DIAMONEX LIMITED
AND CONTROLLED ENTITIES

ABN 26 091 951 978

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2005

CORPORATE GOVERNANCE STATEMENT

DiamonEx Limited is a specialist diamond explorer operating in countries that are significant world diamond producers. As an operator in an international context, the Board believes that fostering high governance standards reflects the Company's commitment to corporate integrity and enhancing shareholder value.

This Corporate Governance Statement outlines the key principles and practices of DiamonEx Limited, which represents our system of governance. The Company's Board is committed to implementing best practice corporate governance procedures and has adopted the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* as the basis for its corporate governance policies.

In viewing this Statement, shareholders are reminded that Diamonex is a junior exploration company operating in a volatile market, committed to maintaining a lean and efficient corporate structure. The Company advises that where its practices are not entirely consistent with the ASX Principles this is because the Board considers some of the recommendations to be inappropriate to the Company's size and the nature of its current operations. However, the Board and Management of DiamonEx are committed to the progressive implementation of the Principles, appropriate to each stage of the Company's development.

Summaries of compliance with the principles are provided below.

PRINCIPLE 1: SOLID FOUNDATION FOR MANAGEMENT AND OVERSIGHT

Lay Solid foundations for management and oversight

The Board's role is to govern the Company and to ensure that it represents effectively the interests of all shareholders. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is currently the role of the Executive Directors to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of the Executive Directors in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

The Company has developed a Statement of Board Functions and a Delegations Policy, which document the respective roles and responsibilities of the Board and management. Details of these policies are available on the Company's website.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Structure the Board to add value

Within the cost limits appropriate to a company of DiamonEx's size, the board has been structured to provide optimum experience and oversight of the company's operations. All Directors should bring specific skills and experience that add value to the Company. The Board considers that, between them, the existing Directors bring the range of skills, knowledge and experience necessary to govern the Company effectively.

The Board regularly reviews the composition, skill base and effectiveness of the Board.

In relation to the best practice recommendations:

2.1 A majority of the Board should be independent directors.

DiamonEx is not compliant with this principle. During this reporting period, the Board comprised two executive and five non-executive directors, two of whom were independent directors. At the date of this report the Board comprises one independent director. The size, nature of activities and stage of development of the Company does not justify expanding or restructuring the Board at this time.

However, in making recommendations to shareholders about candidates for election to the Board, the Board will aim to have a balance of independent non-executives.

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge it responsibilities and duties. The names of the Directors and their qualifications and experience along with the term of office held by each of the Directors are stated in the Directors' Report.

The Board considers that two non-executive directors, Messrs Dippenaar and Magang meet its criteria for independence during the reporting period. Mr Dippenaar resigned as a Director in June 2005. Of the other non-executive directors, Mr Crawford is the principal of a firm that provides accounting, company secretarial, corporate and financial management services to the Company and therefore does not meet the criteria for independence. However, the Board considers it appropriate for him to remain a member of the Board. Similarly, Mr Chong, as a substantial shareholder in the Company, cannot be regarded as an independent director. However, his many years experience in mining and minerals processing and his experience as a director are regarded as important additions to the Board's skills base. The Board's most recently appointed non-executive director is Mr Don Duncan. Mr Duncan is a geologist who has operated his own independent diamond consultancy since 2000 and has provided consultancy services to DiamonEx. While he cannot be regarded as an independent director, his extensive experience in the diamond industry and involvement in the Martin's Drift project since inception, are extremely important to the Company.

The two executive Directors, Mr Greg King (Executive Chairman) and Mr Dan O'Neill (Managing Director) are founding directors and bring valuable knowledge and experience to the Board.

2.2 The chairperson should be an independent director.

DiamonEx is not compliant with this principle. The Board chooses the most suitable candidate to lead the Board.

Mr King is the Company's Executive Chairman. He was a Company founder and has been a major force in its success. While recognising that the ASX Corporate Governance Council recommends that the Chairman should be an independent Director, the Company feels that the strong independence exercised by the other Board members mitigates any negative impact on the Company that it may have.

2.3 The roles of chairperson and chief executive officer should not be exercised by the same person.

DiamonEx is compliant with this principle. DiamonEx does not have employees, and the chairman performs executive functions but is not considered the chief executive offer.

The Company's Managing Director, Mr O'Neill is the chief executive officer. In conjunction with the Executive Chairman, he is responsible for running the affairs of the Company under delegated authority from the Board, including the implementation of the policies and strategy set by the Board.

2.4 The Board should establish a nomination committee.

DiamonEx is not compliant with this principle. The role of the Nomination Committee has been assumed by the full Board. The size and nature of the Company's activities does not justify the establishment of a committee at this time. The review of the Company's corporate governance practices will consider the need for such a committee.

2.4 Reporting on Principle 2

A statement of Board and management functions, together with a description of the procedure for the selection and appointment of new directors to the board can be found on the Company's website.

PRINCIPLE 3: Promote ethical and responsible decision making

3.1 Directors and key executive code of conduct

The Board requires high standards of conduct and responsibility from Directors and has developed a Code of Conduct to guide Directors in the performance of their role. The Board also requires the

Executive Directors and consultants, to have high standards as the Company has no employees. Executive Directors are required to adhere to industry standards in conduct and dealings and has built the promotion of a culture of honesty, fairness and ethical behaviour into its internal compliance policy and procedures.

3.2 Company security trading policy

The Company has a share trading policy that prohibits Directors and officers from trading in the Company's securities when in possession of unpublished market price sensitive information. Directors must notify the Chairman and company secretary when any trade in Company securities occurs.

3.3 Reporting on Principle 3

Details of the Company's code of conduct, share trading policy and other matters relating to the Company's decision making processes are available on the Company website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Chief executive officer (or equivalent) and chief financial officer (or equivalent) sign-off of the financial accounts.

In accordance with the Board's policy, the Managing Director and Company Secretary who undertake the role of CEO and CFO respectively, certified to the Board that the financial statements represent a true and fair view and of the Company's financial position and that they comply with applicable regulatory requirements.

4.2 Establishment of an audit committee.

DiamonEx is not compliant with this principle. The role of the Audit Committee has been assumed by the full Board. The size and nature of the Company's activities does not justify the establishment a committee at this time. The review of the Company's corporate governance practices will consider the need for such a committee.

If an Audit Committee is formed, it will be structured in accordance with best practice recommendations and have a formal charter.

4.3 The structure of the audit committee.

Refer above.

4.4 The audit committee has a formal charter.

Refer above.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Policy for compliance with continuous disclosure

The Board has adopted a policy and rules to ensure the Company complies with its obligations under the continuous disclosure rule 3.1. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

Under this policy, simultaneous disclosure is made to the Botswana Stock Exchange, where the Company's shares are also listed.

5.2 Reporting on Principle 5

Details of the Company's continuous disclosure policy and other related material are available on the Company's website.

PRINCIPLE 6: Respect the rights of shareholders

6.1 Communications strategy

The Board has adopted a policy on communication with Shareholders and implemented a set of processes to ensure timely and effective communication with Shareholders and the wider investment community.

6.2 Attendance of Auditor at General Meetings

The Company has requested that appropriate representatives of Robertsons Chartered Accountants, the external auditor, attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. Robertsons has agreed to attend the annual general meeting and be available to answer questions.

PRINCIPLE 7: Recognise and manage risk

7.1 Policies on risk oversight and management

The Company has developed a framework for risk management and internal compliance and control systems that cover organisational, financial and operational aspects of the Company's affairs. The full Board carries out the functions of a Risk Management Committee. The Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of separate risk management committee.

