DIAMOND VENTURES NL

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Australian Stock Exchange Limited
Company Announcements Office
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Dear Sir,

QUARTERLY REPORT FOR PERIOD ENDING 30 JUNE 2000

Highlights

- Heads of Agreement has been executed with Barminco Pty Ltd in respect of the Kookynie Gold Project.
- Excellent shallow gold grades, up to 28m @ 4.1g/t from 2m depth, were intersected at four prospects at Kookynie in the first drilling programme.
- Field investigations are in progress on three diamond projects.

GOLD

KOOKYNIE, Western Australia (DVNL may earn 50%)

During May the first drilling programme, comprising 5341m RAB drilling in 121 vertical holes and 1194m Reverse Circulation drilling in nineteen vertical holes, was completed on the Kookynie Gold Project area in the Eastern Goldfields of Western Australia. Results are highly encouraging and are in line with expectations.

Drilling was undertaken on ten prospects within a 1.5km x 2.0km area covering the Admiral-Butterfly locale in the northern part of the property (see Figures 1 and 2). The Admiral-Butterfly locale was mined during 1995-1997 and produced 33,000 oz from three open pits – Admiral, King and Danluce. The objective of this first drilling programme was to test for extensions of gold mineralisation documented from drilling undertaken by former operators – or projected from historic workings in the case of the Clark prospect.

Best results, as listed in the accompanying table, were returned from Butterfly North, Butterfly, Admiral and Clark prospects. These results were previously reported, in part, from assays of four metre composite samples. All results are now compiled from assays of 1m re-splits, since returned.

Prospect	Hole No.	Width (m)	Assay (g/t Au)	Depth (m)
Butterfly North	DVRB 119	28	4.1	2-30
	incl	15	6.3	2-17
Butterfly North	DVRB 34	8	7.1	28-36
Butterfly	DVRC 19	14	4.2	24-38
Butterfly	DVRC 9	4	10.9	38-42
Admiral	DVRC 2	5	6.0	106-111
Clark	DVRB 106	3	10.1	3-6
Clark	DVRB 108	5	8.5	30-35

BUTTERFLY NORTH

The postulated northerly projection of the Butterfly Shear was targeted with vertical RAB drilling on 80m x 20m centres at the Butterfly North prospect, which is located within granite 500m north of Butterfly (see Figure 2). Anomalous historic drill intersections, including a 1989 drill intersection of 6m @ 9.0g/t from 52m, define this prospect area. Best results from the current drilling – 28m @ 4.1g/t from 2m, 8m @ 7.1g/t from 28m, and 4m @ 11.6g/t from 44m – were returned from holes DVRB 119, 34 and 35 respectively, drilled adjacent to this early intersection. The attitude of this mineralisation is not clear at this stage although it appears to be unrelated to the Butterfly Shear. Further drilling is required to understand its geometry.

BUTTERFLY

Drilling of twelve vertical RC holes both up dip and down dip with respect to historic drillholes at the Butterfly deposit has returned best results of 14m @ 4.2g/t from 24m (infill hole DVRC 19), 4m @ 10.9g/t from 38m (infill hole DVRC 9), 5m @ 8.1g/t from 72m (down dip hole DVRC 10), 2m @ 8.39g/t from 9m (up dip hole DVRC 11), 7m @ 2.34g/t from 13m (up dip hole DVRC 18), and 3m @ 4.36g/t from 54m (down dip hole DVRC 7). True width is 85% of down hole width. These intersections lie within the 30º east dipping Butterfly Shear

from which some 35,000 tonnes @ 7.7g/t Au were mined in the early 1900's. Subsequently drilling since the mid-1980's has shown the Butterfly Shear to be mineralised over a 250m strike length and a down dip dimension of up to 100m. The drilling just completed is resolving this mineralisation into several high grade shoots which appear to pitch at high angles in the plane of the Shear. This geometry is similar to that of the Admiral mineralisation and the host rock at Admiral and Butterfly is also the same strongly magnetic quartz dolerite/gabbro. These results will be followed up with further drilling.

ADMIRAL

At Admiral three vertical RC holes were drilled on 20m centres to test for the easterly down-plunge extension of a high grade shoot identified within the gently northeast dipping Admiral Shear. The Admiral Shear has been drilled by previous operators on 20m centres down dip beyond the Pit limits and the shoot can be traced in this drilling from the floor of the Pit eastwards for 180m. Two of the holes drilled, DVRC 2 and DVRC 3, returned 5m @ 6.0g/t from 106m depth and 3m @ 6.1g/t from 105m respectively, these intersections being essentially true width. These grades and widths encourage consideration for infill and additional step-out drilling along the shoot to evaluate its underground potential. The better grades of gold mineralisation within the Admiral Shear occur where it intersects a magnetic quartz gabbro and particularly near its upper contact with an overlying quartz dolerite. An improved understanding of the controls on the localisation of the gold mineralisation will enable better targeting of the shoot in subsequent drilling programmes.

