6633 Fax 02-9929 9366 [www.diamondventures.com.au](http://www.diamondventures.com.au)**

# DIAMOND VENTURES NL

ABN 82 062 091 909

Diamond Ventures NL  
Suite 701  
220 Pacific Highway  
Crows Nest NSW 2065  
[www.diamondventures.com.au](http://www.diamondventures.com.au)

## ENTITLEMENT & ACCEPTANCE FORM

REGISTER

SRN/HIN

ENTITLEMENT  
NUMBER

Detailed below on line **A** is your Entitlement under the pro-rata Rights Issue to Partly Paid Shares at 20 cents per share paid to 3 cents. You may accept all or part or none of your Entitlement on line **B**.

If you accept all of your Entitlement then you may apply for additional Partly Paid Shares at 20 cents per share paid to 3 cents (Shortfall Partly Paid Shares) on line **C**. Acceptance of applications for the issue of Shortfall Partly Paid Shares is at the discretion of Directors. Further details of the Offer are contained in the Prospectus.

### ACCEPTANCES AND PAYMENT DUE BY 5:00 PM ON 18 DECEMBER 2003

If you have any enquiries concerning your entitlement, please telephone Diamond Ventures NL on 02 9929 6633 during business hours or contact your stockbroker or adviser. A decision to invest should only be made after considering all of the material contained in the Prospectus.

#### Acceptance of Application for New Shares

I/we accept and apply for the number of Partly Paid Shares set out below and attach a cheque/bank draft for the amount payable. Please enter me/us on the Register of Members. I/we agree to be bound by the Constitution of the Company.

AT 26 NOVEMBER 2003 YOU

HELD:

YOU ARE ENTITLED TO:

AT A COST OF:

**A**

shares	Partly Paid Shares	\$
--------	--------------------	----

**B**

	NUMBER OF NEW SHARES ACCEPTED/APPLIED FOR:	AMOUNT ENCLOSED AT 3 CENTS PER PARTLY PAID SHARE
Acceptance of Entitlement (you may accept all or part of your Entitlement)	Number	\$
Application for Shortfall Partly Paid Shares – see section 3.7 of Prospectus	Number	\$
Total	Number	\$

**C**

#### Payment details

Mark cheques 'Not Negotiable' and make payable to '**Diamond Ventures NL – Rights Issue**'. Only cheques or drafts in Australian currency and drawn on an Australian bank will be accepted.

DRAWER

CHEQUE NUMBER

BSB AND ACCOUNT NO.

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#### Contact details

PHONE NUMBER(S)  
BUSINESS HOURS

CONTACT  
NAME

#### Lodging your acceptance

Return this form and your payment in the enclosed reply paid envelope to reach Diamond Ventures NL at the address below **no later than 18 December 2003**:

POST OR DELIVER TO:

Diamond Ventures NL  
Suite 701, 220 Pacific Highway  
Crows Nest NSW 2065