

DIAMOND VENTURES NL

ABN 82 062 091 909

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30 January 2004

Australian Stock Exchange Limited
Company Announcements Office
10th Floor, 20 Bridge Street
SYDNEY NSW 2000

QUARTERLY REPORT FOR PERIOD ENDING 31 DECEMBER 2004

HIGHLIGHTS

TOUQUOY GOLD PROJECT – Nova Scotia Canada

- **First diamond drilling program comprising 25 holes for 2085m has been completed with highly encouraging results in four areas:**
 - **Eastern Extension:** indicates continuation of the deposit to the east and confirms the potential for substantial additional shallow resources. (13 m @ 2.6 g/t gold from 26 m depth in hole 19, and Visible Gold in holes 20 and 21 where assays are awaited).
 - **Central Infill:** indicates continuity of mineralisation between the Touquoy and Eastern zones and potential for additional shallow resources. (7 m @ 3.2 g/t from 48 m to end-of-hole in hole 9, and 10 m @ 1.9 g/t from 49 m in hole 10).
 - **Southeast Quarry:** indicates potential for additional shallow resources (6 m @ 6.1 g/t from 5 m, and 12 m @ 4.4 g/t from 37 m in hole 8).
 - **Northeast Fault:** defines the northern limits of the Touquoy Deposit and confirms the substantial thickness of the deposit and higher grades in this area. (42.5 m @ 2.5 g/t from 97 m to end-of-hole in hole 5, and 54 m @ 3.1 g/t from 64 m in hole 6).
- **A follow-up diamond drilling program will be underway as soon as possible.**
- **An additional 8 km of prospective and under-explored ground adjoining the Touquoy property to the northeast has been acquired under an agreement whereby DDV may earn 75% interest by spending C\$1.5 million by 31 December 2008.**

BEACONSFIELD GOLD EXPLORATION PROJECT – Tasmania

- At the Salisbury prospect, 5 km south of the Beaconsfield Mine, a drill intersection of 2 m @ 5.3 g/t from 52 m was returned from within a wide zone of anomalous gold mineralisation (35 m @ 0.8 g/t) in quartz-veined sandstones equivalent to those which host the Tasmania Reef at Beaconsfield.

CORPORATE

- Non-Renounceable Partly Paid pro rata rights issue closed 35% oversubscribed and following scale-back raised \$895,000.
- Private placement of fully paid ordinary shares at 12 cents raised \$662,000.

GOLD**TOUQUOY GOLD PROJECT Nova Scotia Canada**

(DDV may earn up to 75%)

An initial 25-hole diamond drilling program for 2085 m was commenced in November to evaluate the potential for resource extensions at several sites around and within the deposit. In particular diamond core holes were drilled to test for immediate extensions to the known resources and to initially investigate a sparsely drilled area between the Touquoy and East Zones. Two previously drilled mineralised positions located 200 m and 1,000 m west of the deposit were also investigated. **Assays received to date are extremely encouraging.**

As previously announced Diamond Ventures has entered into an agreement to earn 60% interest in the Touquoy Gold Project by spending C\$2.2 million by 31 December 2005, with further staged cash payments of C\$200,000. An additional 15% interest can be acquired in the property outside the general area of the resource by securing project financing.

The property is located about 110 km by sealed roads from Halifax, the Provincial capital. Substantial diamond drilling in the late 1980s and mid-1990s has defined previously reported, combined Indicated and Inferred Resources of 5.7 million tonnes of 2.2 g/t Au for 405,000 ounces of gold.

Due diligence and scoping studies since undertaken by DDV confirm that the low stripping ratio, excellent ore metallurgy, favourable ore grindability characteristics, high potential for proximal resource extension and under-

explored external terrain present an attractive opportunity for potential open pit mine development.

Diamond drilling

Assay results have now been received for 16 of the 25 diamond core holes drilled at Touquoy during November/December. The remaining assays are expected during the next few weeks. Best results are given in the following table, with a complete list provided at the end of this report. Hole locations are shown on the accompanying Figure 1.

