

DIAMOND ROSE NL

AND ITS CONTROLLED ENTITIES

ABN 30 075 860 472

ANNUAL REPORT

2005



DIAMOND ROSE NL

ACN 075 860 472

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DIAMOND ROSE NL

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CHAIRPERSON'S LETTER

Dear Shareholders,

I present Diamond Rose NL's Annual Report for the year ended 30 June 2005, my first report as chairman of your company.

This report covers a period of great importance to the company and the events that occurred during the year bode well for its future prospects.

Negotiations since December 2003 were finally concluded and as a result the company enjoys the support of significant investors in commerce and industry in the United States and South America who have injected over \$8.5 million into the company.

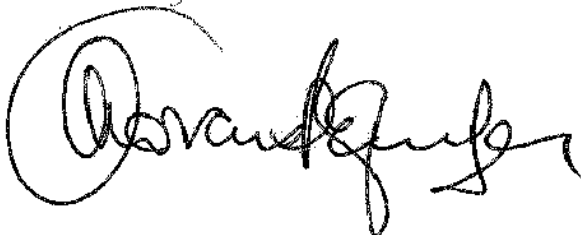
The company's immediate objectives are to increase its interest in the Guanaco Project in Chile and advance the project in a responsible and effective manner.

This may well be the last Annual Report presented as Diamond Rose as your board proposes to change the name of the company to Golden Rose International Limited – a name which better identifies the company and its direction.

There were significant personnel changes in the company at both an executive and management level. Our new team brings depth and experience to the company in areas of corporate law and governance, geological expertise, and financial management. We thank our predecessors for their service to the company.

I believe that the commitment of your new board will translate to company progress and, in time shareholder success.

Yours sincerely



*The Hon [Justice] Marcus Einfeld AO QC PhD
Chairman*

DIAMOND ROSE NL

ACN 075 860 472

CORPORATE DIRECTORY

Directors:	The Hon [Justice] Marcus Einfeld – Chairperson and Non Executive Director Terence Willsteed - Non Executive Director Laura Rovner - Executive Director Pablo Kohen – Executive Director
Company Secretary:	Henry Kinstlinger
Consultant Geologists:	Keith Fox Bsc (Hons) MAusIMM MIMMM Peter Temby Ass DipGeol. MAIG
Mining Consultant:	Heath Sandercock B Eng (Min) MAusIMM MMICA
Management:	The Hon [Justice] Marcus Einfeld – Chief Executive Officer (Acting)
Registered Principal Office:	Terrace Tower Suite 201 80 William Street Sydney NSW 2011
	Telephone: (02) 9380 7233 Facsimile: (02) 9380 7972
Email:	info@diamondrose.com.au
Website:	www.diamondrose.com.au
Auditors:	PKF
Share Registry:	Corporate Registry Services Pty Ltd Level 3, 60 Carrington Street Sydney NSW 2000
	Telephone: (02) 8234 5000 Facsimile: (02) 8234 5050
Principal Bankers:	National Australia Bank
Solicitors:	Steinepreis Paganin, Perth George Mallos, Sydney
Stock Exchange:	Australian Stock Exchange Ltd Exchange Plaza 2 The Esplanade Perth WA 6000
Quotation:	Shares in Diamond Rose NL are quoted on the Australian Stock Exchange as code “DRN”
Place of Incorporation:	Western Australia

REVIEW OF PROJECTS

GUANACO PROJECT – CHILE – 35.78% INTEREST

Background

In January 2003 Diamond Rose obtained, through its subsidiary Golden Rose International Limited (**GRIL**), an option to acquire the Guanaco gold-copper project in Chile from subsidiaries of Kinross Gold Corporation (**Guanaco Project**). At a general meeting of the Company held on 14 March 2003, the Shareholders approved the acquisition by the Company of an interest in the Guanaco Project.

After shareholder approval was obtained, PrimeGlobal (the entity that was intending to fund the acquisition), citing an imminent war and market downturn, advised the Company that it was unable to provide funds to complete the purchase of the Guanaco Project.

Subsequently, an Argentinean investment group, through a new company Guanaco Capital Holding Corporation (**GCH**) (an entity under the effective control of Eduardo Elsztain, a prominent South American fund manager) agreed to provide funds to complete the purchase. The agreement to fund the acquisition was conditional on GCH holding title in the Guanaco Project pending an equitable distribution of equity being concluded and also on Diamond Rose managing the project on terms and conditions to be agreed upon.

The Guanaco Project was acquired from Compania Venturera Kinam Guanaco and Kinam de Chile Limited (wholly owned subsidiaries of Kinross Gold Corporation) by a company that is currently wholly owned by Guanaco Mining Company Ltd (**Guanaco Mining**).

In July 2003, a binding international arbitration determined that GCH should hold 51% of the equity in the Guanaco Project in return for an initial investment of US\$1,100,000 plus an additional US\$900,000 expenditure on the Guanaco Project. Currently Guanaco Mining is owned 51% by GCH and 49% by GRIL. Diamond Rose has a 73.01% interest in GRIL and, accordingly, the Diamond Rose effective interest in the Guanaco Project is approximately 35.78%.

History

The Guanaco District is situated on the western edge of the main Chilean porphyry copper belt approximately midway between Escondida to the north and El Salvador to the south. The Guanaco property is located 200 kilometres (km) southeast of Antofagasta and about 50 km east of the Pan American highway.

The Guanaco region has produced in excess of 2 million ounces (ozs) of gold (Au) since first discovery. After discovery in 1878, intense exploitation occurred between 1886 and 1939. Guanaco is reported to have produced 9.3 tonnes (t) Au in 1938 and 3.7 t Au in 1939 and a total of 30 t Au to the mid 1980's. Copper is recorded as mined between 1928 and 1930, although no production details are available.

The Guanaco mine is 40 km from Meridian Gold's El Penon gold mine which has produced 320,000 ozs of Au annually at a cost of less than US\$50 per oz. Guanaco is also 80 km from BHP Billiton's Escondida mine, which produces 1.2 million t of copper (Cu) annually and is one of the world's largest copper mines.

In 1991 Amax Gold Inc optioned the property and established a mineable reserve of 11.5 million t at 1.77 gram per tonne (g/t) Au. Open pit mining commenced in early 1993 along with conventional heap leaching and a Merrill Crowe recovery plant. In 1997 the operation was put into care and maintenance due to low gold prices and poor metallurgical recoveries related to copper in the ore. Average gold grades from production at the time of closure were stated to be between 3 g/t and 4 g/t. In 1999 Kinross Gold acquired Amax and the property was taken over by its local subsidiary Kinam Guanaco. GRIL executed an option purchase agreement to acquire the property from Kinross in September 2002. The option was finally exercised in March 2003. The Guanaco Project covers 150 square kilometres (sq km) of concessions, which exclude the Soledad claims, adjacent to the Guanaco mine, as well as a few other minor third-party properties.

Current Status

The Guanaco mine is currently under care and maintenance.

Three open pit mines were operated by Amax:

- Dumbo and Defensa open pits exploiting the Dumbo Defensa vein structure; and
- Perseverancia pit exploiting the Chilena vein structure.

Substantial assets exist including:

- crushing plant;
- heap leach piles containing 11 million t at 0.7 g/t Au;
- heap leach processing plant and equipment including a Merrill Crowe recovery plant;
- administration block, laboratory, warehouse, maintenance facilities and an accommodation complex.
- mobile equipment; and
- substantial exploration data and past production records.

Mineralisation and Resources

Over the 150 sq km concession there are numerous untested gold and copper targets. Drilling, trenching, rock and soil sampling, remote sensing techniques and various geophysical methods have contributed a large amount of available information as have access to the open pit excavations developed by prior owners and the underground workings of the adjacent Soledad mining operation.

Most of the gold production has come from less than one-third of the known 3.5 km mineralized strike length of the Dumbo-Defensa vein system. The Dumbo-Defensa system is flanked by at least 10 other sub-parallel gold bearing structures.

During late 1999 and early 2000 a wide spaced drilling programme identified the Cachinalito deposit. On the eastern flank of the Cachinalito system an identified vein system could have resource potential.

Drilling undertaken by Amax and Kinross identified potential for underground mineable mineralisation at the following locations:

- Dumbo, between the west wall of the pit and the Soledad property boundary;
- Cachinalito, to the east of existing access and mined out stopes on the Soledad property; and
- Chilena, again between the Soledad property where the vein has apparently been mined and the Perseverancia open pit.

A number of deep holes below the Dumbo and Perseverancia pits have indicated a wide zone of enargite rich copper-gold mineralisation. An Amax estimate of this mineralised zone quoted an inferred resource of 42 million t grading 0.84% Cu and 0.6g/t Au to 150 metre (m) depth below these two pits. This mineralisation was stated to be open to expansion in both strike directions and to depth.

Based on the records of the previous mining and processing operation, the heap leach piles were estimated to contain about 11 million t of 0.7g/t Au and previous test work suggests that a proportion of this gold may be economically recovered.

Total gold mineralised resources estimated for the Guanaco Project by Kinam was recorded as containing 1.575 million ozs of gold.

These estimates were not prepared or classified to JORC CODE standards and will be the subject of detailed review by the Company prior to proposed ongoing development studies for the project.

Site Programme

During the Year ending 30 June 2005, the following exploration and evaluation activities were undertaken:

Database

Information from Kinam Guanaco was input in the computer and all available information was organised.

Resources Estimation for different areas of the Project

An estimation of the resources was performed for the mineralised zones. These studies indicate additional tonnages of low-grade mineralisation (<1 g/t Au) which has not been included in the resource data base at this stage, and an increase in the Chilena vein resource potential.

Sorting and Classification of Samples

Sorting and Classification of Samples from previous campaigns was undertaken.

Drilling Campaign at Cachinalito

A section of the Cachinalito deposit was drilled with reverse circulation (RC) and some diamond core drilling. The objectives of the drilling programme were:

- to establish a possible main area of gold in the center of the Cachinalito deposit;
- to identify the mineralized structures; and
- to identify the continuity of mineralization.

A total of 19 holes of combined RC and diamond drilling was completed for 3445m.

Geological consultants Hellman and Schofield Pty Limited (H&S), were contracted by Diamond Rose to produce an estimate of the gold resource for the section of the Cachinalito deposit which was drilled. The scope of the work was to produce a 3D block model suitable for underground mine optimisation. The approach taken by H&S was based on the GS3 modelling software.

