

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 www.diamondventures.com.au

30 July 2004

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

QUARTERLY REPORT FOR PERIOD ENDING 30 JUNE 2004

HIGHLIGHTS

TOUQUOY GOLD PROJECT – Nova Scotia Canada

- Total Mineral Resources have been increased by 40% to 8.43 million tonnes @ 2.1 g/t for 571,000 ounces gold.
- The first-pass reconnaissance percussion drilling program has recommenced to investigate favourable stratigraphy and structure along strike from the Touquoy deposit over the 17km length of the property holdings.
- The permitting process to establish statutory approvals for development and mining has been initiated.

KOOKYNIE GOLD PROJECT – Western Australia

- Negotiations continue with Altona Resources Limited for the sale of the Kookynie project assets to Altona Resources Limited.

CORPORATE

- The Company announced a 2 cent call on its 30 million partly paid ordinary shares to raise approximately \$600,000. The due date for payment is 18 August 2004.

GOLD

TOUQUOY GOLD PROJECT Nova Scotia Canada

(DDV may earn up to 75%)

As previously announced resources for the Touquoy Gold Project have been increased to 8.43 million tonnes @ 2.1 g/t for 571,000 ounces. This represents an increase of 40% over the 405,000 ounces (5.7 million tonnes @ 2.2 g/t) which had been outlined prior to DDV's involvement in the project. The low waste:ore ratio (3.5:1) for the Touquoy deposit, the soft ore (Bond work index <10) and the excellent metallurgical recovery (free milling with 95% recovery) are conducive to a relatively low cost and profitable mining operation.

These resources are located as shown on the accompanying plan and comprise the following:

	Tonnes (millions)	Grade (g/t gold)	Ounces gold
TOUQUOY			
Indicated Resources	4.44	2.1	300,000
Inferred Resources	2.47	2.2	172,000
Total Touquoy	6.91	2.1	472,000
TOUQUOY WEST			
Indicated Resources	0.87	1.9	54,000
Inferred Resources	0.65	2.2	45,000
Total Touquoy West	1.52	2.0	99,000
Total Touquoy Project	8.43	2.1	571,000

The expansion of the Touquoy resource to 472,000 ounces is derived from the 50 diamond holes drilled by DDV since last November to extend the limits of the deposit. The Touquoy West resource of 99,000 ounces, situated 2km west of Touquoy, is derived from the validation of results of diamond drilling undertaken in the late 1980's.

Sampling of old drill core

With respect to the Touquoy deposit, a program of retrieval, sampling and assaying of un-sampled drill core from earlier drilling programs (late 1980's and 1996) has been in progress, as previously announced, and is now almost completed. To date segments of 75 diamond core holes totalling about 2740m of NQ core, hitherto assigned zero grade for resource estimation purposes, have been sampled and assayed. Best returns are tabulated as follows:

Hole	Easting	Northing	Dip	Grid Az.	Best Assays			
					From (m)	To (m)	Width (m)	Grade (g/t Au)
MR-96-016	22033	10040	-45°	360°	20	21	1	22.4
MR-87-123	21629	9892	-42°	360°	40.6	41.6	1	6.00
MR-89-247	21952	10227	-90°	-	73.6	74.6	1	11.7
MR-89-249	21932	10221	-90°	-	74	75	1	4.9

In addition this sampling and assaying is identifying other well-defined intervals of mineralised argillites in the 0.2-2.0 g/t range, recognition of which will enable further refinements to future resource modelling. As this program remains to be completed these results have not yet been incorporated into the resource estimates above.

Looking forward

Completion of delineation drilling of these resources on 20m x 25m centres, particularly over the main Touquoy deposit, is now required to establish Measured and Indicated Resources to underpin a full feasibility study. In parallel with the current fieldwork, investigations relating to environmental permitting, community and government departmental liaison, refinement of expected capital and operating costs and financial modelling are ongoing to advance the development of the project. At this stage no significant impediments to project development are foreseen.

The target is a production scenario incorporating an on-site gold treatment plant with a 1.5 million tonne per annum throughput and a 7 year minimum mine life to produce approximately 90,000 ounces gold per year. This target implies a further increase in the existing resource inventory, to which the ongoing drilling is being applied. Due diligence and scoping studies undertaken by DDV confirm that the Touquoy deposit has a low stripping ratio (3.5:1), excellent ore metallurgy (free milling with 95% recovery) and favourable ore grindability characteristics (Bond work index <10). The property is favourably located about 110 km by sealed roads from Halifax, the capital of Nova Scotia.

