

DIAMOND VENTURES NL

ABN 82 062 091 909

*Suite 701, 220 Pacific Highway, Crows Nest NSW 2065 Australia
Telephone: 02-9929 6633 Facsimile: 02-9929 9366*

7 April 2005

INVITATION TO PARTICIPATE IN THE SHARE PURCHASE PLAN

Dear Shareholder,

On 18 March 2005, Diamond Ventures NL (**Company**) announced that it had received positive responses for a fund raising of \$2.5 million by way of placements and had placed 14.3 million shares at 9 cents to raise \$1.28 million without shareholder approval as provided for under ASX Listing Rule 7.1. The Company will be seeking shareholder approval to complete the balance of the raising.

The Company further announced that it will be giving eligible shareholders the opportunity to participate in the raising by means of a Share Purchase Plan (**SPP**). Under the SPP, eligible shareholders have the opportunity to purchase additional fully paid ordinary shares in the capital of the Company (**Shares**) in accordance with the enclosed Terms and Conditions. Shares will be issued under the SPP at 9 cents per Share, the same issue price as the placement. No brokerage or other costs associated with an acquisition of shares on the stock market will apply to Shares purchased under the SPP.

Each Director of the Company intends to participate in the SPP.

The funds raised from the placements and the SPP will be used to further advance the bankable feasibility study in respect of the Touquoy Gold Project Nova Scotia Canada and to undertake regional exploration on the Company's recently acquired large wholly owned ground holdings with the objective of discovering additional Touquoy style gold deposits.

Shareholders are invited to visit the Company's website at www.diamondventures.com.au for more information on the Touquoy Gold Project.

Offer and Terms and Conditions

The enclosed Terms and Conditions and Application & Acceptance Form set out the terms and conditions of the Company's offer under the SPP and should be read in full. By accepting the offer to purchase Shares under the SPP, you agree to be bound by the Terms and Conditions and the Company's constitution.

A shareholder is eligible to participate in the offer under the SPP if the shareholder is recorded as a member on the Company's share register (or is expressly recorded as being a person on whose account a trustee or nominee is holding Shares) at 5.00 pm on 31 March 2005 (**Record Date**) and the shareholder's registered address is in Australia or New Zealand.

Under Australian Securities and Investments Commission Class Order 02/831, no registered holder may be issued with shares with an application price totalling more than \$5000 in any consecutive 12 month period. This restriction applies to all eligible shareholders, even if a shareholder receives more than one offer from the Company under the SPP (for example, because the shareholder is a joint holder of shares or because the shareholder holds more than one shareholding under separate share accounts).

The Company reserves the right to reject any application for Shares to the extent it believes this term has not been complied with.

Offer Price

The purchase price of each Share issued under the SPP is **9 cents**. This purchase price represents a discount of 11.7% from the volume weighted average closing price for all Shares sold on the Australian Stock Exchange Limited (**ASX**) during the 5 trading days prior to the announcement of the SPP on 18 March 2005.

Please note, the market price of Shares may rise or fall between the date of this offer and the date on which the Company issues the Shares to you under the SPP. This means that the price you pay per Share under the SPP may exceed the market price of Shares at the time the Shares are issued to you under the SPP.

You should seek your own financial and tax advice from a suitably qualified adviser in relation to this offer and your participation in the SPP.

How to participate

Shareholders are not obliged to take up the offer of Shares under the SPP – participation in the SPP is entirely voluntary. The offer under the SPP is non-renounceable which means that you cannot transfer your right to purchase Shares under the offer to anyone else.

If you would like to participate in the SPP, please read the attached Terms and Conditions and return your completed Application & Acceptance Form, together with your cheque, direct credit details or credit card details, in the enclosed reply paid envelope (or by fax if payment is made via direct credit or credit card). Applications must be received before 5:00 pm on the closing date of **Friday 20 May 2005**.

Shares will be issued as soon as practicable after the offer closes. The Company intends to apply for quotation on the ASX of Shares issued under the SPP.

Your ongoing support of the Company as it seeks to become a gold producer is very much appreciated.

If you have any questions in respect of the SPP, please contact Brian Bolton on 02-9929 6633:

Yours sincerely



Ronald J Hawkes
Chairman

DIAMOND VENTURES NL

ABN 82 062 091 909

Registered office:

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

Enquiries:

Phone: 02-9929 6633

Fax: 02-9929 9366

www.diamondventures.com.au
info@diamondventures.com.au

SHARE PURCHASE PLAN TERMS AND CONDITIONS

1. Who is eligible to apply under this share purchase plan (SPP)?

1.1 You are eligible to apply to purchase fully paid ordinary shares (**Shares**) in Diamond Ventures NL (the **Company**) under this offer if you are recorded as a member in the Company's register of members, or a person is expressly noted on the Company's register of members as holding shares on your account when you receive this offer and:

- (1) you were recorded in the Company's register of members as a holder of ordinary shares in the Company, or a person was expressly noted on the Company's register of members as holding Shares on your account, at 5.00 pm (Sydney time) on 31 March 2005; and
- (2) your registered address is in Australia or New Zealand,
(an **Eligible Shareholder**).

