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4 Shvat 5763

Company Announcement Office
Australian Stock Exchange Limited

Diamond Rose - Gold / Silver / Copper Acquisition

<u>Summary of Announcement</u>

- The Directors of Diamond Rose are delighted to announce that Diamond Rose, through its subsidiaries, Golden Rose International Limited and Golden Rose Guanaco Limitada, has entered into a Sale Agreement to purchase 100% of the Guanaco gold/silver/copper mine and surrounding areas, and associated plant, equipment, infrastructure and assets.

- The acquisition area the subject of this announcement extends over the 150 square kilometre Guanaco property, which covers most of the historic Guanaco Gold District in Chile.

- The Agreement was entered into with Kinross Gold Corporation through its wholly owned subsidiaries Compañía Minera Kinam Guanaco and Kinam de Chile Limited.

- The current gold resource is in excess of 1.5 million ounces in various categories with further very significant potential.

- International financing has been secured for the project.

- Mining operations are planned to commence within twelve months, preceded by an infill-drilling program.

- The Guanaco Mine and associated processing facilities with an ability to crush and heap leach 6,000 tonnes per day are currently under care and maintenance.

- The mine facilities have a well-maintained infrastructure with the capacity to accommodate up to 400 employees on site.

- Production is initially planned to be between 50,000 and 100,000 ounces for the first year of production subsequently increasing to over 100,000 ounces per year.

- Average cash cost is presently projected to be below US$200 per ounce.

- Chile is considered a stable and dynamic business and mining environment for international investment (see attached article on Chile referring to Chile as the most attractive destination for mineral explorers based on geological conditions and government policies towards exploration).

- The status of permits for the operation of the mine has been audited with the conclusion that *"all required environmental permits are in place to operate the mine according to Chilean regulation"*.

- The senior management team in Chile consists of highly credentialed and experienced personnel overseeing the operations and development of the project. This team includes Gary Leighton as General Manager Chile and Terry Walker as Senior Independent Consulting Geologist.

- The Directors see this acquisition as fast tracking Diamond Rose's stated objective of becoming a significant producer of precious minerals leading to increased shareholder wealth through production cash flow and capital growth of the company.

Full details follow and can be found at Diamond Rose web site at www.diamondrose.com.au

Details of Announcement

The Acquisition

Diamond Rose, through Golden Rose Guanaco Limitada ("the Company"), a wholly owned subsidiary of Golden Rose International Limited ("GRIL") presently 71% owned by Diamond Rose, has entered into a Sale Agreement with Kinross Gold Corporation through its wholly owned subsidiaries Compañía Minera Kinam Guanaco and Kinam de Chile Limited ("the Sellers") to purchase 100% of the Guanaco gold/silver/copper mine and surrounding areas, and associated plant, equipment, infrastructure and assets ("Agreement").

The Agreement provides for the Company to purchase the assets of the Sellers, which include:

> Exploration and mining concessions; water rights; a lease agreement for mining concessions owned by the National Mining Company, Empresa Nacional de Minería ("ENAMI"); the plant and equipment to process 6,000 tonnes of ore per day; heap leach and gold recovery facilities; and the support infrastructure.

It also provides for the purchase of Kinam de Chile Limited, which holds:

> Further adjoining mining claims and US$2,500,000 of tax losses.

The Company will also acquire a significant list of assets not limited to but broadly including the following:

- Rights of way
- Environmental and operating permits
- Geological, technical data and reports developed by the previous operators
- Power generation plant and infrastructure for a heap leach gold operation
- Crushing plant
- Waste dumps
- Partially leached heap leach piles
- Leaching and reagent facilities
- Merrill Crowe, Carbon Absorption and other gold recovery facilities
- Full Office and Laboratory Facilities

Cost of Purchase

Upon payment of an advance royalty to ENAMI of US$1 million on or before 15 March 2003 the company will own the mine and associated assets. Ongoing royalties are to be paid to Kinross and the national mining company (ENAMI).