7.2 Attestation by Chief executive officer (or equivalent) and chief financial officer (or equivalent)

The Managing Director and Company Secretary, who undertake the role of CEO and CFO respectively, have given written confirmation to the board that:

- the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board: and
- the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

7.3 Reporting on Principle 7

A description of the Company's risk management policy, internal compliance and control system, together with other related material is available on the Company's website.

PRINCIPLE 8: Encourage enhanced performance

8.1 Evaluation of Board, Directors and management

The Board meets once a year to review its own performance. The Chairman also holds individual discussions with other directors to discuss their performance when appropriate. The non-executive directors are responsible for regularly evaluating the Managing Director's and Executive Chairman's performance. This evaluation is based on the company's business performance and whether strategic objectives are being achieved.

The Board is developing a policy to review the performance of the Board as a whole, Directors and any sub-committees of the Board that may be formed.

PRINCIPLE 9: Remunerate fairly and responsibly

9.1 Remuneration Policy

The Company is committed to remunerating its Executive Directors, Non-executive Directors and future executives in a manner that is market-competitive, consistent with best practice and supporting the interests of shareholders.

Details of the Company's remuneration policy are provided in the accompanying Directors' Report and Financial Statements.

9.2 Establishment of a remuneration committee.

DiamonEx is not compliant with this principle. The role of the Remuneration Committee has been assumed by the full Board. The size and nature of the Company's activities has not justified the establishment a committee at this time. A review of the Company's remuneration policy, currently being undertaken, will consider the need for such a committee.

9.3 Structure of Non-executive Director remuneration

Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Non-executive Directors' are remunerated by way of fees, in the form of cash, non-cash benefits, or superannuation contributions. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and are not linked to the performance of the Company. No other form of retirement benefit is paid

9.4 Equity-based executive remuneration

There are no equity-based executive remuneration plans operated by the Company.

9.5 Reporting on Principle 9

Details of the Company's remuneration policy is outlined in the Remuneration Report section of the attached Directors' Report, along with the names of the Directors, their qualifications and experience and the term of office held by each Director.

PRINCIPLE 10: RECOGNISE THE LEGITIMATE INTEREST OF STAKEHOLDERS

10.1 Establish and disclose a Company code of conduct

DiamonEx is not compliant with this principle. The Board has a primary duty of responsibility to shareholders, but it also recognises that it has responsibilities to other parties. The Company acknowledges that the community expects businesses to be aware of their wider social obligations. The Company has established a Company Code of Conduct.

Details of the Code of Conduct is available on the Company's website.

DIAMONEX LIMITED
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DIRECTORS' REPORT

Your directors present their report of the company and its controlled entities for the financial year ended 30 June, 2005.

Directors

The directors of the company at any time during or since the end of the year are listed below. During the year there were 8 meetings of the full board of directors. The meetings attended by each director were:

DIRECTORS	ELIGIBLE TO ATTEND	ATTENDED
G.M. King	8	8
D.C. O'Neill	8	8
P.A. Crawford	8	8
D. N. Magang	8	8
S. N. Chong - appointed 12 August 2004	7	5
C. J. Dippenaar - appointed 12 August 2004 - resigned 10 June 2005	7	5
D. J. Duncan - appointed 22 June 2005	-	-
P. Chong (alternate to S. N. Chong)	2	1

Directors have been in office since the start of the financial year to the date of this report unless indicated otherwise.

Company Secretary

Paul A. Crawford held the position of company secretary at the end of the financial year. Mr Crawford is a CPA and holds the following qualifications: Bachelor of Business – Accountancy; Master of Financial Management; Graduate Diploma in Business Law; Graduate Diploma in Company Secretarial Practice. Mr Crawford has been company secretary and a director of DiamonEx Limited since its incorporation in 2000.

Principal Activities

The principal activity of the economic entity in the course of the year was mineral exploration. The company and its controlled entities held mineral exploration tenements in Botswana. The entities' exploration focus is on diamonds. There was no change in the principal activity during the year.

Review of Operations

The entity's consolidated operating loss for the financial year, after applicable income tax was $1,258,924 (2003: $509,304). Exploration and evaluation expenditure during the year totalled $2,857,620.

Since the successful listing of the company on the Australian Stock Exchange in March 2004, the Board of Directors has continued to implement the evaluation and exploration program that was detailed in the company's prospectus. During the year the company's primary focus was the continuing evaluation of the Martin's Drift Diamond Project in eastern Botswana.

DiamonEx completed seventeen large diameter drillholes (LDD's) over the five kimberlite pipes comprising the Martin's Drift diamond resource during the third quarter of 2004. Work undertaken by the previous tenement holders, estimated a resource of 13.1 million tonnes at a production resource grade of 22.82 carats per hundred tonnes (cpht) to a depth of 110 metres, assuming a 1mm cut-off.

Results obtained to date from DiamonEx activity are consistent with historical results. Average drill grades for each kimberlite pipe are summarised below. All diamond grades quoted in this report assume a 1 mm cut-off.

Kimberlite Pipe	DiamonEx LDD Grade (carats per hundred tonne)	Previous Drilling Grade (carats per hundred tonne)
K2	22.5	21.3
K3	24.5	23.4
K4	33.3	27.4
K5	24.8	19.7
K6	47.6	40.6

In October 2004, DiamonEx commissioned a kimberlite processing and diamond recovery plant at the Martin's Drift project site. The plant consisted of a leased Dense Media Separation (DMS) plant and an owned X-Ray Flowsort diamond recovery plant.

In early 2005, a bulk sample was extracted from the 5 pipes to provide a parcel of diamonds for valuation purposes. In total, 4,838 tonnes of material from the pipes were processed on site. Results are tabulated below.

Pipe Sample	Sample Size (tonnes)	Diamond Grade (cpht)(1mmcut off)	Average Grade for Pipe (cpht)
K002			**30.6**
BS01	514.8	13.58	
BS02	261.0	25.68	
BS03	555.5	48.78	
K003			**31.6**
BS04	999.0	30.74	
BS06	790.0	32.77	
K004			**2.34**
BS07	244	5.09	
BS08	550	1.1	
K005			**21.83**
BS09	408	22.64	
BS10	370	20.99	
K006			**33.1**
BS11	146.0	33.10	

Sample form the LDD's and bulk sample were processed through the DMS plant on site. Concentrates produced by the DMS were processed through the company's X-Ray Flowsort diamond recovery plant and for some samples, over grease tables for final diamond recovery.

Diamond Valuation:

A 1,100 carat parcel of diamond goods recovered from the bulk sampling at Martin's Drift has been despatched to Antwerp, Belgium for valuation by WWW International Diamond Consultants.

It is anticipated that this valuation process will be completed by October 2005.

Feasibility Study:

A Feasibility Study of the Martin's Drift Diamond Project is currently in progress. A summary of progress to date is presented below:

(i) Stage 1 of a water supply study has been completed. The objectives of this review were to assess the groundwater supply potential in the area in relation to increased water demands for mine development. Its purpose was also to examine the current supply and demand situation in adjacent villages that may be impacted by expanded mining activities.

(ii) Stage 2 of the study is about to commence and will involve ground geophysics to determine the sites of likely underground aquifers that will then be assessed with follow up drilling.

(iii) A Community Liaison Officer has been appointed in Botswana, as the Company adopts a proactive role in ensuring that local communities are aware of project progress and development plans. The appointee will liaise with the local community during the ongoing assessment of the Martin's Drift pipes, through feasibility study compilation, to mine development. The appointee will also assist in the Environmental Impact Assessment, which will be commissioned in the near future. The appointee is from the township of Lerala, which lays 15 kilometres south west of the Martin's Drift site.

