

DIAMOND VENTURES NL

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31 January 2002

Australian Stock Exchange Limited
Company Announcements Office
10th Floor, 20 Bridge Street
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BY FAX: 1300-300 021

Dear Sir,

QUARTERLY REPORT FOR PERIOD ENDING 31 DECEMBER 2001

HIGHLIGHTS

- An Indicated Resource of 160,000 tonnes @ 5.2 g/t for 26,500 contained ounces gold was estimated as potentially recoverable by underground methods at Admiral. The resource is open down-dip.
- Drill intersection of 3 m @ 30.9 g/t gold from 72.5 m returned from DVRC127 at the Diamantina Prospect on the southern end of the Cosmopolitan line of workings.
- Kimberlitic indicators recovered from the drilling of two magnetic targets on the Mmashoro diamond property, Botswana.

OVERVIEW

In addition to the exploration activities described herein the Company continues a systematic programme of property and corporate evaluations with focus on acquisition of interests in attractive under-explored gold properties with minimal title restrictions and access to treatment facilities. At this time the Company is optimistic of concluding an innovative arrangement with respect to a particular property which meets these target objectives.

Attention is being given to the disposal of Diamond Ventures' diamond interests in such a manner as to maximise the return to the Company. The Company is hopeful of concluding this disposal within several months.

The Company continues to actively pursue revenue generating opportunities through gold production at Kookynie.

GOLD

KOOKYNIE, Western Australia *(DVNL may earn 50%)*

ADMIRAL AND BUTTERFLY DEPOSITS

Further review of the open-pit resources at Admiral and Butterfly is being undertaken with consideration for off-site processing as an alternative to processing through the Kookynie treatment plant. Preliminary discussions with a third-party plant operator have been encouraging in this regard but it is emphasised that no firm arrangement has been established.

In addition a resource estimate of mineralisation at Admiral representing the down-dip extensions of mineralisation beyond the pit and potentially recoverable by underground methods was estimated. An Indicated Resource of 160,000 tonnes @ 5.2 g/t for 26,500 contained ounces gold was estimated¹. The resource is open down dip. As the dip is gentle resource extensions can be drilled out at relatively low cost. Studies are in progress to determine whether this resource can be profitably mined and treated, with consideration also being given to an off-site processing alternative. Indications to date, and at prevailing gold prices, are positive.

DRILLING AT DIAMANTINA

A reverse circulation drilling programme comprising eight holes (DVRC124–131) for 741 m was completed at the Diamantina prospect to follow up encouraging drill results achieved during the last quarter. The small Diamantina open pit is located on the southern extension of the Cosmopolitan line of workings from which more than 300,000 oz gold at a grade of 16 g/t were mined prior to 1914 to a depth of 360 m. The Diamantina quartz reef dips eastwards, as does Cosmopolitan, and these holes have tested the reef down-dip from the Diamantina pit.

Results are given in the table below, with best result of 3 m @ 30.9 g/t from 72.5 m in hole DVRC127.

¹ This is an undiluted resource estimated by cross-sectional polygonal method based on total of 59 RC drill hole intersections on 20 m x 20 m centres assayed by fire assay over 1m intervals. The estimate uses a lower cut-off grade of 3.0 g/t, an upper cut-off grade of 30 g/t, bulk density of 2.85 gm/cc, a minimum 3m down-hole width (approx 2.8m mining width) and generally a 3.0 g/t minimum block grade.

DIAMANTINA

Hole	Northing	Easting	Dip	Grid Az.	Depth	Best Assays			
						From (m)	To (m)	Width (m)	Grade (g/t Au)
DVRC124	6753010	354070	-90	-	102	90.5	92.0	1.5	3.46
DVRC125	6753010	354068	-60	270	84	70	71	1	3.72
						73	74	1	3.68
DVRC126	6753050	354082	-90	-	96	74	75	1	4.88
						86.5	92.0	5.5	3.38
DVRC127	6753050	354080	-60	270	78	69.5	71.0	1.5	6.24
						72.5	75.5	3.0	30.9
					Incl.	74.5	75.0	0.5	84.2
DVRC129	6753090	354072	-90	-	78	70	72	2	2.80
DVRC130	6752990	354070	-90	-	105	93.5	95.5	2.0	6.47

Reasonable grade-widths (> 10 gram-metres) of mineralisation have now been intersected by this and previous drilling over a strike length of about 70 m. Additional drilling is being considered to extend this mineralisation further down dip to determine whether sufficient resources are present for development.