The acquisition and payments have been structured on the following basis:

The Company will pay a 3 per cent gross royalty for the value of gold and silver or 2.5 per cent for the value of copper extracted from the ENAMI concessions through advance royalty payments of:

> US$1,000,000 on or before 15 March 2003 (this is the first advance royalty referred to above);
>
> US$2,500,000 on or before 14 April 2004; and
>
> US$3,000,000 on or before 14 April 2005.

These staged payments of US$6.5 million are all advance royalties and will be credited against the gross royalties payable to ENAMI.

Other than the first payment of US$1 million, all other payments referred to above are intended to come from production cash flow.

In addition to these advance royalties, commencing 30 July 2003, the Company will make payments to the Sellers through a Net Profit Interest ("NPI") being the greater of:

US$75,000 each quarter; or

10% applicable for metals or concentrates produced from mining concessions previously mined by the Seller; and/or

5% of the metals or concentrates produced from a mining concession previously owned by ENAMI and upon which the gross royalties mentioned above are payable.

The Company may elect at any time to purchase the NPI for cash payment of US$7,500,000.

The total commitments due and payable over the next 12 months are US$1.15 million.

Chilean Senior Management

Overseeing the operations and development of the project in Chile are Gary Leighton, General Manager, and Terry Walker, Senior Independent Consulting Geologist.

Gary Leighton - General Manager

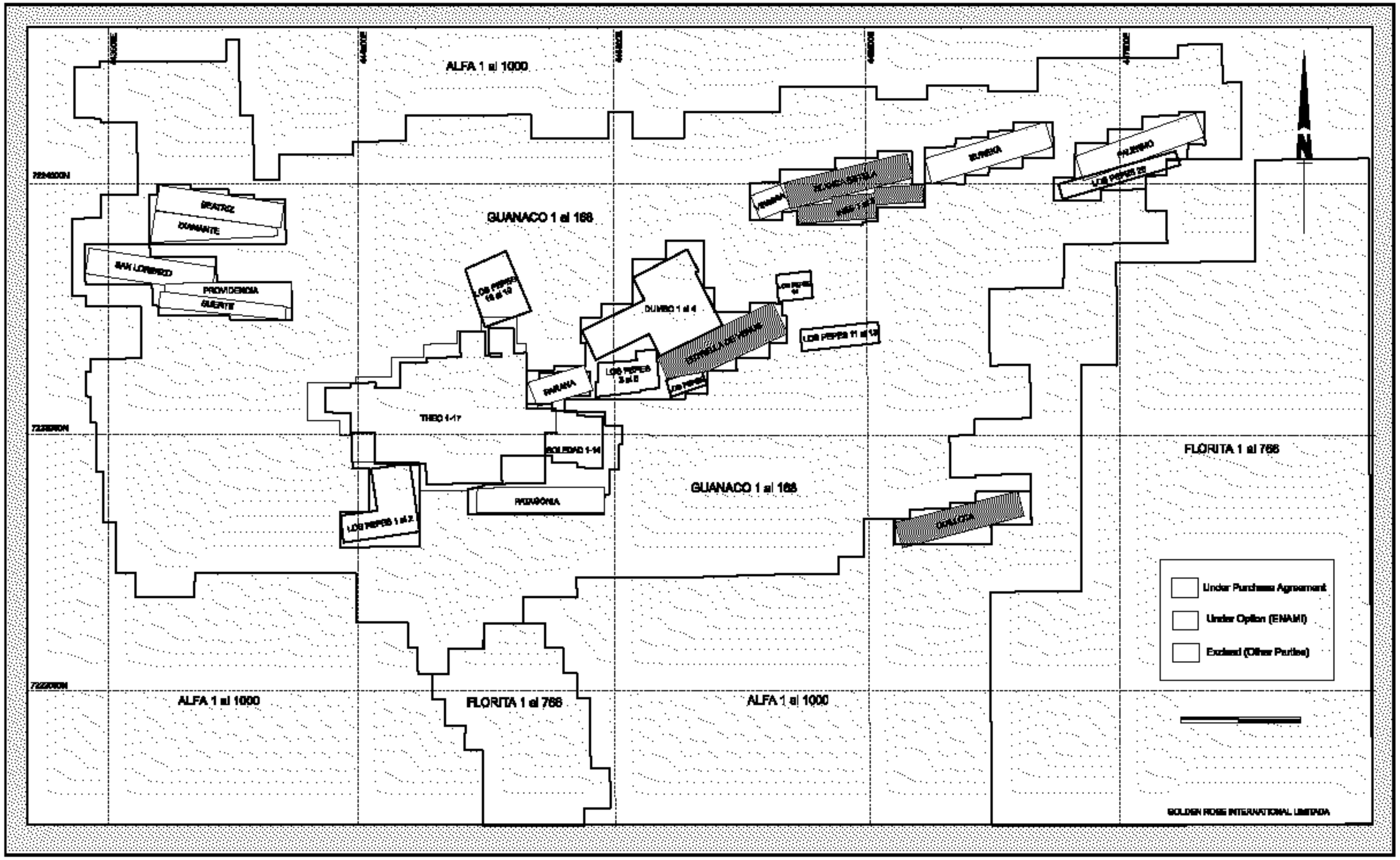
Mr Leighton has over 30 years experience in the mining industry, having previously held senior positions with the Bechtel Corporation, BHP Utah Minerals, Bema Gold Chile, Placer Dome, and Outokumpu Copper. He has extensive experience in mining engineering, procurement and mining construction and has been involved in a number of mining projects at all levels from exploration to engineering and construction, and ultimately to establishment and operation.

