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GUANACO EXPLORATION PROGRAM UPDATE

Diamond Rose is pleased to advise that it has now received initial results from the continuing drilling program which started in early August at the Guanaco gold-silver-copper deposit in Chile. The company has a 35.78% interest in the project.

The new results are at a preliminary stage, with check analyses and validation in progress.

BACKGROUND

The Guanaco District is centrally located in Chile's Paleocene belt. The Guanaco property is 200 kilometres [km] southeast of Antofagasta and about 40 km east of the Pan American highway.

The Guanaco Project covers 150 square kilometres [sq km] of concessions, which exclude the Soledad tenements, adjacent to the Guanaco mine, as well as a few other minor third-parties properties.

The program is based on the results from the previous exploration programs. The objective of this second phase of drilling is to extend the recognized zones of mineralization and to upgrade inferred resources present in the Cachinalito and Dumbo West Structures by infill drilling. Additionally, new zones have been included in the exploration program such as Marcelina, Beatriz and Salvadora Structures (refer project map).

A shallow drillhole program to demonstrate open pitable resources in the extension of Perseverancia Structure is also being carried out.

An investigation drillhole program for remaining gold resources in the Leach Heaps operated by the former operators of the Guanaco Mines has been completed. Sonic drillhole equipment provided by Boart Longyear Company was used to conduct this program.

Harris y Compania Ltda, a Chilean drilling contractor was engaged to conduct the drilling program whilst Geanalitica is conducting sample preparation and analyses. The international laboratory Actlabs will undertake independent check analysis of a proportion of the samples.

PROGRAM HIGHLIGHTS

To date, a total of 5,661 meters has been drilled in 44 holes in the program with 26 holes reporting significant intersections. The results obtained confirm the extension of Cachinalito Structure, the extension to the west of the Cachinalito Oeste Structure, and the presence of important open pitable resources in the Perseverancia Structure, as follows:

- A new ore shoot in Cachinalito Oeste Structure has been discovered. The preliminary results received are indicating strike continuity for greater than 180 meters in this area. Currently, an extension of the program is planned in this sector and an infill drillhole campaign is being defined.
- A high gold grade zone with an important width has been confirmed in the Cachinalito Structure.
- The holes drilled in the Perseverancia Structure are showing an interesting continuity and the possibility to establish new open pitable resources.

Cachinalito Structure

The recent results are confirming the extension of this structure along strike. Apparently this structure is more continuous than was indicated and the new results are confirming this.

Hole ID	Collar Coordinates			From	To	Length m	Au PPM	Ag PPM	Cu %
	East	North	Elevation						
RC-575	444050	7223779	2701	50	54	4	9.27	10.50	0.0231
				59	67	8	45.58	22.00	0.0022
RC-576	444100	7223795	2702	65	78	13	17.79	31.00	0.0025
RC-577	444000	7223767	2699	38	39	1	3.14	5.00	0.0022
				56	57	1	7.19	5.00	0.0034
RC-578	444000	7223769	2699	52	61	9	6.15	1.79	0.0034
RC-580	444125	7223797	2702	77	82	5	6.58	5.40	0.003
RC-581	444075	7223791	2702	75	78	3	6.00	4.33	0.0024
				82	97	15	5.04	0.65	0.0065
RC-582	444450	7223740	2696	96	97	1	12.19	1.00	0.0119
				103	104	1	3.71	1.00	0.0029
RC-583	444450	7223731	2696	102	103	1	3.39	3.00	0.0275
RC-584	444475	7223740	2697	84	92	8	3.80	3.26	0.0167
RC-585	444098	7223794	2702	96	101	5	7.17	2.20	0.0056
				135	139	4	20.72	1.28	0.0032
RC-586	444050	7223786	2703	70	74	4	13.58	6.50	0.0028

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

Cachinalito North Structure

The new results in Cachinalito North Structure indicate the presence of the continuous mineralization in a narrow structure. With the current information, new holes are being proposed in this sector.

Hole ID	Collar Coordinates			From	To	Length m	Au PPM	Ag PPM	Cu %
	East	North	Elevation						
RC-589	445175	7224059	2706	144	145	1	5.64	13.00	0.0430
RC-590	445200	7224063	2707	145	146	1	11.82	25.00	1.1703
RC-591	445148	7224052	2706	150	151	1	5.53	6.00	0.2227
				175	176	1	3.52	3.00	0.0824

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

Cachinalito Oeste Structure

The recent holes drilled in Cachinalito Oeste sector, indicate that a new ore shoot has been discovered under surface cover. As this zone of mineralisation does not outcrop the increasing potential of the structure is being highlighted by the current drilling.