Property-wide reconnaissance drilling programme

Elsewhere on the property the reconnaissance open-hole percussion drilling program initiated in May has re-commenced as a broad first-pass test of the 17km length of the property. (The program had been interrupted in order to upgrade the drilling rig with a larger air compressor). Holes are shallow and are designed to penetrate the transported overburden to sample the basal till and several metres of bedrock. Traverses of holes are nominally spaced at 1km intervals. Approximately 110 holes have now been drilled on 10 traverses with a total of approximately 300 holes comprising the program.

(i) *Orientation*

For orientation purposes the first line of holes was drilled over the eastern end of the Touquoy deposit (refer to accompanying drill Section 22075E) to establish the geochemical response in an area where diamond-drilled ore-grade gold mineralisation in sub-surface bedrock is blanketed by 6-8m of transported overburden. Surficial geochemical surveys conducted prior to the diamond drilling by earlier explorers had not responded to this mineralisation buried beneath. However a strong well-defined gold geochemical response, with associated arsenic, was detected from this first line of shallow, reconnaissance-style percussion holes and confirms the methodology as appropriate for property-wide application. Significantly, it further indicates that the very extensive areas of such blanketed terrain within the property remain effectively unexplored.

(ii) *Initial phase*

The remaining three lines of holes in the initial phase of the program were drilled up to 1km further east (refer to map) and assay returns successfully demonstrate the eastern continuation of a hydrothermally altered, arsenic-anomalous sequence of argillites beneath the masking blanket of transported overburden. This altered sequence of sediments, in association with the coincident anticlinal fold axis, is the anticipated host for additional Touquoy-style resources elsewhere on the property and is being targeted in the ongoing reconnaissance percussion drilling program. Assays from this second phase of the programme are awaited.

Diamond Ventures is earning a 60% interest in the Touquoy Gold Project by spending C\$2.2 million by 31 December 2005, with further staged cash payments of C\$130,000. An additional 15% interest can be acquired in the property outside the general area of the known resource by securing project financing.

BEACONSFIELD GOLD EXPLORATION PROJECT, Tasmania

(DDV may earn an 8% royalty interest)

A single 140m diamond hole was drilled to test the eastward projection of gold mineralisation previously intersected at Salisbury, located 5km south of the Beaconsfield Gold Mine. Host rocks equivalent to those at Salisbury (and the Beaconsfield Gold Mine) were intersected but with diminished alteration. Assays are awaited.

Assay results from the 13 RAB holes drilled last quarter at the Lyons prospect, 1.5km north of the Beaconsfield Gold Mine, were negative suggesting the strong gold-in-soil anomalies at this prospect result from contamination from historic workings.

Completion of the planned drilling at the Moonlight and Little Wonder prospects, immediately west of Beaconsfield, has been deferred for the present time.

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.

KOOKYNIE GOLD PROJECT, Western Australia (170 km north of Kalgoorlie)
(DVNL 50%)

Negotiations in relation to the sale of DDV's Kookynie assets continue with Altona Resources Limited. The option previously held by Altona to purchase Diamond Ventures' 50% interest in the Development Area tenements at Kookynie for \$500,000 cash expired on 27 May 2004. The Development Area tenements comprise M40/3, M40/8, M40/101, M40/110, P40/989 and a small portion of M40/61 adjoining M40/8.

OTHER PROJECTS

No fieldwork was undertaken on the Mt Drysdale (NSW) gold project, or on the Ellendale Joint Venture (WA) diamond project.

CORPORATE

The Company announced a 2 cent call on its 30 million partly paid ordinary shares to raise approximately \$600,000. The due date for payment is 18 August 2004. The Directors, who hold 21% of the partly paid shares, have announced their intention to participate to the full extent of their holdings.