1.2 Participation in the offer is optional and subject to the terms and conditions of this document and those set out in the Application & Acceptance Form.

1.3 The offer is non-renounceable which means you cannot transfer your right to purchase Shares to anyone else. Accordingly, Shares applied for under the SPP may be issued only to the Eligible Shareholder to whom they are offered.

2. How is the price for the Shares calculated?

2.1 The purchase price for each Share under this offer is 9 cents. This purchase price represents a discount of 11.7% from the volume weighted average closing price for all Shares sold on Australian Stock Exchange Limited (**ASX**) during the 5 trading days prior to the announcement of the SPP on 18 March 2005.

2.2 The market price of Shares may rise or fall between the date of this offer and the date the Company issues the Shares to you. This means that the price you pay per Share under this offer may exceed the market price of Shares at the time the Shares are issued to you under the SPP.

3. Offers

3.1 By completing the Application & Acceptance Form and returning it to the Company in accordance with Section 4 below, an Eligible Shareholder is taken to:

- (1) agree to be bound by the terms and conditions of this document and those set out in the Application & Acceptance Form;
- (2) authorise the Company to place the Eligible Shareholder's name on its register of members in respect of the Shares the subject of the Application & Acceptance Form;
- (3) agree to be bound by the constitution of the Company; and
- (4) provide the certification referred to in the Application & Acceptance Form (**Certification**).

3.2 A trustee or nominee expressly noted on the Company's register of members (**Noted Trustee or Nominee**) as holding Shares on account of an Eligible Shareholder (**Beneficiary**) may apply for Shares on behalf of the Beneficiary, subject to the Maximum Subscription Limit (see section 8.1(1) below). Any application made by the Noted Trustee or Nominee will be taken to be an application made by the Beneficiary and any issue of Shares to the Noted Trustee or Nominee will be taken to be an issue of Shares to the Beneficiary. A Certification given by the Noted Trustee or Nominee on behalf of a Beneficiary will be taken to be Certification by the Beneficiary.

3.3 If a Noted Trustee or Nominee is also an Eligible Shareholder in its own right, the Maximum Subscription Limit (see section 8.1 below) applicable to that Noted Trustee or Nominee will not be affected or in any way reduced due to the application made by that Noted Trustee or Nominee on behalf of the Beneficiary.

3.4 Two or more persons recorded on the Company's register of members as jointly holding Shares are taken to be a single Eligible Shareholder. Certification by any of them is taken to be Certification by all of them.

4. Acceptance of the offer and how to pay for the Shares

4.1 You may accept the offer to participate in the SPP only by completing the Application & Acceptance Form and returning it to the Company, together with the appropriate payment, by no later than **5:00 pm on Friday 20 May 2005**. However, the Company reserves the right to accept applications received after this date if such applications are postmarked prior to **20 May 2005**. Subject to this right, applications and application money received after **20 May 2005** will be returned.

4.2 The Shares are to be paid for in the manner and in accordance with the instructions on the Application & Acceptance Form.

- 4.3 If the exact amount of money is not tendered with the Application & Acceptance Form or via the direct credit facilities, the Company reserves the right to return your Application & Acceptance Form and cheque/ bank draft or application money and not issue any Shares to you.
5. **What costs are payable?**
- 5.1 In accepting the offer, you only have to pay the purchase price for the Shares. You do not have to pay for other transaction costs such as brokerage, commissions, stamp duty or other costs associated with an acquisition of shares on a stock market.
6. **When will the Company issue the Shares and what rights attach to the Shares?**
- 6.1 Shares will be issued as soon as reasonably practicable after the offer closes.
- 6.2 Shares issued under the SPP will rank equally with all existing fully paid ordinary shares and will carry the same voting rights, dividend rights and other entitlements at the issue date.
- 6.3 The Company will apply for the Shares issued under the SPP to be quoted on ASX. You will be sent a holding statement or issue notice for the Shares issued to you.
7. **Can the Company change the SPP?**
- 7.1 The board of the Company (**Board**) may, in its discretion, vary, suspend or terminate the SPP at any time, subject to the *Corporations Act 2001*, Class Orders of ASIC, the ASX Listing Rules and any other law or regulation to which the Company is subject.
- 7.2 A variation, suspension or termination does not give rise to any liability on the part of, or any action against, the Company or any member of the Board.
- 7.3 If the Board determines to suspend or terminate the SPP during the currency of any offer, any application money received by the Company will be refunded to the Eligible Shareholder without interest, as soon as reasonably practical after the suspension or termination.
- 7.4 The Company reserves the right to issue fewer Shares than an Eligible Shareholder applies for under this offer, or no Shares at all, if the Company considers that issuing those Shares would result in a breach of the *Corporations Act 2001*, any other law or regulation (including any orders made under them) to which the Company is subject or the rules of any stock exchange on which securities of the Company are quoted. Nothing in this section 7.4 limits in any way whatsoever any rights the Company may have under section 7.1.
8. **Maximum subscription and issue limits - \$5,000**
- 8.1 In any consecutive 12 month period:
- (1) the maximum total application price of shares that an Eligible Shareholder may apply for under the SPP and under any similar offer or arrangement made by the Company is \$5,000 (**Maximum Subscription Limit**); and
 - (2) no Eligible Shareholder will be issued with Shares with an application price totalling more than \$5,000.
- For the purpose of determining the limits under clauses 8.1(1) and 8.1(2), persons registered as joint holders in the Company's register of members are taken to be a single Eligible Shareholder and the Beneficiary not the Noted Trustee or Nominee is taken to be the Eligible Shareholder.
- 8.2 The limits in clause 8.1 apply even if the Eligible Shareholder receives more than one offer from the Company (for example, because the Eligible Shareholder holds more than one shareholding under separate share accounts).
9. **General**
- 9.1 The SPP will be administered by the Board, which will have absolute discretion to:
- (1) determine appropriate procedures for the administration of the SPP consistent with these Terms and Conditions;
 - (2) settle in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with, or by reason of the operation of, the SPP, whether generally or in relation to any application for Shares, and the decision of the Board will be conclusive and binding;
 - (3) resolve conclusively all questions of fact or interpretation arising in connection with the SPP, particularly having regard to the intent of the SPP and the intent of Australian Securities and Investments Commission (**ASIC**) Class Order 02/831, as amended from time to time, under which the SPP is established; and
 - (4) delegate to any one or more persons, for such period or on such conditions as the Board may determine, the exercise of its powers and discretions under the SPP.
- The Board reserves the right to waive compliance with these terms and conditions.
- 9.2 The Company takes no responsibility for any taxation liabilities of Eligible Shareholders in accepting an offer of Shares under the SPP.
- 9.3 The SPP is governed by and construed in accordance with the laws for the time being in force in New South Wales.

