

DIAMOND VENTURES NL

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31 October 2003

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

QUARTERLY REPORT FOR PERIOD ENDING 30 SEPTEMBER 2003

HIGHLIGHTS

TOUQUOY GOLD PROJECT – Nova Scotia Canada

- Due diligence and scoping study for potential open pit mine development:
 - corroborates earlier resource estimate of 405,000 ounce gold resource at a grade of 2.2 g/t Au
 - indicates potential for in-pit and satellite resource expansion
 - confirms low stripping ratio (<3.5:1), high metallurgical recoveries (~95%) and soft ore (work index <10 kWh/t).
- Field programme to recover, sample and assay historic core is in progress, and a 1500m diamond drilling programme is to commence in mid-November.

BEACONSFIELD GOLD EXPLORATION PROJECT – Tasmania

- Follow-up RC drilling completed in late October on the Salisbury prospect intersects sheared, quartz-veined and altered sandstones (Beaconsfield Mine host rocks) and shales. Assays are awaited.
- The first year's expenditure commitment under the terms of the Exploration Agreement with the Beaconsfield Mine Joint Venture has been met.

CORPORATE

DDV announced on 20 October 2003 that it is undertaking a one for four non-renounceable rights issue of partly paid ordinary shares at an issue price of 20 cents per share and paid to 3 cents on application (with each three partly paid shares having an attaching free option to subscribe for a further share at 12 cents to be exercised no later than 31 October 2004) to raise \$860,000.

GOLD

TOUQUOY GOLD PROJECT Nova Scotia Canada

(DDV may earn up to 75%)

Diamond Ventures previously announced that it had entered into an agreement with private Canadian company, Moose River Resources Inc (MRRI), to earn up to a 75% interest in the Touquoy Gold Project, Nova Scotia, Canada, and on 1 October 2003 released an update of its due diligence exercise and scoping study. In summary these activities, undertaken with the assistance of experienced industry consultants, have:

- Corroborated the previous estimate of Indicated and Inferred resources of 5.7 million tonnes of 2.2 g/t Au containing 405,000 oz of gold by Canadian Mining and Engineering consultants Watts Griffis McOuat.
- Indicated the potential for an open pit mine development at current gold prices with the opportunity to readily supplement this resource base by infill and step-out drilling.
- Demonstrated this preliminary open pit to have a low waste-to-ore ratio of less than 3.5:1
- Confirmed that ore processing will be straightforward with a combination of gravity separation and conventional CIL processing expected to recover in the order of 95% of the gold. The ore appears to be a low consumer of reagents, the host and waste rock are not acid generating, and the ore is soft with a Bond ball mill work index of less than 10kWh/t.

The outcome of these preliminary investigations is highly encouraging in respect of potential development of an open pit mining operation. DDV has therefore now commenced a field program to recover, sample and assay selected diamond drill core and has planned the initial drilling programme to test a number of targets in the vicinity of the deposit commencing in mid-November.

Since 1986 approximately 35,000m of diamond drilling in 310 holes has been undertaken on the property by previous explorers, with 170 of these holes defining the resource. A review of this drilling and logging of 40 selected holes has identified over 4000m of pertinent drill core, both internal and external to the deposit, which has yet to be sampled and assayed. About 1000m of this un-sampled core is located within and flanking ore-grade intersections, and for which the un-sampled core has been assigned a zero grade for resource estimation purposes. A programme to recover as much of this historic core as possible for sampling and assaying is now in progress.

Opportunities for additions to the resource base have been identified:

- within the envelope of the preliminary open pit,
- as immediate extensions to the existing resource, and
- as satellite targets within favourable stratigraphy/structure along strike east and west of the deposit.

Likely additions to the existing resource within the envelope of the preliminary pit are evident since there are considerable gaps within the existing drill pattern.

Immediate extensions to the existing resource beyond the limits of the preliminary pit are likely, particularly to the east. A number of satellite targets along strike to the west, towards the historic Higgins and Lawlor mine area, have also been identified within 1km of the Touquoy deposit. An unpublished resource estimate (not JORC compliant) of 186,000 tonnes at 7.2 g/t Au was calculated in 1987 on the basis of exploration drilling conducted around these workings during 1986-87. A diamond drilling programme of approximately 1500m to test six such targets is planned to commence in mid-November.

