



DIAMOND ROSE NL

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Quarterly Report – Third Quarter March 2006

Diamond Rose NL
A.C.N. 075 860 472

28 April 2006

The Board of Diamond Rose NL is pleased to advise the following activity for the quarter ended 31 March 2006.

HIGHLIGHTS

- Australian project review completed
- Bullabulling Project warrants further investigation
- Hann diamond project application
- Guanaco exploration underway with promising interim results
 - Cachinalito structure extended along strike for approximately 1.6 km
 - Dumbo Oeste structure results confirm continuity of high grades mineralization, some with high copper content.

EXPLORATION ACTIVITIES

Australia

Western Australian exploration activities continued and comprised:

- completion of a soil sampling programme over the Broadbents Mining Lease target area identified by previous explorers;
- completion of an appraisal of the Bullabulling Project tenements involving a structural interpretation with the assistance of Landsat Satellite Imagery;
- "second opinion" reviews of the Leonora and Raeside Projects; and
- application for licence over Hann Project (diamond prospect)

Broadbents Project, Western Australia – 90% Interest

The Broadbents Project is located 200km north of the town of Southern Cross in the Yilgarn Mineral Field and comprises Mining Lease M77/869 covering a total area of 64 hectares.

The exploration programme was designed to follow up gold mineralization reported by Pathfinder Gold NL thought to date from the period 1987 to 1988. Figures included in the report were stated to have been prepared for inclusion in a Prospectus. Also included was a sample location plan with gold assays plotted and the related analytical reports from Genalysis Laboratory Services dated March, 2004.

The area of the previously reported Broadbents mineralization was visited and examined in detail. The sites of the reported drill holes by International Nickel Australia Ltd could not be found. No evidence of previous shafts could be found although one small shallow pit was located and sampled. The Western Australian Department of Mines List of Cancelled Gold Mining Leases "which have produced gold" contains no mention of historical gold production from this area.

Using GPS control a total of 99 conventional (+150um – 1mm) soil samples, 99 magnetic lag (-1mm) samples and 9 rock chip samples were collected. The lag and rock chip samples were then analysed for gold, silver, arsenic and copper. No anomalous geochemistry was reported, all results being at background levels. This tenement is to be relinquished.

Bullabulling Project, Western Australia – 95% Interest

The Bullabulling Project is about 60km west-southwest of Kalgoorlie-Boulder in the Coolgardie Mineral Field and comprises 10 Prospecting Licences in four blocks covering a total area 12.3 square kilometres (sq km).

Historical exploration has comprised nickel sulphide exploration during the period 1968 to 1971 and intermittent gold exploration from 1980 to 1993. Extensive RAB drilling resulted in delineation of substantial gold mineralization within the weathered rock profile. In 1998 Resolute Limited purchased the project and announced a decision to mine and treat the shallow 2.4 million tonne (t) resource averaging 1.1g/t gold (Au) using heap leach methods. In 2002 Jervois Mining Limited undertook extensive drilling that resulted in delineation of a remnant supergene resource of about 1.4 million t averaging 0.80g/t Au. This resource has not been mined.

Exploration to delineate the bedrock sources of the extensive supergene gold mineralization has been minimal.

Landsat Satellite Imagery of an area encompassing the Project tenements has been examined and purchased from the CSIRO. This image together with Geological Survey of WA geological mapping was used to identify shear or fault structures that could represent the primary hosts to mineralization. Two areas, the northern Railway Prospect and the southern Bullabulling Prospect, merit further investigation.

These priority target areas will be investigated. Follow up will initially involve geological mapping and either vertical RAB hammer or RC drilling to penetrate the weathered rock – fresh rock boundary with the objective of delineating bedrock gold targets.

Leonora Project, Western Australia – 75% Interest

The Leonora Project is centred about 10km west of Leonora in the Mt Margaret Mineral Field. It comprises Exploration Licences E37/728 and E37/729 covering a total area of approximately 414 sq km.

In August, 2005 Consultant Geologists K. Fox and Associates (KFA) completed a review of the project and concluded that, based on the results of historical exploration the potential for discovery of economic mineral resources was low.

A second opinion assessment of the project's mineral potential was done by Consultant Geologist's Vince Roberts & Associates Pty. Ltd. It was noted that it was possible that remnants of greenstone belts with associated gold mineralization may occur beneath the extensive overburden. The only bedrock gold occurrence was reputed to have been from Depot Well but the absence of follow up suggests that this occurrence may have been spurious.

A series of salt lakes along a major northwest to southeast palaeodrainage channel cuts across the central part of the project area. Previous exploration in the 1970s indicated sub-economic anomalous uranium occurrences.