The model was split into two areas, based primarily on the differing grade characteristics of each, over a strike length of about 500m, and within a vertical interval of 50m. No geological controls were applied. The following table totals the resource estimates for this section of the Cachinalito mineralised zone, for a range of gold cut-off grades:

Cut-off	tonnes	grade g/t	ozs
0.50	624,000	2.63	52,807
1.00	349,000	4.16	46,657
1.50	234,000	5.61	42,200
2.00	185,000	6.63	39,457
2.50	152,000	7.59	37,085
3.00	115,000	8.96	33,143

The following conclusions were drawn from this estimation:

- The current average drill hole spacing in the deposit is inadequate to map both the continuity and geometric complexity of the gold bearing structures. The resource classification is directly affected.
- The requirements of the JORC CODE with respect to geological and grade continuity have not been satisfied in both sub-areas, so the combined resource remains un-classified. However the component of the resource in one sub-area has been classified as inferred.
- Most drill hole orientations appear to be sub-parallel to the mineralised structures that are narrow and dipping at a high angle.

- Additional drilling will be required to define the geological and structural controls on the mineralisation as well as to provide adequate data to enable subsequent resource estimates to be classified as indicated or better.

Proposal for the Reactivation of Leaching Piles

The stockpiles were analysed to obtain information to assess the potential gold recovery from the previously leached stockpiles.

Sale of broken ore and waste to Enami

Broken ore was sold to the Enami smelting group. A total of 3,594 t of mineral was sold with a net income (after expenses and taxes) of USD \$78,500.

Legal

An update has been carried out with the public/official agencies on environmental permits and production permits.

A legal and technical update has been started over the water rights in order to guarantee future water supply.

New Projects

Additional mining projects were evaluated in Chile and Argentina.

Proposed Guanaco Exploration Programme

A programme is recommended to continue the site investigations, including to:

- re-evaluate and validate the previous ore resource estimates including the results of drilling programmes;
- test the heap leach piles;
- infill existing drilling in mineralised zones.
- test extensions of known vein structures;
- review the existing mine data for all relevant supplementary geological material; and
- commence regional exploration of the whole tenement area.

The estimates of the mineral resources of the Cachinalito deposit is based on information compiled by Heltman and Schofield Pty Limited (H&S). H&S was an independent consultant to the Company and have the necessary experience for the style of mineralisation and type of deposit under consideration and for the activity which they undertook, to qualify as a Competent Person under the JORC Code. H&S consents to the inclusion of the report in the form and context in which it appears here.

AUSTRALIAN PROJECTS

Broadbents (90% interest)

The Broadbents Mining Lease M 77/869 is located 200 km north of Southern Cross, Western Australia and covers an area of 64 hectares. Previous work has defined an inferred resource of approximately 30,000 t grading between 1.2 g/t and 2.75g/t gold within surface laterites over an area of old mine workings. More recent surface sampling over the mineralised zone confirmed results of previous exploration. The results are reported to demonstrate the high-grade nature of gold in surface laterites over an area of approximately 50m by 40m.

It is proposed to review all previous work to determine the viability of a confirmation drilling, testing possible along-strike continuity within the Mining Lease area and possible small scale development.

Bullabulling Project (95% interest)

The Bullabulling Project, located about 60 kilometres west-southwest of the City of Kalgoolie, is secured by eight Prospecting Licence Applications by Golden Rose Pty Limited, a wholly owned subsidiary of Diamond Rose. The project area tenements cover an area of 1233 hectares (ha) in the gold mining area of Bullabulling, West Australia. Planned work programmes are subject to granting of titles.

Most of the gold mineralisation discovered and mined in the Bullabulling area has been located within near surface laterites. This mineralisation is believed to have been sourced from mineralised shear zones at depth. The known near surface shear zones are characterised by biotite and carbonate alteration with zones of sulphide mineralisation around the quartz veins.

Past exploration has been confined to the weathered rocks of the regolith. No deeper drilling is known to have been done.

Initially Diamond Rose intends to complete a structural interpretation based on detailed low level aeromagnetics and satellite imagery. Follow up will comprise deep scout RC drilling with infill drilling where justified.

Drysdale Project (100% interest)

Diamond Rose's Drysdale Project comprises Exploration Licences E80/3048, 3049, 3050 and 3051 covering a total area of approximately 816 sq km and is located in the Western Australia Kimberley Mineral Field about 250 km west of the town of Kununurra.

The identification by previous explorers of kimberlite indicator minerals and both micro- and (occasional) macro-diamonds suggests a probability that kimberlite pipes and/or dykes occur within the Drysdale Project area.

The proposed follow-up exploration programme includes detailed re-evaluation of all previous macro-diamond, micro-diamond and indicator mineral recovery locations to identify target minor drainages, and the completion of more detailed infill stream gravel sampling and where warranted loam sampling within the selected target areas.

Diamond Rose is actively seeking a Joint Venture Partner to enable follow-up diamond exploration of this project.

Kookynie Project (95% interest)

The Kookynie Project is located in the North Coolgardie Mineral Field being centred about 45 km southeast of Leonora, Western Australia. It consists of two Exploration Licence Applications E 40/197 and E 40/198 together with four Prospecting Licence Applications P 40/1112 and P 40/1116 to 1118 covering a total area of 10.56 sq km.

Access can be easily gained via the sealed Kookynie-Leonora road and thence by numerous tracks.

The area of and around the project is underlain by rocks of the Norseman-Wiluna Greenstone Belt that hosts many major gold and nickel sulphide deposits.

Previous exploration has identified numerous alluvial and bedrock gold occurrences. In 1997 interpretation detailed aeromagnetic survey of the area was done as well as a structural interpretation based on Landsat TM satellite data imagery. This work has indicated many potential gold targets.

Diamond Rose intends to follow up all identified targets, initially by soil sampling with partial digest analyses with geochemical anomalies being followed up by drilling.

Leonora Project (75% interest)

The Leonora Project comprises Exploration Licence Applications E37/728 and E37/729 covering a total area of approximately 414.00 sq km. It is centred about 10 kilometres west of the gold mining town of Leonora in the Mt Margaret Mineral Field of Western Australia.

The project area is located in the Eastern Goldfields Region immediately west of the younger Archaean Norseman – Wiluna greenstone belt succession. This belt hosts many major gold and nickel sulphide deposits including the Sons of Gwalia mine at Leonora with production exceeding 2.5 million ozs of gold.

The southerly extension of the Sons of Gwalia Mine sequence through the easternmost three graticular blocks of Exploration Licence Application E37/728 is covered by current Mining Leases held by other parties. The tenements are underlain by granites and there is limited evidence to suggest that potential exists for significant resource discovery at this stage.

Lake Raeside Project (70% interest)

The Lake Raeside Project application (E 37/736) covers 70 blocks and is located approximately 45km north west of Leonora.

This is an under-explored region covering over 20 km of masked Archaean greenstone belts and the associated Wildara Shear, which is a splay off the Keith Kilkenny Lineament.

Rocklea (100% interest)

Rocklea Project comprises Exploration Licence Application E04/832 covering a total area of approximately 207.00 sq km and is located in the West Pilbara Mineral Field of Western Australia.

The project area covers the southern half of the Archaean Rocklea Dome. The exposed rocks in the central part of this structure comprise very old granites and greenstones. These rocks are overlain by interbedded basaltic and sedimentary rocks of the Fortescue Group.

The most significant previous work done within and adjacent to the project area was iron ore exploration by Hamersley Exploration Pty Limited (“Hamersley”) within and adjacent to the northeastern part of current Exploration Licence E47/952.

Numerous outcrops of limonite material straddle the Hardy River to the immediate north of the Rocklea Station Homestead. The largest mesa-form occurrence, referred to as the “Southern Deposit” was first scout drilled in 1974. Seven hammer percussion holes were completed with 113 one metre samples being assayed. In 1978 a further 12 percussion holes totalling 419m were drilled on three west-northwest orientated cross lines.

An indicated ore reserve was quoted at that time of 31 million tonnes grading 53.3% iron, 8.3% silica, 2.1% aluminium and 0.03% phosphorous with a loss on ignition of 11.4%. This quoted reserve is not compliant with the requirements of the JORC code.

About 60% of the southern limonite deposit lies within E47/952. Hamersley commented that the composition of this deposit might render it favourable for mixing with other Pilbara iron ores.

Diamond Rose is negotiating with a Joint Venture partner with the necessary infrastructure within the Pilbara. Such a partner should earn equity by expenditure on delineation of JORC status reserves. Diamond Rose would ensure that it retains a substantial equity into the production stage.

Mount Jerusalem (100% interest)

The Mount Jerusalem diamond project is located in northeastern NSW near Mullumbimby. The tenement area covers the site of the discovery of a large diamond in Coopers Creek in the 1970's.

Sampling programmes have been carried out by the Company to evaluate the potential of the project. Concentrates from recent mini bulk sampling contain a broad range of garnets as well as sapphirine or gahnite, possibly high pressure minerals of significance for diamond occurrence.

The garnet compositions in the samples from Mt Jerusalem confirm non-diamondiferous eclogite II facies rocks at depth. This indicates capture of high pressure rocks at depth by volcanic activity, and further sampling may locate the volcanic sources.

The proposed ongoing programme at Mt Jerusalem is to determine whether the deep origin garnets are a regional feature associated with the plume related Mt Warning volcanic complex or whether they are related to a specific discrete source that can be located and bulk sampled for diamonds.

The method is to sample outside the specific tenement area where diamondiferous indicators were previously found and see whether that catchment is the only area that contains these garnets. If it is, technology exists to locate the source of deep origin material. The lack of diamonds in sampling in the area suggests that the bulk sampling method would be the only viable follow up method to search for the clearly rare diamonds.

Walgidee Hills Project (100% interest)

The Walgidee Hills Project comprises Exploration Licence E04/832 covering a total area of approximately 42.00 sq km and is located in the King Leopold Mobile Zone of the west Kimberley Region, Western Australia. The project is situated about 160km southeast of the town of Derby and 23 km north of Noonkanbah Cattle Station.

Between 1997 and 2001 Diamond Rose NL conducted diamond exploration over the Walgidee Hills pipe. Although numerous micro and some macro diamonds have been recovered no areas of economically significant grade have been identified. No exploration has been done since 2001.

The collective 1968 to 2001 expenditure of over \$3.5 million on the Walgidee Hills lamproite has failed to result in the discovery of economically significant diamond grades.

The current opinion is that although there may be areas of economic grade within the target tuffs their identification would prove costly. Following deposition and subsequent erosion of the target bedded tuffs there occurred a period of extrusion of massive lamproite lavas. The extent and thickness of the post erosion remnants of the tuff beds that lie beneath the overlying lavas are unknown. The thicknesses of the overlying lavas are also unknown.

The Company is of opinion that further exploration would be a high risk exercise and cannot be justified.

Exploration Licence E04/832 will be relinquished.

DIRECTORS' REPORT

Your Directors are pleased to present the following report for the financial year ended 30 June 2005.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were diamond, gold and base metal exploration

The Company is a company limited by shares and incorporated and domiciled in Australia.

Detailed information on the Company's operations during the year ended 30 June 2005 has been released in the Company's announcements and reports to the Australian Stock Exchange and is available for review on the Company's website at www.diamondrose.com.au.