Hole	Easting	Northing	Dip	Grid Az.	Depth	Best Assays			
						From (m)	To (m)	Width (m)	Grade (g/t Au)
Eastern Extension									
MR-03-018	22075	10280	45°	185	98	51	56	5	2.68
MR-03-019	22075	10240	45°	174	80	26	53	27	1.88
						incl 26	39	13	2.57
Central Infill									
MR-03-007	21775	10200	60°	182	70	49	59	10	1.89
MR-03-009	21775	10160	60°	180	55	48	55!	7	3.19
Southeast Quarry									
MR-03-008	21775	10000	60°	360	60	5	11	6	6.1*
						37	49	12	4.4
Northeast Fault									
MR-03-005	21624	10240	60°	180	139.5	42	52	10	1.97
						97	139.5!	42.5	2.49
MR-03-006	21680	10250	60°	188	160	64	118	54	3.1*
						incl 64	75	11	5.2*
						incl 96	103	7	9.8*
Southeast Quarry Extensions									
MR-03-001	21650	10040	45°	003	75	67	75!	8	2.03
MR-03-004	21675	10040	45°	358	75	57	66	9	3.4
MR-03-013	21575	10000	45°	360	54	50	54!	4	2.46
						54	55.5	1.5	Stope
86-045 Prospect									
MR-03-012	21348	9946	45°	360	90	54	61	7	1.63

* High assays cut to 30 g/t

! Mineralisation extends to end of hole

Individual samples comprise ½ NQ core (except ½ HQ in MR-03-006) of 1m length, and all assays are fire assays.

These results are highly encouraging and begin to realise the potential for the resource expansion required to underpin commercial mine development.

Eastern Extension:

Of major significance is the mineralisation intersected in MR-03-018 (5 m @ 2.68 g/t from 51 m) and MR-03-019 (27 m @ 1.88 g/t from 26 m), the first two holes for which assays have been received on the eastern step-out fence of eight holes. A cross-section of this fence of holes is shown on the accompanying Figure 2. These drillholes are located 40 m east beyond all previous drilling and confirm the deposit to be completely open eastwards.

Together with fine visible gold observed locally in several holes further south and for which assays have yet to be returned, this mineralisation is indicated to be subhorizontal, with a true width of 15 m and a base at 32 m vertical depth in hole MR-03-019. The mineralised host argillites are overlain by about 7 m of transported glacial overburden, rendering this eastern continuation of the Touquoy deposit hidden from the early prospectors.

Central Infill:

The likelihood that the Touquoy and East Zones are parts of the same single orebody has been enhanced with returns from holes MR-03-007 (10 m @ 1.89 g/t from 49 m) and MR-03-009 (7 m @ 3.19 g/t from 48 m to the end of the hole). These holes were sited in an area of very sparse drilling where no resources have hitherto been defined.

Southeast Quarry:

Results from the single hole MR-03-008 (6 m @ 6.1 g/t¹ from 5 m and 12 m @ 4.4 g/t from 37 m), drilled to test the sparsely drilled southern margin of the deposit in the Southeast Quarry zone, flag excellent potential for additional shallow resources, particularly to the east along strike.

Northeast Fault:

Holes MR-03-005 (42.5 m @ 2.49 g/t from 97 m to the end of the hole) and MR-03-006 (54 m @ 3.1 g/t from 64 m) were drilled to better define the northern limit of the resource and to confirm previous grades. Hole MR-03-005 collared in the bounding Northeast Fault, which carries associated mineralisation (eg. 10 m @ 1.97 g/t from 42 m), and then passed into the mineralised host argillites beneath (42.5+m @ 2.49 g/t). Hole MR-03-006 collared in hangingwall greywackes south of the Northeast Fault, and then penetrated the underlying mineralised host argillites. Better than run-of-mine grade over attractive widths were encountered at depth in the host sequence (54 m @ 3.1 g/t).

Southeast Quarry Extensions:

Eight holes (MR-03-001 to 004, and 013 to 016) were drilled to test for western extensions of the Southeast Quarry mineralisation. Run-of-mine grades were cut in the northern of these holes with the expectation of extension further west into effectively untested ground. Hole MR-03-012, further west again, intersected weaker mineralisation.

A diamond drilling contractor has been approached in relation to re-commencement of drilling as soon as possible to follow up these compelling results.

¹ Where interval grades include assays for individual samples in excess of 30 g/t gold, these assays have been cut to 30 g/t.

Assaying of old core

It has been noted previously that approximately 4000 m of relevant, previously drilled, but un-assayed core within and adjacent to the deposit remain to be retrieved where possible, sampled and assayed. Recent DDV evaluations assign a zero grade to un-assayed core. Much of this core has been stored outside since the late 1980s and mid 1990s and is in various stages of degradation. This ongoing task is progressing well with some 1500 m of core now having been readied for sampling.