(iv) A major engineering firm has been engaged to update the 3-dimensional resource models of the pipe and compile data for the preparation of mining plan options.

(v) Botswana Power Corporation are undertaking a detailed study and costing for the delivery of power to the site.

(vi) Financial models for a range of mine development scenarios are being constructed, ranging from a 50 tonne per hour plant through a 150 tonne per hour plant to a 300 tonne per hour plant.

At this stage it is anticipated that the mining feasibility study will be completed by the end of calendar 2005.

Exploration Drilling:

During the year the company completed a 1,000metre percussion drilling program over an anomalous area of kimberlite indicator minerals (KIM's) and associated gravity low 400 metres north west of pipe K4. The drilling program failed to intersect any kimberlite or kimberlitic bodies that could be the source for the KIM's.

DiamonEx is presently reviewing all data from the drilling, geophysical and soil sampling programs that have been conducted over the area. Further exploration efforts will be undertaken over the coming year.

Tuli Project:

As part of the company's strategy to become a significant producer of diamonds in Botswana applications for prospecting permits have been made over approximately 20,000 km2 of the highly prospective Kaapvaal craton to the immediate north east of the Martin's Drift project.

Molopo:

During the year, the company relinquished the Molopo project Prospecting Licences.

Financial Position

The net assets of the economic entity at 30 June 2005 have increased by $621,000 from the end of the 2004 financial year. This change is primarily attributable to:

(i) Share issue raising $2,000,000;

(ii) Write-off of exploration and evaluation expenditure in relation to the relinquished Molopo prospecting licences; and

(iii) Corporate costs associated with development programs.

The directors believe that the Group is in a stable financial position and is considering funding options to expand and grow through the development of the Martin's Drift Project and other exploration opportunities.

Dividends

No dividend has been proposed or paid since the start of the year.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

(i) On 26 July 2004 the parent entity was admitted to the Venture Capital Board of the Botswana Stock Exchange;

(ii) On 28 February 2005 the parent entity issued 6,666,667 shares for cash to raise $2,000,000;

(iii) Three directors were appointed and one director resigned during the reporting period;

Changes in controlled entities:

(i) Lake Exploration Pty Ltd relinquished the Prospecting Licences covering the Molopo Project. These were the only assets held by the company. Subsequently the parent entity's investment in Lake Exploration Pty Ltd was written down.

(ii) Diamonex (Botswana) Limited, a company incorporated in Botswana, was used as the operating company undertaking work programmes on the Martin's Drift Project. Its operations are funded by the parent entity.

Future Developments, Prospects and Business Strategies

To further improve the economic entity's asset base and maximise shareholder wealth, the following developments are being pursued:

(i) Significant work programmes and expenditure have been planned to continue development of the Martin's Drift Diamond Project in Botswana. A project feasibility study, to assess the mine development potential of the project will be undertaken during the first half of the 2006 financial year. It is expected to be completed in December 2005.

(ii) It is likely that the parent entity will issue additional shares in the company to fund working capital and any additional feasibility study costs. The timing, pricing and placement mechanism of this issue is unknown at this time.

(iii) In the event that the feasibility study on the Martin's Drift Diamond Project supports a decision to mine, it will be necessary to raise additional capital to fund mine development and start-up. The amount and form (debt and/or equity) of this capital raising is unknown at this time.

Information on Directors

The company's Directors have a strong background in mineral exploration, mining engineering, mine management, finance and accounting, with considerable international experience including Australia, Argentina, China, South East Asia, South Africa, Botswana and Indonesia.

The names and qualifications of current directors are summarised as follows:

Gregory M King	Executive Chairman
Qualifications:	Bachelor of Applied Science – Applied Geology
Experience:	Appointed Chairman 2004. Board member since 2000, Director Oroplata Limited, 25 years experience in exploration project management.
Interest in Shares and Options:	Founding shareholder and currently holds 5,000,000 Ordinary Shares and options to acquire a further 4,500,000 ordinary shares.
Dennis C O'Neill	Managing Director (Executive)
Qualifications:	Bachelor of Science – Geology
Experience:	Board member since 2000, 27 years experience in exploration project and corporate management.
Interest in Shares and Options:	Founding shareholder and currently holds 4,550,000 Ordinary Shares and options to acquire a further 4,500,000 ordinary shares.
Paul A Crawford	Director – Non-executive
Qualifications:	Bachelor of Business – Accountancy; CPA; Master of Financial Management; Graduate Diploma in Business Law; Graduate Diploma in Company Secretarial Practice.
Experience:	Board member since 2000, Director Oroplata Limited, 25 years experience in accounting and commercial management, Principal of corporate consultancy firm.
Interest in Shares and Options:	Founding shareholder and currently holds 1,960,000 Ordinary Shares and options to acquire a further 2,005,000 ordinary shares.

Information on Directors (continued)

David N Magang	Director – Non-executive
Qualifications:	LLB (Honours), Barrister and Attorney
Experience:	Board member since April 2004, resident of Botswana, member of the Botswana Parliament for 23 years, including 4 years as Minister for Minerals, Energy and Water Affairs.
Interest in Shares and Options:	nil
Shey N Chong	Director – Non-executive
Qualifications:	Bachelor of Science – Mining Engineering, Graduate Diploma in Mining Engineering
Experience:	Appointed to Board August 2004, has many years experience in mining and mineral processing. Director of management company for Jellinbah coal mine in Central Queensland.
Interest in Shares and Options:	4,010,000 Ordinary Shares in DiamonEx Limited and options to acquire a further 2,000,000 ordinary shares.
Donald J Duncan	Director – Non-executive)
Qualifications:	Bachelor of Science (Honours)
Experience:	Appointed to the Board in June 2005. A geologist with over 25 years experience, worldwide in diamond exploration and development.
Interest in Shares and Options :	500,000 Ordinary Shares in DiamonEx Limited
Christoffel J Dippenaar	Director – Non-executive (resigned 10 June 2005)
Qualifications:	Bachelor of Commerce (Honours), Bachelor of Computing, CA (South Africa)
Experience:	Appointed to Board August 2004, and has extensive experience in diamond mining and marketing.
Directorship of other listed companies:	Current director of Petra Diamonds Limited
Interest in Shares and Options:	nil
Paul Chong	Alternate Director representing S N Chong – Non-executive
Qualifications:	Bachelor of Commerce, Graduate Diploma – Applied Finance
Experience:	Appointed to Board August 2004, experience in mine financing.
Interest in Shares and Options :	nil

Remuneration Report

This report details the nature and amount of remuneration for each director and if relevant, the executives receiving the highest remuneration.

The company's remuneration policy seeks to align director and executive objectives with those of shareholders and business, while at the same time, recognising the early development stage of the company and the criticality of funds being utilised to achieve development objectives. The Board believes that the current policy has been appropriate and effective in achieving a balance of objectives.

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company.

The company's policy for determining the nature and amount of remuneration of board members and senior executives of the company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors was developed and approved by non-executive directors. Executive directors receive a base salary, superannuation and fringe benefits. No equity or performance incentives are provided. Superannuation payments consist of the 9% superannuation guarantee contribution. Individuals may elect to salary sacrifice part of their salary to increased payments towards superannuation. No other form of retirement benefit is paid.

Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, directors are encouraged to hold shares in the company.

A remuneration committee will be formed in the near future to review the company's remuneration policy, remuneration levels and performance of both executive and non-executive directors. Independent external advice will be sought when required.

