

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")

September 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (...3.. months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	-42	-42
(b) development		
(c) production		
(d) administration	-704	-704
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	14	14
1.5 Interest and other costs of finance paid	-31	-31
1.6 Income taxes paid [GST]	-11	-11
1.7 Other (provide details if material)		
Net Operating Cash Flows	-774	-774
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)		
Net investing cash flows	0	0
1.13 Total operating and investing cash flows (carried forward)	-774	-774

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1.13	Total operating and investing cash flows (brought forward)	-774	-774
Cash flows related to financing activities			
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)		
	Net financing cash flows	0	0
	Net increase (decrease) in cash held	-774	-774
1.20	Cash at beginning of quarter/year to date	1,603	1,603
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	829	829

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	88
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Included in 1.2 (d) were cash payments in the order of \$510,548 made to Vageta Pty Ltd in settlement of an assignment of liabilities to former directors and their associates as provided for in the Shareholders Agreement dated 7 January 2005 and a Deed of Release dated 1 July 2005.

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

N/A

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

N/A

+ 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	-
Total	50

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	29	452
5.2 Deposits at call	800	1,151
5.3 Bank overdraft	0	0
5.4 Other (provide details) GST Credits	0	0
Total: cash at end of quarter (item 1.22)	829	1,603

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	N/A	
6.2		Interests in mining tenements acquired or increased	N/A	

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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>	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 *Ordinary securities	404,191,542	404,191,542	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 *Convertible debt securities Convertible Note	N/A	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	N/A	N/A	N/A	N/A
7.7 Options			Exercise price	Expiry date
Unlisted options	143,657	-	4 cents	8 June 2006
Unlisted options	8,856,343	-	4 cents	14 October 2009
Unlisted options	3,000,000	-	10 cents	31 December 2005
Unlisted options	23,000,000	-	12 cents	30 November 2007
Unlisted options	2,700,000	-	20 cents	31 December 2005
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
Unlisted options	3,650,000	-	30 cents	31 December 2005
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	NIL	NIL	N/A	N/A
7.11 Debentures <i>(totals only)</i>	NIL	NIL		
7.12 Unsecured notes <i>(totals only)</i>	NIL	NIL		

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

Sign here:



Date: 31 October 2005

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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