Hole ID	Collar Coordinates			From	To	Length m	Au PPM	Ag PPM	Cu %
	East	North	Elevation						
RC-592	443475	7223601	2688	98	99	1	4.63	2.00	0.0159
RC-594	443425	7223608	2687	97	104	7	5.51	2.00	0.0053
				154	159	5	3.98	2.00	0.0063
RC-595	443425	7223575	2685	41	42	1	4.05	7.00	0.0034
RC-596	443400	7223604	2687	88	105	17	3.11	1.95	0.0074
RC-597	443350	7223596	2686	76	92	16	5.12	2.50	0.0042
RC-598	443375	7223596	2687	70	94	24	14.08	2.58	0.0074
RC-599	443325	7223589	2684	57	61	4	3.63	6.25	0.0078
RC-600	443475	7223634	2689	18	19	1	4.55	0.10	0.0458
				100	104	4	4.01	3.25	0.0150

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

Perseverancia Structure

The original program defined for this structure has been stopped because three holes intercepted unknown underground workings. Currently, the geological team is reinterpreting the database on the zone, to restart the drilling program.

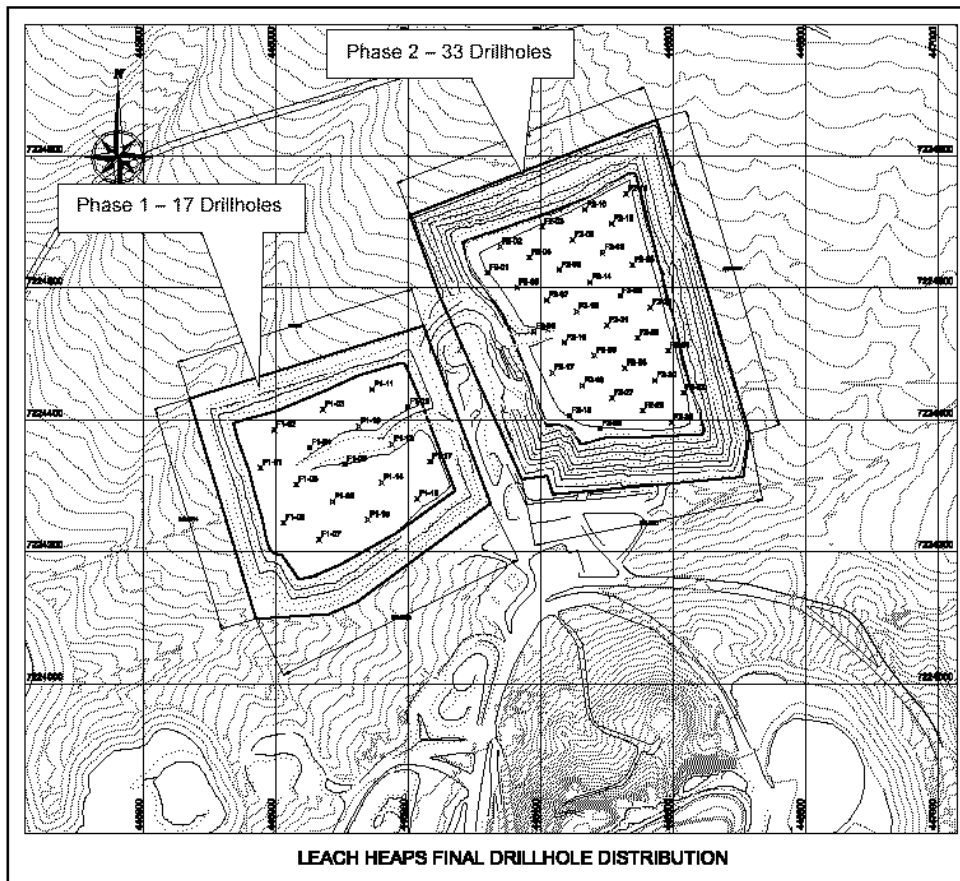
Perseverancia Structure presents strong continuity but the high grades intercepts are erratic. Considering how close the mineralization is from surface, the evaluation of the structure is focused to define open pitable resources. To date, an extension of more than 150 meters of mineralization along strike is outlined.

Hole ID	Section East	From	To	Length m	Level m	Au PPM	Ag PPM	Cu %	Observations
RC-565	446350	24	35	11	2690	1.76	21.55	0.0144	
RC-566	446375	22	26	4	2695	3.97	51.00	0.0876	
		38	39	1	2682	1.11	23.00	0.0184	
RC-567	446400	15	20	5	2700	1.18	15.80	0.0215	
		24	27	3	2693	1.24	6.67	0.0276	
RC-568	446400	31	40	9	2684	4.76	30.78	0.0396	
RC-569	446425	51	58	7	2668	1.29	27.43	1.5670	
RC-570	446425	81	82	1	2645	1.49	19.00	1.4631	
RC-571	446450	52	54	2	2672	1.32	18.00	0.0404	
		80	85	5	2645	1.42	6.60	0.0601	
RC-572	446450	85	86	1	2645	0.10	1.00	0.1209	Old Drift intercepted at 86 m.
RC-573	446478	58	61	3	2665	1.05	29.00	1.3821	Old Drift intercepted at 61 m.
RC-574	446500	14	15	1	2714	1.60	3.00	0.0357	Old Drift intercepted at 23 m.