CLARK

The Clark prospect is located directly between Admiral and Butterfly and on the same magnetic quartz dolerite/gabbro which hosts these two deposits. Very little drilling is evident at Clark but observations at the old workings suggest the mineralisation to plunge and dip gently eastward as at Admiral and Butterfly. Best results from vertical RAB drilling on 40m x 20m centres are 5m @ 8.5g/t from 30m (DVRB 108), 3m @ 10.1g/t from 3m (DVRB 106), 9m @ 3.5g/t from 10m (DVRB 111), and 3m @ 8.9g/t from surface (DVRB 109). These intersections confirm the easterly dip of the mineralisation. Further drilling will be necessary here to explore for extensions of this mineralisation.

Drilling on the other six prospects returned numerous anomalous intersections but at this stage follow-up drilling is warranted only at the Duke North prospect.

Drilling is planned to resume in the September quarter.

The Kookynie Gold Project is now the subject of a formal Heads of Agreement between Diamond Ventures and Barminco Pty Ltd whereby Diamond Ventures may earn 50% interest in any development area created by the Joint Venture and in addition has the option to earn 50% interest in the entire Barminco interests by spending in the order of $5 million on exploration activities. To maintain the

option Diamond Ventures must spend $0.4 million each six months on exploration and/or development activities. Under the agreement the Joint Venture has guaranteed access to Barminco's Kookynie processing plant.

DIAMONDS

ELLENDALE, Western Australia
(DVNL 40%, under Option)

Optionholder Kimberley Diamond Company NL reports that, owing to abnormally wet conditions, field operations have only recently commenced. The objective of these operations will be to locate the bedrock source of alluvial diamonds identified within gravels of the Terrace 5 palaeochannel. During the previous field season KDC bulk sampled these gravels and was able to narrow the search area to a defined portion of the Terrace 5 catchment in the southern part of the property. KDC reports that new detailed topographic and aeromagnetic data over the catchment area have been obtained in order to refine the search.

Kimberley Diamond Company NL maintains its option over Diamond Ventures' 40% interest by making monthly cash payments of $6000 to Diamond Ventures. The option is exercisable prior to 31 March 2002 by cash payment of $84,000 per percentage point. If the option is exercised, Diamond Ventures retains a 2% net profit interest and may purchase a 7% participating interest.

MMASHORO JOINT VENTURE, Botswana
(DVNL 45%)

An interpretation of recently acquired aeromagnetic data covering the entire property and a review of all available results of previous exploration were completed during the quarter. Thirty-nine priority targets representing potential kimberlite pipes were identified. Ground magnetic surveying and composite loam sampling of these targets are now in progress. Fieldwork is expected to be completed by the end of August with results of heavy mineral analyses to follow.

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

Cluff Resources Pacific NL, the project operator, reports as follows:

"A total of 1,748 gem quality diamonds were recovered from the Monte Christo mine at Bingara, NSW, during the quarter. Total weight was 196.1 carats. 1953 tonnes of gravels were processed for an average grade of 10 carats per hundred tonnes. The largest stone recovered was a 0.9 carat white. The nature of the

stones recovered was different from those previously mined, with many resorbed macles (triangular stones) recovered, and a higher proportion of yellows among the finer stones."

"Treatment of 320 tonnes of red possible volcanic ash from the Monte Christo Mine has yielded an additional four gem quality diamonds weighing a total of 0.95 carats. Although certainly not economic, this result is encouraging , as it strongly suggests that Monte Christo is a primary source of diamonds. The rock containing the diamonds is fragmental, with fragments decomposed to red clay, and contains possible small bombs of fresh basalt like rock. Further studies are planned, but there is a limit to the information obtainable from red clay. The sample was taken carefully to avoid contamination with gravels from the mine. The larger size of the stones suggests that they did not originate from contamination."

"An additional 210 tonnes of sandy overburden was treated to test grade, but yielded only 30 stones weighing 3.6 carats."

"Mining has exposed an eight metre wall of basement rocks faulted against the diamond bearing gravels in the northern limit of the pit. This supports the Company's interpretation of the gravels as a crater fill deposit overlying a basement of crater lake muds."

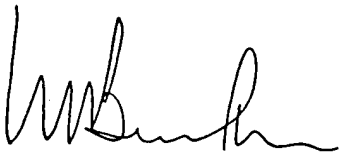
"Diamond bearing gravels from Monte Christo mine are dry screened on site and trucked to the Company's jig based processing plant, which is located at Copeton and operates on a lower cut off screen size of 1.2mm. Diamonds are recovered from jig concentrates using a grease table."

POLICE VALLEY, Western Australia
(DVNL 100%)

No fieldwork was undertaken on this property.

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