SHARE PURCHASE PLAN APPLICATION & ACCEPTANCE FORM

SRN/HIN

ENTITLEMENT
NUMBER

OFFER CLOSES 5:00 PM SYDNEY TIME ON 20 May 2005

This Application & Acceptance Form and your payment must be received by Diamond Ventures NL (**Company**) by this offer closing date (see section 4 of the accompanying Share Purchase Plan Terms and Conditions)

Application for shares I/we hereby apply for the fully paid ordinary shares in the Company (**Shares**) indicated below in accordance with the Terms and Conditions of the Share Purchase Plan (**SPP**) accompanying this Form

Please tick ✓ one box:

- 55,555 shares for a cost of \$4,999.95
 33,333 shares for a cost of \$2,999.97
 22,222 shares for a cost of \$1,999.98
 11,111 shares for a cost of \$999.99
 shares (no greater than 55,555) at 9 cents per share for a cost of \$

Contact details

CONTACT NAME PHONE (BUS. HOURS) EMAIL ADDRESS

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Acceptance and Certification

- By returning this completed Form, and providing my/our application money for the Shares, to the Company, I/we:
- accept the Company's offer under the SPP;
- authorise the Company to register me/us as the holder(s) of the Shares allotted to me/us;
- agreed to be bound by the Constitution of the Company and the Share Purchase Plan Terms and Conditions which accompany this Form; and
- certify that the aggregate of the application price for the Shares indicated above and any other Shares in the Company I/we have applied for under the SPP or any similar arrangement in the 12 months prior to this application does not exceed \$5,000.

Please complete payment details on the reverse of this form.

Privacy notice

The Company collects and uses your personal information when you apply for the Shares.

The Company will use your information to issue the Shares and administer your security holding. The Company may disclose your personal information to its share register who operates the Company's share registry on its behalf. The Company may also disclose your personal information to other service providers including mailing houses, contractors and advisers, and to governmental agencies, from time to time who assist the Company to administer your security holding.

If you do not provide some of the information requested of you, the Company may not be able to process your application or administer your security holding.

You have a right to access any personal information that the Company holds.

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SHARE PURCHASE PLAN APPLICATION & ACCEPTANCE FORM

Payment details

CHEQUES:

If paying by cheque, forward this completed form with your cheque to the Company in the enclosed reply paid envelope. Mark cheques 'Not Negotiable' and make payable to **'Diamond Ventures NL – Share account'**.

DRAWER CHEQUE NUMBER BSB AND ACCOUNT NO.

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DIRECT CREDIT:

Payment can be made electronically by transfer of funds in Australian currency on or before the closing date indicated above to the following account:

Diamond Ventures NL – Share account BSB 633-000 124 466 418

Please include as the reference on the transfer your **Entitlement Number** shown on reverse side and forward this form, with the date of your funds transfer noted, to the Company in the enclosed reply paid envelope or by fax to 02-9929 9366.

ENTITLEMENT NUMBER DATE OF TRANSFER OF FUNDS

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CREDIT CARDS:

If paying by credit card, forward this completed form to the Company in the enclosed reply paid envelope or fax to 02-9929 9366.

Please tick ✓: Mastercard Visa Bankcard

ENTITLEMENT NO:

CARD NO: EXPIRY DATE:

NAME ON CARD:

SIGNATURE: