DIAMOND ROSE NL

AND ITS CONTROLLED ENTITIES

ABN 30 075 860 472

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2005

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by Diamond Rose NL during the half-year in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Stock Exchange

DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2005 and the auditors' review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the half-year are:

Name	Period of directorship
The Hon [Justice] Marcus Einfeld AO QC Chairman / Non-Executive Director	Appointed 9 March 2005
Terence Willsteed Non-Executive Director	Appointed 9 March 2005
Laura Rovner Executive Director	Appointed 9 March 2005
Pablo Kohen Executive Director	Appointed 9 March 2005

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

The consolidated profit for the half-year ended 31 December 2005 was $1,352,007 (31 December 2004: $823,976 loss).

Further information on the Company's operations during the half-year ended 31 December 2005 has been released in the Company's earlier announcements and reports to the ASX for the September and December quarters. These are available for review on the Company's website at www.diamondrose.com.au.

CORPORATE

Since taking office in March 2005 the board has comprehensively reviewed programs and has been coming to terms with the practices and procedures that were previously in place, many of which are no longer relevant or appropriate to the Company.

The Company's primary objectives have changed from diamond and gemstone exploration to gold exploration, both locally and overseas.

The Company's shares were reinstated to trading on 26 May 2005.

The Guanaco Project in Chile represents the Company's most significant prospective exploration project in which it holds an indirect interest of 35.78%. Negotiations continued during the half-year to increase the Company's interest.

This will be achieved through the acquisition of all minority interests in Golden Rose International Limited (which are presently held by Guanaco Capital Holding Corp in effect the Company's largest shareholder) and through refinancing the debt owed to the Company by Guanaco Mining Company (GMC) through a debt for equity swap whereby the Company will increase its equity position in exchange for cancellation of the debt. As reported previously the Company's intent is to move to a controlling interest in GMC.

Shareholders will be asked to approve this transaction at a later meeting as required by the Corporations Act and the Listing Rules.

The Company continues to enjoy 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.

On 28 November 2005 Terence Willsteed was appointed vice-chairman of the Company.

An agreement relieving the Company of a $1.8 million debt payable to Vageta Pty Ltd under the Shareholders Agreement that formed part of the agreements and transactions concluded in March 2005 was concluded in December 2005.

Vageta Pty Ltd and its associates have divested themselves of all residual interest in the Company.

During the half-year to 31 December 2005 the Company sold its Mitchell Cotts Heavy Medium Separation Plant which was acquired for bulk sampling programmes associated with diamond exploration. As the company is now engaged primarily in gold exploration the plant was surplus to requirements.

9,350,000 unlisted options expired on 31 December 2005.

EXPLORATION

CHILE

Guanaco Project (35.78% interest)

During the half-year ending 31 December 2005 the final advance royalty payment of US$3 million was paid to the Chilean National Mining Company, Empresa Nacional de Mineria (ENAMI). This payment completed the acquisition of the Guanaco Project by GMC.

A programme of works for 2006 to continue site investigations was recommended and a programme was being finalised that would:

- 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.

AUSTRALIA

The following project licences were granted during the half year ending 31 December 2005 (other projects remain under application):

Bullabulling Project (95% interest)

Prospecting Licences were granted on 21 November 2005.

The Bullabulling Project, located about 60 kilometres west-southwest of the City of Kalgoolie, was 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.

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.

Kookynie Project (95% interest)

Exploration Licences were granted on 16 December 2005, Prospecting Licences are still under application.

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.

As a consequence of the Company's exploration rationalisation program the following licences were allowed to lapse or were relinquished during the half-year ending 31 December 2005:

Walgidee Hills E04/832

Drysdale E80/ 3048 -3051

COMPANY OUTLOOK

The Company's priority is to is to support progress on the Guanaco Project and to increase the Company's equity interest in the project. Further rationalisation of the Company's Australian projects will continue.

The commitment of your board together with investor support will translate to Company progress and, in time shareholder success.

The Hon Marcus Einfeld AO QC PhD

Dated: 15 March 2006

Chairman

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.