REVIEW AND RESULTS OF OPERATIONS

Operating Results and Dividends

The consolidated entity's net loss, attributable to members for the year ended 30 June 2005 was \$3,304,999 (2004: \$1,602,445).

No dividends of the parent entity or any entity of the economic entity have been paid or declared or recommended since the end of the preceding financial year. The Board does not recommend the payment of a dividend in respect of the reporting period.

Financial Position

The net assets of the economic entity have increased by \$5,504,282 from 30 June 2004 to \$4,978,717. This increase was a result of completion of transactions approved by shareholders on 6 September 2004 culminating in the issue of 195,232,040 fully paid shares (at 4 cents per share) as detailed below.

The Company has the support of major international institutions and persons including Mr. Eduardo Elsztein of Argentina and Messrs. Edgar Bronfman and Michael Steinhardt of the United States of America.

The directors believe the Company is in a position to maintain its current operations and has the support to increase the its interest in the Guanaco Project.

Significant changes in the state of affairs

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

On 6 September 2004 shareholders approved the change of scale of activities resulting from the acquisition of an interest in the Guanaco Project in Chile; the acquisition by Nileman Zone SA ("Nileman" is referred to as "Global Gold" in the Notice of Meeting) of up to 103,766,980 shares from Vageta Pty Limited; the issue of up to 76,500,000 Shares to Nileman at \$0.04 per Share; and the issue of up to 235,298,421 Shares to Nileman upon conversion of convertible securities held by Nileman.

In October 2004 the Company drew down the maximum amount available to it (\$4,000,000) under the terms of the 14 October 2004 Convertible Note ("Note") and subsequently allotted 27,732,040 fully paid shares with 55,464,080 attaching options upon exercise of the Note in settlement of an amount of \$1,109,281.60 advanced to the Company pursuant to the terms of the Note.

In December 2004 the Company increased its equity in Golden Rose International Limited to 73.01% and, accordingly, the Company's effective interest in the Guanaco Project is approximately 35.78%.

On 24 December 2004 shareholders approved the appointment of PKF as auditors of the Company. James Jennings retired as Director of the Company.

On 17 January 2005 the Company issued 76,500,000 ordinary shares in Diamond Rose NL at 4 cents per share pursuant to the approval obtained from shareholders on 6 September 2004.

On 9 March 2005 the Company completed the other transactions approved by shareholders on 6 September 2004. Pnina Feldman and Richard Sheslow resigned as directors of the Company.

On 9 March 2005 a new Board was appointed with the Hon [Justice] Marcus Einfeld as chairman. The new board brings depth and experience to the Company in the areas of corporate law and governance, geological expertise, and financial management.

The Company advanced \$US3,806,082 to Guanaco Mining Company in order to develop the Guanaco Project. At the balance date of 30 June 2005 the amount outstanding is \$5,001,422 plus interest of \$117,748 (exchange rate AU\$1 = US\$0.761). Expenditure amounting to \$21,115 was incurred on behalf of Guanaco Mining Company and was outstanding at 30 June 2005.

On 10 March 2005 the Company issued 91,000,000 ordinary shares upon conversion of 4 cent options.

In April the Company relocated its registered office and principle administrative office to suite 201, No. 80 William Street, Sydney.

On 18 May 2005, GCH advanced \$1,000,000 to the Company for its exclusive use, in consideration of a later issue of securities.

On 26 May 2005 the Company's securities were reinstated to trading.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The consolidated entity will continue to focus on precious mineral exploration activities with an emphasis on gold and base metals.

Change of Name

The Company's primary objectives have changed from diamond and gemstone exploration to one predominantly focused on gold exploration, both locally and overseas. Your Board proposes to recommend to shareholders that the name of the Company be changed as soon as possible to Golden Rose International Limited which more accurately identifies the objectives of the Company.

Shareholder Communication

Your Board is developing a shareholder communication policy which will include an upgrading of the Company's website and regular newsletters to shareholders that will keep shareholders and the market abreast of the Company's activities and developments.

Fundraising

As the Company's exploration programs develop there will inevitably be a need for further funds. The Company has been criticised in the past for not allowing shareholders the opportunity to participate in fundraising opportunities and the Company's new Board is keen that shareholders be given the first opportunity to subscribe for any new securities that may be offered.

Acquisitions

The Guanaco Project in Chile represents the Company's most prospective exploration project with the Company holding an indirect interest of 35.78%. The Company is currently negotiating with various stakeholders to secure the acquisition of additional shares in order to increase the Company's effective interest in the Guanaco Project to 49% and higher. Shareholders will be asked to approve certain acquisitions.

Further Likely Developments

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations, or the state of affairs of the consolidated entity, in future financial years.

PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

The consolidated entity's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its exploration activities.

In Australia the consolidated entity's mining exploration operations are primarily concentrated in Western Australia. There are significant environmental regulations under the Western Australian Mining Act 1978 and Environmental Protection Act 1986. Licence requirements relating to waste disposal, water and air pollution exist in relation to mining activities.

The Directors are not aware of any significant breaches during the period covered by this report.

DIRECTORS AND OFFICERS

The Directors and Officers of the Company at any time during or since the end of the financial year are/were:

Name and Qualifications

Experience and Special Responsibilities

Current Officers

The Hon [Justice] Marcus Einfeld AO QC PhD (Non-Executive Director)

The Hon Marcus Einfeld is a former Justice of the Federal Court of Australia, and the Supreme Courts of New South Wales, Western Australia, and the Australian Capital Territory. He presently serves as a Justice of a number of overseas courts in an honorary capacity.

Prior to his appointment as a Judge, Dr Einfeld practised as a Queens [Senior] Counsel, for 10 years and was a practising barrister in Australia and the United Kingdom for 25 years.

He has advised some of Australia's largest companies and appeared in many of Australia's most famous cases across a broad range of subject matters including commercial law, corporations law, industrial law and workplace relations, compensation and personal injury and criminal law (including major corporate frauds).

Dr Einfeld has also advised and appeared in cases involving company mergers and takeovers, corporate malfeasance, workplace relations and industrial disputes and major corporate and contractual disputes.

He is or has been Chairman or Board member of a number of companies including Australian companies NEST Nominees Pty Limited and NRMA Foundation Ltd, UK subsidiaries Hampden Asia Pacific Pty Limited and Axiom Asia Pacific Pty Limited, and the South African company Banket Quin Pte Ltd.

Dr Einfeld regularly advises and lectures company boards and executives and universities on corporate governance, ethics, and social responsibility.

Appointed 9 March 2005

Terence V. Willsteed BE(MIN)
HONS BA FAUSIMM MAIME
MMICA (Non-Executive Director)

Mr Willsteed is a mining engineer who has, since 1973, been the principal of consulting mining engineers Terence Willsteed & Associates. His forty-year career in the mining industry has included senior line operational and engineering positions with Zinc Corporation, Mt Isa Mines Ltd and Consolidated Goldfields Ltd. In his consulting experience Mr Willsteed has been involved in the assessment and development of a wide range of mineral, coal and oil shale projects, and has participated in the management of developing and operating mineral projects both in Australia and internationally. He holds a Bachelor of Engineering [Mining] Honours and Bachelor of Arts from The University of Queensland.

Appointed 9 March 2005

Mr Willsteed is a director of Climax Mining Ltd (appointed 1996), Kimberley Oil NL (appointed 26 November 2002); and Goldsearch Limited (appointed 20 July 2004).

Laura Rovner
MBA CPA-Argentina (Cum Laude)
(Executive Director)

Ms Rovner holds a Masters degree in Business Administration (MBA) from the Queensland University of Technology and is a certified accountant from University of Buenos Aires (Argentina). She is an accountant, with international experience in the mining industry. She worked for six years for Minera Alumbrera Limited, an Argentinean Gold and Copper concentrate producer, owned by Xstrata, including twelve month secondment to Mount Isa Mine (MIM), Ernest Henry Mine (Cloncurry Qld), and MIM corporate offices in Brisbane Australia.

Appointed 9 March 2005

Pablo Kohen
MFin BEc (Cum Laude) (Executive
Director)

Mr Kohen holds a Masters degree in Finance (Corporate Finance) from the University of CEMA (Argentina) and Bachelor of Economics degree from the University of Buenos Aires (Argentina). He is a financial analyst, with extensive experience in analysis and financial modelling in the private sector both internationally and in Australia (BMF Asset Management Pty Ltd). His previous appointments have resulted in substantial benefits to shareholders through the implementation of cash flow modelling, acquisition and tender management.

Appointed 9 March 2005

Henry Kinstlinger
(Company Secretary)

Mr Kinstlinger has been actively involved in the financial and corporate management of a number of public companies and non-governmental organisations for the past ten years. He has worked with Diamond Rose since 1997 and as Company Secretary since 1999.

Former directors

Mrs Pnina Feldman
(Former Executive Director)

Appointed October 1996 - Resigned 9 March 2005

Richard Sheslow
(Former Non-Executive Director)

Appointed October 1997 - Resigned 9 March 2005

James Jennings
(Former Non-Executive Director)

Appointed October 1999 – Retired 24 December 2004

DIRECTORS MEETINGS

The number of Directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the consolidated entity during the financial year are:

Director	Directors' meetings		Audit Committee meetings		Remuneration Committee meeting	
	A	B	A	B	A	B
The Hon [Justice] Marcus Einfeld+	6	6	1	1	1	1
Terence Willstead+	6	6	1	1	1	1
Laura Rovner+	6	6	*	*	1	1
Pablo Kohen+	6	6	1	1	1	1
Mrs P Feldman	9	9	*	*	*	*
Richard Sheslow	9	9	1	1	-	-
James Jennings	8	8	1	1	-	-

A - Number of meetings attended.

B - Reflects the number of meetings held during the time the director held office during the year.

* - Not a member of this committee

+ - Appointed 9 March 2005

OPTIONS

During or since the end of the financial year, the Company has not granted options over unissued ordinary shares to any Director.

UNISSUED SHARES UNDER OPTION

At the date of this report unissued ordinary shares of the Company under option, all of which have vested are:

Grant Date	Expiry Date	Exercise Price	Number under Option
8 June 2001	8 June 2006	4 cents	143,657
14 October 2004	14 October 2009	4 cents	8,856,343
5 December 2000	31 December 2005	10 cents	3,000,000
11 December 2002	30 November 2007	12 cents	23,000,000
5 December 2000	31 December 2005	20 cents	2,700,000
8 June 2001	8 June 2006	20 cents	19,250,000
20 June 2002	20 June 2007	20 cents	11,122,850
11 December	30 November 2007	20 cents	44,245,110
14 October 2004	14 October 2009	20 cents	27,732,040
5 December 2000	31 December 2005	30 cents	3,650,000
		Total	143,700,000

Shares issued during or since the end of the year as a result of the exercise of options

Number of shares issued: 91,000,000

Amount paid on each share \$0.04

INDEMNIFICATION OF OFFICERS

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

INTERESTS OF DIRECTORS

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Direct shares	Indirect shares	Options
The Hon [Justice] Marcus Einfeld*	Nil	257,893,301	109,066,381
Terence Willsteed	Nil	Nil	Nil
Laura Rovner	Nil	Nil	Nil
Pablo Kohen	Nil	Nil	Nil

* The Hon [Justice] Marcus Einfeld is a director of Global Gold (formerly Nileman Zone SA) which holds the shares and options noted above.

