

DIAMOND VENTURES NL

ACN 062 091 909

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

31 July 2002

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

BY FAX: 1300-300 021

Dear Sir,

QUARTERLY REPORT FOR PERIOD ENDING 30 JUNE 2002

HIGHLIGHTS

- Rights Issue closed oversubscribed and raised over \$1.1 million.
- Preparations for the production of about 11,000 recoverable ounces of gold from the Butterfly and Admiral deposits by Sons of Gwalia are well advanced, with mining to commence in August, subject to formal agreement and final Feasibility Study.
- Delineation of additional Kookynie gold resources commenced at Clark, with results so far indicating the likelihood of open pit development.
- Finalisation of a formal exploration agreement with the Beaconsfield (Tasmania) Joint Venture interests to earn an 8% gold royalty interest and reimbursement of exploration expenditure upon economic discovery, is nearing completion.

CORPORATE

RIGHTS ISSUE

The pro rata non-renounceable rights issue of 20 million shares, each with a free attaching option, was very successful and raised over \$1.1 million. The issue closed oversubscribed with 22,155,600 new shares issued. At the General Meeting held on 3 July shareholders approved the issue of additional shares to accommodate the oversubscription. The Company now has on issue 82,156,707 ordinary shares and 22,155,600 options exercisable at 10 cents on or before 30 June 2006.

GOLD

KOOKYNIE, Western Australia (DVNL may earn 50%)

Pre-feasibility studies on the Butterfly and Admiral resources were completed and Probable Reserves of 11,350 recoverable ounces gold were estimated, as follows:

Deposit	Tonnes	Grade (g/t gold)	Recoverable Ounces	Depth
Butterfly	68,000	3.0	6,300	0 – 40m
Admiral	64,000	2.6	5,050	0 – 25m
Totals	132,000	2.8	11,350	

Negotiations are now advanced with the local major operator, Sons of Gwalia Ltd (SGW), for SGW to mine these two small open-pits at Butterfly and Admiral, haul the ore 40 km north to Leonora and process the ore at SGW's Gwalia treatment plant. In conjunction with these discussions, Diamond Ventures undertook a detailed, shallow RC drilling programme at Butterfly to evaluate the extent of the historic workings. Twelve vertical holes for 579 m were drilled on 12.5 m centres. Two confirmatory holes were also drilled at Admiral. Best results are given below:

Hole	Northing	Easting	Dip	Grid Az.	Depth (m)	Best Assays			
						From (m)	To (m)	Width (m)	Grade (g/t Au)
BUTTERFLY									
DVRC0132	9837.5	10089.5	-90	-	48	24	26	2	4.63
DVRC0133	9825.0	10087.5	-90	-	54	15	26	11	3.44
						29	32	3	3.86
DVRC0134	9812.5	10087.5	-90	-	45	14	21	7	1.38
						22	25.4	3.4	STOPE
						25.4	26	0.6	4.50
DVRC0135	9812.5	10100.0	-90	-	48	23	27	4	1.88
						30	30.5	0.5	1.93
						30.5	31.7	1.2	STOPE
						31.7	33	1.3	1.38
DVRC0136	9837.5	10100.0	-90	-	48	31	32	1	5.15
						32	33.6	1.6	STOPE
						33.6	41	7.4	1.22
DVRC0137	9837.5	10112.5	-90	-	54	39	48	9	2.97
DVRC0138	9825.0	10112.5	-90	-	54	36	48	12	5.7
DVRC0139	9812.5	10112.5	-90	-	54	36	40.1	4.1	1.85
						40.1	43	2.9	STOPE
						43	44	1	4.55
DVRC0140	9862.5	10112.5	-90	-	54	47	48	1	11.8
DVRC0141	9862.5	10100.0	-90	-	48	38	42	4	5.80
DVRC0142	9862.5	10087.5	-90	-	42	31	35	4	2.87
DVRC0143	9862.5	10075.0	-90	-	30	24	29	5	4.23
Total					579				
ADMIRAL									
DVRC0159	10070	9048	-90	-	30	23	25	2	7.5 *
DVRC0160	10160	9048	-60	180	30	16	24	8	5.1
Total					60				* cut to 20 g/t

These results are in line with expectations. Although a revised resource and reserve estimate incorporating these results remains to be completed material changes to the present estimates are not anticipated.

In addition to this drilling, further confirmatory drilling is presently being undertaken by SGW to enable completion of a formal Feasibility Study. In parallel with these investigations a Notice of Intent with respect to mining at Butterfly and Admiral has been lodged and approved by the Department of Mineral and Petroleum Resources. Subject to completion of the Feasibility Study and execution of a formal agreement mining is expected to commence in mid-August with completion of the two pits within four months.