The remuneration of each director and specified executive officers of the consolidated entity during the year was as follows:

Directors	Salary & Fees	Super-annuation	Non-Cash Benefits	Total
Gregory M. King	125,688	11,312	-	137,000
Dennis C. O'Neill	111,928	10,074	14,998	137,000
Paul A. Crawford	12,000	-	-	12,000
David N. Magang	12,000	-	-	12,000
Shay N. Chong	11,000	-	-	11,000
Christoffel J. Dippenaar	10,000	-	-	10,000
Donald J. Duncan	1,000	-	-	1,000
	283,616	21,386	14,998	320,000
Specified Executives	-	-	-	-

The maximum aggregate amount of fees that can be paid to non-executive directors approved by shareholders is currently $66,000.

The employment conditions of the executive chairman, Mr King and the managing director, Mr O'Neill are formalised in contracts of employment. Contracts are for an initial period of 3 years, commencing on 30 March 2004 and subject to renewal at the end of that period. The employment contracts provides for a number of termination options. The company may terminate the contracts without cause at any time, but is required to payout the remaining term of the contract together with accrued entitlements, subject to a minimum payment of $50,000.

Termination payments are not payable on resignation or dismissal for serious misconduct. In the case of serious misconduct, the company can terminate employment at any time.

Subsequent Events

No matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

Environmental Regulations

The company is not subject to any significant environmental regulation under the law of the Commonwealth and a State or Territory.

The Directors monitor the economic entity's compliance with environmental regulation under the law of Botswana, in relation to its exploration activities. The Directors are not aware of any compliance breach arising during the year.

Indemnifying Directors' and Auditors'

The economic entity has paid premiums to insure each of the directors of the company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was $18,613.

Options

At the date of this report, the unissued ordinary shares of the company under option are as follows:

Grant Date	Expiry Date	Exercise Price	No. Under Option
10/03/00	30/06/06	$0.20	2
28/04/00	30/06/06	$0.20	9,999,998
18/05/00	30/06/06	$0.20	500,000
01/09/00	30/06/06	$0.20	2,400,000
19/04/02	30/06/06	$0.20	1,120,000
10/08/02	30/06/06	$0.20	2,490,000
01/12/02	30/06/06	$0.20	307,500
24/01/03	30/06/06	$0.20	2,500,000
27/01/04	30/06/06	$0.20	1,250,000
18/03/04	30/06/06	$0.20	12,000,000
			32,567,500

No person entitled to exercise the option has any right by virtue of the option to participate in any share issue of any other body corporate.

DIRECTORS' REPORT

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Non-audit Services

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Non-audit services consist of fees paid to the auditor of Diamonex Botswana Ltd, a controlled entity. Services relate to the provision of share registry services to the parent entity in relation to the trading of its shares on the Botswana Stock Exchange.

The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement P1: Professional Independence.

The following fees for non-audit services to PricewaterhouseCoopers, Botswana, the auditor of Diamonex Botswana Ltd during the year ended 30 June 2005:

Share Registry Services in Botswana	$5,973

No fees for non-audit services were paid to Robertsons Chartered Accountants, the lead auditor of Diamonex Limited and its controlled entities.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2005 has been received and is attached to the directors' report.

Signed in accordance with a resolution of the Board of Directors.

G M King
Chairman

D C O'Neill
Managing Director

Signed: 12 September 2005
Brisbane, Queensland

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The attached financial statements and notes are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2005 and of the performance of the company and economic entity for the year ended on that date.

2. The Chief Executive Officer and Chief Finance Officer have each declared that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

G M King	D C O'Neill
Chairman	Managing Director

Dated this: 12th day of September 2005

DIAMONEX LIMITED
AND CONTROLLED ENTITIES

ABN 26 091 951 978

STATEMENT OF FINANCIAL PERFORMANCE

for the financial year ending 30 June 2005

	Note	Economic Entity		Parent Entity	
		2005	2004	2005	2004
		$	$	$	$
Revenue	2	82,131	43,548	57,906	43,548
Classification of Expenses by Function:	3				
Exploration expenditure written-off		(402,056)	-	(114,200)	-
Administrative expenses		(745,310)	(491,982)	(566,587)	(491,982)
Employment expenses		(114,036)	(40,741)	(114,036)	(40,741)
Occupancy expenses		(79,653)	(20,129)	(74,234)	(20,129)
Write-down of investment		-	-	(199,997)	-
Loss from ordinary activities before income tax expense		(1,258,924)	(509,304)	(1,011,148)	(509,304)
Income tax expense relating to ordinary activities	4	-	-	-	-
Loss from ordinary activities after related income tax expense		(1,258,924)	(509,304)	(1,011,148)	(509,304)
Total changes in equity other than those resulting from transactions with owners as owners	17	(1,258,924)	(509,304)	(1,011,148)	(509,304)
Basic earnings per share (cents per share)	7	(0.0248)	(0.0134)		
Diluted earnings per share (cents per share)	7	(0.0151)	(0.0073)		

The accompanying notes form part of these financial statements.

DIAMONEX LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978

STATEMENT OF FINANCIAL POSITION
As at 30 June 2005

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
CURRENT ASSETS					
Cash assets	8	936,411	2,513,828	652,662	2,378,523
Receivables	9	67,074	74,282	2,659,321	229,513
Other	10	7,813	131,556	5,306	131,556
Total Current Assets		1,011,298	2,719,666	3,317,289	2,739,592
NON-CURRENT ASSETS					
Property, plant and equipment	11	305,086	273,868	239,492	273,868
Other financial assets	12	-	-	13	200,002
Exploration and evaluation expenditure	13	3,769,875	1,314,311	1,580,953	1,094,383
Total Non-Current Assets		4,074,961	1,588,179	1,820,458	1,568,253
TOTAL ASSETS		5,086,259	4,307,845	5,137,747	4,307,845
CURRENT LIABILITIES					
Payables	14	345,225	188,472	148,937	188,472
Provisions	15	6,300	5,680	6,300	5,680
Total Current Liabilities		351,525	194,152	155,237	194,152
TOTAL LIABILITIES		351,525	194,152	155,237	194,152
NET ASSETS		4,734,734	4,113,693	4,982,510	4,113,693
EQUITY					
Contributed equity	16	6,821,569	4,941,604	6,821,569	4,941,604
Accumulated losses	17	(2,086,835)	(827,911)	(1,839,059)	(827,911)
TOTAL EQUITY		4,734,734	4,113,693	4,982,510	4,113,693

The accompanying notes form part of these financial statements.

DIAMONEX LIMITED
AND CONTROLLED ENTITIES

ABN 26 091 951 978

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2005

	Note	Economic Entity		Parent Entity	
		2005	2004	2005	2004
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(541,247)	(491,301)	(538,111)	(491,301)
Interest received		79,450	43,548	55,225	43,548
Borrowing costs		-	-	-	-
Other receipts		-	-	-	-
Net cash provided by (used in) operating activities	18	(461,797)	(447,753)	(482,886)	(447,753)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(140,646)	(273,651)	(62,553)	(273,651)
Exploration expenditure		(2,857,620)	(778,223)	(600,770)	(778,223)
Proceeds from sale of property, plant and equipment		2,681	-	2,681	-
Investment in controlled entity		-	-	(8)	(2)
Advance to controlled entity		-	-	(2,462,290)	(135,300)
Net cash provided by (used in) investing activities		(2,995,585)	(1,051,874)	(3,122,940)	(1,187,176)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		2,000,000	4,550,000	2,000,000	4,550,000
Costs associated with share issue		(120,035)	(663,520)	(120,035)	(663,520)
Proceeds/(repayment) of loan from director		-	-	-	-
Net cash provided by (used in) financing activities		1,879,965	3,886,480	1,879,965	3,886,480
Net increase in cash held		(1,577,417)	2,386,853	(1,725,861)	2,251,551
Cash at 1 July 2004		2,513,828	126,975	2,378,523	126,972
Cash at 30 June 2005	8	936,411	2,513,828	652,662	2,378,523

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, Accounting Standards, Urgent Issues Group Consensus Views and other authoritive pronouncements of the Australian Accounting Standards Board.