Acquisition of additional ground

DDV has entered into an agreement with a local private party to acquire 75% interest in the exploration property adjoining the Touquoy property to the northeast. As indicated in Figure 3 this property covers an additional 8 km of that favourable stratigraphy/structure which hosts the Touquoy gold deposit, with a total of 17 km now secured for exploration by DDV. As with the most of the Touquoy property, this new ground is considerably under-explored.

Under the terms of the agreement DDV is required to spend C\$1.5 million prior to 31 December 2008 and make staged cash payments totalling C\$30,000 by 1 September 2006 to earn 75% interest in the property.

BEACONSFIELD GOLD EXPLORATION PROJECT, Tasmania

(DDV may earn an 8% royalty interest)

Diamond Ventures has previously announced the completion in late October of two reverse circulation holes drilled at the Salisbury prospect located about 5km south of the Beaconsfield Gold Mine. These holes were drilled to investigate one of twelve composite anomalies previously identified from extensive geochemical surveys covering a 9 km length of the Beaconsfield property. The holes were drilled to test for gold mineralisation extending south beneath overburden from historic workings and the E-W Johnsons Creek fault.

Hole BFRC17 cut 0.8 g/t gold over 35 m down-hole from 29 m, including 5.3 g/t over 2 m from 52 m, in quartz-veined sandstones of the Eaglehawk Gully Formation, host of the Tasmania Reef at the Beaconsfield Mine. This mineralisation is believed to represent one of a number of sub-horizontal zones of gold mineralisation developed in the hangingwall of the east-dipping Dyke-Tunnel thrust.

Vertical hole BFRC18 cut anomalous gold within the Johnsons Creek fault, which is now recognised to be a vertical structure.

Additional drilling is being planned to test for extensions of this mineralisation beneath unconsolidated cover rocks, inaccessible to the historic prospectors, and to further investigate the remaining anomalies.

Exploration on the Beaconsfield Mine property is being advanced by Diamond Ventures pursuant to an Agreement which provides DDV the right to earn an 8% gross production royalty in any discoveries it makes within the 85 km² property, excluding the Beaconsfield Gold Mine. Past production and reserves at Beaconsfield amount to more than 1.5 million ounces of gold and the operation produced 105,736 ounces of gold (from 227,908 tonnes grading 16.0 g/t) for the financial year ending 30 June 2003. Ore Reserves at 30 June 2003 are reported by the Beaconsfield Mine Joint Venture to be 640,000 tonnes @ 17.9 g/t gold for 369,000 contained ounces of gold.

OTHER PROJECTS

No fieldwork was undertaken on the Mt Drysdale (NSW) and Kookynie (WA) gold projects, nor on the Ellendale Joint Venture (WA) diamond project.

CORPORATE***Completion of Share Placement***

On 11 November 2003 DDV announced that it completed a conditional private placement of 5.52 million fully paid ordinary shares at a price of 12 cents per share to raise approximately \$662,000. Subsequently at a General Meeting held on 21 November 2003 shareholders formally ratified the placement.

Completion of Non Renounceable Partly Paid Share Offer

On 31 December 2003 DDV announced that its pro rata rights issue of 24.8 million partly paid shares at an issue price of 20 cents and paid on application to 3 cents, with each three partly paid shares having a free attaching option, closed substantially oversubscribed. Eligible shareholders applied for 33.4 million shares under the rights issue resulting in an oversubscription of 8.6 million shares (35%).

The Prospectus for the Offer included a provision approved by shareholders for Directors to issue at their discretion up to 5 million partly paid shares to meet applications in excess of entitlements. The Directors used this provision to issue an additional 5 million partly paid shares. Application monies in respect of applications for 3.6 million shares have been returned to the affected shareholders.

The offer raised approximately \$895,000.

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

This report and accompanying plans will be posted on the Company's website, www.diamondventures.com.au following its release to the Australian Stock Exchange.

