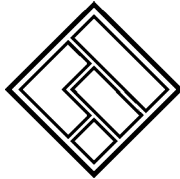


lodging party or agent name **Diamond Ventures NL**
 office, level, building name or PO Box no. **Suite 701**
 street number & name **220 Pacific Highway**
 suburb/city **Crows Nest** state/territory **NSW** postcode **2065**
 telephone **(02) 9929 6633**
 facsimile **(02) 9929 9366**
 DX number _____ suburb/city _____

	ASS. <input type="checkbox"/>	REQ-A <input type="checkbox"/>
	CASH. <input type="checkbox"/>	REQ-P <input type="checkbox"/>
	PROC. <input type="checkbox"/>	



Australian Securities & Investments Commission

copy of financial statements and reports

form **388**

Corporations Law
 294, 295, 298-300, 307, 308, 319, 321, 322

Name **DIAMOND VENTURES NL**
 ACN / ARBN / ARSN/PIN **062 091 909**

Reason for lodgement of statements and reports

- tick the appropriate box A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking (A)
 A registered scheme* (B)
 Amendment of financial statements or directors' report (company) (C)
 Amendment of financial statements or directors' report (registered scheme)* (D)
 A large proprietary company that is not a disclosing entity (H)
 A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity (I)
 A small proprietary company that is requested by ASIC to prepare and lodge statements and reports (J)
 A prescribed interest undertaking that is a disclosing entity (K)

Financial year ended (d/m/y) **31 / 12 / 2003** Date of Annual General Meeting (if applicable) **21 / 5 / 2004**

Details of large proprietary company

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial statements relate:

- A What is the consolidated gross operating revenue of the large proprietary company and the entities that it controls?
- B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?
- C How many employees are employed by the large proprietary company and the entities that it controls?
- D How many members does the large proprietary company have?.....

Details of current auditor*

name (family & given names) _____
 Auditor Registration no: _____
 or
 if a firm, name of firm **KPMG**
 office level building name **The KPMG Centre**
 street number & name **10 Shelley Street**
 suburb / city **Sydney** state / territory **NSW** postcode **2000**
 Business Registration number (if applicable) **R2862638** State / Territory registered in **NSW**
 date of appointment (d/m/y) **15 / 12 / 1993**

* NOTE: Where a new auditor has been appointed to a Registered Scheme, **Form 5137 - Appointment of Scheme Auditor** must be lodged

Auditor report

Were the financial statements audited? Yes No

If yes: Does the auditor's report (section 308) for the financial year contain a statement of:

* reasons for the auditor not being satisfied as to the matters referred to in section 307? Yes No

* details of the deficiency, failure or shortcoming concerning any matter referred to in section 307? Yes No

If no: Is there a class order exemption current for audit relief? Yes No

Statements and reports to be attached to this form

Financial statements for the year (as per ss295(2))

profit and loss statement for the year

balance sheet as at the end of the year

statement of cash flows for the year

if required by accounting standards - consolidated profit & loss statement, balance sheet and statement of cash flows

Notes to financial statements (as per ss295(3))

disclosures required by the regulations

notes required by the accounting standards

any other information necessary to give a true and fair view (see s297)

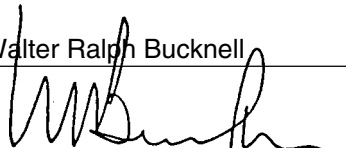
The directors' declaration about the statements and notes (as per ss 295(4))

The directors' report for the year (as per s 298 to 300)

Auditor's report required under sections 308 and 314

Certification

I certify that the attached documents marked (A) are a true copy of the annual reports required under Section 319.

print name	Walter Ralph Bucknell	capacity	Director
sign here		date	29 March 2004

Small Business (less than 20 employees), please provide an estimate of the time taken to complete this form

Include

- The time actually spent reading the instructions, working on the question and obtaining the information
- The time spent by all employees in collecting and providing this information

hrs mins

CONSOLIDATED FINANCIAL STATEMENTS 31 December 2003

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DIRECTORS' REPORT

The Directors present their report together with the financial report of Diamond Ventures NL ("the Company") and the Consolidated Entity, being the Company and its Controlled Entities, for the year ended 31 December 2003, and the Auditors' Report thereon.

DIRECTORS

The names of Directors in office at any time during or since the end of the financial year are:



MR RONALD J HAWKES BSc, FAusIMM, FGAC

NON EXECUTIVE CHAIRMAN

Qualifications and Experience

Board member since 18 January 1999

Mr Hawkes has 39 years' experience in the mining industry and was formerly the Managing Director of Plutonic Resources Limited.

He is a member of the Audit Committee and the Remuneration Committee.