The financial report covers the economic entity of Diamonex Limited and controlled entities, together with Diamonex Limited, as an individual parent entity. Diamonex Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Principles of Consolidation

A controlled entity is any entity controlled by Diamonex Limited. Control exists where the parent entity has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the parent entity to achieve the parent entity's objectives. A list of controlled entities is contained in Note 12 to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are written off as incurred, except that they may be carried forward, provided that rights to tenure of an area of interest are current and the costs are expected to be recouped through the successful development of the area, or sale, or activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration Costs

The company currently has no obligation for any restoration costs in relation to discontinued operations, nor is it currently liable for any future restoration costs in relation to current areas of interest. Consequently, no provision for restoration has been deemed necessary.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense shown is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The parent entity and its Australian subsidiary have not elected to form an income tax consolidated group under the Tax Consolidation Regime.

Plant and Equipment

Each class of plant and equipment is brought to account at cost or fair value, less where applicable, any accumulated depreciation or amortisation.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets is depreciated on a straight line basis, over their useful lives commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Plant and Equipment	20% - 30%
Leasehold Improvements	30%

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

For the purpose of the statement of cashflows, cash includes:

(i) cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and

(ii) investments in money market instruments with less than 14 days to maturity.

Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non listed investments. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rate of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currency at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of short term assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

The company's overseas incorporated controlled entity is treated as an integrated foreign operation. Non-monetary assets and liabilities are translated at their transaction date exchange rate, whilst monetary assets and liabilities are translated at balance date exchange rate. Revenue and expense amounts are translated at their transaction date exchange rate, or where the amount relates to a non-monetary item, at the rate applicable to that item.

Gains and losses on translation of the financial statements are recognised in the economic entity's result for the year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within 1 year, together with entitlements arising from wages and salaries, annual leave and sick leave, which will be settled after 1 year, have been measured at the amounts expected to be paid when the liability is settled, plus related oncosts. Other employee benefits later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the entity to employee superannuation funds and are charged as expenses when incurred.

Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Adoption of Australian Equivalents to International Financial Reporting Standards

The company is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in in the economic entity's and the parent entity's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The economic entity's management, along with its auditors, has assessed the significance of the expected changes and is preparing for their implementation. An AIFRS committee is overseeing and managing the economic entity's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the economic entity's accounting policies on conversion to AIFRS and the financial effect of these differences are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS, or interpretation of the AIFRS requirements changes from the continuing work of the economic entity's AIFRS committee.

Impairment of Assets:

The economic entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

The economic entity has reassessed its impairment testing policy and tested all assets for impairment. The financial effect of this impact is assessed at zero, as no impairment of assets was identified.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax:

Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 12: Income Taxes, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

The financial effect of this impact is assessed at zero.

Exploration and Development Costs

AASB 6 Exploration and Evaluation of Mineral Resources deals with the treatment of expenditures associated with the exploration for and evaluation of mineral resources. AASB 6 requires the accounting policy to be consistent with the 'areas of interest' approach prescribed previously by Australian Accounting Standards.

As noted in the accounting policies at Note 1, the economic entity's current policy on exploration expenditures states that expenditure on exploration and evaluation of individual areas of interest is written off as incurred, except that it may be carried forward in certain circumstances (for example where activities in an area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves). Therefore the impact of AASB 6 is not expected to be significant.

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
NOTE 2: REVENUE				
Operating activities:				
Interest received from other persons	79,450	43,548	55,225	43,548
Non-operating activities:				
Proceeds on disposal of property, plant & equipment	2,681	-	2,681	-

NOTE 3: LOSS FROM ORDINARY ACTIVITIES

Loss from ordinary activities before income tax has been determined after:

	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
(a) Expenses				
Write-off of capitalised exploration expenditure	402,056	-	114,200	-
Depreciation of non-current assets:				
- plant and equipment	104,671	6,577	94,806	6,577
Amortisation of non-current assets:				
- leasehold improvements	2,634	-	-	-
Write-down of non-current investment in controlled entity	-	-	199,997	-
Foreign currency translation losses/(gains)	66,584	-	32	-
Rental expense on operating leases				
- minimum lease payments	77,073	-	71,654	-
(b) Revenue and Net Gains				
Net gain on disposal of property, plant & equipment	560	-	560	-

(c) Significant Expenses

The following significant expense items are relevant in explaining the financial performance:

	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Write-off of capitalised exploration expenditure relating to discontinued areas of interest	402,056	-	114,200	-
Write-down of investment in Lake Exploration Pty Ltd arising from write-off of capitalised exploration expenditure	-	-	199,997	-
Payments made to parties for services provided to the parent entity from incorporation in March 2000 to March 2004 when the entity listed on the Australian Stock Exchange. Refer to Notes 5 & 19.	-	155,000	-	155,000
Costs incurred in defending a hostile takeover attempt in January 2004	-	45,000	-	45,000

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

NOTE 4: INCOME TAX EXPENSE

The prima facie tax on loss from ordinary activities is reconciled to the income tax as follows:

	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Prima facie tax payable/(benefit) on loss from ordinary activities before income tax at 30% (2004: 30%).	(377,677)	(152,791)	(303,344)	(152,791)
Adjust for tax effect of:				
Future income tax benefit of tax losses not brought to account	439,656	429,876	439,656	429,876
Non-allowable items	75,306	1,101	787	1,101
Timing differences not brought to account	(137,285)	(278,186)	(137,098)	(278,186)
Income tax expense/(benefit) attributable to loss from ordinary activities before income tax	-	-	-	-

The entity has unrecouped, unconfirmed carry forward tax losses of approximately $ 3,768,000 (2004: $2,108,000).

Deferred Tax Benefit

Future income tax benefits not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur:

	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Timing differences	357,265	174,996	357,265	174,996
Tax losses	1,190,259	632,481	1,190,259	632,481
	1,547,524	807,477	1,547,524	807,477

The future income tax benefit of these carry forward losses has not been brought to account as realisation is not virtually certain. The benefit will only be realised if:

(a) the economic entity derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;

(b) the economic entity continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the economic entity in realising the benefit from the losses.