It is anticipated that the cashflow generated from these first two open pits will be used for further exploration and orebody delineation at Kookynie

In order to develop supplementary reserves for mining to follow on from Butterfly and Admiral, resource delineation drilling (thirteen vertical RC holes on 20 m centres for 450 m) commenced at Clark. This drilling is intended to improve definition of, and confidence in, the resource and thereby upgrade the current Inferred Resource (70,000 tonnes @ 4.0 g/t) to the Indicated and Measured Resource categories. The granted Mining Lease covering this prospect is subject of an option-to-purchase agreement, and the option may be exercised by Diamond Ventures on behalf of the Kookynie Joint Venture as results warrant. Best results are as follows:

Hole	Northing	Easting	Dip	Grid Az.	Depth (m)	Best Assays			
						From (m)	To (m)	Width (m)	Grade (g/t Au)
CLARK									
DVRC0145	9940	9600	-90	-	36	4	17	13	2.20
DVRC0147	9960	9600	-90	-	30	7	8	1	6.05
DVRC0148	9960	9620	-90	-	30	11	19	8	2.87
DVRC0149	9980	9600	-90	-	24	4	6	2	3.10
DVRC0150	9980	9620	-90	-	30	3	5	2	2.93
						18	20	2	3.08
						27	29	2	2.83
DVRC0151	9980	9640	-90	-	48	23	33	10	4.88
DVRC0153	10000	9620	-90	-	42	29	33	4	2.32
DVRC0154	10000	9640	-90	-	48	29	37	8	2.7
DVRC0155	10020	9600	-90	-	36	14	15	1	5.60

These results are very encouraging and further delineation drilling to complete the definition upgrade of the near surface resource is planned.

In accordance with the Kookynie Joint Venture agreement between Diamond Ventures and Barmenco Pty Ltd's interests, Development Areas were declared to cover the Butterfly, Admiral and Redlake deposits, and the Clark deposit if the Clark option is exercised. Diamond Ventures' resultant option to acquire a 50% interest in the Development Area tenements (being M40/101, M40/110 and P40/989) was exercised (following the end of the quarter).

Elsewhere on the project tenements a RAB drilling programme commenced to test a variety of targets, mostly in the vicinity of Orient Well, located 5 km east of the Butterfly area, and in the Cosmopolitan area to the south. Results are not yet available.

BEACONSFIELD, Tasmania
(DVNL may earn 8% royalty interest)

Finalisation of the formal agreement with parties representing the Beaconsfield Mine Joint Venture is nearing completion. Following execution of this agreement a major field programme will commence, the main component of which will be a drilling programme to test the various historic gold workings in the vicinity of the Beaconsfield Mine.

As previously announced the Company entered into a Memorandum of Understanding, with parties representing the Beaconsfield Mine Joint Venture, to undertake exploration for gold on the Joint Venture tenements located near the town of Beaconsfield in Northern Tasmania. The Company will have full exploration access to all tenements apart from an exclusion area immediately surrounding and containing the Tasmania Reef, the subject of the Beaconsfield mining operation. Past production and reserves at Beaconsfield amount to more than 1.5 million ounces. The exploration area available to Diamond Ventures covers 85 km² and includes the highly prospective corridor of favourable stratigraphy/structure which hosts the Tasmania Reef.

Diamond Ventures will commit to spend \$350,000 in the first year and a minimum of \$350,000 per year in future years to retain exploration access to the tenements. Diamond Ventures will receive reimbursement of exploration expenditure (under a prescribed formula) and may earn an 8% royalty on any potentially commercial discoveries it makes. Up to 80% of the royalty may be paid (under a prescribed formula) in advance of production. No reimbursement of exploration expenditure will occur unless Diamond Ventures makes a potentially commercial discovery.

DIAMONDS

ELLENDALE, Western Australia
(DVNL 53%, may earn up to 60%)

No fieldwork was undertaken during the quarter.

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

No fieldwork was undertaken during the quarter.

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

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")

30 June 2002

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(134)	(214)
(b) development		
(c) production		
(d) administration	(50)	(119)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	6	15
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	(178)	(318)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	3	3
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)		
Net investing cash flows	3	3
1.13 Total operating and investing cash flows (carried forward)	(181)	(321)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(181)	(321)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,108	1,108
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	(16)	(24)
	Net financing cash flows	1,092	1,084
Net increase (decrease) in cash held			
		911	763
1.20	Cash at beginning of quarter/year to date	643	791
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,554	1,554

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	500
4.2 Development	
Total	500

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	1,124	28
5.2 Deposits at call	430	615
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,554	643

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.

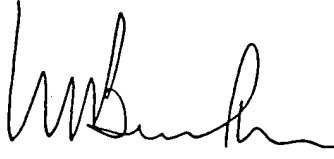
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	82,156,707	82,156,707		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	199,500 22,155,600 (*)	199,500 22,155,600 (*)		
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>			<i>Exercise price</i>	<i>Expiry date</i>
	733,335		\$0.25	31.12.03
	733,335		\$0.30	31.12.03
	733,330		\$0.35	31.12.03
	22,155,600	22,155,600	\$0.10	30.06.06
7.8 Issued during quarter	22,155,600 (*)	22,155,600 (*)	\$0.10	30.06.06
7.9 Exercised during quarter				
7.10 Expired during quarter	30,751,607	30,751,607	0.20	30.06.02
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

* Issued pursuant to rights issue (Prospectus dated 14 May 2002)

+ 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 July 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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+ See chapter 19 for defined terms.