MR WALLY R BUCKNELL BSc (Hons), FAusIMM, FGAC, MSEG

EXECUTIVE DIRECTOR

Qualifications and Experience

Board member since 18 January 1999

Mr Bucknell has 35 years' experience in the mining industry and was formerly the General Manager – Exploration of Plutonic Resources Limited.

He is a member of the Audit Committee and the Remuneration Committee.



MR DON L COOPER LLB

NON EXECUTIVE DIRECTOR

Qualifications and Experience

Board member since 18 January 1999

Mr Cooper was formerly the senior partner in the law firm Deacons Graham and James in Melbourne and was a director of Plutonic Resources Limited for 12 years. Mr Cooper is a director of various proprietary companies and is now a solicitor in private practice.

He is a member of the Audit Committee and the Remuneration Committee.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Directors meetings held		4
Directors meetings attended:	R J Hawkes	4
	W R Bucknell	4
	D L Cooper	4

All matters relating to Audit and Remuneration Committees were discussed at main board meetings and as a result no separate Audit and Remuneration Committee meetings were held.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were precious minerals exploration, primary for gold and diamonds. There were no changes in the nature of the Consolidated Entity's principal activities during the financial year.

OPERATING RESULTS

The consolidated loss of the Consolidated Entity after income tax amounted to \$1,655,641 (2002 loss \$606,575).

A comprehensive review of operations which forms part of this report is set out on pages 3 to 15.

DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid or declared for payment during the year. The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2003.

STATE OF AFFAIRS

The Company made the following issues of shares during the year to provide additional working capital:

- Placement of 11,300,000 ordinary shares issued at 5 cents per share raising \$565,000.
- Placement of 5,515,000 ordinary shares issued at 12 cents per share raising \$661,800.
- Issue of 1,350,000 ordinary shares in lieu of salary of \$71,800 at 5.3 cents per share each with a free attaching option at an exercise price of 10 cents per share expiring 30 June 2006.
- Issue of 30,296,342 ordinary shares at 20 cents per share partly paid to 3 cents per share with each three partly paid shares having a free attaching option at an exercise price of 12 cents per share expiring 31 October 2004 raising \$908,900.

The Consolidated Entity incorporated DDV Gold Limited, a wholly owned controlled entity, in New Brunswick, Canada for the purpose of carrying out the Consolidated Entity's operations on the Touquoy Gold Project.

EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year the Consolidated Entity has entered into an option agreement to sell its interest in the Kookynie tenements to Altona Resources Limited at any time prior to 27 May 2004 for \$500,000 cash.

The Directors are not aware of any other matters or circumstances which have arisen since the end of the financial year which significantly affected or may significant affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

LIKELY DEVELOPMENTS

The Consolidated Entity will continue to focus on gold exploration, particularly in the identification of possible acquisitions of viable projects. Exploration activities will centre on the Touquoy Gold Project and the Beaconsfield Gold Project.

ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to significant environmental regulation under the law of its places of operation. The Directors are not aware of any breaches of the legislation during the financial year which are material in nature.

SHARE OPTIONS

On 21 November 2003, 800,000 ordinary shares each with an attaching free option expiring 30 June 2006 were issued to W R Bucknell as part of his remuneration as Executive Director.

On 21 November 2003, shareholders approved the issue to directors of 2,200,000 options to subscribe for a further share at 20 cents to be exercised no later than 31 December 2008.

The following options are held by the Directors and associates of the Directors to subscribe for fully paid ordinary shares. There are time restrictions on when the Directors may exercise the options.

	EXERCISE			NUMBER OF OPTIONS
	PRICE	EXERCISABLE FROM	EXPIRY DATE	
DIRECTORS				
R J Hawkes	0.20	21 Nov 2003	31 Dec 2008	1,000,000
W R Bucknell	0.10	17 July 2003	30 Jun 2006	1,050,000
	0.20	21 Nov 2003	31 Dec 2008	1,000,000
	0.12 ¹	19 Dec 2003	31 Oct 2004	87,500
				2,137,500
DIRECTORS' ASSOCIATES				
Associates of R J Hawkes	0.10 ¹	3 July 2002	30 Jun 2006	6,061,540
	0.12 ¹	19 Dec 2003	31 Oct 2004	1,666,668
				7,728,208
Associates of W R Bucknell	0.10 ¹	3 July 2002	30 Jun 2006	774,360
	0.12 ¹	19 Dec 2003	31 Oct 2004	258,120
				1,032,480
Associate of D L Cooper	0.10 ¹	3 July 2002	30 Jun 2006	309,744
	0.20	21 Nov 2003	31 Dec 2008	200,000
	0.12 ¹	19 Dec 2003	31 Oct 2004	133,334
				643,078

Note 1: Options acquired by subscription to a non-renounceable rights issue.