Yours faithfully



W R Bucknell
Director

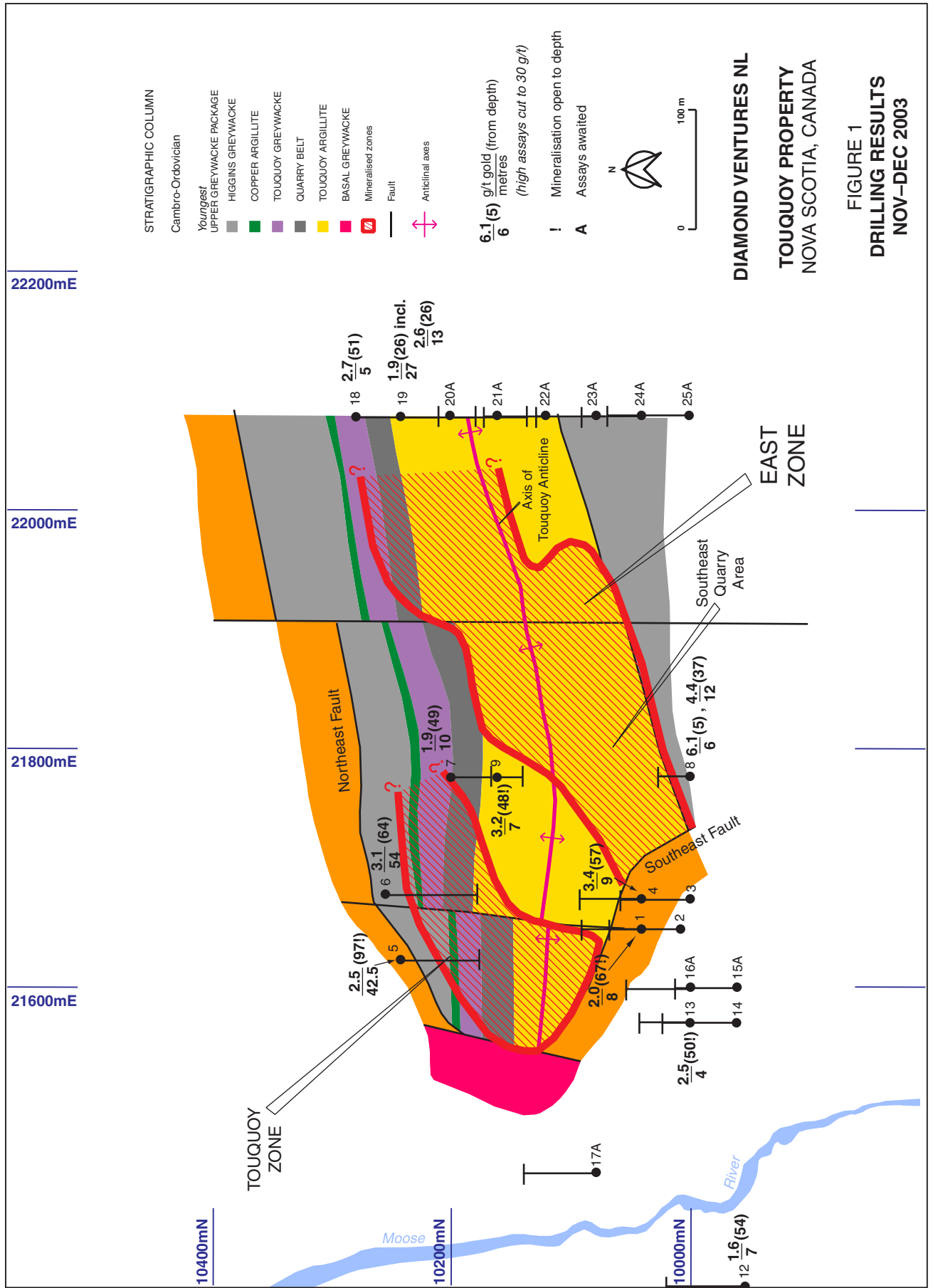
Touquoy - Detailed Assay Register

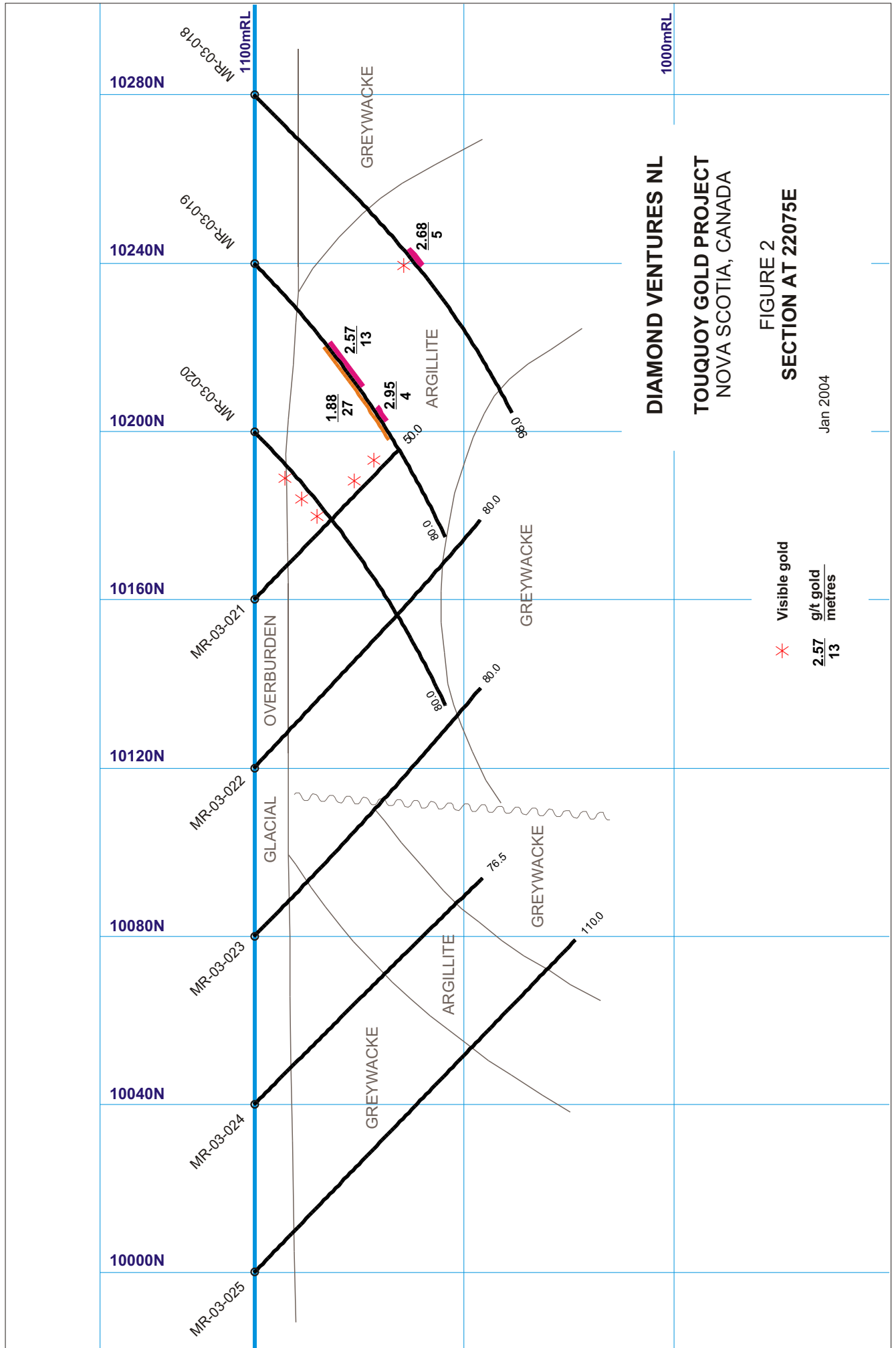
Hole	E	N	Dip	Grid Az.	Depth	Best Assays				
						From (m)	To (m)	Width (m)	Grade (g/t Au) cut to 30g/t	Uncut Grade (g/t Au)
MR-03-001	21650	10040	45°	003	75	67	75!	8	2.03	2.03
MR-03-002	21656	10005	45°	353	90	25	26	1	8.58	8.58
						31	32	1	4.88	4.88
						37	38	1	1.92	1.92
						44	45	1	2.79	2.79
						51	53	2	1.98	1.98
						87	90!	3	3.02	3.02
MR-03-003	21675	10000	45°	001	85	25	27	2	1.57	1.57
						36	38	2	1.08	1.08
						41	43	2	2.69	2.69
						46	47	1	1.60	1.60
						69	70	1	1.00	1.00
						82	83	1	2.10	2.10
MR-03-004	21675	10040	45°	358	75	11	13	2	1.36	1.36
						57	66	9	3.4	3.4