- Assay composite intervals are based upon a 1.0 g/t Au cut off grade
- All intervals represent downhole length and not true widths.

Leach Heaps

A 50 drillhole program totalling 994 meters of drilling was completed in the heaps. Currently, the samples are being prepared and assayed in the laboratory. The figure shows the final distribution of holes in both heaps.

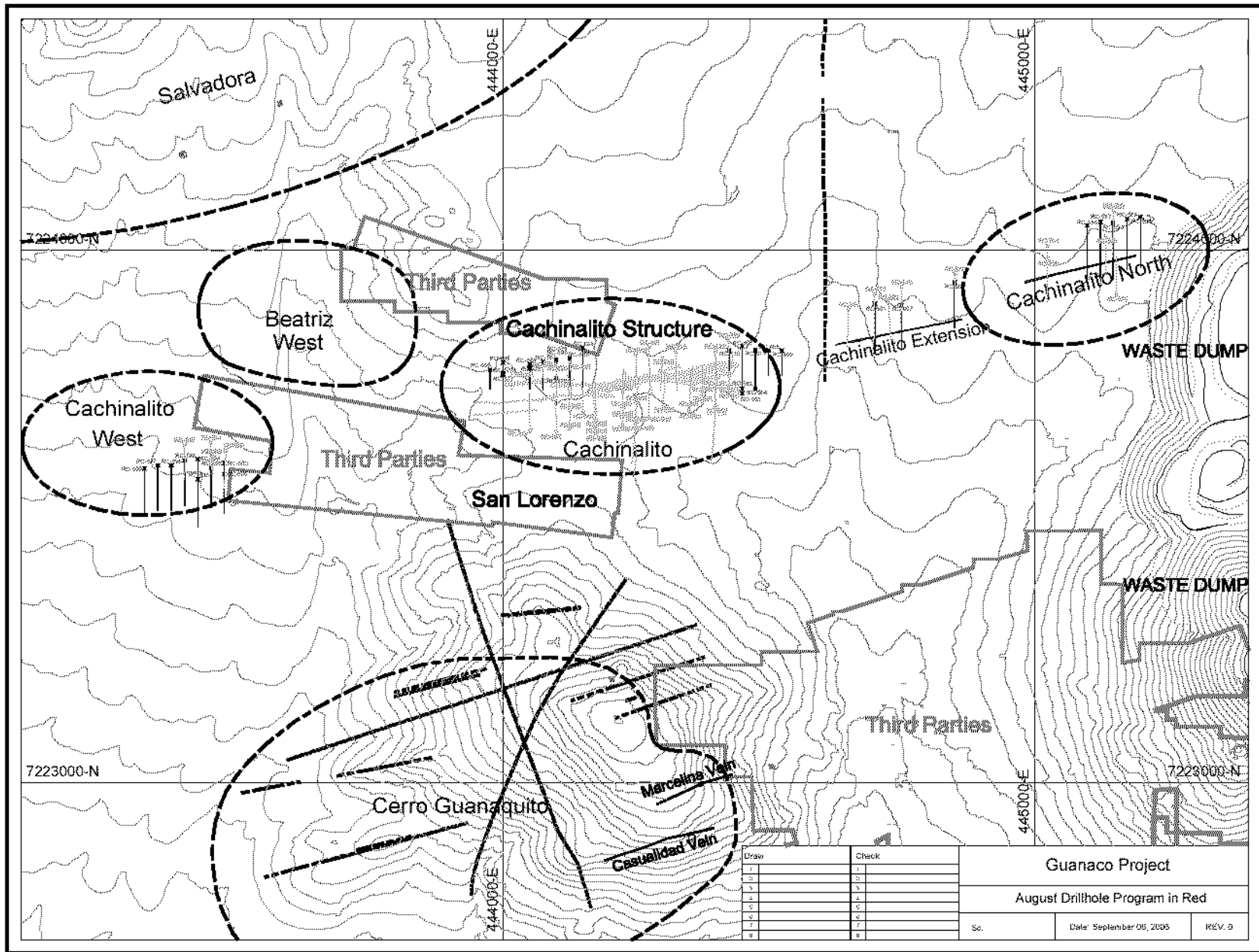


Henry Kinstlinger
Company Secretary

DECLARATION

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

The statement on the Diamond Rose Chilean Project has been based on program reports prepared by the professional exploration staff and consulting geologists of Guanaco Mining Company. The statement fairly reflects the results reported by Guanaco Mining Company and has been prepared by T. V. Willsted, Consulting Mining Engineer and Supervising Consultant, BE[Min] Hons, BA CP[Min] FAusIMM MMICA MSME, as Competent Person for Diamond Rose NL. Mr Willsted consents to the inclusion on this report of the matters stated based on the information provided in the form and context in which it appears.



Draw	Check	Guanaco Project	
1		August Drillhole Program in Red	
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		So.	Date: September 05, 2005
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