At the date of this report, unissued ordinary shares of the Company under option are:

EXPIRY DATE	EXERCISE PRICE	NUMBER OF SHARES
-------------	----------------	------------------

Listed

31 October 2004	\$0.12	10,098,851
-----------------	--------	------------

30 June 2006	\$0.10	23,615,931
--------------	--------	------------

139,669 listed options at an exercise price of 10 cents per share were exercised during the year.

Unlisted

31 December 2008	\$0.20	2,200,000
------------------	--------	-----------

2,200,000 unlisted options issued to Directors expired during the year.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies applicable to Board members and senior executives of the Company. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No part of the remuneration of Directors or senior executives is performance related.

The emoluments of each Director are as follows:

Directors

PARENT ENTITY AND CONSOLIDATED ENTITY	SALARY	DIRECTORS' FEES	SUPERANNUATION	SHARES/ OPTIONS ¹	TOTAL
R J Hawkes	–	30,000	2,700	2,700	35,400
W R Bucknell	86,000	–	7,515	43,500	137,015
D L Cooper	–	20,000	1,800	540	22,340
	86,000	50,000	12,015	46,740	194,755

Note 1: Includes the estimated value (Black & Scholes model) of unlisted directors' options approved by shareholders on 21 November 2003.

CONSOLIDATED ENTITY

The executive officer of the Consolidated Entity (W R Bucknell) is also a Director of the Company. Remuneration details are provided above.

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital of the companies within the Consolidated Entity as notified by the Directors to the Australian Stock Exchange in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	FULLY PAID SHARES	PARTLY PAID SHARES	OPTIONS
R J Hawkes	20,000,000	5,000,000	8,728,208
W R Bucknell	4,147,436	1,036,860	3,169,980
D L Cooper	1,238,974	400,000	643,078
	25,386,410	6,436,860	12,541,266

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has entered into an agreement to indemnify the following current Directors of the Company, Mr Ronald J Hawkes, Mr Walter R Bucknell and Mr Donald L Cooper and the Company Secretaries, Mr Grahame Clegg and Ms Julie Fidler, against any liability, including costs and expenses incurred in defending such actions, incurred by that person that may arise from their position as Directors or officers of the Company and its Controlled Entities, except where the liability arises out of conduct involving a lack of good faith.

During the year to 31 December 2003 the Company has paid insurance premiums in respect of the Directors and officers liability and legal expenses insurance contracts for current Directors and officers of the Company and its Controlled Entities. The insurance policy prohibits disclosure of the amount of the premium and of the nature of the liabilities covered.

Signed in accordance with a resolution of the Board of Directors.



W R Bucknell

Director

19 March 2004

STATEMENTS OF FINANCIAL PERFORMANCE

For the year ended 31 December 2003

	NOTES	CONSOLIDATED		THE COMPANY	
		2003	2002	2003	2002
		\$	\$	\$	\$
Revenues from ordinary activities	2	135,164	248,033	220,511	310,974
Borrowing costs	3	(23)	–	(1)	–
Exploration expenditure written off		(1,298,275)	(448,997)	–	–
Write-down of loan to Controlled Entity		–	–	(1,284,909)	(332,733)
General and administrative expenses		(492,507)	(405,611)	(591,242)	(584,816)
Loss from ordinary activities					
before income tax expense	3	(1,655,641)	(606,575)	(1,655,641)	(606,575)
Income tax expense relating to ordinary activities	4	–	–	–	–
Net loss		(1,655,641)	(606,575)	(1,655,641)	(606,575)
Basic earnings per share (cents per share)	7	(1.83)	(0.85)		
Diluted earnings per share (cents per share)	7	(1.83)	(0.85)		

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 27 to 40.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2003

	NOTES	CONSOLIDATED		THE COMPANY	
		2003	2002	2003	2002
		\$	\$	\$	\$
Current assets					
Cash assets	8	1,787,128	1,074,017	1,645,205	1,057,275
Receivables	9	86,730	21,475	4,759	4,047
Other	10	10,845	6,903	9,727	5,840
Total current assets		1,884,703	1,102,395	1,659,691	1,067,162
Non-current assets					
Receivables	9	–	–	1,726,342	1,795,545
Other financial assets	11	–	–	144	41
Plant and equipment	12	13,575	16,385	–	–
Exploration and evaluation expenditure	13	1,625,644	1,846,200	–	–
Total non-current assets		1,639,219	1,862,585	1,726,486	1,795,586
TOTAL ASSETS		3,523,922	2,964,980	3,386,177	2,862,748
Current liabilities					
Payables	14	174,532	133,463	36,746	31,190
Provisions	15	10,500	8,500	10,500	8,500
Total current liabilities		185,032	141,963	47,246	39,690
Non-current liabilities					
Payables	14	–	–	41	41
Total non-current liabilities		–	–	41	41
TOTAL LIABILITIES		185,032	141,963	47,287	39,731
NET ASSETS		3,338,890	2,823,017	3,338,890	2,823,017
Equity					
Contributed equity	16	17,737,919	15,566,405	17,737,919	15,566,405
Accumulated losses	18	(14,399,029)	(12,743,388)	(14,399,029)	(12,743,388)
TOTAL EQUITY		3,338,890	2,823,017	3,338,890	2,823,017