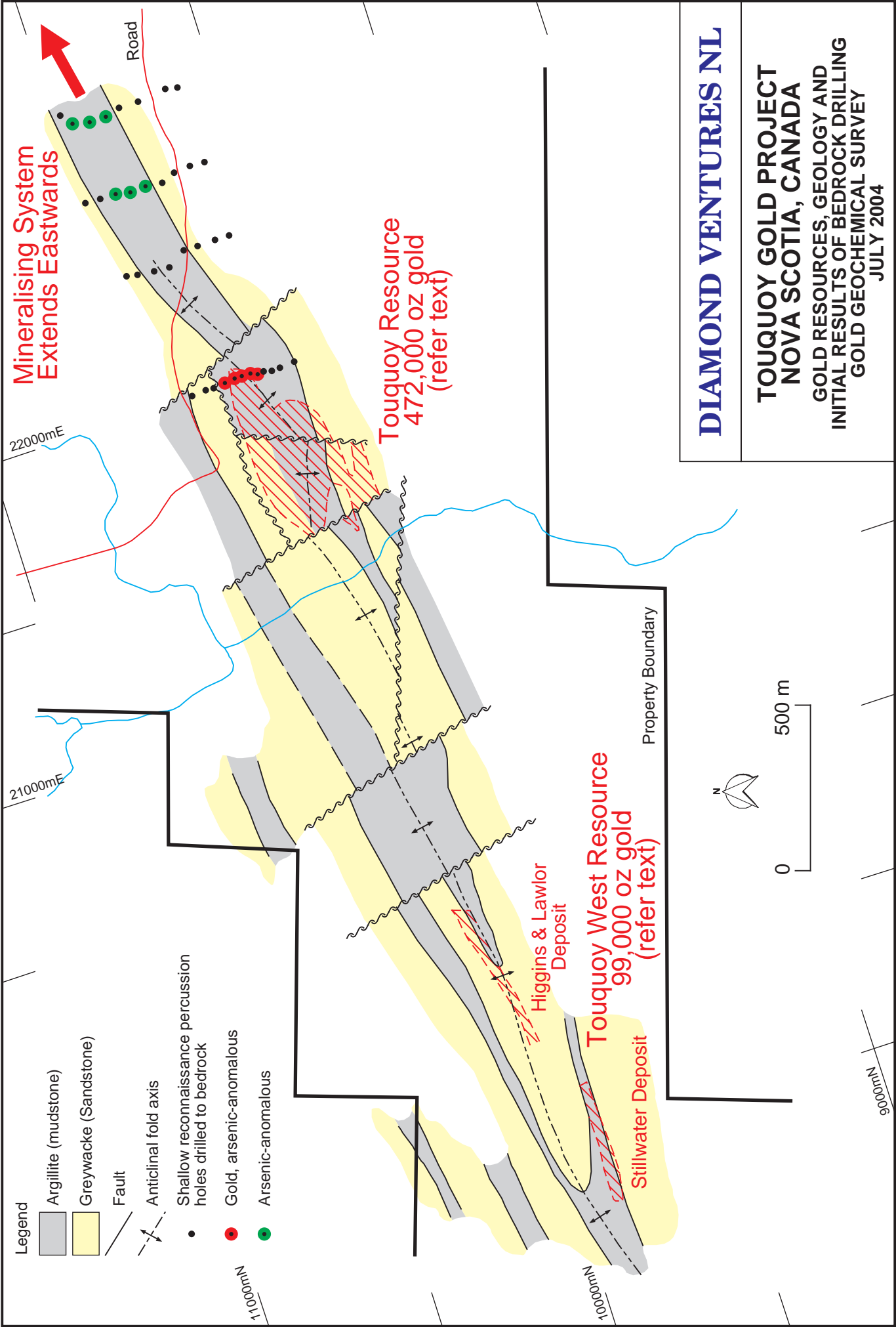
This report was compiled by WR Bucknell who is a Corporate Member of the Australasian Institute of Mining and Metallurgy.