The current belief of the Company's consultants is that the potential for discovery of significant gold, base metal or uranium deposits is limited. The matter will be reviewed and a decision on the future of this holding will be made in the coming months.

Raeside Project, Western Australia – 70% Interest

The Raeside Project comprises Exploration Licence 37/736 covering a total area of about 210 sq km. It is centred approximately 60km west-northwest of the town of Leonora and straddles the boundary between the North Coolgardie and Mt Margaret Mineral Fields.

Following re-evaluation of the available data the Company's consultants have advised that continued work on this tenement should be reviewed.

Hann Project, Western Australia – 100% Interest

During the quarter the Company applied for two exploration licences (E80/2782 - 2783) covering 388 sq km, located 350 km northeast of Derby.

Promising kimberlitic indicator minerals and some diamonds have been located within the Hann application. The area has structural similarities with the area in which the Aries kimberlite pipe occurs, which is about 50 km to the southwest.

Landsat interpretation shows a prominent north trending lineament and a number of other north and northwest trending structures. A gravity inflexion zone also runs through the area. Gravity inflexion zones are thought to reflect major weaknesses or displacements in the mantle, and are likely to be zones where mantle material such as kimberlite, are able to intrude from depth to the surface. Diamond recoveries and diamond indicator minerals appear to have a moderate correlation with these mapped structures. Intersections of major, deep-seated northwest and north trending structures are believed to have influenced the emplacement of kimberlite such as the Aries pipe.

During the 1970's and early 1980's CRAE recovered in the region a macro diamond and chromites of varying mineral chemistries, some with kimberlitic signatures. In the mid 1980's a joint venture between Triad and Freeport revisited a number of earlier CRAE indicator sites, and in 1986 discovered the 18 hectare Aries kimberlite [which is outside of the Hann tenement areas]. The Aries kimberlite has predominantly chromite indicators, with some pyrope garnets.

The joint venture partners reviewed many of the earlier CRAE and Stockdale diamond and indicator anomalies across the Kimberley region but were unsuccessful in any further kimberlite discoveries. The work undertaken included drainage and loam sampling and kimberlitic indicators and diamonds were recovered. Follow-up radiometric and magnetic surveys and drilling failed to identify a source for the indicator minerals.

Stockdale re-entered the area in 1985. They recovered 2 macro diamonds and a micro diamond. A number of classical indicators such as pyrope garnets, chrome diopside, and picroilmenite were recovered from the Bella Creek catchment.

Diamond Ventures took up tenements in the area in 1993 to 1995 and followed up the Stockdale results. The investigation included a photo geological study and a magnetic survey. Initial geophysical results located mafic dykes and nineteen anomalies. A number of kimberlitic chromites were produced from the programme. One anomaly was untested due to difficult access.