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 27 to 40.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2003

	NOTES	CONSOLIDATED		THE COMPANY	
		2003	2002	2003	2002
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		100,000	201,090	–	1,090
Payments to suppliers and employees		(1,519,800)	(1,031,897)	(330,364)	(252,996)
Interest received		35,164	46,943	34,190	46,553
Borrowing costs paid		(23)	–	(1)	–
Net cash used in operating activities	24B	(1,384,659)	(783,864)	(296,175)	(205,353)
Cash flows from investing activities					
Purchase of plant and equipment		(2,144)	(3,267)	–	–
Loan to Controlled Entity		–	–	(1,215,809)	(584,200)
Net cash used in investing activities		(2,144)	(3,267)	(1,215,809)	(584,200)
Cash flows from financing activities					
Proceeds from issue of shares		2,149,667	1,107,781	2,149,667	1,107,781
Share issue costs		(49,753)	(37,788)	(49,753)	(37,788)
Net cash provided by financing activities		2,099,914	1,069,993	2,099,914	1,069,993
Net increase in cash held		713,111	282,862	587,930	280,440
Cash at beginning of financial year		1,074,017	791,155	1,057,275	776,835
Cash at end of financial year	24A	1,787,128	1,074,017	1,645,205	1,057,275

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 27 to 40.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

NOTE I: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

A BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

These accounting policies have been consistently applied by each entity in the Consolidated Entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

The financial report has been prepared on the basis of a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business. The Directors believe that the Company will be able to fund future operations through equity raising and the joint venturing or sale of interest held in mineral tenements and projects.

B PRINCIPLES OF CONSOLIDATION

Controlled Entities

The financial statements of Controlled Entities are included from the date control commences until the date control ceases. Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

Joint ventures

A joint venture is either an entity or operation that is jointly controlled by the Consolidated Entity.

Joint venture entities

In the consolidated financial statements, investments in joint venture entities, including partnerships, are accounted for using equity accounting principles. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

The Consolidated Entity's share of the joint venture entity's net profit or loss is recognised in the consolidated statement of financial performance from the date joint control commenced until the date joint control ceases. Other movements in reserves are recognised directly on consolidated reserves.

Joint venture operations

The Consolidated Entity's interest in unincorporated joint ventures is brought to account by including its proportionate share of the joint venture's assets, liabilities and expenses and the Consolidated Entity's revenue from the sale of its share of output on a line-by-line basis, from the date joint control commences to the date joint control ceases.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between Controlled Entities are eliminated in full on consolidation. Unrealised gains resulting from transactions with joint ventures are eliminated to the extent of the Consolidated Entity's interest. Unrealised gains relating to joint venture entities are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence a recoverable amount impairment.

C REVENUE RECOGNITION

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

The gross proceeds from asset sales are included as revenue of the Consolidated Entity. The profit or loss on disposal is brought to account at the date an unconditional contract of sale is signed.

D TAXATION

The Consolidated Entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt or if relating to tax losses when realisation is virtually certain.

E ACQUISITION OF ASSETS

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the Company if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

F RECOVERABLE AMOUNT OF NON-CURRENT ASSETS VALUED ON COST BASIS

The carrying amounts of non-current assets valued on the cost basis, other than exploration and evaluation expenditure carried forward (refer Note 1J), are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated.

G DEPRECIATION

All assets have limited useful lives and are depreciated using the straight line method over their estimated useful lives. Assets are depreciated from the date of acquisition.

The depreciation rates used for each class of depreciable assets are:

CLASS OF FIXED ASSET	DEPRECIATION RATE
Plant and equipment	20–40%
Leasehold improvements	10%

H LEASED ASSETS

Lease payments made under operating leases, where substantially all the risks and benefits remain with the lessor, are expensed on a straight line basis over the term of the lease.

I INVESTMENTS

Controlled Entities

Investments in Controlled Entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

J EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in the financial period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration will be provided over the life of the facility from when production commences.

K EMPLOYEE BENEFITS

Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs.

Superannuation

Contributions are made by the Consolidated Entity to employee defined contribution superannuation funds and are charged as expenses when incurred.

L DERIVATIVES

The Consolidated Entity is exposed to changes in interest rates from its activities. The Consolidated Entity does not use derivative financial instruments to hedge this risk.

M GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

N PAYABLES

Liabilities are recognised for amounts to be paid in the future for goods or services received.