During the past 15 years, Mr Leighton has directed several major Chilean mining projects. He was BHP's manager of engineering and construction for the Escondida Copper Mine Development, Compañía Minera Zaldivar's general manager for the Zaldivar Copper Project, Collahuasi Copper Mine Project's construction manager for project development, and most recently, Bema Gold Chile's general manager of the Cerro Casale Project. Mr Leighton holds a mining engineering degree from the Colorado School of Mines and has completed post-graduate business administration work at the University of Colorado.

Terry Walker - Senior Independent Consulting Geologist

Mr. Walker has considerable professional qualifications and over 30 years of international experience in the mining industry the last 10 years of which have been in Latin America and specifically in gold and porphyry copper gold environments. He has recently worked as a consulting geologist including project evaluations, project generation, and management in Chile for a variety of junior and major companies including: Sutton Resources, Dorado Resources, MK Gold, IPBX, ProCan Investments, the Dickenson and Hunter Group, and Noranda. He also is or has been a director of several public and private exploration companies.

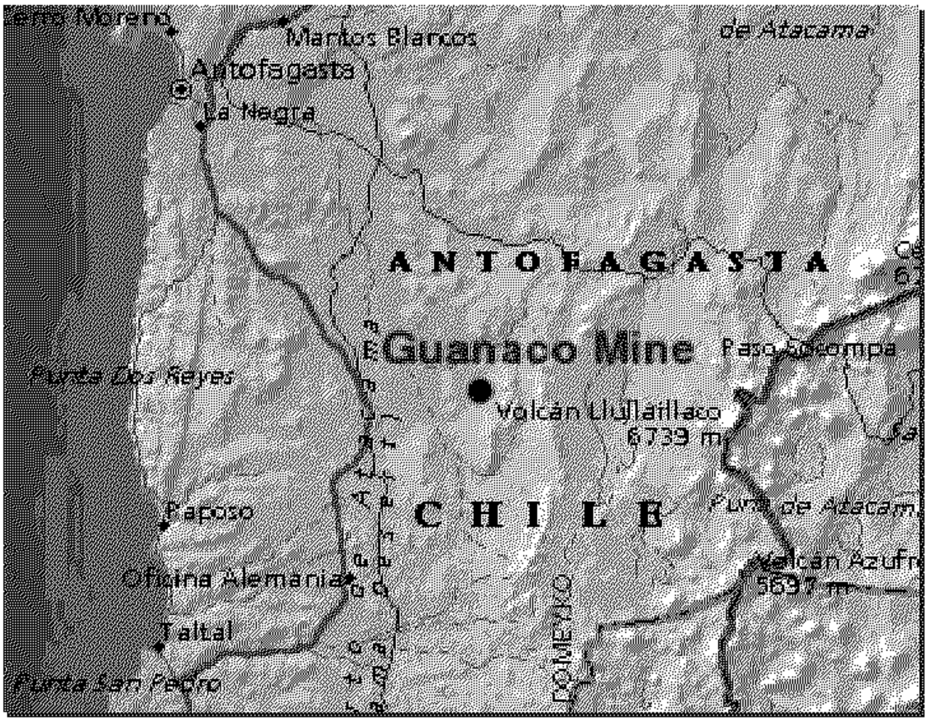
Mr. Walker graduated from the University College, University of London in 1968 and was awarded B.Sc. Geology Honours and also graduated from McGill University, Montreal in 1978 with a M.Sc. Applied Mineral Exploration degree. He is a member of the Association of Professional Engineers and Geoscientists of British Columbia.