Stepping out further beyond these target areas the favourable stratigraphy and structure extends for over 5km northeast of Touquoy to the property boundary, with very limited drilling having been conducted along this trend in the past. Several different reconnaissance drilling techniques will be trialled over the next few months to determine the most cost effective means of testing this trend.

The early results of our site evaluation support the existing resource numbers, confirm our belief in the potential for additional proximal resources provided drilling funds are available and encourage us to be optimistic about a potentially commercial operation.

BEACONSFIELD GOLD EXPLORATION PROJECT, Tasmania

(DDV may earn an 8% royalty interest)

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 to be 640,000 tonnes @ 17.9 g/t gold for 369,000 contained ounces of gold.

As previously reported diamond drill holes (BFDD-51 and BFDD-52) were completed at the Salisbury and Pease Creek prospects, respectively 5km south and 1.5km north of the Beaconsfield Mine.

Drillhole BFDD-51 at Salisbury was angled northwards to intersect the E-W Johnsons Creek fault as represented in part by the gold-anomalous, deformed, quartz-veined and altered shales cut in previous RC hole BFRC16. However, it unexpectedly remained in the overlying quartz veined, fractured and locally pyritic sandstones throughout the length of the hole. These sandstones correlate stratigraphically with the Transition Beds, host of the Beaconsfield orebody to the north. Core recovery was very poor (23%) and the hole was abandoned at 72m owing to drilling difficulties. Although a best assay of 1.42 g/t over 2.1m from 64m was returned the results are inconclusive given the very low core recovery and poor sample quality. As a result two follow-up RC holes (BFRC17 and 18) were subsequently drilled in late October and these have successfully sectioned the deformed contact between the shales and sandstones. Assays from these two holes are awaited.

Hole BFDD-52 was drilled at Pease Creek to clarify the geometry of gold mineralisation (up to 10 m @ 5.3 g/t) intersected in previous diamond drillholes. Core recovery again was poor (53%) and a lack of water/mud return precluded sampling of sludge. No significant veining, alteration or gold mineralisation was encountered in the core recovered and assayed. The re-interpretation of the attitude of the known gold mineralisation remains untested and follow-up drilling is being considered.

Diamond Ventures' initial annual expenditure commitment in respect of the Exploration Agreement with the Beaconsfield Mine Joint Venture has been met.

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

The Company announced on 20 October that it is undertaking a one for four non-renounceable rights issue of partly paid ordinary shares at an issue price of 20 cents per share and paid to 3 cents on application (with each three partly paid shares having an attaching free option to subscribe for a further share at 12 cents to be exercised no later than 31 October 2004). If fully subscribed the offer including provision for oversubscriptions will raise approximately \$860,000.

The Record Date for determining entitlements to the Partly Paid Shares will be 26 November 2003 and the Closing Date for acceptances and payment will be 18 December 2003. All three directors, who in total hold approximately 25 million shares (26% of issued capital), have indicated that they will be taking up their full entitlement under the offer.

Funds raised under this issue are to provide additional working capital for the Company's ongoing mineral exploration activities and in particular for conducting further technical work to determine whether the Touquoy Project in Eastern Canada can be developed as a commercial stand-alone gold mining operation.

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

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 September 2003

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		100
1.2 Payments for (a) exploration and evaluation	(196)	(855)
(b) development		
(c) production		
(d) administration	(84)	(279)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	25
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	(271)	(1,009)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets		
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		(16)
1.13 Total operating and investing cash flows (carried forward)	(271)	(1,025)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(271)	(1,025)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		565
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 issue	(6)	(12)
	Net financing cash flows	(6)	553
	Net increase (decrease) in cash held	(277)	(472)
1.20	Cash at beginning of quarter/year to date	879	1,074
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	602	602

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	250
4.2 Development	
Total	250

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	41	468
5.2 Deposits at call	561	411
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	602	879

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	Mt Drysdale EL1995 (Cobar, NSW)	Exploration Licence granted	0%	100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

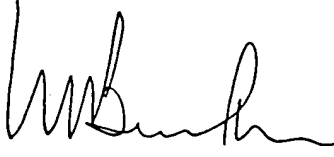
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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	94,663,634	94,663,634		
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>	733,335		<i>Exercise price</i> \$0.25	<i>Expiry date</i> 31.12.03
	733,335		\$0.30	31.12.03
	733,330		\$0.35	31.12.03
	22,405,600	22,405,600	\$0.10	30.06.06
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 October 2003
(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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