O EARNINGS PER SHARE

Basic Earnings per share

Basic earnings per share is calculated by dividing net profit/loss after income tax attributable to members of the company, excluding any costs of servicing equity (other than ordinary shares), by the weighted average number of ordinary shares outstanding during the financial year.

Diluted Earnings per share

Diluted EPS earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

P SEGMENT REPORTING

Individual business segments have been identified on the basis of grouping individual products or services subject to similar risks and returns. The new business segment reported is precious mineral exploration in Australia and Canada.

Q FOREIGN CURRENCY TRANSLATION

Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At reporting date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current on that date. Resulting exchange differences are recognised in determining the profit and loss for the year.

Hedging

The Consolidated Entity has not entered into any specific, general or speculative hedging arrangements.

Foreign controlled entities

As the foreign controlled entities are integrated, their assets and liabilities are translated into Australian currency at rates of exchange current at reporting date, while their revenues and expenses are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are brought to account in the statement of financial performance.

R RECEIVABLES

The collectibility of debts is assessed at reporting date and specific provision is made for any doubtful amounts.

	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
NOTE 2: REVENUE				
From operating activities				
Mining revenue	100,000	200,000	–	–
Interest received from non-related entities	35,164	46,943	34,190	46,553
Consulting fees	–	–	186,321	263,331
Sundry revenue	–	1,090	–	1,090
Total revenue from ordinary activities	135,164	248,033	220,511	310,974

NOTE 3: LOSS FROM ORDINARY ACTIVITIES

Individually significant items included in loss from ordinary activities before income tax expense

Write-down of loan to Controlled Entity	–	–	1,284,909	332,733
Exploration expenditure written off	1,298,275	448,997	–	–

Loss from ordinary activities before income tax has been arrived at after charging/(crediting) the following items:

Interest paid to non-related entities	23	–	1	–
Depreciation of plant and equipment	4,276	5,627	–	–
Amortisation of leasehold improvements	678	678	–	–
Rental expense on operating leases	39,958	39,881	–	–
Amounts set aside to (written back from)				
provision for employee benefits	2,000	(5,430)	2,000	(5,430)
Foreign exchange loss	5,675	–	–	–

NOTE 4: TAXATION

Income tax benefit

Prima facie income tax benefit calculated at 30%

(2002: 30%) on the loss from ordinary activities	(496,692)	(181,973)	(496,692)	(181,973)
Increase in income tax expense due to:				
Write-down of loan to Controlled Entity	–	–	385,473	99,820
Other non-allowable items	314	200	86	–
Future income tax benefit not brought to account	496,378	181,773	111,133	82,153
Income tax expense attributable to loss from ordinary activities	–	–	–	–

CONSOLIDATED		THE COMPANY	
2003	2002	2003	2002
\$	\$	\$	\$

Note 4: Taxation continued

Future income tax benefit not taken to account

The potential future income tax benefit arising from tax losses and timing differences has not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt:

Tax losses carried forward:

Revenue losses	4,693,743	4,416,264	958,434	847,901
Timing differences	(488,830)	(707,729)	3,150	2,550
	4,204,913	3,708,535	961,584	850,451

The potential future income tax benefit will only be obtained if:

- i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the Consolidated Entity in accordance with Division 170 of the Income Tax Assessment Act 1997
- ii) the relevant company and/or the Consolidated Entity continues to comply with the conditions for deductibility imposed by the law, and
- iii) no changes in tax legislation adversely affect the relevant company and/or the Consolidated Entity in realising the benefit.

NOTE 5: DIRECTORS' AND EXECUTIVES' REMUNERATION

Directors' Income

Number of directors of the Company whose income from the Company or any related parties was within the following bands:

	No.	No.
\$20,000 – \$29,999	1	1
\$30,000 – \$39,999	1	1
\$90,000 – \$99,999	–	1
\$130,000 – \$139,999	1	–

\$	\$	\$	\$
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Total income paid or payable, or otherwise made available, to all Directors of the Company and Controlled Entities from the Company or any related parties including amounts paid to a superannuation fund for the provision of retirement benefits to

Directors and termination payments	188,815	147,358	188,815	147,358
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	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
Executives' income				
Total income received or receivable, directly or indirectly, to executives of the Company and Controlled Entities from the Company or any related party	188,822	94,928	188,822	94,928
The number of executives whose income was within the following bands:	No.	No.	No.	No.
\$50,000 – \$59,999	1	–	1	–
\$90,000 – \$99,999	–	1	–	1
\$130,000 – \$139,999	1	–	1	–

NOTE 6: AUDITORS' REMUNERATION

	\$	\$	\$	\$
Audit services – KPMG	21,000	21,000	21,000	21,000

NOTE 7: EARNINGS/(LOSS) PER SHARE

Classification of securities as ordinary shares

Ordinary shares and partly paid shares have been included in basic earnings per share.