REMUNERATION REPORT

Remuneration Policy

The consolidated entity has a Remuneration Policy which aims to ensure remuneration packages of Board Members and senior executives properly reflect the person's duties and responsibilities and level of performance and that remuneration is competitive in attracting, retaining, and motivating people of the highest quality.

To give effect to this policy the consolidated entity reviews available information which measures the remuneration levels in the various labour markets in which it competes. The expectation of the consolidated entity is that, for a particular grade of employee, the total fixed compensation will be at the median level of the relevant market.

Executives are entitled to participate in the employee share and option arrangements. No shares or options were issued to executives during the year ended 30 June 2005.

There is no performance-based component to executive remuneration.

Details of Remuneration for Year Ended 30 June 2005

Details of the nature and amount of each major element of the emoluments of each director and senior executive of the Company are:

Specified Directors	Salary and Fees \$	Options issued \$	Super \$	Total \$
Non-Executive				
Terence Willstead	60,000	-	-	60,000
The Hon [Justice] Marcus Einfeld	40,000	-	-	40,000
Executive				
Laura Rovner	34,551	-	3,087	37,638
Pablo Kohen	31,409	-	2,806	34,215
Total	165,960	-	5,893	165,960

Former directors

The following were directors of the Company during the financial year ending 30 June 2005.

Specified Directors	Salary and Fees \$	Options issued \$	Super \$	Total \$
Non-Executive				
Richard Sheslow	2,100	-	-	2,100
James Jennings	2,100	-	-	2,100
Executive				
Mrs Feldman	167,500	-	-	167,500
Total	171,700	-	-	171,700

Employment contracts

The employment contracts for executive Directors are not for any fixed term.

Sydney Talmudical College Association (STCA) provided corporate, commercial and marketing services to the Company and has received fees of \$203,500 during the financial year ended 30 June 2005 (2004: \$244,200). The contract with STCA was terminated on 9 March 2005. STCA also employed Mr H Kinstlinger and provided his services as company secretary. Mr Kinstlinger's services are now provided under a new contract with the Company which concludes 31 March 2007.

PROCEEDINGS ON BEHALF OF 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 part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The following amounts were paid or are payable for non-audit services provided by:

PKF	Technical Assistance regarding accounting principals and financial report disclosure	\$7,825
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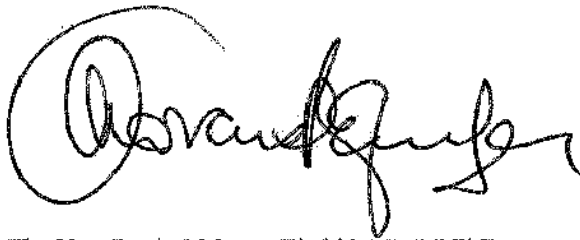
The Directors are satisfied that the provision of non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The Directors are satisfied that the provision of the non-audit services did not compromise the auditor independence requirements of the Corporations Act because the decision as to whether or not to accept the advice provided was made by management of the Company.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2005 has been received and can be found on page 16.

Signed in accordance with a resolution of the directors.



The Hon [Justice] Marcus Einfeld AO QC PhD
Chairman

Sydney, 30 September, 2005

Attribution

Aspects of this report that relate to Mineralisation, Mineral Resources or Ore Reserves are based on information compiled by persons who are Fellows or Members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and have sufficient relevant experience of the activity undertaken and of the mineralisation style and type of deposit described.

They qualify as Competent Persons as defined in the 1999 Edition of the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves" (JORC Code). A list of the names of the Competent Persons is available upon request. The above statement fairly reflects the reports prepared by these Competent Persons and has been prepared by T V Willsteed, BE [Min], Hons BA FAusIMM as Competent Person for Diamond Rose NL. Mr Willsteed consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.



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& Business Advisers

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Liability is limited by the Accountants
Scheme, approved under the
Professional Standards Act 1994 (NSW)

**Lead auditor's independence declaration
Under section 307C of the Corporations Act 2001**

To the Directors of Diamond Rose NL

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

- i. no contraventions of 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.

PKF

B R Gordon
Partner

Sydney
Dated: **30 September 2005**

STATEMENTS OF FINANCIAL PERFORMANCE
DIAMOND ROSE NL AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated		Company	
		2005 \$	2004 \$	2005 \$	2004 \$
Revenues from ordinary activities	2	121,852	1,723	121,852	1,723
Borrowing costs expense	3	(91,051)	(7,150)	(91,051)	(2,320)
Depreciation and amortization	3	(65,329)	(29,891)	(30,257)	(29,891)
Compensation for cancellation of management agreement		(517,015)	-	(517,015)	-
Exploration and evaluation expenditure		(1,831,041)	(357,963)	(61,228)	(60,363)
Provision for diminution of loans		-	(473,617)	410,007	(420,967)
Write down of non-current investments to recoverable amount		-	-	(1,244,326)	-
Reversal of provision for diminution of investment in associate		411,573	-	-	-
Loan forgiveness to controlled entity		-	-	(525,487)	-
Administration expenses		(927,108)	(1,090,389)	(890,265)	(639,009)
Share of net losses of associates using the equity method		(411,573)	-	-	-
Loss from ordinary activities before related income tax		(3,309,692)	(1,957,287)	(2,827,770)	(1,150,827)
Income tax benefit relating to ordinary activities	5	-	-	-	-
Net (loss)		(3,309,692)	(1,957,287)	(2,827,770)	(1,150,827)
Net (loss) attributable to outside equity interest		4,693	354,842	-	-
Net (loss) attributable to members of the parent entity		(3,304,999)	(1,602,445)	(2,827,770)	(1,150,827)
Basic and diluted loss per ordinary share for using the equity method (cent per share)	6	(1.13)	(0.77)		

The above Statements of Financial Performance should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION
DIAMOND ROSE NL AND ITS CONTROLLED ENTITIES
AS AT 30 JUNE 2005

	Note	Consolidated		Company	
		2005 \$	2004 \$	2005 \$	2004 \$
CURRENT ASSETS					
Cash assets	24(i)	1,603,794	34,741	1,603,238	34,598
Receivables	8	17,714	12,038	17,714	10,143
TOTAL CURRENT ASSETS		1,621,508	46,779	1,620,952	44,741
NON-CURRENT ASSETS					
Receivables	8	5,140,336	688,833	5,642,038	1,275,790
Other financial assets	9	-	-	467,625	1,244,330
Intangibles	10	432,549	-	-	-
Plant and equipment	11	27,461	39,853	27,461	39,853
Exploration and evaluation expenditure	12	197,784	1,976,226	138,791	146,977
TOTAL NON-CURRENT ASSETS		5,798,130	2,704,912	6,275,915	2,706,950
TOTAL ASSETS		7,419,638	2,751,691	7,896,867	2,751,691
CURRENT LIABILITIES					
Payables	13	680,921	1,394,222	680,921	1,394,222
Interest bearing liabilities	14	240,000	-	240,000	-
TOTAL CURRENT LIABILITIES		920,921	1,394,222	920,921	1,394,222
NON-CURRENT LIABILITIES					
Payables	13	1,200,000	-	1,200,000	-
Interest bearing liabilities	14	320,000	1,883,034	320,000	1,883,034
TOTAL NON-CURRENT LIABILITIES		1,520,000	1,883,034	1,520,000	1,883,034
TOTAL LIABILITIES		2,440,921	3,277,256	2,440,921	3,277,256
NET ASSETS		4,978,717	(525,565)	5,455,946	(525,565)
EQUITY					
Contributed equity	15	37,272,925	29,463,644	37,272,925	29,463,644
Equity - share capital pending issue	15	1,000,000	-	1,000,000	-
Accumulated losses	16	(33,745,826)	(30,440,827)	(32,816,979)	(29,989,209)
Outside equity interest (OEI)	18	-	-	-	-
Reserves	17	451,618	451,618	-	-
TOTAL EQUITY		4,978,717	(525,565)	5,455,946	(525,565)

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS
DIAMOND ROSE NL AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated		Company	
		2005 \$	2004 \$	2005 \$	2004 \$
Cash flows from operating activities					
Cash payments in the course of operations		(561,954)	(207,766)	(568,335)	(560,951)
Interest received		4,054	1,723	4,054	1,723
Borrowing cost paid		(69,808)	(7,150)	(69,808)	(2,320)
Net cash provided/used in operating activities	24(ii)	(627,708)	(213,193)	(634,089)	(561,548)
Cash flows from investing activities					
Payment for plant and equipment		(17,865)	-	(17,865)	-
Payment for investment		(467,621)	-	(467,621)	-
Proceeds from issue of shares		-	806,460	-	-
Payments for exploration and evaluation expenditure		(67,360)	(946,067)	(61,392)	(139,607)
Loans to associate		(4,773,209)	(2,878)	(4,773,209)	(2,878)
Loans to controlled entities		-	-	-	(114,447)
Loans to related parties		-	(1,109,302)	-	(646,643)
Net cash provided/ used in investing activities		(5,326,055)	(1,251,787)	(5,320,087)	(903,575)
Cash flows from financing activities					
Proceeds from related party loans		-	1,478,346	-	1,478,346
Proceeds from issue of securities		7,809,283	-	7,809,283	-
Irrevocable capital contribution on account of a future issue of equity securities		1,000,000	-	1,000,000	-
Repayment of related party loans		(1,286,467)	-	(1,286,467)	-
Net cash used/ provided by financing activities	24(ii)	7,522,816	1,478,346	7,522,816	1,478,346
Net increase in cash held		1,569,053	13,366	1,568,640	13,223
Cash at the beginning of the financial year		34,741	21,375	34,598	21,375
Cash at the end of the financial year		1,603,794	34,741	1,603,238	34,598

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

DIAMOND ROSE NL AND ITS CONTROLLED ENTITIES

FOR THE YEAR ENDED 30 JUNE 2005

1. Summary of accounting policies

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

(a) Basis of preparation

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

The financial report covers the economic entity of Diamond Rose NL and controlled entities, and as an individual parent entity. Diamond Rose NL is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accurate 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.

(b) Operating cycle

An operating cycle of 12 months has been used as the basis for identifying current assets and current liabilities in the Statement of Financial Position.