Guanaco Mine Title Plan (plan occupies approximately18 sq km of GRIL's 150 sq km concessions)

Location

The Guanaco Mining District is located in the community of Taltal in Region II, Antofagasta, Chile. The Guanaco Project is 200 kilometres southeast of Antofagasta and has a mean elevation of approximately 2,700 metres above sea level.



Resources, Geology and Potential

The 150 square kilometre Guanaco property covers most of the historic Guanaco Gold District discovered in 1878. Systematic high-grade gold mining began about 1886.

Gold production from the district to date is in the order of 2 million ounces.

The Guanaco District is situated on the western edge of the main Chilean porphyry copper belt and lies within a 500 kilometre long, northerly trending belt of early Tertiary volcanic rocks which host a number of other multi-million ounce gold or gold-silver deposits e.g. San Christobal and El Penon. In common with Guanaco, these deposits are associated with the Paleocene gold-silver metallogenic event is characterized by structurally controlled acid-sulphate type epithermal alteration.

There are two phases of primary mineralization identifiable in the Guanaco District; early sheeted veins, disseminations and replacements of mainly copper silver and gold bearing enargite and luzonite and later vein like siliceous bodies and replacements containing free gold and pyrite. Both entered and altered the andesitic volcanic rocks along the same structural plumbing system.

The higher levels of the hydrothermal system have been strongly oxidized to produce a gold ore amenable to cyanide leaching. **Individual mineralised fault zones can vary from a few meters to several tens of meters in width and grade up to 180 grams per tonne gold in the upper gold zone and 5 to 45% copper in the lower copper zones.** In the areas of intersection between fault zones the mineralised interval can extend to 50 to 70 meters. Please refer to the table of resources below for average grades identified to date in current defined resources.

Over 90% of the past production and exploration effort within the district has centred on one system of East North East trending faults which run through the main existing pits and adjacent historic workings and can be traced through workings and reconnaissance drilling for over 3,500 metres of strike.

Identified gold resources at Guanaco remain in the immediate area of the existing pits.

The resources were established after a comprehensive on site review of prior Amax and Kinross geotechnical data including reports, drill logs, sections, plans, assays, drill core and exposed mine surfaces.

Initial reviews confirmed by SRK Consultores, a group of independent international consulting engineers, show that Guanaco plus the existing leach pads contain indicated gold resources of 721,000 ounces plus inferred resources of 860,000 ounces.

The estimation method used involved the independent geological interpretation of the detailed drill sections for each of the zones mentioned below and subsequent development of cross-sectional block model.

Resource Area	Category	Tonnes	Grade Grams per tonne gold	Contained Ounces 1oz = 31.1035 grams
Cachinalito	Indicated	1,838,000	5.69	336,000
	Inferred	2,000,000	5.50	353,000
Dumbo Extension	Indicated	1,773,000	2.20	125,000
	Inferred	1,500,000	2.20	106,000
Chilena	Inferred	2,500,000	5.00	401,000
Total		**9,611,000**	**4.28**	**1,321,000**
Leach Piles	Indicated	11,100,000	0.73	260,000
Total Indicated				**721,000**
Total Inferred				**860,000**
Total Defined Resources at Present				**1,581,000**

Most of the historic production and the current indicated gold resources totalling in excess of 2.2 million ounces occur along only 1,200 metres of the known 3,500-metre strike of this belt, the rest being mostly covered by overburden. Hence by comparison the resource potential of the remaining 2,300 meters of strike could be very significant.