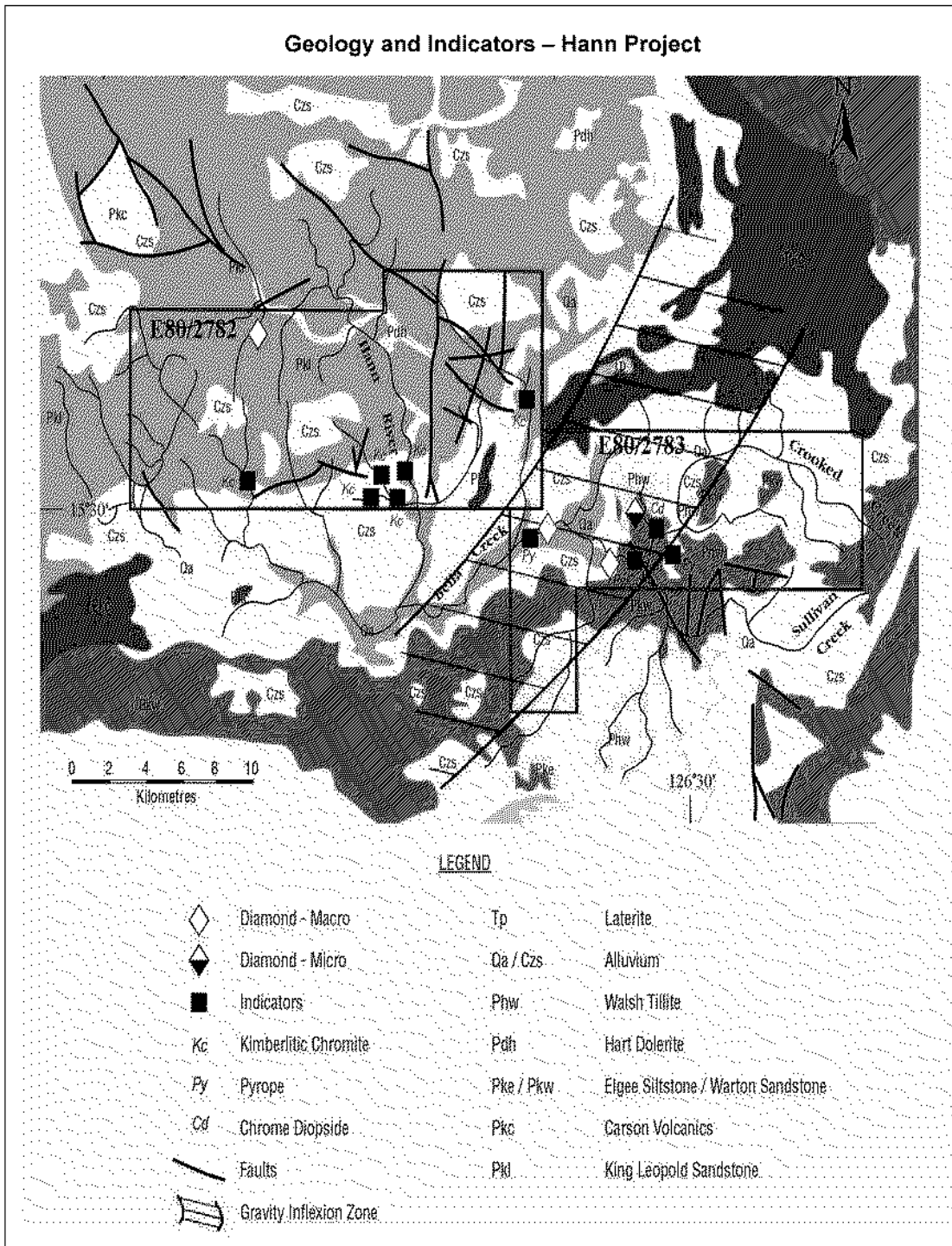
The initial targets for further exploration in the Hann Project area comprise a number of indicator minerals and coincident geological features where the application of variations in exploration techniques, including EM and ground gravity surveys, may help overcome deficiencies in past exploration methods, especially as the residual soil and alluvium is shallow.

Previous field work shows that the evidence for kimberlites in the Bella Creek area is strong and is based on:

- The presence of kimberlitic indicators such as pyrope, chrome diopside, chromites and diamonds, which can best be explained by proximal kimberlite volcanism.
- The fact that such kimberlitic indicators could not readily have survived the harsh Kimberley, tropical weathering environment, unless sourced from a nearby kimberlite.

Exploration over these areas to determine commercial potential is being planned in preparation of the grant of the application licences.

Geology and Indicators – Hann Project



Aspects of this report on the Diamond Rose Australian projects that relate to Mineralisation, Mineral Resources or Ore Reserves are based on information compiled by persons who are Fellows or Members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and have sufficient relevant experience of the activity undertaken and of the mineralisation style and type of deposit described. They qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves" (JORC Code). A list of the names of the Competent Persons is available upon request. The above statement fairly reflects the reports prepared by these Competent Persons and has been prepared by T V Willstedt, BE [Min], Hons BA FAusIMM as Competent Person for Diamond Rose NL. Mr Willstedt consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Chile

Guanaco Project – Chile – 35.78% Interest

A 15,000 metre (m) drilling program commenced during the reporting period at the Guanaco gold-silver-copper deposit in the Guanaco District centrally located in Chile's Palaeocene belt. The Guanaco property is located 200 km southeast of Antofagasta and about 40 km east of the Pan American highway.

The Guanaco Project covers 150 sq km of concessions, which exclude the Soledad claims, adjacent to the Guanaco mine, as well as a few other minor third-party properties.

The exploration program focuses on the revision of the known sectors of Dumbo Oeste (western extension of the mineralization mined in the Dumbo Pit), Chilena and Abundancia (eastern extension of the related structures mined at surface and underground in adjacent operations), Cachinalito (eastern extension of the structure mined in adjacent underground operations) to confirm the resources defined in successive exploration programs in this structure and San Lorenzo Structure (exploration of the eastern extension of the mineralization mined in adjacent underground operations).

The exploration program follows a reinterpretation of the geology of the district, based on re-logging the drill holes completed in the area. Consultants were engaged to better understand the district geology and the distribution of the different types of hydrothermal alteration.

Harris y Compania Ltda, a Chilean drilling contractor, has been engaged to conduct the drilling program whilst Geoanalitica are conducting sample preparation and analysis. The international laboratory Actlabs is undertaking independent check analysis of a percentage of the samples.

A detailed program outline including previous and current exploration, which includes drill hole tabulations, indicated mineralised structures and hole locations is illustrated in site plans and sections included in a release made to the ASX on 1st March 2006. It can also be viewed on the Company's website at www.diamondrose.com.au.