(c) Recoverable amounts

The carrying amounts of non-current assets do not exceed the net amounts that are expected to be recovered through the cash inflows and outflows arising from continued use and subsequent disposal. The expected net cash flows included in determining the recoverable amounts have been discounted to their present value.

Where a group of assets work together to generate net cash inflows the recoverable amount test is applied to that group of assets.

(d) Going concern

The Company and its controlled entities incurred a loss of \$3,304,999 for the year ended 30 June 2005. Included in non-current assets are amounts due from Guanaco Mining Company Limited amounting to \$5,140,336 and, in addition, goodwill relating to the Guanaco Mining project of \$432,549.

The on going viability of the consolidated entity and the recoverability of its non-current assets is dependent on the success of the project. The Directors believe that the project will be ultimately successful and that the non-current assets are included in the Financial Report at their recoverable amount.

The financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations, project expenditure exploration commitments and to repay liabilities and that the realisation of assets and settlement of liabilities will occur in the normal course of business. The Directors believe that the consolidated entity will be able to fund future operations through equity raising, and sale or joint venturing of interests held in mineral tenements and projects.

At the date of this report other sources of funds are being sought to fund future working capital requirements of the Company.

The Directors believe that they will be successful in raising sufficient funds to ensure that the Company can continue to meet its debts as and when they become due and payable. However, If additional funds are not raised, the going concern basis may not be appropriate with the result that the company may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the Financial Report. No allowance for such circumstances has been made in the Financial Report.

(e) Principles of consolidation

A controlled entity is any entity controlled by Diamond Rose NL. Control exists where Diamond Rose NL 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 Diamond Rose NL to achieve the objectives of Diamond Rose NL. A list of controlled entities is contained in Note 22 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.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

Controlled entities

The financial statements of controlled entities are included from the date control commences until the date control ceases.

Associates

Associates are those entities over which the consolidated entity exercises significant influence.

In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity amount and recoverable amount. The consolidated entity's equity accounted share of the associates net profit or loss is recognised in the consolidated statement of financial performance from the date significant influence commences until the date significant influence ceases.

(f) Revenue recognition

Revenue from the sale of goods is recognised when control of the goods has passed to the buyer, the amount of revenue can be measured reliably and it is probable that it will be received by the Company.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(h) Exploration and evaluation expenditure

Exploration and evaluation expenditure costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

(i) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 10 years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

(j) Joint ventures

Expenditure incurred in relation to earning the consolidated entity's beneficial interest under Joint Venture agreements are carried forward to the extent that management consider that it is probable that future economic benefits will eventuate and can be measured reliably.

Where these benefits cannot be measured reliably, these costs are fully provided for in the financial period.

(k) Investments***Controlled entities***

Investment in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

Other entities

Investments in listed entities are carried at the lower of cost and recoverable amount, being a Directors' valuation based on market values at the time of the valuation. Dividends are brought to account as they are received.

Investments in other unlisted entities are carried at the lower of cost and recoverable amount.

(l) Property, plant and equipment***Recoverable amount of non-current assets valued on cost basis***

The carrying amounts of non-current assets valued on the cost basis other than exploration and evaluation expenditure carried forward, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

(m) Depreciation***Useful lives***

All non-current assets have limited useful lives and are depreciated on a straight line basis over their estimated useful lives.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

The depreciation rate used for plant and equipment is between 10% - 20%.

(n) Translation of foreign currency items

Except for foreign currency contracts where the exchange rate is fixed, each asset, liability, item of equity, revenue or expense is recognised and translated using the spot rate at the date of the transaction.

An asset or liability arising under a foreign currency contract where the exchange rate is fixed is recognised and translated using that fixed exchange rate.

Foreign currency monetary items outstanding at the reporting date are translated at the spot rate at the reporting date.

Exchange differences are recognised as revenues or expenses in net profit or loss in the period in which exchange rates change except for qualifying assets and hedge transactions.

An exchange difference arising in respect of a foreign currency monetary item which is directly attributable to the acquisition, construction or production of a qualifying asset is, net of the effects of a hedge of the monetary item, capitalised as part of the cost of the asset.

(o) Cash

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

- cash on hand and at call deposits with banks or financial institutions; and
- investments in money market instruments with less than 14 days maturity.

(p) Taxation

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

Tax consolidation

For the purposes of income tax, Diamond Rose NI and its controlled entities propose not to form a tax consolidated group. The individual companies will continue to lodge tax returns independently of each other.

(q) Acquisition of assets

All assets acquired including plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of consideration provided plus incidental costs directly attributable to the acquisition.

Expenditure is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably.

(r) Receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

(s) Accounts payable

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

(t) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing and amount of which is uncertain.

(u) Financial instruments issued

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.

Where the financial instruments are redeemable but either the holder or the Company has an option to convert them into ordinary shares of the Company, they are classified as compound instruments. The liability component is measured as the present value of the principal and interest obligations, discounted at the prevailing market rate for a similar liability that does not have an equity component. The residual of the net proceeds received on issuing the instruments is classified as equity.

Interest expense on compound instruments is determined based on the liability component and includes actual interest paid to holders.

(v) Leases

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

(w) Borrowings

Bank loans are recognised in the financial statements on the basis of the nominal amounts outstanding at balance date plus accrued interest.

Debentures are recognised in the financial statements on the basis of the net amounts received after issuance costs and after adjustment for any premium or discount which is amortised and included in interest expense over the life of the security to its maturity.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use/sale. In this case the borrowing costs are capitalised as part of the cost of the asset.

(x) Impact of Adopting Australian Equivalents to International Financial Reporting Standards

Diamond Rose NL is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. The Company has prepared an opening balance sheet in accordance with AIFRS as at 1 July 2004, the Company's transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when the Consolidated Entity prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and the best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net loss for the year ended 30 June 2005. No material impact is expected in relation to the statement of cash flows.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to:

- (a) ongoing work being undertaken by the AIFRS project team;

- (b) potential amendments to AIFRS and Interpretations thereof being issued by the standard-setters and IFRIC; and
(c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

Investments in Associates

Under AASB 128 "Investments in Associates" the investor's interest in an associate includes not only the carrying value of the investment but also long term interests such as unsecured long-term loans and receivables. As such the consolidated entity's interest in Guanaco Mining Company Limited would amount to \$5,551,909 being the unsecured long-term loan of \$5,140,336 together with the carrying value of the investment of \$411,573. Under existing Australian GAAP the investment in the associate is restricted to the carrying value of the investment.

As a result, when equity accounting for the investor's share of losses in an associate under AIFRS, losses are allocated not only against the carrying value of the investment but also the carrying amount of long-term unsecured loans.

The consolidated entity's share of Guanaco Mining Company Limited's losses under AIFRS, and therefore the effect on the carrying value of the loan to Guanaco Mining Company Limited as at 30 June 2005, is in the process of being determined.

Income tax

On transition to AIFRS the balance sheet method of tax effect accounting will be adopted, rather than the liability method applied currently under Australian GAAP.

Under the balance sheet approach, income tax on the profit and loss for the year comprises current and deferred taxes. Income tax will be recognised in the Income Statement except to the extent that it related to items recognised directly in equity, in which case it will be recognised in equity.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. A deferred tax asset will be recognised only to the extent that it is probable that future taxable profit will be available again the asset can be utilised. Deferred tax assets will be reduced to the extent it is no longer probable that the related tax benefit will be realised. Diamond Rose NL is in the process of finalising its income tax returns in respect of prior periods and will assess the impact of AIFRS, if any, once this process is complete.

Financial Instruments

The Company has elected to adopt the exemption provided in AASB1 "First time adoption of AIFRS" to not restate comparatives for AASB139 "Financial Instruments: Recognition and Measurement". Consequentially there are no expected adjustments in relation to financial instruments at transition date or for the year ended 30 June 2005 as current AGAAP is expected to continue to apply.

Revenue

Under AIFRS, the revenue recognised in relation to the sale of non-current assets is the net gain on the sale. Under AGAAP the gross proceeds from the sale are recognised as revenue and the carrying amount of the assets sold is recognised as an expense. There is no impact on the net profit from the difference in the AIFRS and AGAAP treatment.

	Consolidated		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
2 Revenue from ordinary activities				
<i>Other Revenues:</i>				
<i>From operating activities</i>				
Interest – revenue from:				
Associated company	117,798	-	117,798	-
Other parties	4,054	1,723	4,054	1,723
	121,852	1,723	121,852	1,723
3 Loss from ordinary activities before income tax expense				
<i>(a) Loss from ordinary activities before income tax expense has been arrived at after charging/ (crediting) the following items:</i>				
Depreciation of plant and equipment	30,257	29,891	30,257	29,891
Amortization of goodwill	35,072	-	-	-

	Consolidated		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
	65,329	29,891	30,257	29,891
Borrowing costs – ultimate parent company	63,361	-	63,361	-
Borrowing costs – related parties	21,243	7,150	21,243	2,320
Borrowing costs – other	6,447	-	6,447	-
	91,051	7,150	91,051	2,320
Operating lease expense - minimum lease payments	24,181	88,622	24,181	88,622
(b) Revenue and Net Gains				
Foreign currency translation gain	229,789	-	229,789	-
(c) Individually significant items included in loss from ordinary activities before income tax				
Provision for bad and doubtful debts – ultimate parent undertaking	141,662	-	141,662	-
4 Auditors' remuneration				
Audit services				
Auditors of the Company - (2005:PKF and 2004:KPMG)				
Audit and review of the financial reports	44,890	42,500	44,890	42,500
Other services				
Auditors of the Company - (2005:PKF and 2004:KPMG)				
Other services / taxation	7,825	12,500	7,825	12,500
5 Income tax benefit				
Prima facie income tax benefit calculated at 30% (2004:30%) on the operating loss from ordinary activities	(992,908)	(587,703)	(848,331)	(345,248)
Non-allowable expenditure	-	19,083	530,944	3,288
Future income tax benefit not brought to account	992,908	568,620	317,387	341,960
Total income tax benefit	-	-	-	-
Tax losses carried forward	5,693,726	4,723,550	4,914,547	4,496,890

The potential future income tax benefit arising from tax losses and timing differences has not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond reasonable doubt.

The potential future income tax benefit will only be obtained if:

- (i) The relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be realised by another company in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;
- (ii) The relevant company and/or consolidated entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) No changes in tax legislation adversely affect the Company and/or the consolidated entity in realising the benefit.

6 Earnings per share

Classification of securities as ordinary shares

Ordinary shares have been included in basic earnings per share.