Earnings reconciliation

Net loss, basic and diluted earnings	(1,655,641)	(606,575)		
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Weighted average number of shares

used as the denominator	No.	No.		
Number for basic and diluted earnings per share	90,310,332	73,696,192		
Basic and dilutive ordinary earnings per share	(1.83 cents)	(0.85 cents)		

	\$	\$	\$	\$
NOTE 8: CASH				
Cash at bank	150,618	18,563	8,695	1,821
Bank short term deposits	1,636,510	1,055,454	1,636,510	1,055,454
	1,787,128	1,074,017	1,645,205	1,057,275

NOTE 9: RECEIVABLES

Current

Other debtors	64,462	15,207	4,759	4,047
Security deposits	22,268	6,268	–	–
	86,730	21,475	4,759	4,047

Non-current

Loans to Controlled Entities	–	–	1,726,342	1,795,545
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	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
NOTE 10: OTHER CURRENT ASSETS				
Prepayments	10,845	6,903	9,727	5,840

NOTE 11: OTHER FINANCIAL ASSETS

Investments in Controlled Entities				
Unlisted shares at cost	–	–	1,577,146	1,577,043
Provision for diminution	–	–	(1,577,102)	(1,577,002)
	–	–	144	41

NOTE 12: PLANT AND EQUIPMENT

Plant and equipment				
At cost	61,415	59,271	–	–
Accumulated depreciation	(51,475)	(47,199)	–	–
	9,940	12,072	–	–
Leasehold improvements				
At cost	6,784	6,784	–	–
Accumulated amortisation	(3,149)	(2,471)	–	–
	3,635	4,313	–	–
Total plant and equipment	13,575	16,385	–	–

Reconciliations

Reconciliation of the carrying amounts for each class of plant and equipment are set out below:

Plant and equipment

Carrying amount at beginning of year	12,072	14,432	–	–
Additions	2,144	3,267	–	–
Depreciation	(4,276)	(5,627)	–	–
Carrying amount at end of year	9,940	12,072	–	–

Leasehold improvements

Carrying amount at beginning of year	4,313	4,991	–	–
Amortisation	(678)	(678)	–	–
Carrying amount at end of year	3,635	4,313	–	–

NOTE 13: EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in:

Exploration and evaluation phases	1,625,644	1,846,200	–	–
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	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
Reconciliations				
Carrying amount at the beginning of year	1,846,200	1,449,761	–	–
Additions	1,077,719	845,436	–	–
Less write offs	(1,298,275)	(448,997)	–	–
Carrying amount at the end of year	1,625,644	1,846,200	–	–

NOTE 14: PAYABLES

Current

Trade creditors and accruals	159,090	124,450	21,304	22,177
Other creditors	15,442	9,013	15,442	9,013
	174,532	133,463	36,746	31,190

Non-current

Amount due to Controlled Entity	–	–	41	41
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NOTE 15: PROVISIONS

Employee benefits	10,500	8,500	10,500	8,500
	No.	No.	No.	No.
Number of employees at year end	3	2	3	2

NOTE 16: CONTRIBUTED EQUITY

101,668,303 (2002: 83,363,634) fully paid ordinary shares	16,829,019	15,566,405	16,829,019	15,566,405
30,296,342 (2002: nil) ordinary shares at 20 cents per share partly paid to 3 cents per share	908,900	–	908,900	–
	17,737,919	15,566,405	17,737,919	15,566,405

Movements in ordinary share capital

Balance at beginning of year	15,566,405	14,425,117	15,566,405	14,425,117
Shares issued:				
11,300,000 (2002: 22,155,600) shares at 5 cents per share	565,000	1,107,780	565,000	1,107,780
5,515,000 shares at 12 cents per share	661,800	–	661,800	–
30,296,342 shares at 20 cents per share partly paid to 3 cents per share	908,900	–	908,900	–
139,669 shares at 10 cents per share on exercise of options	13,967	–	13,967	–
1,350,000 (2002: 1,406,427) shares issued in lieu of salaries	71,600	71,296	71,600	71,296
Less cost of issues	(49,753)	(37,788)	(49,753)	(37,788)
	17,737,919	15,566,405	17,737,919	15,566,405

Note 16: Contributed equity continued

Holders of ordinary shares are entitled to receive dividends as declared from time to time irrespective of the amounts paid or credited as paid on the shares. Holders of fully paid ordinary shares are entitled to one vote per share at shareholders' meetings. Holders of partly paid ordinary shares are entitled on a show of hands to one vote per share, and 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 event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

