

# 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 ROSE NL

ACN or ARBN

075 860 472

Quarter ended ("current quarter")

December 2005

### 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 (b) development (c) production (d) administration	-10   -284	-52   -983
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	23
1.5 Interest and other costs of finance paid	-4	-35
1.6 Income taxes paid [GST]	-15	-26
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>-304</b>	<b>-1,078</b>
<b>Cash flows related to investing activities</b>		
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	100	100
1.10 Loans to other entities		
1.11 Loans repaid by other entities	9	9
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>109</b>	<b>109</b>
1.13 Total operating and investing cash flows (carried forward)	-195	-969

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	-195	-969
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		
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 (Rounding)		
	<b>Net financing cash flows</b>	<b>0</b>	<b>0</b>
<b>Net increase (decrease) in cash held</b>			
		<b>-195</b>	<b>-969</b>
1.20	Cash at beginning of quarter/year to date	829	1,603
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>634</b>	<b>634</b>

**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	84
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**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

Consolidated liabilities were reduced by \$1,820,000 during the December Quarter. As advised on 15 December 2005 the company agreed with Vageta Pty Ltd [a company owned by the Feldman family] to terminate the company's agreement to pay, by instalments through to October 2009, \$1.8 million in settlement of any possible claims by former directors of the company, or by Vageta, Australian Gemstone Mining Pty Ltd or associated parties.

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

Guanaco Capital Holdings (GCH) has increased its indirect interest in Guanaco Mining Company (GMC) [the holder of the Guanaco Project] to 64.22% following acquisition by GCH of the minority interests in Golden Rose International Limited. Diamond Rose interest in the Guanaco Project remains 35.78%. GCH has a 63.8% interest in Diamond Rose.

+ 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	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

4.1 Exploration and evaluation	50
4.2 Development	-
<b>Total</b>	<b>50</b>

### 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	184	29
5.2 Deposits at call	450	800
5.3 Bank overdraft	0	0
5.4 Other (provide details) GST Credits	0	0
<b>Total: cash at end of quarter (item 1.22)</b>	<b>634</b>	<b>829</b>

### 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	E80/3048	Lease Relinquished	100%	0%
	E80/3049	Lease Relinquished	100%	0%
	E80/3050	Lease Relinquished	100%	0%
	E80/3051	Lease Relinquished	100%	0%
6.2 Interests in mining tenements acquired or increased	N/A			

+ 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 <b>Preference <sup>+</sup>securities</b> <i>(description)</i>	NIL	NIL	N/A	N/A
7.2 Changes during quarter	N/A	N/A	N/A	N/A
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 <b><sup>+</sup>Ordinary securities</b>	404,191,542	208,959,502	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues	N/A	N/A	N/A	N/A
(b) Decreases through returns of capital, buy-backs	N/A	N/A	N/A	N/A
7.5 <b><sup>+</sup>Convertible debt securities</b> Convertible Note	1	N/A	N/A	N/A
7.6 Changes during quarter				
(a) Increases through issues	N/A	N/A	N/A	N/A
(b) Decreases through securities matured, converted	NIL	N/A	N/A	N/A
7.7 <b>Options</b>			<b>Exercise price</b>	<b>Expiry date</b>
Unlisted options	9,000,000	-	4 cents	14 October 2009
Unlisted options	23,000,000	-	12 cents	30 November 2007
Unlisted options	19,250,000	-	20 cents	8 June 2006
Unlisted options	11,122,850	-	20 cents	20 June 2007
Unlisted options	44,245,110	-	20 cents	30 November 2007
Unlisted options	27,732,040	-	20 cents	14 October 2009
7.8 Issued during quarter Unlisted options	NIL	NIL	N/A	N/A
7.9 Exercised during quarter	NIL	NIL	N/A	N/A
7.10 Expired during quarter				
	3,000,000	-	10 cents	31 December 2005
	2,700,000	-	20 cents	31 December 2005
	3,650,000	-	30 cents	31 December 2005
7.11 <b>Debentures</b> <i>(totals only)</i>	NIL	NIL		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	NIL	NIL		

**Compliance statement**

+ See chapter 19 for defined terms.

- 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 ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



Date: 31 January 2006

Print name: HENRY KINSTLINGER (Company Secretary)

## 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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