Classification of securities as potential ordinary shares

There are no dilutive potential ordinary shares. The following options were in issue at the balance date and are not dilutive:

Grant Date	Expiry Date	Exercise Price	Number under Option
8 June 2001	8 June 2006	4 cents	143,657
14 October 2004	14 October 2009	4 cents	8,856,343
5 December 2000	31 December 2005	10 cents	3,000,000
11 December 2002	30 November 2007	12 cents	23,000,000
5 December 2000	31 December 2005	20 cents	2,700,000
8 June 2001	8 June 2006	20 cents	19,250,000
20 June 2002	20 June 2007	20 cents	11,122,850
11 December	30 November 2007	20 cents	44,245,110
14 October 2004	14 October 2009	20 cents	27,732,040
5 December 2000	31 December 2005	30 cents	3,650,000
		Total	143,700,000

	Consolidated	
	2005 \$	2004 \$
<i>Earnings reconciliation</i>		
Net loss	(3,309,692)	(1,957,287)
Net loss attributable to outside equity interests	4,693	354,842
Basic and diluted earnings	(3,304,999)	(1,602,445)
	2005 Number	2004 Number
<i>Weighted average number of shares used as the denominator</i>		
Number for basic and diluted earnings per share	291,927,535	208,718,068
<i>Basic and diluted loss per ordinary share</i>	1.13¢	0.77¢

7 Segment information

Business segments

The consolidated entity operates in one business segment being precious mineral exploration.

Geographical segments

The consolidated entity's operations are conducted primarily in Australia. At 30 June 2005 the Company holds an investment in Guanaco Mining Company the owner of the Guanaco Project in Chile.

	Consolidated		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
8 Receivables				
<i>Current</i>				
Advances	5,396	2,000	5,396	2,000
Other debtors	12,318	10,038	12,318	8,143
	17,714	12,038	17,714	10,143
<i>Non current</i>				
<i>Amounts receivable from:</i>				
Ultimate parent entity	141,662	-	141,662	-
Less: Provision for diminution – ultimate parent entity	(141,662)	-	(141,662)	-
Other related parties	-	2,162,212	-	1,699,555
Less: Provision for diminution – other related parties	-	(1,473,379)	-	(1,010,722)
Associated entities	5,290,336	150,000	5,290,336	150,000
Less: Provision for diminution – associated entities	(150,000)	(150,000)	(150,000)	(150,000)
Controlled entities	-	-	501,702	996,964
Less: Provision for diminution – controlled entities	-	-	-	(410,007)
	5,140,336	688,833	5,642,038	1,275,790

Loans to controlled entities and related parties and associated entities are unsecured, interest free and with no fixed repayment terms and were used to fund exploration expenditure in those entities.

Included in loans due from associated entities is a loan of \$5,140,336 repayable in March 2008. The loan is unsecured. Interest is payable on the principal amount of the loan at a rate of 3%.

	Consolidated		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
9 Other financial assets				
<i>Non-current</i>				
Unlisted investments at cost:				
Shares in controlled entities	-	-	467,621	1,244,330
Shares in associates (Note 23)	-	-	4	-
	-	-	467,625	1,244,330
10 Intangibles				
Goodwill	467,621	-	-	-
Less: Provision for amortization	(35,072)	-	-	-
	432,549	-	-	-

	Consolidated		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
11 Plant and equipment				
Plant and equipment at cost	432,240	414,375	432,240	414,375
Accumulated depreciation	(404,779)	(374,522)	(404,779)	(374,522)
	27,461	39,853	27,461	39,853
Reconciliations				
Reconciliations of the carrying amounts for each class of plant and equipment are set out below:				
<i>Plant and equipment</i>				
Carrying amount at beginning of year	39,853	69,744	39,853	69,744
Additions	17,865	-	17,865	-
Depreciation	(30,257)	(29,891)	(30,257)	(29,891)
Carrying amount at end of year	27,461	39,853	27,461	39,853
12 Exploration and evaluation expenditure				
Costs carried forward in respect of areas of interest in:				
Exploration and/or evaluation phase	3,681,414	5,523,566	3,622,421	3,694,317
Provision for diminution	(3,483,630)	(3,547,340)	(3,483,630)	(3,547,340)
	197,784	1,976,226	138,791	146,977
Joint venture – farm in costs written off, provision not required	-	727,008	-	727,008
Provision for diminution	-	(727,008)	-	(727,008)
	197,784	1,976,226	138,791	146,977
The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploration or sale of the respective areas.				
13 Payables				
Current				
Trade creditors and accruals	59,678	1,394,222	59,678	1,394,222
Amount due to related party	621,243	-	621,243	-
	680,921	1,394,222	680,921	1,394,222
Non-Current				
Amount due to related party	1,200,000	-	1,200,000	-

Amounts due to Vageta Pty Limited in consideration of the termination of Diamond Rose' NL's management agreement totaling \$1,800,000 are included within amounts due to related parties and are repayable by equal monthly installments maturing in October 2009. The amounts are unsecured.

	Consolidated		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
14 Interest bearing liabilities				
<i>Current</i>				
Amount due to related entity (unsecured)	240,000	-	240,000	-
<i>Non current</i>				
Amount due to related entities (unsecured)	320,000	1,883,034	320,000	1,883,034
	320,000	1,883,034	320,000	1,883,034

Amounts due to Vageta Pty Limited under the terms of the Shareholders Agreement are payable under a five year amortising loan which matures in February 2009.

The interest rate is on a floating rate basis. The loan is unsecured.

15 Contributed equity				
<i>Issued and paid-up capital</i>				
Ordinary shares, fully paid (2004: 208,959,507; 2005: 404,191,542)	37,272,925	29,463,644	37,272,925	29,463,644
<i>Ordinary Shares</i> ⁺				
Balance at the beginning of the year	29,463,644	29,438,644	29,463,644	29,438,644
Shares issued		25,000		25,000
27,732,040 on 14 Oct 04 ⁺⁺	1,109,281	-	1,109,281	-
76,500,000 on 17 Jan 05	3,060,000	-	3,060,000	-
91,000,000 on 10 Mar 05	3,640,000	-	3,640,000	-
Balance at end of year	37,272,925	29,463,644	37,272,925	29,463,644
Advance by GCH in consideration of a later issue of securities ⁺⁺⁺	1,000,000	-	1,000,000	-

⁺ 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.

⁺⁺ On 13 October 2000, Shareholders at an Extraordinary Meeting voted in favour for the issue of an assignable convertible note to Vageta Pty Limited, entitling Vageta to convert all or part of the principal sum and any accrued interest there under for a funding facility of up to \$4,000,000 to one ordinary fully paid share and two attaching 5 year options exercisable at 4 and 20 cents respectively.

In October 2004 the Company drew down the balance outstanding (\$1,109,281) under the terms of the Note and subsequently allotted 27,732,040 fully paid shares with 55,464,080 attaching options.

⁺⁺⁺ On 18 May 2005, GCH advanced \$1,000,000 to the Company for its exclusive use, in consideration of a later issue of securities.

	Consolidated		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
16 Accumulated losses				
Accumulated losses at beginning of year				
	30,440,827	28,838,382	29,989,209	28,838,382
Net loss	3,304,999	1,602,445	2,827,770	1,150,827
Accumulated losses at end of year	33,745,826	30,440,827	32,816,979	29,989,209
17 Reserves				
Capital reserve	451,618	451,618	-	-

The capital reserve represents the issue of capital in controlled entities in excess of the underlying value of these shares at date of issue.

	2005	2004	2005	2004
18 Outside equity interests				
Outside equity interests in controlled entities comprise:				
Interest in loss from ordinary activities after income tax	(217,468)	-	(354,842)	-
Interest in share capital	217,468	-	354,842	-
Total outside equity interests	-	-	-	-

19 Additional financial instrument disclosure

(a) Interest rate risk

Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below

	Note	Weighted average interest rate	Floating Interest rate \$	Fixed Interest rate \$	Non - Interest bearing \$	Total \$
2005						
Financial assets						
Cash assets		5.31%	1,151,289	-	452,535	1,603,794
Receivables	8	3%		5,140,336	17,714	5,158,050
			1,151,289	5,140,336	470,249	6,761,844
Financial liabilities						
Payables	13	-	-	21,243	1,859,678	1,880,921
Interest bearing liabilities	14	6.75%	-	560,000	-	560,000
				581,243	1,859,678	2,440,921

(b) Other financial risks

The consolidated entity has not yet reached a stage whereby commodity or currency risk is significant. Accordingly, the consolidated entity does not hedge these risks.

20 Dividend franking account

The consolidated entity does not have any available franking credits

21 Commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to perform exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the accounts and are payable:

	Consolidated		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
Within one year	350,015	506,200	350,015	172,000
One year or later and no later than five years	860,648	215,000	860,648	175,000
Later than 5 years	197,224	100,000	197,224	50,000
	1,407,887	821,200	1,407,887	397,000

Operating lease commitments

Future operating lease rentals not provided for in the financial statements and payable:

	Consolidated		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
Within one year	46,432	88,622	46,432	88,622
One year or later and no later than five years	101,952	88,622	101,952	88,622
	148,384	177,244	148,384	177,244

The consolidated entity rents offices at 201/ 80 William Street, Sydney. 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 that the minimum lease payments be increased by reference to the CPI. An option exists at the end of the three-year term for an additional term of three years.

22 Controlled entities

<i>Particulars in relation to controlled entities</i>	Percentage Owned		Country of Incorporation
	2005 % owned	2004 % owned	
<i>Parent entity</i>			
Diamond Rose NL	-	-	Australia
<i>Controlled entities</i>			
Australian Diamond Mining Pty Limited	100	100	Australia
Golden Rose Pty Limited	100	100	Australia
Golden Rose International Pty Limited	73	56	Australia

During the prior financial year diamond Rose NI purchased 56% of the ordinary shares of Golden Rose International Pty Limited.

During 2005 the Company acquired 25,500,000 ordinary shares of Golden Rose International Limited. By the end of 2005, Diamond Rose holds 73.01% of the ordinary shares of Golden Rose International Pty Limited. Details of the acquisitions are as follows:

	Consolidated		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
Consideration (cash)	467,619	2	-	2
Fair value of net assets of entity acquired			2	
Goodwill	467,619	-	-	-

23 Investments accounted for using the equity method

Details of the investment in associates is as follows:

<i>Name (Principle Activities)</i>	Ownership Interest		Investment carrying amount Consolidated	
	2005 %	2004 %	2005 \$	2004 \$
Opalco Pty Limited (Mining)	25	25	-	-
Guanaco Mining Company Limited (Mining)	35.78	-	-	-

	Consolidated	
	2005 \$	2004 \$
<i>Movements in carrying value of investments</i>		
Carrying amount of investment in associate at the beginning of the financial year		150,000
Acquisition	411,573	-
Share of loss	(411,573)	-
Provision for diminution	-	(150,000)
Carrying amount of investment in associate at end of year		-

	Consolidated		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
24 Notes to the statements of cash flows				
<i>i Reconciliation of cash</i>				
For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank and deposits and bank bills maturing within three months. Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:				
Cash at bank	452,535	34,741	451,979	34,598
Deposits at call	1,151,259	-	1,151,259	-
	1,603,794	34,741	1,603,238	34,598
<i>ii Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities</i>				
Loss from ordinary activities after income tax	(3,304,999)	(1,602,445)	(2,827,770)	(1,150,827)
Add/(less) non-cash items:				
Exploration expenses paid through issue of shares	-	25,000	-	25,000
Exploration and evaluation expenditure written off	1,831,041	357,963	61,228	60,363
Depreciation	30,257	29,891	30,257	29,891
Amortisation of goodwill	35,072	-	-	-
Creation of capital reserve	-	451,618	-	-
Amounts set aside to provisions	-	488,033	-	435,383
Share of associated companies net profit after income tax	411,573	-	-	-
Net cash used in operating activities before change in assets and liabilities	(997,051)	(249,940)	(2,736,285)	(600,190)
Changes in assets and liabilities:				
Decrease in receivables	316,025	16,655	399,390	18,550
(Decrease) /Increase in payables	53,318	20,092	1,702,806	20,092
Net cash used in operating activities	(627,708)	(213,193)	(634,089)	(561,548)
<i>iii Non-cash financing and investing activities</i>				
Issue of shares in exploration expenses	-	25,000	-	25,000

There were no unused loan or credit facilities at the year end.