NOTE 17: OPTIONS

EXPIRY DATE	EXERCISE PRICE	OUTSTANDING	ISSUED	EXERCISED	LAPSED	OUTSTANDING
		AT 31 DEC 2002	DURING YEAR	DURING YEAR	DURING YEAR	AT 31 DEC 2003
Listed						
31 Oct 2004	\$0.12	–	10,098,851	–	–	10,098,851
30 Jun 2006	\$0.10	22,405,600	1,350,000	(139,669)	–	23,615,931
Unlisted						
31 Dec 2003	\$0.25	733,335	–	–	(733,335)	–
31 Dec 2003	\$0.30	733,335	–	–	(733,335)	–
31 Dec 2003	\$0.35	733,330	–	–	(733,330)	–
31 Dec 2008	\$0.20	–	2,200,000	–	–	2,200,000
		24,605,600	13,648,851	(139,669)	(2,200,000)	35,914,782

CONSOLIDATED		THE COMPANY	
2003	2002	2003	2002
\$	\$	\$	\$

NOTE 18: ACCUMULATED LOSSES

Accumulated losses at beginning of year	12,743,388	12,136,813	12,743,388	12,136,813
Net loss	1,655,641	606,575	1,655,641	606,575
Accumulated losses at end of year	14,399,029	12,743,388	14,399,029	12,743,388

NOTE 19: COMMITMENTS

Operating Lease Commitments

Future operating leases not provided for in the financial statements and payable:

Within 1 year	28,985	29,206	–	–
Later than 1 year but not later than 5 years	24,154	–	–	–
	53,139	29,206	–	–

The Consolidated Entity leases property and equipment. Leases generally provide the Consolidated Entity with a right of renewal at which time all terms are re-negotiated.

Exploration tenement commitments

In order to maintain current rights of tenure to exploration tenements, the Consolidated Entity is required to outlay in the year ending 31 December 2003 an amount of approximately \$546,033 (2002 \$264,000) in respect of exploration expenditure.

NOTE 20: CONTINGENT LIABILITIES

Native title

The value of the mining tenements is dependent on the discovery of commercially viable reserves and the successful development or alternatively sale, of the respective tenements. The Consolidated Entity's exploration properties may at some future time be subject to claims under native title or contain sacred sites or sites of significance to Aboriginal people. In the event of any such claim being made and the National Native Title Tribunal ratifying such claim, the Consolidated Entity's exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions or compensation.

NOTE 21: SEGMENT INFORMATION

During the year the Consolidated Entity operated predominantly in one business segment being precious mineral exploration in two geographical segments, being Australia and Canada.

	AUSTRALIA		CANADA		ELIMINATIONS		CONSOLIDATED	
	2003	2002	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	135,164	248,033	—	—	—	—	135,164	248,033
Segment result								
Loss before tax	(1,652,533)	(606,575)	(3,108)	—	—	—	(1,655,641)	(606,575)
Income tax	—	—	—	—	—	—	—	—
Net loss	(1,652,533)	(606,575)	(3,108)	—	—	—	(1,655,641)	(606,575)
Depreciation	4,954	6,305	—	—	—	—	4,954	6,305
Exploration expenditure								
written off	1,298,275	448,997	—	—	—	—	1,298,275	448,997
Segment assets	3,436,634	2,964,980	362,012	—	(274,724)	—	3,523,922	2,964,980
Segment liabilities	94,739	141,963	365,017	—	(274,724)	—	185,032	141,963

NOTE 22: CONTROLLED ENTITIES

Particulars in relation to Controlled Entities	COUNTRY OF INCORPORATION	PERCENTAGE OWNED	
		2003	2002
		%	%
Parent Entity	Diamond Ventures NL	Australia	
Controlled Entities	Diamond Ventures Exploration Pty Ltd	Australia	100
	Diamond Ventures (Botswana) (Pty) Ltd	Botswana	100
	DDV Gold Limited	Canada	100

DDV Gold Limited was formed on 10 July 2003 and carries on business in Canada.

	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2003
	\$	\$	\$	\$

NOTE 23: INTEREST IN JOINT VENTURE OPERATIONS

ELLENDALE

As at 31 December 2003 a Controlled Entity Diamond Ventures Exploration Pty Ltd holds an interest of 53% (2002: 53%) in tenement E04/813 in the Ellendale region of Western Australia.

Included in the assets and liabilities of the Consolidated Entity are the following items which represent the Consolidated Entity's interest in the assets and liabilities employed in the joint venture.

Non-Current Assets

Exploration expenditure	306,164	298,601	–	–
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NOTE 24: NOTES TO THE STATEMENTS OF CASH FLOWS

A RECONCILIATION OF CASH

For the purpose of the statements of cash flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts, and
- investments in short term money market instruments.