						71	72	1	1.60	1.60
MR-03-005	21624	10240	60°	180	139.5	20	21	1	2.61	2.61
						27	33	6	1.06	1.06
						42	52	10	1.97	1.97
						55	58	3	2.00	2.00
						97	139.5!	42.5	2.49	2.49
MR-03-006	21680	10250	60°	188	160	40	41	1	4.66	4.66
						60	61	1	1.12	1.12
						64	118	54	3.1	4.1
						incl 64	75	11	5.2	7.8
						incl 96	103	7	9.8	13.2
MR-03-007	21775	10200	60°	182	70	49	59	10	1.89	1.89
MR-03-008	21775	10000	60°	360	60	5	11	6	6.1	8.3
						37	49	12	4.4	4.4
						52	53	1	1.12	1.12
MR-03-009	21775	10160	60°	180	55	27	28	1	4.16	4.16
						48	55!	7	3.19	3.19
MR-03-010	20550	9900	45°	360	80				NSA	NSA
MR-03-011	20650	9900	45°	360	75				NSA	NSA
MR-03-012	21348	9946	45°	360	90	54	61	7	1.63	1.63
MR-03-013	21575	10000	45°	360	54	50	54!	4	2.46	2.46
						54	55.5	1.5	Stope	Stope
MR-03-014	21577	9960	45°	360	81	33	34	1	1.24	1.24
MR-03-015	21600	9960	45°	360	80				awaited	awaited
MR-03-016	21600	10000	45°	360	80				awaited	awaited
MR-03-017	21450	10080	45°	360	80				awaited	awaited
MR-03-018	22075	10280	45°	185	98	51	56	5	2.68	2.68
MR-03-019	22075	10240	45°	174	80	26	53	27	1.88	1.88
						incl 26	39	13	2.57	2.57
						and 45	49	4	2.95	2.95
						76	77	1	1.34	1.34
MR-03-020	22075	10200	45°	180	80				awaited	awaited
MR-03-021	22075	10160	45°	360	50				awaited	awaited
MR-03-022	22075	10120	45°	N	80				awaited	awaited
MR-03-023	22075	10080	45°	N	80				awaited	awaited
MR-03-024	22075	10040	45°	N	80				awaited	awaited
MR-03-025	22075	10000	45°	N	110				awaited	awaited