NOTE 5: DIRECTORS' & EXECUTIVES' DISCLOSURES

The names of directors of the parent entity who have held office during the financial year are:

Gregory M. King	Chairman - Executive
Dennis C. O'Neill	Managing Director - Executive
Paul A. Crawford	Director - Non-Executive
David N. Magang	Director - Non-Executive
Shay N. Chong	Director - Non-Executive (appointed 12 August 2004)
Christoffel J. Dippenaar	Director - Non-Executive (appointed 12 August 2004, resigned 10 June 2005)
Donald J. Duncan	Director - Non-Executive (appointed 22 June 2005)
Paul Chong	Alternate Director for S N Chong (appointed 12 August 2004)

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

NOTE 5: DIRECTORS' & EXECUTIVES' DISCLOSURES (continued)

(a) Parent Entity Directors' Remuneration

2005	Salary & Fees	Super-annuation	Non-Cash Benefits	Total
Gregory M. King	125,688	11,312	-	137,000
Dennis C. O'Neill	111,928	10,074	14,998	137,000
Paul A. Crawford	12,000	-	-	12,000
David N. Magang	12,000	-	-	12,000
Shay N. Chong	11,000	-	-	11,000
Christoffel J. Dippenaar	10,000	-	-	10,000
Donald J. Duncan	1,000	-	-	1,000
	283,616	21,386	14,998	320,000

2004	Salary & Fees	Super-annuation	Non-Cash Benefits	Total
Gregory M. King	28,670	2,580	-	31,250
Dennis C. O'Neill	28,861	2,389	-	31,250
Paul A. Crawford	-	-	-	-
David N. Magang	-	-	-	-
Shay N. Chong	-	-	-	-
Christoffel J. Dippenaar	-	-	-	-
Donald J. Duncan	-	-	-	-
	57,531	4,969	-	62,500

Service contracts for the executive directors have the same terms and conditions, with relevant remuneration terms summarised as:

Contract end date:	30-March-2007
Remuneration:	Fixed at $137,000 pa, subject to annual review
Prior service:	Payment made for recognition of prior service when company listed.
Termination without cause:	Payment of accrued entitlements plus payout of remaining term of contract, subject to a minimum payment of $50,000.
Termination with cause:	Payment of accrued entitlements.
Resignation:	Payment of accrued entitlements.

(b) Specified Executive Remuneration	-	-	-	-

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

NOTE 5: DIRECTORS' & EXECUTIVES' DISCLOSURES (continued)

(c) Shareholdings

Number of shares held by parent entity directors and specified executives

Parent Entity Directors (i)	Balance 1 July 2004	Remun-eration (ii)	Purchased / (Sold)	Balance 30 June 2005
Gregory M King	5,000,000	-	-	5,000,000
Dennis C O'Neill	4,500,000	-	-	4,500,000
Paul A Crawford	1,900,000	-	60,000	1,960,000
David N Magang	-	-	-	-
Shay N. Chong	4,010,000	-	-	4,010,000
Christoffel J. Dippenaar	-	-	-	-
Donald J. Duncan	500,000	-	-	500,000
Specified Executives	-	-	-	-
Total	15,910,000	-	60,000	15,970,000

(i) Represents shares held directly or indirectly.

(ii) The parent entity does not issue shares as a form of remuneration.

(d) Options

Number of options held by parent entity directors and specified executives

Parent Entity Directors (i)	Balance 1 July 2004	Remun-eration (ii)	Purchased / (Sold)	Balance 30 June 2005
Gregory M King	4,500,000	-	-	4,500,000
Dennis C O'Neill	4,500,000	-	-	4,500,000
Paul A Crawford	1,890,000	-	115,000	2,005,000
David N Magang	-	-	-	-
Shay N. Chong	1,765,700	-	-	1,765,700
Christoffel J. Dippenaar	-	-	-	-
Donald J. Duncan	-	-	-	-
Specified Executives	-	-	-	-
Total	12,655,700	-	115,000	12,770,700

(i) Represents shares held directly or indirectly.

(ii) The parent entity does not issue options as a form of remuneration.

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

NOTE 5: DIRECTORS' & EXECUTIVES' DISCLOSURES (continued)

(e) The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and executive directors are for an initial period of 3 years, commencing on the date the parent entity was admitted to the Official List of the Australian Stock Exchange and subject to renewal at the end of that period. The terms of these service agreements are not expected to change in the immediate future.

The company does not pay any other forms of remuneration to executive officers other than as detailed in Notes 5(a) and 5(b).

NOTE 6: AUDITORS' REMUNERATION

	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Remuneration of the auditor of the parent entity for:				
- auditing or reviewing the financial report	10,000	4,500	10,000	4,500
- other regulatory audit services	-	4,500	-	4,500

No other remuneration was received by the auditors or related practices of the auditors.

	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Remuneration of the auditor of Diamonex Botswana Ltd for:				
- auditing or reviewing the financial report	5,973	-	-	-
- other compliance services	10,272	-	-	-

NOTE 7: EARNINGS PER SHARE

The earnings figure used in the calculation of both the basic EPS and the dilutive EPS are the same.

	2005 No.	2004 No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	50,853,311	31,880,137
Weighted average number of options outstanding	32,567,500	23,320,425
Weighted average number of ordinary shares outstanding during the year used in the calculation of dilutive EPS	83,420,811	55,200,562

Classification of Securities

Options to acquire ordinary shares in the parent entity are the only securities classified as potential ordinary shares and included in determination of diluted EPS.

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
NOTE 8: CASH				
Cash at bank	505,436	513,828	221,687	378,523
Deposits at call	400,000	2,000,000	400,000	2,000,000
Term deposits	30,975	-	30,975	-
Total cash	936,411	2,513,828	652,662	2,378,523
NOTE 9: RECEIVABLES				
Current:				
Other Debtors	67,074	74,282	41,800	74,282
Amount receivable from wholly owned controlled entities				
- Unsecured and interest free	-	-	2,617,521	155,231
Total Receivables	67,074	74,282	2,659,321	229,513
NOTE 10: OTHER ASSETS				
Current:				
Prepayments	7,813	131,556	5,306	131,556
NOTE 11: PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment				
At cost	409,107	284,666	344,537	284,666
Accumulated depreciation	(114,911)	(10,798)	(105,045)	(10,798)
Total Plant and equipment	294,196	273,868	239,492	273,868
Leasehold Improvements				
At cost	13,524	-	-	-
Accumulated depreciation	(2,634)	-	-	-
Total Leasehold Improvements	10,890	-	-	-
Total Property, Plant and Equipment	305,086	273,868	239,492	273,868

Reconciliation

Reconciliation of the carrying amounts for property, plant and equipment is set out below:

	Economic Entity		Parent Entity	
	Plant and Equipment	Leasehold Improve.	Plant and Equipment	Leasehold Improve.
Balance at the beginning of year	273,868	-	273,868	-
Additions	127,122	13,524	62,553	-
Disposals	(2,123)	-	(2,123)	-
Depreciation expense	(104,671)	(2,634)	(94,806)	-
Carrying amount at the end of year	294,196	10,890	239,492	-

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
NOTE 12: OTHER FINANCIAL ASSETS				
Shares in Unlisted Controlled Entities:				
Lake Exploration Pty Ltd, incorporated in Australia. The parent entity holds 100% (2004: 100%) of the ordinary shares of the entity, carried at recoverable amount	-	-	3	200,000
Diamonex Botswana Ltd, incorporated in Botswana. The parent entity holds 100% (2004: 100%) of the ordinary shares of the entity, carried at cost.	-	-	10	2
Total Other Financial Assets	-	-	13	200,002
NOTE 13: EXPLORATION AND EVALUATION EXPENDITURE				
Exploration and evaluation costs (including tenements) carried forward in respect of areas of interest are:				
Exploration and evaluation phase - at cost	3,769,875	1,314,311	1,580,953	1,094,383
Movement in exploration and evaluation expenditure:				
Opening balance - at cost	1,314,311	536,088	1,094,383	316,160
Capitalised exploration expenditure	2,857,620	778,223	600,770	778,223
Expenditure written off - discontinued areas of interest	(402,056)	-	(114,200)	-
Carrying amount at the end of year	3,769,875	1,314,311	1,580,953	1,094,383

Exploration tenements are registered in the name of the parent entity. Both the parent entity and its controlled entities undertake exploration activities.

As described in note 1, exploration expenditure is carried forward for ongoing exploration activities. The economic entity is continuing with its exploration programs, with funding from existing working capital. Further funding will be required for these programs, with funding sources yet to be determined.