25 Related parties

Directors

The name of each person holding the position of Director during the year are Mrs Pnina Feldman (resigned), Richard Sheslow (resigned), James Jennings (retired) and since 9 March 2005 the Hon [Justice] Marcus Einfeld, Terence Willsted, Pablo Kohen and Laura Rovner. Amounts paid to Directors are set out in the Directors Report

Directors holdings of shares and share option

The parent company of Diamond Rose NL is Global Gold (formerly Nileman Zone SA) which is a private company controlled by Guanaco Capital Holdings Corp. Global Gold holds 257,893,301 (2004: nil) ordinary shares and 109,066,381 unlisted options exercisable at between 10 and 20 cents over the next four years in the Company.

The Hon [Justice] Marcus Einfeld is a Director of Diamond Rose NL and of Global Gold; he has no direct holding in either shares or options in either company. At 30 June 2005 an amount of \$24,000 was due to the Hon [Justice] Marcus Einfeld.

Mrs Feldman is a Director of Vageta Pty Ltd (Vageta) and was a Director of Diamond Rose NL until 9 March 2005. Vageta holds a 39% interest in Nileman which equates to 100,578,387 (2004: 103,766,980 direct interest through Vageta) ordinary shares of Diamond Rose NL.

Richard Sheslow has an indirect interest in 2,000,000 (2003: 2,000,000) unlisted options exercisable at between 12 and 20 cents over the next three years. Richard Sheslow has no indirect interest in shares of the Company. James Jennings has an indirect interest in 120,000 (2004: 120,000) shares and 2,000,000 (2004: 2,000,000) unlisted options exercisable at between 12 and 20 cents over the next three years.

Terrence Willsted, Pablo Kohen and Laura Rovner do not hold any shares or options in the Company either directly or indirectly.

Wholly owned and partly owned controlled entities

The Directors resolved to apply for voluntary deregistration of Australian Diamond Mining Pty Ltd, a wholly owned controlled entity of the Company on 24 June 2005. During the year Diamond Rose NL forgave the outstanding amount payable by Australian Diamond Mining Pty Limited of \$525,487.

Aggregate amounts receivable from Golden Rose Pty Limited as at 30 June 2005 was \$58,993 (2004: \$59,436). This loan is interest free with no fixed term for repayment.

During the year the Company lent Golden Rose International Limited \$30,666 (2004: \$132,859). Aggregate amounts outstanding as at 30 June 2005 was \$442,709 (2004: \$412,043).

Associated entities

During the year the Company lent Guanaco Mining Company \$5,140,336 (2004: \$935,357). This loan accrues interest at the rate of 3% per annum and is for a term of three years.

Directors of related parties and their personally-related entities

The Company had a funding facility agreement with Vageta Pty Limited with a remaining draw down option of \$1,109,282. During the year the Company has drawn down \$1,109,282 (2003: Nil) against this facility. The facility lapsed in October 2004.

A foreign currency adjustment in favour of the Company of \$141,662 was attributable to Guanaco Capital Holdings upon settlement of the transactions approved by shareholders on 6 September 2004. This amount has been fully provided for.

Aggregate amounts in the order of \$1,364,724 payable by the Company to Mrs Feldman and associates were assumed by Vageta Pty Limited. An amount of \$517,015 is payable to Vageta Pty Limited in consideration of the termination of management agreements between the Company and entities associated with Vageta. At 30 June 2005

the balance of monies owing to Vageta was \$2,381,243 which is being paid at the rate of \$40,000 per month. Interest at the rate of 6.75% was payable on an amount of \$560,000.

Transactions

All transactions with Directors and their personally related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations, or the state of affairs of the consolidated entity, in future financial years.

Ultimate parent entity

The parent entity is ultimately controlled by Guanaco Capital Holdings Corp, which is incorporated in the British Virgin Islands.

Company Details

The registered office of the Company is:

Terrace Tower
Suite 201
80 William Street
Sydney NSW 2011

DIAMOND ROSE NL
DIRECTORS' DECLARATION

In the opinion of the directors of Diamond Rose NL:

- a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, comply with the accounting standards and give a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date.
- b) at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c) the directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A.

Signed in accordance with a resolution of the directors.



The Hon [Justice] Marcus Einfeld AO QC PhD
Chairman

Sydney, 30 September, 2005



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& Business Advisers

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF DIAMOND ROSE NL

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 both Diamond Rose NL (the company) and the consolidated entity for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard AASB 1046 Director and Executive Disclosures by Disclosing Entities, under the heading "Remuneration Report" on page 14 of the directors report, as permitted by the Corporations Regulations 2001.

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 the 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 presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated 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.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

1. the financial report of Diamond Rose Limited is in accordance with:
 - (a) The Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated 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.
2. the remuneration disclosures that are contained on page 14 of the directors' report comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

Inherent uncertainty regarding continuation as a going concern


Without qualification to the opinion expressed above, attention is drawn to the following matter. As disclosed in Note 1, the on going viability of the consolidated entity and the recoverability of its non-current assets is dependent on the success of the Guanaco Mining project. The Directors believe that the project will be ultimately successful and that the non-current assets are included in the Financial Report at their recoverable amount.

The Financial Report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations, project expenditure, exploration, commitments, and to repay liabilities. The Directors believe that the consolidated entity will be able to fund these commitments through equity raising, and the sale or joint venturing of interests held in mineral tenements and projects.

If additional funds are not raised there is significant uncertainty as to whether Diamond Rose NL will be able to continue as a going concern. If Diamond Rose NL is unable to continue as a going concern, it may be required to realise its assets, and extinguish its liabilities other than in the normal course of business and at amounts different from those currently stated in the Financial Report.



PKF



B R Gordon
Partner

Sydney
Dated: 30 September 2005

ADDITIONAL INFORMATION REQUIRED BY AUSTRALIAN STOCK EXCHANGE LIMITED

Additional information included in accordance with the Listing Rules of the Australian Stock Exchange Limited.

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Board of Directors and its Committees

Your board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

To assist in the execution of its responsibilities, your board has established an Audit Committee. The Audit Committee has a written mandate and operating procedures, which are reviewed on a regular basis. The effectiveness of the Audit Committee is also constantly monitored. Your board has also established a framework for the management of the Company including a system of internal control.

Composition of Board

The names of the directors of the Company in office at the date of this Statement are set out in the Directors' Report on pages 8 to 15 of the annual report.

Audit Committee

The Audit Committee has a documented Charter, approved by the Board. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

The members of the Audit Committee during the year were:

- Mr Terence Willsteed (Non-Executive Director – Chairman Audit Committee)
- The Hon [Justice] Marcus Einfeld (Non-Executive Director)
- Mr Richard Sheslow (Non-Executive Director), resigned 9 March 2005
- Mr James Jennings (Non-Executive Director), retired 24 December 2004

Audit Committee Meetings are also attended by the external auditors and management representatives as required.

The responsibility of the audit committee includes:

- Reviewing the financial report and other financial information distributed externally;
- Reviewing any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- Considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditors' independence;
- Liaising with the external auditors and ensuring that the annual and half year statutory audits are conducted in an effective manner;

- Reviewing the Company's policies and procedures for convergence with International Financial Reporting Standards for reporting periods beginning on 1 July 2005; and
- Monitoring the procedure in place to ensure compliance with the Corporation Act 2001 and Stock Exchange Listing Rules and all other regulatory requirements.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the following:

Audit planning:

- To discuss the external audit plan
- To discuss any significant issues that may be foreseen
- To discuss the impact of any proposed changes in accounting policies on the financial statements
- To review the fees proposed for the audit work to be performed

Prior to announcements of results:

- To review the half yearly and preliminary final report prior to lodgement of these documents with ASX, and any significant adjustments required as a result of the audit; and
- To make the necessary recommendations to the Board for the approval of these documents.

Annual reporting:

- To review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made;
- To review the draft financial report and audit report and to make the necessary recommendations to the Board for the approval of the financial report.

Remuneration Committee

The Company has established a Remuneration and Nomination Committee ("the Committee") to oversee the processes of director and senior management remuneration, and nomination to the Board. The role of the Remuneration and Nomination Committee is documented in a Charter which is approved by the Board of Directors.

The members of the Remuneration Committee during the year were:

- Mr Terence Willsteed (Non-Executive Director – Chairman Audit Committee)
- The Hon [Justice] Marcus Einfeld (Non-Executive Director)
- Mr Pablo Kohen (Executive Director)
- Ms Laura Rovner (Executive Director)
- Mr Richard Sheslow (Non-Executive Director), resigned 9 March 2005
- Mr James Jennings (Non-Executive Director), retired 24 December 2004

The functions of the Committee are to review and make recommendations concerning remuneration (including amount, structure and policies) of directors and senior management.

The objectives of the Committee concerning remuneration are:

- to appropriately reward and thereby encourage excellent performance by management and directors, as measured by growth of the Company;

- to devise and/or approve appropriate incentives to facilitate growth, focussing not just on salary but on a range of remuneration methods;
- to take into account the requirements and expectations of all stakeholders, including shareholders, so that remuneration is balanced by expectations concerning profitability of the Company.

The functions of the Committee are to review:

- policies for the annual remuneration of directors and senior management;
- the basis of calculation of remuneration of those persons to ensure the appearance of reasonableness;
- current industry practice in the remuneration of directors and senior executives of similar size and industry entities;
- different methods of remuneration, including:
 - bonus schemes;
 - employee Share Option Scheme;
 - fringe benefits;
 - superannuation;
 - retirement and termination packages.

The Committee also reviews:

- professional indemnity policies;
- related party disclosures in the financial statements;
- communication with major stakeholders to gauge their views on remuneration packages.