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

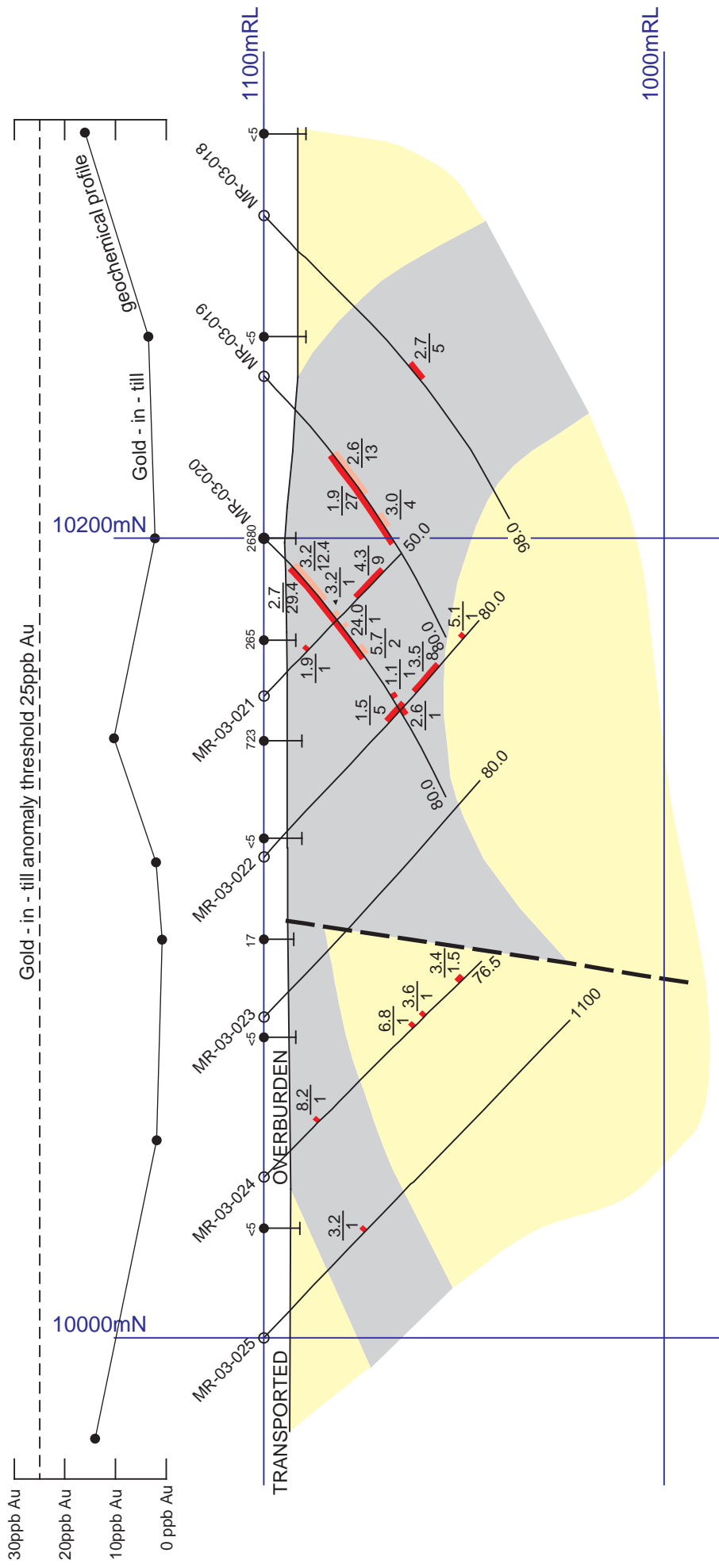


DIAMOND VENTURES NL

**TOUQUOY GOLD PROJECT
NOVA SCOTIA, CANADA**
GOLD RESOURCES, GEOLOGY AND
INITIAL RESULTS OF BEDROCK DRILLING
GOLD GEOCHEMICAL SURVEY
JULY 2004



- Legend**
- Argillite (mudstone)
 - Greywacke (Sandstone)
 - Fault
 - Anticlinal fold axis
 - Shallow reconnaissance percussion holes drilled to bedrock
 - Gold, arsenic-anomalous
 - Arsenic-anomalous



Legend

- Argillite
- Greywacke
- Fault
- $\frac{3.2}{12.4}$ g/t gold metres
- Au (ppb) in subsurface bedrock in percussison drillhole



DIAMOND VENTURES NL

**TOUQUOY GOLD PROJECT
NOVA SCOTIA, CANADA
SECTION 22075me
GOLD - IN - TILL GEOCHEMISTRY VS
GOLD - IN - SUBSURFACE**

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")

30 June 2004

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	(575)	(953)
(b) development		
(c) production		
(d) administration	(108)	(206)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	32
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	3	5
Net Operating Cash Flows	(670)	(1,122)
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		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)	(24)	(25)
Net investing cash flows	(25)	(29)
1.13 Total operating and investing cash flows (carried forward)	(695)	(1,151)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(695)	(1,151)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2
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	-	2
	Net increase (decrease) in cash held	(695)	(1,149)
1.20	Cash at beginning of quarter/year to date	1,333	1,787
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	638	638

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	49	70
5.2 Deposits at call	589	1,264
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	638	1,333

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

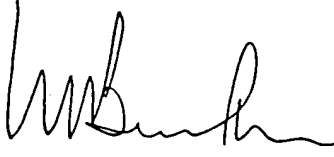
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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 Fully paid DDV Partly paid 3c DDVCA	101,688,875 30,296,342	101,688,875 30,296,342		
7.4 Changes during quarter (a) Increases through issues – Fully paid DDV (b) Decreases through returns of capital, buy-backs	17,377	17,377		
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>
– DDVOA	23,615,931	23,615,931	\$0.10	30.06.06
– DDVOB	10,078,279	10,078,279	\$0.12	31.10.04
– DDVAI	2,200,000		\$0.20	31.12.08
7.8 Issued during quarter				
7.9 Exercised during quarter – DDVOB	17,377	17,377		
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: 30 July 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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