! Mineralisation extends to end of hole

NSA No Significant Assays

Individual samples comprise ½ NQ core (except ½ HQ in MR-03-006) of 1 m length, and all assays are fire assays.





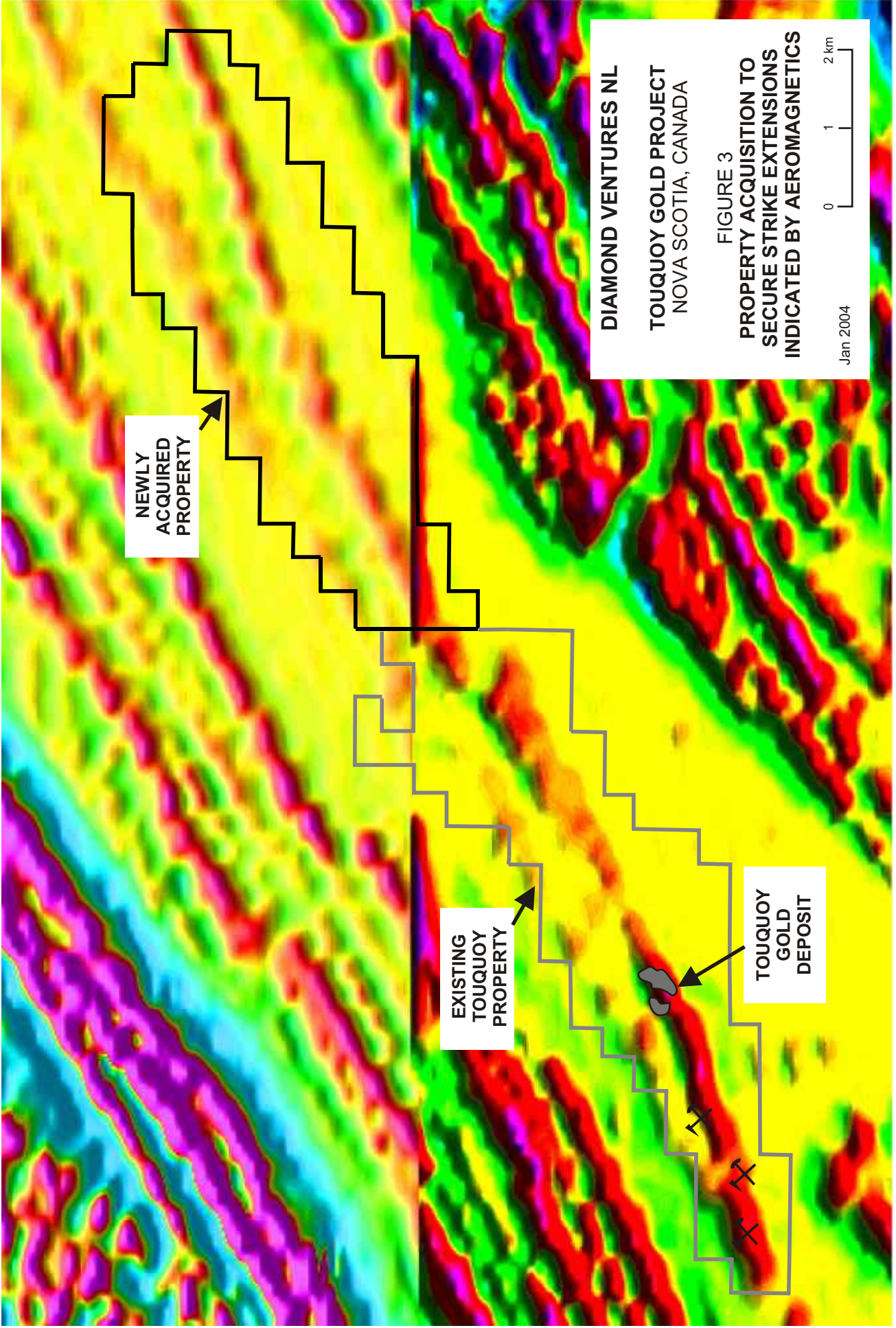
DIAMOND VENTURES NL

TOUQUOY GOLD PROJECT
NOVA SCOTIA, CANADA

FIGURE 2
SECTION AT 22075E

Jan 2004

* Visible gold
2.57 g/t gold
13 metres

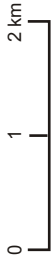


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**TOUQUOY GOLD PROJECT
NOVA SCOTIA, CANADA**

**FIGURE 3
PROPERTY ACQUISITION TO
SECURE STRIKE EXTENSIONS
INDICATED BY AEROMAGNETICS**

Jan 2004



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Diamond Ventures NL

ABN

82 062 091 909

Quarter ended ("current quarter")

31 December 2003

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		100
1.2 Payments for (a) exploration and evaluation	(318)	(1,173)
(b) development		
(c) production		
(d) administration	(59)	(338)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	12	37
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(365)	(1,374)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(2)	(2)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		(16)
Net investing cash flows	(2)	(18)
1.13 Total operating and investing cash flows (carried forward)	(367)	(1,392)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(367)	(1,392)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,584	2,150
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 – Costs of share issues	(32)	(44)
	Net financing cash flows	1,552	2,106
	Net increase (decrease) in cash held	1,185	713
1.20	Cash at beginning of quarter/year to date	602	1,074
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,787	1,787

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	30
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	18

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	400
4.2 Development	
Total	400

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	1,059	41
5.2 Deposits at call	728	561
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,787	602

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	Nil		

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

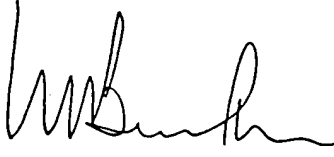
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities Fully paid DDV Partly paid 3c DDVCA	101,668,303 30,296,342	101,668,303 30,296,342	\$0.20	\$0.03
7.4 Changes during quarter (a) Increases through issues – Fully paid DDV – partly paid 3c DDVCA (b) Decreases through returns of capital, buy-backs	7,004,669 30,296,342	7,004,669 30,296,342	\$0.20	\$0.03
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor) – DDVOA – DDVOB – DDVAI	23,615,931 10,098,851 2,200,000	23,615,931 10,098,851	Exercise price \$0.10 \$0.12 \$0.20	Expiry date 30.06.06 31.10.04 31.12.08
7.8 Issued during quarter – DDVOA – DDVOB – DDVAI	1,350,000 10,098,851 2,200,000			
7.9 Exercised during quarter – DDVOA	139,669			
7.10 Expired during quarter	733,335 733,335 733,330		Exercise price \$0.25 \$0.30 \$0.35	Expiry date 31.12.03 31.12.03 31.12.03
7.11 Debentures				
7.12 Unsecured notes				

+ 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: 30 January 2004
(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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