DIAMONDS

***ELLENDALE, Western Australia
(DVNL 51%)***

With conclusion of the bulk sampling programme and finalisation of field activities in mid-October Diamond Ventures increased its interest in this project to 51%.

The project tenement (E04/813) is located within the Ellendale Diamond Field about 10–20 km northwest of lamproite pipes Ellendale 9 and Ellendale 4 where full scale mining production by Kimberley Diamond Company is scheduled to commence in May.

As previously reported the bulk sampling programme resulted in the recovery of 48 diamonds aggregating 16.43 carats using a lower cut-off sieve size of 1.4 mm. Average stone size is a relatively large 0.34 carat. The largest diamond weighs 1.83 carats. These diamonds are shown in the accompanying photograph. The

diamonds were recovered from a total of 1,315 tonnes of unconsolidated gravel averaging about one metre thick excavated from six pits from an average depth of 3 m. The diamond-bearing gravels have been identified over a 5 km length within the project tenement and the six pits are located within a 1.5 km length of these gravels. The diamond-bearing gravels are at least 300 m wide.

The full extent of the diamond-bearing gravels is yet to be determined and the bedrock source of the diamonds remains to be identified.



48 diamonds aggregating 16.43 carats were recovered in the bulk sampling programme

MMASHORO JOINT VENTURE, Botswana
(DVNL 51%, may earn up to 75%)

A percussion drilling programme comprising seven holes for 336 m was undertaken in early November to test five selected magnetic anomalies for the presence of kimberlite. The targets tested are Anomaly A7, a circular magnetic anomaly 400 m across located 6km east of Debswana's² Letlhakane diamond mine, and a more remote broad grouping of four bullseye magnetic anomalies located 90 km to the southeast.

Samples of the flat-lying partially consolidated cover sediments were taken from each hole just above the basement rocks, generally at a depth of around 25 m, for recovery of heavy mineral concentrates. Two positive outcomes are noted: (i) those heavy mineral concentrates from the interface sediments in the three holes drilled on Anomaly A7 carry a notable enrichment of abraded kimberlitic garnets of around 250 grains per 100 g, which is about ten times that recorded from the sediments at surface, and (ii) heavy mineral concentrate from one of the southeastern targets is composed almost entirely of barite and includes a single fresh kimberlitic garnet. Both of these targets warrant follow-up.

Strongly magnetic basalts were intersected beneath the cover sediments at four of the targets (including target A7) and these basalts are believed to contribute, wholly or partially, to the magnetic responses. Causative rocks beneath the fifth anomaly were not penetrated, being overlain by more than 85 m of cover sediments to the depth of drilling. No identifiably kimberlitic rocks were intersected.

BINGARA PROJECT, New South Wales
(DVNL 10% NPI, reducing to 5% NPI after receipts of \$2.0 million)

Cluff Resources Pacific NL, the project operator, reports that no substantial work was completed this quarter.

This report was compiled by W R Bucknell who is a Corporate Member of the Australasian Institute of Mining and Metallurgy.

Yours faithfully,



W R Bucknell
Director

² Debswana Diamond Company (Pty) Ltd is a joint venture between De Beers and the Republic of Botswana

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

Diamond Ventures NL

ACN or ARBN

062 091 909

Quarter ended ("current quarter")

December 2001

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(553)	(1,625)
(b) development		
(c) production		
(d) administration	(58)	(314)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	61
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	0	15
Net Operating Cash Flows	(601)	(1,863)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(1)	(4)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments	382	500
(c)other fixed assets	1	1
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)	0	1
Net investing cash flows	382	498
1.13 Total operating and investing cash flows (carried forward)	(219)	(1,365)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(219)	(1,365)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other		
	Net financing cash flows	-	-
Net increase (decrease) in cash held			
		(219)	(1,365)
1.20	Cash at beginning of quarter/year to date	1,010	2,156
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	791	791

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	47
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors fees	12
Salaries	35

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	27	49
5.2 Deposits at call	764	961
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	791	1,010

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	E04/813 Ellendale, WA	Joint Venture	40%	51%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

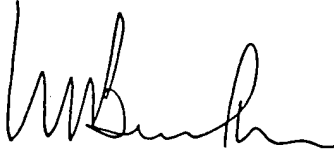
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	59,801,607	59,801,607		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	30,751,607	30,751,607	<i>Exercise price</i>	<i>Expiry date</i>
	733,335		\$0.20	30.06.02
	733,335		\$0.25	31.12.03
	733,335		\$0.30	31.12.03
	733,330		\$0.35	31.12.03
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 January 2002
(Director/Company secretary)

Print name: Walter R Bucknell

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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