The Committee's objectives concerning remuneration are to devise appropriate criteria for Board membership, and identify specific individuals for Board membership.

The Committee takes into account:

- the skill sets of current Board members;
- the current and future requirements of the Company for skills in particular areas which it lacks;
- the value to stakeholders of a Board comprising individuals with high levels of independence and stature.

The Committee fosters open and confidential communications at its meetings and with the entire Board on potential nominees.

The Committee also initiates an annual review of Board and individual director performance, including a review of Board size, committee structures, and effectiveness of Board meetings.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that can be described as follows:

- Financial reporting – an annual budget is prepared by management and approved by the directors. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly. The Company reports to shareholders half-yearly. Procedures are also in place to ensure that price sensitive information is reported to the ASX in accordance with Continuous Disclosure Requirements.

- Investment appraisal – the consolidated entity has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested.

The Role of Shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the consolidated entities state of affairs. Information is communicated to shareholders as follows:

- the annual report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the quarterly report contains summarised financial information and a review of the operations of the consolidated entity during the period.

The shareholders are responsible for voting on the appointment of directors.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entities strategy and goals. Important issues are presented to the shareholders as single resolutions.

Securities Trading Policy

The consolidated entity's share trading policy restricts the times and circumstances in which directors, employees and parties legally related to them, may trade in shares of the Company or its listed controlled entity. Trading is not permitted when directors or employees possess price sensitive information which has not yet been disclosed to the market.

Principles of Good Corporate Governance and Best Practice Recommendations

In March 2003, the ASX Corporate Governance Council (**Council**) released its "Principles of Good Corporate Governance and Best Practice Recommendations" (**Recommendations**).

Listing Rule 14.10.3 requires a company to disclose the extent to which the entity has followed the best practice recommendations set by the Council during the reporting period. If the entity has not followed all of the recommendations it must identify those recommendations that have not been followed and give reasons for not following them. If a recommendation had been followed for only part of the period, the entity must state the period during which it had been followed.

In accordance with Listing Rule 14.10.3 the Company states that it has complied with each of the Ten Essential Corporate Governance principles and the corresponding Best Practice recommendations as published by the ASX Corporate Governance Council ("ASX Principals and recommendations"), other than in relation to the matters specified below.

Principal No	Best Practice Recommendation	Compliance or Explanation for Non-compliance
1	1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	<p>A formal policy document outlining board and management functions has not been established as yet. The new Board has only been in office for about 3 months and its priorities have been to ensure that the Company's affairs are in order and to seek relisting of its securities on the ASX. It is anticipated that over the 6 months following the relisting of the Company on the ASX a satisfactory functional structure will be in place.</p> <p>The directors have determined that given the size and direction of the Company, hands on day-to-day management and supervision by directors is currently in its best interests.</p>
2	2.1 A majority of the Board should be independent directors.	Given the nature and size of the Company, its business interests and the stage of development, the board is of the view that there is an adequate and broad mix of skills required and that given their experience each of the directors are aware of and capable of acting in an independent manner and in the best interests of shareholders.
2	2.2 The chairperson should be an independent director.	The Chairman is a director of Global Gold (formerly Nileman Zone SA), the Company's largest shareholder (63.8%) but Nileman's other director represents a company owning 61% of that company. The desirability and benefit of continuing this situation is under current consideration.
2	2.3 The same individual should not exercise the roles of chairperson and chief executive officer.	The Company has not appointed a chief executive officer because the directors have determined that the appointment and cost of a chief executive officer is not necessary or desirable at this time. For the present the chairman is carrying out the responsibilities of chief executive officer with the daily assistance of the other directors and such outside expert assistance and advice as is necessary.
2	2.4 The Board should establish a nomination committee.	The Board does not have a nomination committee because in the directors' view, a Company of this size and stage of development can best operate with the functions of a nomination committee undertaken by the full Board.
3	3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: the practices necessary to maintain confidence in the Company's integrity the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company has not established a code of conduct because it did not inherit a code from the previous Board and there has been insufficient time for the new Board to undertake this task since it came to office. The Company is currently formulating a code appropriate for the Company which will be posted on the Company's website when adopted.

Principal No	Best Practice Recommendation	Compliance or Explanation for Non-compliance
3	3.2 Disclose the policy concerning trading in Company securities by directors, officers and employees.	The Company adopted a Securities Trading Policy on 24 June 2005. The Policy is summarised in this Corporate Governance Statement.
4	4.3 Structure the audit committee so that it consists of: <ul style="list-style-type: none"> • only non-executive directors • a majority of independent directors • an independent chairperson, who is not chairperson of the board • at least three members 	<p>The Audit Committee comprises Terrence Willstead as Chairman, the Company Chairman and Pablo Kohen, with the Company Secretary as secretary. The committee thus has fewer than the minimum 3 non-executive member composition and lacks a majority of independent directors as recommended.</p> <p>The Board is keeping the Audit Committee's Charter under constant review in order to meet the guidelines as appropriate to the current size, structure, and stage of development of the Company. The members of the Audit Committee possess the requisite financial expertise and industry experience necessary to effectively carry out the Committee's mandate.</p>
5	5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	No written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for the compliance were inherited from the previous Board on 9 March 2005 when the new Board took office. Formal policies will be drafted and will be posted on the Company's website when adopted.
6	6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	The new Board is committed to the objective of proper communication with shareholders and will actively promote shareholder involvement in the Company including regular information on the Company's website. A formal policy will be drafted to express these goals and will be posted on the Company's website when adopted.
7	7.1 The board or appropriate board committee should establish policies on risk oversight and management.	Informal procedures were in place prior to 9 March 2005 when the new Board was appointed. It is formulating its policies on these matters which will be posted on the Company's website when adopted.
8	8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	The Board has established a Remuneration Committee to review the salaries and emoluments of all directors on a periodic basis. The principals are summarised in this Corporate Governance Statement.
9	9.1 Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	The Company's remuneration policies are reported in this Corporate Governance Statement. The Board regularly reviews its remuneration policies and is developing practical methods to enable investors to understand the cost benefits of those policies and the link between corporate performance and the remuneration paid to directors and key executives.

Principal No	Best Practice Recommendation	Compliance or Explanation for Non-compliance
10	10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	The Board considers that its practices are the equivalent to the guidelines. A draft code will be prepared and will be made available on the Company's website when adopted.

The Board aspires to the highest standards of corporate governance and is fully supportive of and committed to the aims, spirit and letter of the Recommendations and to their implementation as appropriate for a company of this size.

Statement of issued capital at 30 September 2005

- a) Distribution of fully paid ordinary shareholders

Size of Holding	Shareholders	Number of Shares Held
1 - 1,000	214	107,215
1,001 - 5,000	287	946,273
5,001 - 10,000	292	2,522,185
10,001 - 100,000	581	23,013,522
100,001 and over	139	377,602,347
Total	1,513	404,191,542

- b) There are no restrictions on the voting rights attached to the fully paid ordinary shares. On a show of hands, every member present in person shall have one vote and upon a poll, every member present in person or by proxy shall have one vote for every share held.
- c) At the date of this statement there existed 827 ordinary fully paid shareholders holding less than a marketable parcel of shares.

Options on Issue at 30 September 2005

There are 143,700,000 unlisted options on issue as detailed below:

No of Options	Exercise price	Expiry date	No of Holders
143,657	4 cents	08/06/2006	1
8,856,343	4 cents	14/10/2009	1
3,000,000	10 cents	31/12/2005	1
23,000,000	12 cents	30/11/2007	4
2,700,000	20 cents	31/12/2005	3
19,250,000	20 cents	8/06/2006	2
11,122,850	20 cents	20/06/2007	2
44,245,110	20 cents	30/11/2007	5
27,732,040	20 cents	14/10/2009	3
3,650,000	30 cents	31/12/2005	15

Nileman Zone SA holds 112,566,381 of these options.

Securities approved for the purposes of Item 7 of section 611 of the Corporations Act:

Shareholders approved the issue of shares upon conversion of these options pursuant to Item 7 of section 611 of the Corporations Act. 112,566,381 of these options are yet to be exercised by Nileman Zone SA.

Substantial Shareholders

At 30 September 2005 the Company's register of substantial shareholdings shows the following:

Name	Shares Held
Westpac Custodian Nominees Limited *	257,893,301

* Beneficially held by Nileman Zone SA

Top Twenty Shareholders as at 30 September 2005

Rank	Holder	Number of Shares	% Issued Capital
1	Westpac Custodian Nominees Limited	258,153,341	63.87%
2	Shefarav Pty Limited	17,866,305	4.42%
3	FCSC Limited	12,525,916	3.10%
4	ANZ Nominees Limited	8,120,947	2.01%
5	Moshe Ambarchi	7,500,000	1.86%
6	Citicorp Nominees Pty Limited	6,192,982	1.53%
7	Mr Daniel Goberman	4,949,460	1.22%
8	Niako Investments Pty Ltd	3,960,050	0.98%
9	Hazlaha Investments Limited	3,368,647	0.83%
10	Snaith Investments Pty Ltd	2,500,000	0.62%
11	Birchall Projects Ltd	2,300,000	0.57%
12	Greenford Investments Limited	2,000,000	0.49%
13	Mr Benjamin Harkham	2,000,000	0.49%
14	Mountain Side Holdings Ltd	1,948,000	0.48%
15	Mr Peter Allan Learmont	1,500,000	0.37%
16	Hogasir Pty Ltd	1,400,000	0.35%
17	D & D Nominees Pty Ltd	1,284,740	0.32%
18	Mr Alan Geoffrey Irvine	1,261,500	0.31%
19	Gordon Holdings (Qld) Pty Ltd	1,144,657	0.28%
20	Davoon Pty Limited	1,112,590	0.28%
		341,089,135	84.39%

Schedule of Mineral Tenements as at 30 September 2005

Tenement	Project Name	Interest
P 15/4514*	Bullabulling	95%
P 15/4515*	Bullabulling	95%
P 15/4516*	Bullabulling	95%
P 15/4518*	Bullabulling	95%
P 15/4519*	Bullabulling	95%
P 15/4520*	Bullabulling	95%
P 15/4521*	Bullabulling	95%
P 15/4522*	Bullabulling	95%
M 77/869	Broadbents	90%
EL 5902	Mt Jerusalem	100%
E 80/3048	Drysdale	100%
E 80/3049	Drysdale	100%
E 80/3050	Drysdale	100%
E 80/3051	Drysdale	100%
E 40/197*	Kookynie	95%
E 40/198*	Kookynie	95%
E 40/1112*	Kookynie	95%
E 40/1116*	Kookynie	95%
E 40/1117*	Kookynie	95%
E 40/1118*	Kookynie	95%
E 37/728*	Leonora	75%
E 37/729*	Leonora	75%
E 37/736*	Raeside	70%
E 47/952*	Rocklea	100%

* Application Pending