Half-year report
Period ended 31 December 2005

Condensed income statement
For the period ended 31 December 2005

	Note	Consolidated Half Year 31 December 2005 $	Half Year 31 December 2004 $
Revenue	5	97,696	484
Other income	5	2,130,995	-
Finance Costs		(13,631)	(1,913)
Other expenses from ordinary activities			
- Exploration and evaluation expenditure written off		(96,307)	(83,309)
- Provision for diminution in loans to related parties		-	(84,446)
- General and administration expenses		(466,760)	(654,792)
- Share of loss of associate		(299,986)	-
Profit / (Loss) before income tax		**1,352,007**	**(823,976)**
Income tax		-	-
Profit / (Loss) expense after income tax		**1,352,007**	**(823,976)**
Loss after tax attributable to minority interest		-	-
Net profit/ (loss) attributable to members of the parent entity		**1,352,007**	**(823,976)**
Earnings per share (EPS)			
Basic EPS (cents)	7	.33c	(0.4c)
Diluted EPS (cents)	7	.33c	(0.4c)

There were no other non-owner transaction changes in equity.

All amounts relate to continuing operations.

The above condensed income statement is to be read in conjunction with the notes to the financial statements as set out on pages 8 to 14.

Half-year report
Period ended 31 December 2005

Condensed interim balance sheet
As at 31 December 2005

	Note	Consolidated 31 December 2005 $	Consolidated 30 June 2005 $
Current assets			
Cash and cash equivalents		635,783	1,603,794
Receivables		7,276	17,714
Total current assets		**643,059**	**1,621,508**
Non-current assets			
Financial assets		5,146,445	5,140,336
Intangible assets		467,621	467,621
Property, plant and equipment		14,418	27,461
Exploration and evaluation expenditure		138,546	197,784
Total non-current assets		**5,767,030**	**5,833,202**
Total assets		**6,410,089**	**7,454,710**
Current liabilities			
Trade and other payables		44,293	680,921
Interest bearing liabilities		-	240,000
Total current liabilities		**44,293**	**920,921**
Non-current liabilities			
Trade and other payables		-	1,200,000
Interest-bearing liabilities		-	320,000
Total non-current liabilities		**-**	**1,520,000**
Total liabilities		**44,293**	**2,440,921**
Net assets		**6,365,796**	**5,013,789**
Equity			
Contributed equity		37,272,925	37,272,925
Equity – share capital pending issue		1,000,000	1,000,000
Accumulated losses		(31,907,129)	(33,259,136)
Minority interest		-	-
Total equity		**6,365,796**	**5,013,789**

The condensed interim balance sheet is to be read in conjunction with the notes to the financial statements as set out on pages 8 to 14.

Condensed cash flow statement
For the period ended 31 December 2005

	Consolidated	
	Half Year 31 December 2005 $	**Half Year 31 December 2004 $**
Cash flows from operating activities		
Payments to suppliers and employees	(1,017,877)	(369,056)
Interest received	23,363	484
Interest paid	(34,874)	
Net cash used in operating activities	**(1,029,388)**	**(368,572)**
Cash flows from investing activities		
Proceeds from sale of plant and equipment	100,200	-
Payments for exploration and evaluation	(47,591)	(50,040)
Net cash provided by/(used) in investing activities	**52,609**	**(50,040)**
Cash flows from financing activities		
Repayment of borrowings	-	-
Loans from related parties	-	19,350
Proceeds from borrowings	8,768	375,060
Net cash provided by financing activities	**8,768**	**394,410**
Net increase in cash held	(968,011)	(24,202)
Cash at the beginning of the period	1,603,794	19,499
Cash at the end of the period	**635,783**	**(4,703)**

The condensed cash flow statement is to be read in conjunction with the notes to the financial statements as set out on pages 8 to 14