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the statements of financial position as follows:

Cash at bank	150,618	18,563	8,695	1,821
Bank short term deposits	1,636,510	1,055,454	1,636,510	1,055,454
	1,787,128	1,074,017	1,645,205	1,057,275

B RECONCILIATION OF LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

Loss from ordinary activities after income tax	(1,655,641)	(606,575)	(1,655,641)	(606,575)
Add/(less) non-cash items:				
Amortisation	678	678	–	–
Depreciation	4,276	5,627	–	–
Amounts set aside to provisions	2,000	(5,430)	2,000	(5,430)
Write-off of exploration expenditure	1,298,275	448,997	–	–
Write-down of loan to Controlled Entity	–	–	1,284,909	332,733
Shares issued in lieu of salaries	71,600	71,296	71,600	71,296

Changes in assets and liabilities, net of the effects of purchase and disposal of Controlled Entities during the financial year:

(Increase)/decrease in receivables	(65,255)	62,149	(712)	1,726
(Increase)/decrease in prepayments	(3,942)	2,302	(3,887)	2,587
Increase/(decrease) in payables	41,069	82,528	5,556	(1,690)
Increase in exploration expenditure	(1,077,719)	(845,436)	–	–
Net cash used in operating activities	(1,384,659)	(783,864)	(296,175)	(205,353)

NOTE 25: RELATED PARTIES

Directors

The names of each person holding the position of Director of Diamond Ventures NL during the financial year

are: Ronald J Hawkes
 Walter R Bucknell
 Donald L Cooper

Details of Directors' remuneration are set out in Note 5.

Apart from the details disclosed in this Note, no Director has entered into a material contract with the Company or the Consolidated Entity since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end.

Directors' holdings of shares and share options

The aggregate interests of Directors of the reporting entity and their Director-related entities in shares and share options of entities within the Consolidated Entity at year end are set out below.

Diamond Ventures NL	No.	No.
Ordinary fully paid shares	25,386,410	24,586,410
Ordinary partly paid shares	6,436,860	—
Options over ordinary shares	12,541,266	9,345,644

Details of individual Directors' holdings and their participation in public offerings by the Company are contained in the Directors' Report and Note 16: Contributed Equity.

Non-Director related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Controlled Entities

The Parent Company provided management and related services amounting to \$186,321 (2002: \$263,331) to a Controlled Entity.

All loans to Controlled Entities are unsecured, interest free and repayable on demand.

The balance of the loan outstanding at year end amounted to \$1,726,342 (2002: \$1,795,545). During the period the loan was written down by \$1,284,909 (2002: \$332, 733).

NOTE 26: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

A INTEREST RATE RISK

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	NOTE	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	FLOATING INTEREST RATE \$	FIXED INTEREST MATURING WITHIN YEAR \$	NON INTEREST BEARING \$	TOTAL \$
2003						
Financial assets						
Cash	8	0.7	150,618	—	—	150,618
Term deposits	8	5.2	908,900	727,610	—	1,636,510
Security deposits	9	n/a	—	—	22,268	22,268
Other debtors	9	n/a	—	—	64,462	64,462
Total financial assets			1,059,518	727,610	86,730	1,873,858
Financial liabilities						
Trade creditors and accruals	14	n/a	—	—	174,532	174,532
Employee benefits	15	n/a	—	—	10,500	10,500
Total financial liabilities			—	—	185,032	185,032
2002						
Financial assets						
Cash	8	0.7	18,563	—	—	18,563
Term deposits	8	4.7	—	1,055,454	—	1,055,454
Security deposits	9	n/a	—	—	6,268	6,268
Other debtors	9	n/a	—	—	15,207	15,207
Total financial assets			18,563	1,055,454	21,475	1,095,492
Financial liabilities						
Trade creditors and accruals	14	n/a	—	—	133,463	133,463
Employee benefits	15	n/a	—	—	8,500	8,500
Total financial liabilities			—	—	141,963	141,963

B NET FAIR VALUES

For all assets and liabilities the net fair value approximates their carrying value.

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year the Consolidated Entity has entered into an option agreement to sell its interest in the Kookynie tenements to Altona Resources Limited at any time prior to 27 May 2004 for \$500,000 cash. No other events have occurred subsequent to balance date which have affected or which may materially affect these financial statements.

DECLARATION BY DIRECTORS

In the opinion of the Directors of Diamond Ventures NL:

- 1 the financial statements and notes set out on pages 24 to 40 are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the financial position of the Company and Consolidated Entity as at 31 December 2003 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - b) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 19th day of March 2004.

Signed in accordance with a resolution of the Directors.



Walter R Bucknell
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIAMOND VENTURES NL

SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Diamond Ventures NL (the "Company") and its controlled entities, for the year ended 31 December 2003. The Consolidated Entity comprises both the Company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Diamond Ventures NL is in accordance with:

- 1 the Corporations Act 2001, including:
 - a) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 31 December 2003 and of their performance for the year ended on that date; and
 - b) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- 2 other mandatory professional reporting requirements in Australia.

Dated at Sydney this 19th day of March 2004.



KPMG



Trent van Veen, Partner