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8 January 2003

Company Announcement Office

Australian Stock Exchange Limited

Media Release

Following is a media statement issued regarding the acquisition by Diamond Rose of a Chile gold project.

Henry Kinstlinger
Company Secretary

Diamond Rose Chile Gold Mine Acquisition

Diamond Rose today announced that it has concluded a sale agreement with Kinross Gold Corporation to purchase their Guanaco gold operations in Chile.

Pnina Feldman, Chair and Managing Director of Diamond Rose stated that she sees "this acquisition as fast tracking Diamond Rose's intention of becoming a significant producer of precious minerals."

"The purchase includes all of Kinross's Guanaco assets including their gold mine and surrounding areas, associated plant, equipment and infrastructure," she said.

Apart from the mine, the Company has exploration and mining rights over the 150 square kilometre Guanaco property, which covers most of the historic Guanaco Gold District in Chile.

According to independent geologist, Terry Walker, "the current gold resource is in excess of 1.5 million ounces with very significant further potential."

General Manager of Chile operations Gary Leighton believes that "the mine should be in operation under our new management within 12 months and production is initially planned to be between 50,000 and 100,000 ounces for the first year of production.

Mr Leighton further projected that production cash costs would be at an average below US$200 per ounce.

The Company has processing facilities with a capacity to crush and heap leach 6,000 tonnes per day.

International financing has been secured for the project, which is underwritten by PrimeGlobal LLC of Beverley Hills, California.

"We all feel privileged that the Company is involved in a project of such magnitude at such an opportune time for gold production. We are encouraged by the enthusiasm shown by the local and overseas investment community for this project," stated Mrs Feldman.

Chile is the most attractive destination for mineral explorers based on geological conditions and government policies towards exploration. Chile ranked first scoring 94 out of a possible 100 in a survey by the Fraser Institute, a Canadian economic think tank; Australia came in third with a score of 89.

The Directors are confident that this new business enterprise will lead to increased shareholder wealth through production cash flow and capital growth of the company.

The full announcement can be found at www.diamondrose.com.au or telephone +61 2 9386 1282 for a copy.