Half-year report
Period ended 31 December 2005

Condensed statement of changes in equity
For the period ended 31 December 2005

	Attributable to equity holders of the parent				Minority Interest	Total Equity
CONSOLIDATED	Issued capital	Equity pending Issue	Accumulated losses	Total		
At 1 July 2004	29,463,644	-	(29,989,209)	(525,565)	-	(525,565)
Loss for the period	-	-	(823,976)	(823,976)	-	(823,976)
Share issue from conversion of convertible notes	1,109,279			1,109,279	-	1,109,279
Equity dividends	-	-	-	-	-	-
At 31 December 2004	30,572,923	-	(30,813,185)	(240,262)	-	(240,262)

	Attributable to equity holders of the parent				Minority Interest	Total Equity
CONSOLIDATED	Issued capital	Equity pending Issue	Accumulated losses	Total		
At 1 July 2005	37,272,925	1,000,000	(33,259,136)	5,013,789	-	5,013,789
Profit for the period	-	-	1,352,007	1,352,007	-	1,352,007
Equity dividends	-	-	-	-	-	-
At 31 December 2005	37,272,925	1,000,000	(31,907,129)	6,365,796	-	6,365,796

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Diamond Rose NL is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Basis of preparation of half-year financial report

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Diamond Rose NL as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by Diamond Rose NL during the half-year ended 30 June 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

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

Included in non-current assets are amounts due from Guanaco Mining Company Limited amounting to $5,146,445 and, in addition, goodwill relating to the Guanaco Mining project of $467,621. The ongoing 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 interim 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 and exploration commitments 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 and continue to meet its debts as and when they become due and payable through the ongoing support of the Company's major shareholder, equity raising, and sale or joint venturing of interests held in mineral tenements and projects.

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.

(II) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(III) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed below.

Reconciliations of:

- AIFRS equity as at 1 July 2004, 31 December 2004 and 30 June 2005; and

- AIFRS profit for the half-year 31 December 2004 and full year 30 June 2005,

to the balances reported in the 31 December 2004 half-year report and 30 June 2005 full-year financial report prepared under AGAAP are detailed in Note 4 below.

(IV) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Diamond Rose NL and its subsidiaries ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Diamond Rose NL has control.

Minority interests represent the interests in Golden Rose International Limited, not held by the Group.

(V) Investment in associates

The Group's investment in its associate is accounted for under the equity method of accounting in the consolidated financial statements. This is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The financial statements of the associate are used by the Group to apply the equity method. The reporting dates of the associate and the Group are identical and both use consistent accounting policies.

The investment in the associate is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

(VI) Foreign currency translation

Both the functional and presentation currency of Diamond Rose NL and its Australian subsidiaries is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

(VII) Exploration and Evaluation Costs

Exploration and evaluation costs relating to current areas of interest are carried forward to the extent that:

(i) Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or

(ii) Exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

The Directors regularly review carried forward expenditure and accumulated costs carried forward are written off if the Directors consider that there are not reasonable grounds to expect that a mineable deposit will be established within the immediate future or in the event that an area of interest is abandoned.

(VIII) Provisions for close down and restoration and for environmental costs

Provision is made for both close down and restoration and environmental clean up costs in the accounting period when the related environmental disturbance occurs, based on the net present value of estimated future costs.

For close down and restoration costs which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas, movements in provision other than the amortisation of the discount, such as those resulting in changes of the cost estimates, in the lives of operations or in the discount rates, are capitalised and depreciated over future production.

(IX) Property, Plant, and Equipment.

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 5 to 15 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

(X) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(XI) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(XII) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre• tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(XIII) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

(XIV) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(XV) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

3. AASB 1 TRANSITIONAL EXEMPTIONS

The Group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Business combinations

AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to AIFRS).

Equity accounting

AASB 128 'Investments in Associates' was not applied retrospectively.

Share-base payment transactions

AASB2 'Share Based Payments' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

4. IMPACT OF ADOPTION OF AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below.

(I) Reconciliation of total equity as presented under AGAAP to that under AIFRS

	CONSOLIDATED		
	30 June 2005	31 Dec 2004	1 July 2004
Total equity under AGAAP	4,978,717	(240,262)	(525,565)
Adjustments to equity:			
Write-back of goodwill amortisation (A)	35,072	-	-
Total equity under AIFRS	5,013,789	(240,262)	(525,565)

(A) Goodwill is not amortised under AASB 3 'Business Combinations', but was amortised under AGAAP.