	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
NOTE 14: PAYABLES				
Current:				
Trade creditors	190,315	-	-	-
Sundry creditors and accrued expenses	154,910	188,472	148,937	188,472
Total payables (unsecured)	345,225	188,472	148,937	188,472

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

NOTE 15: PROVISIONS

Current:				
Employee Provisions	6,300	5,680	6,300	5,680
Number of employees at year-end	2	2	2	2

NOTE 16: CONTRIBUTED EQUITY

55,291,667 (2004: 48,625,000) fully paid ordinary shares	6,821,569	4,941,604	6,821,569	4,941,604
Ordinary shares				
Balance at the beginning of the reporting period	4,941,604	1,055,124	4,941,604	1,055,124
Shares issued during the year for cash:				
2,500,000 on 27 January 2004	-	250,000	-	250,000
21,500,000 on 18 March 2004	-	4,300,000	-	4,300,000
6,666,667 on 28 February 2005	2,000,000	-	2,000,000	-
Transaction costs relating to share issues	(120,035)	(663,520)	(120,035)	(663,520)
Balance at reporting date	6,821,569	4,941,604	6,821,569	4,941,604
	No.	**No.**	**No.**	**No.**
Balance at the beginning of the reporting period	48,625,000	24,625,000	48,625,000	24,625,000
Shares issued during the year:				
27 January 2004	-	2,500,000	-	2,500,000
18 March 2004	-	21,500,000	-	21,500,000
28 February 2005	6,666,667	-	6,666,667	-
Balance at reporting date	55,291,667	48,625,000	55,291,667	48,625,000

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Options

No options were granted during the year. At 30 June 2005 there were 32,567,500 (2004: 32,567,500) unissued shares of the parent entity, for which options were outstanding. These options are exercisable at $0.20 per share prior to 30 June 2006.

NOTE 17: ACCUMULATED LOSSES

Accumulated loss at the beginning of the financial year	827,911	318,607	827,911	318,607
Net loss for current financial year	1,258,924	509,304	1,011,148	509,304
Accumulated loss at the end of the financial year	2,086,835	827,911	1,839,059	827,911

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
NOTE 18: CASH FLOW INFORMATION				
Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after Income Tax:				
Loss from ordinary activities after income tax	(1,258,924)	(509,304)	(1,011,148)	(509,304)
Non-cash flows in profit from ordinary activities:				
Depreciation/Amortisation	107,305	6,577	94,806	6,577
Write-off of capitalised exploration expenditure	402,056	-	114,200	-
Write-down of investment in subsidiary company	-	-	199,997	-
Movement in employee provisions	620	5,680	620	5,680
Gain on disposal of property, plant and equipment	(560)	-	(560)	-
Changes in operating assets and liabilities:				
(Increase)/Decrease in receivables	7,208	(4,716)	32,482	(4,716)
(Increase)/Decrease in prepayments	123,743	(118,327)	126,250	(118,327)
(Decrease)/Increase in creditors and accruals	156,755	172,337	(39,533)	172,337
Cash flows from operations	(461,797)	(447,753)	(482,886)	(447,753)

NOTE 19: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Controlled Entities

The parent entity's shareholding in the controlled entities is detailed in note 12.

Finance provided to the controlled entities is detailed in note 9.

Directors' transactions with the economic entity

Directors' remuneration and equity interests are detailed in Note 5.

During the year, the parent entity paid Cambridge Business & Corporate Services, an entity controlled by Mr Paul Crawford, a director of the company, professional fees of $109,011 (2004: $143,000) for accounting, company secretarial, financial management and other services provided to the entity.

During the year, the parent entity paid Duncan Geological Services, an entity controlled by Mr Don Duncan, a director of the company, professional fees of $126,713 (2004: nil) for consulting geological and field services provided to the entity, prior to his appointment as a director.

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

NOTE 20: COMMITMENTS

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements, payable:

	2005	2004	2005	2004
Not later than 1 year	62,431	59,670	62,431	59,670
Later than 1 year but not later than 5 years	57,229	114,368	57,229	114,368
Total commitment	119,660	174,038	119,660	174,038

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the greater of CPI or 4% per annum.

(b) Exploration Commitments

The economic entity must meet minimum expenditure commitments in relation to granted exploration tenements in Botswana to maintain those tenements in good standing.

The following commitments exist at balance date but have not been brought to account. If the relevant mineral tenement is relinquished the expenditure commitment also ceases.

	2005	2004	2005	2004
Not later than 1 year	244,634	3,101,094	244,634	2,922,255
Later than 1 year but not later than 5 years	167,230	110,303	167,230	110,303
Total commitment	411,864	3,211,397	411,864	3,032,558

NOTE 21: COMPANY DETAILS

The registered office and principal place of business is:

Diamonex Limited
Sky Level
301 Coronation Drive
Milton Qld 4064

NOTE 22: SEGMENT REPORTING

The economic entity operates both domestically and internationally, in the mineral exploration industry. The exploration focus is exclusively on diamonds. At balance date the economic entity undertakes exploration activity in Australia through the parent entity, and in Botswana, through the controlled entity.

Primary Reporting: Geographical Segments

	Australia		Botswana		Economic Entity	
	2005	2004	2005	2004	2005	2004
	$	$	$	$	$	$
REVENUE						
Revenue	57,906	43,548	24,225	-	82,131	43,548
Total revenue from ordinary activities	57,906	43,548	24,225	-	82,131	43,548
RESULT						
Loss from ordinary activities before income tax expense	(959,263)	(509,304)	(299,661)	-	(1,258,924)	(509,304)
Income tax expense	-	-	-	-	-	-
Loss from ordinary activities after income tax expense	(959,263)	(509,304)	(299,661)	-	(1,258,924)	(509,304)
ASSETS						
Segment assets	2,520,216	2,754,153	2,566,043	1,553,692	5,086,259	4,307,845
LIABILITIES						
Segment liabilities	155,237	194,152	196,288	-	351,525	194,152
OTHER						
Acquisitions of non-current Segment assets	62,553	32,330	2,935,713	1,019,544	2,998,266	1,051,874
Depreciation & amortisation of Segment assets	94,806	4,100	12,499	2,477	107,305	6,577
Other non-cash Segment expenses	114,820	5,680	287,856	-	402,676	5,680

There were no transfers between segments reflected in the revenues, expenses or result above. The pricing of any intersegment transactions is based on market values.

Secondary Reporting: Business Segments

	Segment Revenues from External Customers		Carrying Amount of Segment Assets		Acquisition of Non-Current Segment Assets	
	2005	2004	2005	2004	2005	2004
Business Segments	$	$	$	$	$	$
Mineral Exploration	82,131	43,548	5,086,259	4,307,845	2,998,266	1,051,874

NOTE 23: FINANCIAL INSTRUMENTS

a. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements. The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

b. Net Fair Values

No financial assets or liabilities are readily traded on organised markets in a standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down, as the economic entity intends to hold these assets to maturity. The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the statement of financial position and notes to the financial statements.

c. Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-Interest Bearing		Total	
	2005 %	2004 %	2005 $	2004 $	2005 $	2004 $	2005 $	2004 $
Financial Assets:								
Cash	5.40%	5.00%	931,564	2,513,132	4,847	696	936,411	2,513,828
Receivables	-	-	-	-	67,074	74,282	67,074	74,282
Total Financial Assets			931,564	2,513,132	71,921	74,978	1,003,485	2,588,110
Financial Liabilities:								
Creditors	-	-	-	-	345,225	188,472	345,225	188,472
Total Financial Liabilities			-	-	345,225	188,472	345,225	188,472

DIAMONEX LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978

ASX INFORMATION

Following is additional information required by the Australian Stock Exchange Limited and not disclosed elsewhere in this report.