Copper Potential

The epithermal gold mineralization at Guanaco is superposed on a deeper enargite copper-gold system. In 1997 the owners estimated a potential inferred resource of 42 million tones grading 0.84% copper and 0.6 grams per tonne gold within 200 meters of the bottom of the Dumbo and Perseverancia Pits.

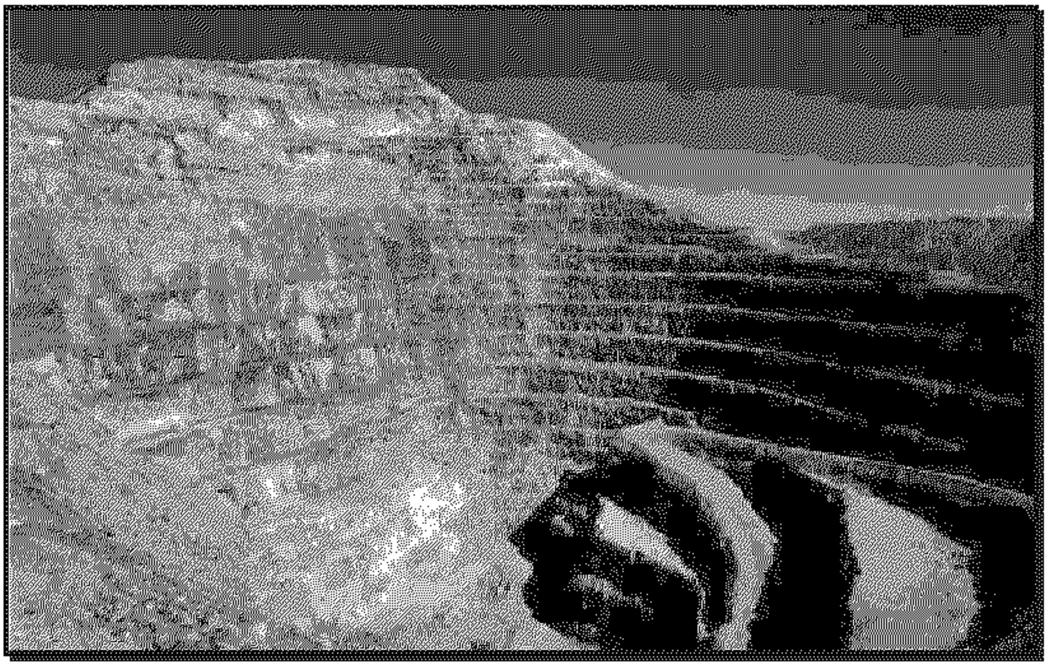
A subsequent evaluation within the confines of these pits suggests that this resource has the potential to be upgraded considerably through further detailed drilling and exploration.

Reconnaissance drilling and widely spaced geophysical surveys suggest that the enargite-gold system lies within a much larger 35 square kilometre zone of alteration and mineralization that contains subsurface geophysical anomalies typical of porphyry copper (gold) systems. By comparison with porphyry copper systems both in Chile and the southwestern USA alteration systems of this size can develop around porphyry copper deposits in the 500+ million tonne range.

Proposed Exploration

A detailed program of core and reverse circulation drilling is planned to raise the level of the Guanaco indicated resources and at least 50% of the inferred resources to reserve status and refine the current ore deposit models to allow optimisation of extract method, production rate and grade control.

Based on the current deposit models, which reflect ore shoot characteristics seen in the existing open pits, this program is expected to involve the drilling of approximately 4,900 metres of diamond drill core and 3,800 meters of reverse circulation cuttings.



The main gold-bearing zone at the western end of Dumbo Pit (view to SW)

Concessions

The Mining Exploitation Concessions in the Guanaco District either owned by Compañía Minera Kinam Guanaco or Kinam de Chile Limited or The State Mining Company, Enami which are the subject of the Enami purchase option agreement with Kinam de Chile Limited have been audited and determined to be in good standing. These claims, which are registered at the Office Of The Mine Register, located in community of Taltal in Region 2 Chile cover an area in excess of 150 square kilometres.

All present environmental and mining plans have been granted.