There is no tax effect of the above adjustment.

(II) Reconciliation of profit after tax under AGAAP to that under AIFRS

	CONSOLIDATED	
	Year ended 30 June 2005	Half-Year ended 31 Dec 2004
Profit after tax as previously reported	(3,304,999)	(823,976)
Write-back of goodwill amortisation (A)	35,072	-
Tax effect of the above adjustments (B)	-	-
Profit after tax under AIFRS	(3,269,927)	(823,976)

(A) Goodwill is not amortised under AASB 3 'Business Combinations', but was amortised under AGAAP.

(III) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

5. REVENUE FROM ORDINARY ACTIVITIES

	Consolidated	
	31 Dec 2005 $	**31 Dec 2004 $**
Revenue		
Interest received	97,696	484
Other income		
Revenue from outside operating activities:		
Forgiveness of loan	1,820,000	-
Sale of plant and equipment	89,755	-
Exchange rate differences	221,240	-
	2,130,995	-

6. EQUITY SECURITIES ISSUED

	Consolidated			
	31 Dec 2005 Shares	**31 Dec 2004 Shares**	**31 Dec 2005 $**	**31 Dec 2004 $**
Shares issued via placements	-	-	-	-
Share issue from conversion of convertible notes	-	27,732,040	-	1,109,282
	-	27,732,040	-	1,109,282

7. EARNINGS PER SHARE

	Consolidated	
	31 Dec 2005 $	**31 Dec 2004 $**
Earnings reconciliation		
Net loss, basic and diluted earnings	1,352,007	(823,976)
Weighted average number of shares used as the denominator		
Number for basic and diluted earnings per share	404,191,542	223,880,550
Basic and Dilutive ordinary EPS (cents)	**.33c**	**(0.4¢)**

8. SEGMENT INFORMATION

Business segments

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

Geographical segments

	Australia	**South America**
Revenue	2,228,691	-
Net gain/(loss)	1,651,993	(299,986)
Assets	6,410,089	-
Liabilities	44,295	-

9. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Since the last annual reporting date there has been no material change of any contingent liabilities or contingent assets.

10. CONTROLLED ENTITIES

	Consolidated equity interest	
	31 December 2005 %	**30 June 2005 %**
Particulars in relation to controlled entities		
Parent entity		
Diamond Rose NL		
Controlled entities		
Golden Rose Pty Limited	100	100
Golden Rose International Pty Limited	73	56

Australian Diamond Mining Pty Ltd, a controlled entity of the Company applied for voluntary deregistration on 23 August 2005. Application was approved by ASIC on 2 September 2005 and was subsequently deregistered on 6 November 2005.

Events subsequent to reporting 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.

11. DIVIDENDS

No dividends were declared or paid during the six month period ended 31 December 2005.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 4 to 14:

a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

b) Give a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the Directors' opinion:

a) the financial statements and notes are in accordance with the Corporations Act 2001; and

b) There are reasonable grounds to believe that Diamond Rose NL will be able to pay its debts as and when they become due and payable.

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

The Hon Marcus Einfeld AO QC PhD Dated: 15 March 2005
Chairman

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF DIAMOND ROSE NL

Scope

We have reviewed the financial report of Diamond Rose NL for the half-year ended 31 December 2005 as set out on pages 4 to 15. The financial report includes the consolidated financial statements of the economic entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the economic entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

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

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Diamond Rose NL is not in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

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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 2, 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 ultimately be 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 and exploration commitments, 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 these commitments through the on going support of the Company's major shareholder, equity raising and 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 interim Financial Report.

PKF
Chartered Accountants
Sydney, 15th March 2006

Bruce Gordon
Partner

PKF

Chartered Accountants
& Business Advisers

Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001

To: The Directors of Diamond Rose NL

As lead engagement auditor for the review of Diamond Rose NL for the half year ended 31 December 2005, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

Bruce Gordon
Partner
PKF Chartered Accountants

Sydney, 15th March 2006

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