Program Scope

- Stage One consists of 40 Reverse Circulation (RC) drill holes totalling 7,550 m to test the continuity of the potential discovered in previous campaigns
- Stage Two will establish a drill grid at approximately 30 X 25 m spacing consisting of 42 drill holes totalling 7,400 m, in order to generate mineral resources with Measured and Indicated categories.

The drilling is systematically testing the down dip and strike extensions of open ended zones of gold mineralization in the Cachinalito, Dumbo Oeste, Chilena, San Lorenzo and Abundancia Structures.

Exploration Progress and Highlights

The best results obtained to date come from the intercepts in the Cachinalito Structure and Dumbo Oeste. The San Lorenzo Structure was intercepted and there is still interest in exploring this structure in its eastern extension. The Chilena structure has not been properly intercepted due to the deviation of the drill holes in that sector. The structure is currently being drilled, with the appropriate angles calculated to overcome the anticipated deviation and to properly intercept the target structure.

- The Cachinalito structure has been extended along strike for approximately 1.6 km. Drill holes RC-541 and RC-526 define the vein strike, which is currently being drill tested.
- The results to date on the Dumbo Oeste structure confirm the continuity of high grades mineralization in the west face of the Dumbo open pit. Some of these values have a high copper content.

Cachinalito Structure:

A few holes were drilled in the central part of this structure and the results confirm the continuity of mineralization. Additionally, exploration drillholes were completed in order to extend the knowledge of the structure along strike. The results indicate that Cachinalito has now a strike in excess 1.6 km. The structure is open in strike and at depth.

The following table shows the preliminary results of the program. Drillholes RC-541 (west extension) and RC-526 (east extension of the structure) stand out.

Drillhole	Collar Coordinates			From	To	Length (m)	Au g/t	Ag g/t	Cu %
	East	North	Elevation						
RC-490	444174.8	7223678.6	2697.4	131	134	3	3.32	2.00	0.0086
RC-491	444225.0	7223707.0	2696.8	117	119	2	5.95	4.00	0.0085
RC-492	444249.9	7223679.1	2695.2	142	144	2	3.80	3.50	0.0115
RC-493	444350.0	7223704.9	2695.0	100	108	8	8.24	2.28	0.0037
RC-498	444274.9	7223818.7	2700.4	117	122	5	9.67	1.20	0.0071
RC-513	445155.0	7223916.3	2701.7	152	156	4	3.37	7.00	0.1867
RC-526	445024.9	7223983.6	2705.1	44	45	1	4.67	3.00	0.0273
RC-541	443449.9	7223639.6	2689.1	154	155	1	6.62	1.00	0.0068

- Assay composite intervals are based upon a 3.0 g/t Au cut off grade.
- All intervals represent downhole lengths and not true widths.

Dumbo Oeste Structure:

The results to date confirm the continuity of high values in the west extension of this structure. Based on the preliminary information to date, a continuity of more than 100 m can be inferred. The structure is open along strike and at depth.

Drillhole	Collar Coordinates			From	To	Length (m)	Au g/t	Ag g/t	Cu %
	East	North	Elevation						
RC-499	445500.0	7223505.7	2761.1	210	211	1	15.66	65	0.7562
RC-500	445550.0	7223510.1	2765.3	203	205	2	1.28	26.00	1.0933
RC-501	445575.1	7223515.0	2767.3	178	181	3	12.63	75.33	5.7819
RC-502	445600.0	7223513.9	2768.6	149	150	1	2.29	14.00	0.0126
RC-503	445600.0	7223516.9	2768.6	171	172	1	4.62	16.00	4.2427
RC-504	445645.0	7223521.9	2755.7	130	139	9	5.26	7.34	1.5898
				151	152	3	5.18	27.00	3.9787
				169	171	2	5.51	35.50	12.5370

- All intervals represent downhole lengths and not true widths.



Henry Kinstlinger
Company Secretary

This information is considered exploration information only in the terms required by the JORC Code standards for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

The consultants engaged on the project qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves" (JORC Code). A list of the names of the Competent Persons is available upon request. The above statement fairly reflects the reports prepared by these Competent Persons and has been prepared by Professor Isidoro Schalamuk BA, Geology, PhD.

Professor Schalamuk is a professor of Economic Geology; Director of the Institute of Mineral Resources of La Plata University; Consultant to PNUD (United Nations Development Programme) and mineral resource companies; Fellow of the Society of Economic Geologist; an Academic of the National Council of Science and Technology of Argentina and prior Dean of the Natural Science Faculty UNLP.

Professor Schalamuk consents to the inclusion in this report of the matters based on the consultant's information in the form and context in which it appears.