Program

Kinam property and asset transfer	March 2003
Completed infill drilling	June 2003
Commencement of underground mining	November 2003
Complete process plant modifications	November 2003
Produce first gold	December 2003

The above program is subject to the successful completion of drilling and mine scheduling.

Regulatory Requirements and Financing

The Agreement represents a significant change to the scale of Diamond Rose's activities. The size of this operation is many times larger and significantly more advanced than any of Diamond Rose's previous operations.

The Company has budgeted approximately A$2 million to convert the known resources into reserves in order to commence mining. There may also be a need for short term financing for working capital purposes in the lead up to the re-commencement of mining operations.

As Diamond Rose will be required to satisfy the requirements of the ASX Listing Rules with respect to significant transactions, it accordingly is required to seek approval by shareholders to enter into the Agreement.

Diamond Rose intends to convene an Extraordinary General Meeting in late February 2003/early March 2003 to approve the Agreement.

Diamond Rose will be required to comply with Chapters 1 and 2 of the ASX Listing Rules if the shareholders approve the Agreement and will further have to comply with the Corporations Act and will be issuing regulatory documentation to shareholders ahead of the Extraordinary General Meeting.

Underwritten Fundraising for Diamond Rose and Golden Rose International Limited

Diamond Rose proposes to raise $4 million through an underwritten fundraising.

This fundraising is to be underwritten by PrimeGlobal LLC of Beverley Hills California and consists of the issue of a Convertible Note and the issue of shares under a Diamond Rose prospectus.

PrimeGlobal is the international arm of an established 25 year-old Beverley Hills based CPA firm representing high net worth investors with offices in South Africa, Europe, and the Middle East and in Canada.

PrimeGlobal forms part of the Peat-FirstGlobal Group, which places approximately US$200-250 million of international investments annually with institutions and in project funding.

PrimeGlobal will receive a fee represented by 5 million ordinary shares in Golden Rose International Limited and 5 million unlisted options in Diamond Rose exercisable at 12 cents on or before 30 November 2007.

PrimeGlobal has further provided assurances that it will facilitate debt financing of the future development of the Guanaco project of up to US$25 million.

Details of Underwritten Fundraising by Golden Rose International Limited

The Directors of Golden Rose International propose to borrow A$2 million through the issue of an assignable convertible note payable on 31 December 2007, convertible to an option to acquire 10% of the capital of Golden Rose International Limited prior to that date at a price equivalent to 2.5% of an independent valuation of the assets of GRIL at the date of exercise of the Option ("Note").

The Note is otherwise unsecured and is subject to 7% annual interest payable in arrears.

Underwritten Fundraising by Diamond Rose

Diamond Rose will also be required to issue a prospectus in order to satisfy the requirements of Chapters 1 and 2 of the ASX Listing Rules on or about the date of the shareholders meeting.

Diamond Rose will be issuing a prospectus prior to the shareholder meeting to issue up to 10 million fully paid shares in order to raise up to A$2 million.

In accordance with the Listing Rules, any securities issued under the prospectus must be at a minimum price of 20 cents.

Shareholders will be asked to approve the issue of securities under the prospectus at the shareholders meeting.

Other Listing Rule Requirements

Trading in shares will be suspended from the date of the meeting for shareholder approval of the Agreement until the requirements of Chapters 1 and 2 of the ASX Listing Rules have been satisfied.

It is envisaged that Diamond Rose will satisfy these requirements on or around the date of the meeting.

Golden Rose International Limited Proforma Capital Structure

After allowing for the issue of 5 million shares pursuant to the Underwriting Agreement Diamond Rose will own 68% of the capital of Golden Rose International Limited. The remaining 32% is held by parties unrelated to Diamond Rose who were each instrumental in facilitating the transaction.

The following table includes the possible effect to Diamond Rose of proposed fundraising by Golden Rose International Limited.

Golden Rose International Limited	Shares on Issue	DRN Interest
Shares on issue at 31 December 2002	121,000,000	70.66%
Post Issue to Underwriter	126,000,000	67.86%

The distribution of shares in Golden Rose International Limited will be:

Holder	No. Of Shares	% Holding
Diamond Rose NL	85,500,000	67.86%
Belli, Franco	20,000,000	15.87%
Sydney Talmudical College Association	5,500,000	4.37%
Evans, David	5,300,000	4.21%
Prime Global	5,000,000	3.97%
Snaith, Jeremy	4,700,000	3.73%
	126,000,000	**100.00%**

Diamond Rose NL Proforma Capital Structure

The following table shows the capital structure of Diamond Rose at 30 June 2002, 31 December 2002 and following the transaction.

Diamond Rose NL	Notes	Shares on Issue	DRN Market Capitalization
Shares on Issue at 30 June 2002		165,139,392	
Pre-Transaction at 31 December 2002	A	208,334,507	A$12,916,739
Post Transaction at 15 March 2003	B	218, 334,507	

Notes

A. Shares in DRN traded at $0.062 on 24/12/2002 when the Company requested a trading halt pending this announcement.

B. For the purpose of this proforma capital structure it is assumed that 10 million shares will be issued. Market capitalization can not be determined as it is dependent on the market price of Diamond Rose on 15 Mach 2003.

Diamond Rose NL Proforma Statement of Financial Position

To further satisfy the requirements of the ASX Listing Rules with respect to significant transactions, the following is a proforma unaudited Statement of Financial Position for Diamond Rose showing only the immediate effect of the transactions associated with the acquisition the subject of the Agreement.

This report does not take into account the necessary revaluation of assets that may need to take place once resources are converted to reserves.

A$1 = US$0.56	**Notes and Assumptions**	**Diamond Rose Consolidated at 30 June 2002**	**Golden Rose at 15 March 2003**	**Adjustment**	**Unaudited Proforma**
		A$	**A$**	**A$**	**A$**
Current assets					
Cash	1	7,203	2,000,008	2,000,000	4,007,211
Receivables	2	58,721	232,000		290,721
Other financial assets		-			
Total current assets		**65,924**	**232,008**		**4,297,932**
Non-current assets					
Receivables		393,118			393,118
Other financial assets	3	-		-6	-6
Plant and equipment	4	116,398	3,049,000		3,165,398
Exploration and evaluation expenditure	4	1,804,526	5,549,000		7,353,526
Total non-current assets		**2,314,042**	**8,598,000**		**10,912,036**
Total assets		**2,379,966**	**8,830,008**		**15,209,968**
Current liabilities					
Payables	5	1,406,264	997,377		2,403,641
Provisions		10,000			10,000
Total current liabilities		**1,416,264**	**997,377**		**2,413,641**
Non-current liabilities					
Payables	6	-	5,562,286		5,562,286
Provisions	7	-	2,500,000		2,500,000
Borrowings	8		2,000,000		2,000,000

Total non-current liabilities			**10,062,286**		**10,062,286**
Total liabilities		**1,416,264**	**11,059,663**		**12,475,927**
Net assets		**963,702**	**-229,655**		**2,734,041**
Equity					
Contributed equity	9	27,684,839	8	1,999,992	29,684,839
Accumulated losses	10	-26,721,137	-229,663	2	-26,950,798
Minority Interest	11	0	0		
Total equity		**963,702**	**-229,655**		**2,734,041**

Notes and Assumptions

1 It is expected that GRIL will have additional cash of A$2 million resulting from borrowings of A$2 million raised through a convertible note. For the purpose of this proforma balance sheet it is assumed that Diamond Rose will raise funds through the issue of 10 million shares in Diamond Rose at an issue price of not less than 20 cents per share by way of prospectus before 15 March 2003.

2 A$232,000 represents VAT receivable of which A$116,000 remains to be paid to the Sellers and is included as a payable.

3 Subsequent to 30 June 2002, DRN incorporated GRIL. The purpose of this adjustment is to disclose the impact of the consolidation of GRIL on DRN's other financial assets.

4 For the purpose of the proforma balance sheet, it has been assumed that the 50% of the consideration paid is for mineral concessions and 50% as consideration for plant and equipment. The value ascribed has been determined as being the NPV of cash of US$7.5 million payable over 25 years and discounted at 10% giving the value A$6,098,000 together with the assumption of environmental liabilities assumed to be A$2.5million.