1. Shareholding:

The following information is provided as at 1 September 2005.

Distribution of Shareholders Number

Category Number (Size of Holding)	Ordinary Shares (Number)	Listed Options (Number)
1 - 1,000	26	1
1,001 - 5,000	40	66
5,001 - 10,000	91	39
10,001 - 100,000	212	158
100,001 - and over	67	46
	436	310

The number of shareholdings held in less than marketable parcels is 42.

Twenty Largest Holders - Ordinary Shares

		Number of Shares Held	% of Total Issued Capital
1	Westpac Custodian Nominees Limited	5,240,000	9.48%
2	Gregory Mark King	5,000,000	9.04%
3	Dennis Charles O'Neill	4,500,000	8.14%
4	Zashvin Pty Ltd	3,610,000	6.53%
5	Barclays Botswana Nominees (Pty) Ltd <RE:IAM 030/14>	2,070,953	3.75%
6	Barclays Botswana Nominees (Pty) Ltd <RE:FAM BPOPF>	1,748,159	3.16%
7	Kuratyn Pty Ltd <Crawford Family Trust>	1,600,000	2.89%
8	Alimold Pty Ltd	1,476,500	2.67%
9	Stanbic Nominees Botswana (Pty) Ltd <RE:BIFM BPOPF>	1,465,647	2.65%
10	Stanbic Nominees Botswana (Pty) Ltd <RE:BIFM>	1,465,646	2.65%
11	Cramm Nominees Pty Limited	1,384,000	2.50%
12	Zirco Capital Inc	1,375,000	2.49%
13	Rupert James McCammon	1,241,610	2.25%
14	Private Asset Management Nominees	966,800	1.75%
15	National Nominees Limited	936,551	1.69%
16	Woodhill Holdings Pty Ltd	920,000	1.66%
17	Rupert J.McCammon	681,499	1.23%
18	Lake Resources NL	650,000	1.18%
19	Highland Timbers Pty Ltd	650,000	1.18%
20	Lex Mason & Georgette Mason	603,000	1.09%
		37,585,365	67.98%

DIAMONEX LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978

ASX INFORMATION

Twenty Largest Holders – Listed Options expiring 30 June 2006

		Number of Options Held	Percentage of Total Options
1	Gregory Mark King	4,500,000	13.82%
2	Dennis Charles O'Neill	4,500,000	13.82%
3	Kuratyn Pty Ltd <Crawford Family A/C>	1,600,000	4.91%
4	Zashvin Pty Ltd	1,365,700	4.19%
5	Highland Timbers Pty Ltd	1,280,000	3.93%
6	Zirco Capital Inc	937,500	2.88%
7	Lex Mason & Georgette Mason	871,800	2.68%
8	Alimold Pty Ltd	627,500	1.93%
9	Peter Flaskas & Dianne Margaret Flaskas <the Flaskas Family A/C>	625,000	1.92%
10	Michelle Truesdale	540,000	1.66%
11	Trenlin Pty Ltd <The Gilchrist Family A/C>	500,000	1.54%
12	HSBC Custody Nominees (Australia) Limited	497,500	1.53%
13	Jennifer Margaret Jewell	476,000	1.46%
14	Diskfin Pty Ltd	404,500	1.24%
15	Shay Nee Chong & Lai Kion Chong<S Chong Super Fund A/C>	400,000	1.23%
16	Peter Flaskas & Dianne Margaret Flaskas <the Flaskas Super A/C>	400,000	1.23%
17	Lake Gold Pty ltd	400,000	1.23%
18	Waltkab Pty Limited	395,050	1.21%
19	Carmant Pty Ltd <Carment Super Fund A/C>	390,500	1.20%
20	Mark Richard Potter & Rebecca Amy Potter <Potter Family Account>	390,000	1.20%
		21,101,050	64.79%

The names of the substantial shareholders listed in the company's register as at 10 September 2005 are:

Shareholder	Number of Shares Held	Percentage of Issued Capital
Westpac Custodian Nominees Limited	5,240,000	9.48%
Gregory Mark King	5,000,000	9.04%
Dennis Charles O'Neill	4,500,000	8.14%
Zashvin Pty Ltd	3,610,000	6.53%

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

There are no voting rights attaching to the Options, but voting rights as detailed above will attach to the ordinary shares issued when the Options are exercised.

ASX INFORMATION

2. Company Secretary:

The name of the company secretary is Mr. Paul Crawford.

3. Registers of securities are held at the following address:

Australia:	ASX Perpetual Registries Level 22 300 Queen Street Brisbane Qld 4000 Australia	Botswana:	PricewaterhouseCoopers Plot 50371 Fairground Office Park Gaborone Botswana

4. Stock Exchange Listing

Quotation has been granted for all the ordinary shares and options of the company on all Member Exchanges of the Australian Stock Exchange Limited, other than those classified as restricted securities and detailed below.

Quotation has also been granted for all the non-restricted ordinary shares of the company on the Venture Capital Board of the Botswana Stock Exchange.

5. Restricted Securities

The company has issued the following restricted securities:

Security	Number of Restricted Securities	Date of Cessation of Restriction
Ordinary Shares	13,107,500	25 March 2006
Options	13,732,500	25 March 2006

6. Use of Cash and Convertible assets

During the period from admission to the official list of the Australian Stock Exchange to 30 June 2005, the company has used cash and assets readily convertible to cash in a manner consistent with its business activities. The company is involved in mineral exploration in Botswana.

7. Schedule of Tenements

Tenement Name	Tenement Number	Area Km^2	DiamonEx Interest	Date of Grant	Date of Expiry
Martin's Drift	PL 86/2002*	15	100%	1 August 2002	31 July 2005
Project Diamond	PL 87/2002*	151	100%	1 August 2002	31 July 2005
Tswapong	PL 39/2003	226	100%	1 July 2003	30 June 2006
	PL 40/2003	313	100%	1 July 2003	30 June 2006

* Subject to renewal

ROBERTSONS
CHARTERED ACCOUNTANTS
A.B.N. 98 477 136 937

INDEPENDENT AUDIT REPORT
TO MEMBERS OF DIAMONEX LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Diamonex Limited (the company) and Diamonex Limited (the economic entity), for the year ended 30 June 2005. The economic entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report is presented fairly in accordance with the *Corporations Act 2001* and Accounting Standards, and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's and the economic entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Level 4, 127 Creek Street, Brisbane, Qld. 4000, GPO Box 1189, Brisbane, Qld. 4001.
Telephone: (07) 3229 2022 Facsimile: (07) 3229 3277 Email: email@robertsons.net.au

INDEPENDENT AUDIT REPORT
TO MEMBERS OF DIAMONEX LIMITED (continued)

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration set out in the financial report has not changed at the date of providing our audit opinion.

Audit opinion

In our opinion, the financial report of Diamonex Limited is in accordance with:

a) the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's and the economic entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
   ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

Robertsons

Robertsons
Chartered Accountants

A W Thomas

A W Thomas
Partner

Brisbane
Date: 12 September 2005

ROBERTSONS
CHARTERED ACCOUNTANTS
A.B.N. 98 477 136 937

Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001

To the Directors of Diamonex Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2005 there have been:

(i) no contraventions to the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Robertson

Robertsons
Chartered Accountants

A W Thomas
Partner

Date: 12 September 2005

Level 4, 127 Creek Street, Brisbane, Qld. 4000, GPO Box 1189, Brisbane, Qld. 4001.
Telephone: (07) 3229 2022 Facsimile: (07) 3229 3277 Email: email@robertsons.net.au