5 For the purposes of the proforma balance sheet it has been assumed that the first four payments of US$75,000 each quarter commencing June 2003, are treated as current liabilities together with the loan provided to GRIL together with the amount of VAT payable.

6 For the purposes of the proforma balance sheet it has been assumed that the loan provided to GRIL has been provided through third party loans. The A$5,562,286 is represented as being a NPV of cash of US$7.5 million payable over 25 years and discounted at 10% for that portion due to be paid after twelve months.

7 Representing the estimated environmental liability of A$2.5 million

8 The adjustment relates to the increase in contributed equity of Diamond Rose, net of the elimination of contributed equity in GRIL on consolidation.

9 Accumulated losses incurred by GRIL are wholly attributable to the Group as a result of the minority interest not indemnifying Diamond Rose to meet such losses.

Notes and Assumptions

10	No minority interest has been recognized due to the minority interest share of contributed equity being recorded at nil due to the excess of accumulated losses incurred by the Company since incorporation.
11	Relates to the raising of additional cash through a convertible note repayable on 31 December 2007 at 7% annual interest payable in arrears. Where financial instruments, such as convertible notes issued by the Company, give rise to a contractual obligation to deliver cash to the holder they are classified as liabilities to the extent of the obligation. Where the financial instruments are redeemable at the option of the holder, redeemable at a fixed date or perpetual instruments with cumulative interest obligations, the proceeds received are classified as a liability and related distributions as interest expense.
Commitments	As indicated in the body of the announcement, the Company has advance royalty commitments of US$6.5 million payable over three years. US$1,000,000 on or before 15 March 2003 Payments US$2,500,000 on or before 14 April 2004 and US$3,000,000 on or before 14 April 2005 are to be met through production cash flow.

Conclusion of Announcement

The Directors of Diamond Rose feel privileged that the Company is involved in a project of such magnitude at such an opportune time for gold production and are encouraged by the enthusiasm shown by the local and overseas investment community for this project.

The Directors wish to acknowledge the good fortune (thank G-d) and hard work (the Diamond Rose / Golden Rose team) that has contributed to this acquisition as a monumental step towards achieving the Company's stated objectives.

The Directors also wish to thank all of Diamond Rose's loyal shareholders for their continued support and encouragement and hope that this loyalty will be abundantly rewarded.

Yours sincerely

P. Feldman

Pnina Feldman
Executive Director / Chairperson
Diamond Rose NL

The information contained in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Terry Walker M Sc. P .Geo.

Mr Walker is a consultant to the Company and has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 1999 Edition of the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves". Terry Walker consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Chile tops for mining investment: survey

By Rebecca Keenan (31 December 2002)

CHILE is the most attractive destination for mineral explorers based on geological conditions and government policies towards exploration, according to a survey by a Canadian economic think tank.

Chile scored 94 out of a possible 100 in terms of overall investment attractiveness, which the Fraser Institute broke down into policy potential and mineral potential.

Quebec, which shared first place with Ontario last year, came in a close second with 90, just above Australia on 89. At the other end of the index was Wisconsin on 13, Washington and New Zealand on 22, and Nova Scotia and India on 24.

This year's survey comprised 131 junior and 27 major mining companies which spent a combined US$737.9 million on exploration. The results represent the opinions of exploration managers.

Vying for top spot on the policy potential index, which measures the effect of government policies on exploration, Nevada and Alberta each scored 87 out of a possible 100.

"It is interesting to see that the uncertainty surrounding the Mineral Development Bill passed in South Africa this year did not affect its policy rating; it placed 28th on the policy potential index for a second year," the survey said.

The worst performing jurisdictions in terms of policy potential were Indonesia, scoring 20; British Columbia and Russia tied on 25; and Papua New Guinea, Kazakhstan, Wisconsin and India tied on 26.

The mineral potential index rates a region's attractiveness based on mining company executives' perceptions of geology. Chile scored a perfect 100, closely followed by Quebec on 98. Australia, Brazil and Peru shared third place with a score of 96.

The worst rated regions were Nova Scotia on 2, Wisconsin on 4, Alberta on 6 and New Zealand on 9.
