



DiamonEx Limited

ABN 26 091 951 978

Level 1
349 Coronation Drive
Milton Qld 4064
Australia
Telephone: +61 7 3720-8944
Facsimile: +61 7 3720-8988
e-mail: diamonex@diamonex.com

Postal Address:
PO Box 1357
Milton Qld 4064

**BSE ANNOUNCEMENT
BOTSWANA STOCK EXCHANGE**

31 JULY 2008

QUARTERLY ACTIVITIES REPORT FOR THE FORTH QUARTER ENDING 30 JUNE 2008

- **Last phase commissioning nearing completion**
- **First diamond sale scheduled for August**
- **Ramping to full production**

The 100% owned Lerala diamond mine in eastern Botswana, has an established 3.7 million carat diamond resource and is scheduled to produce an average of 330,000 carats per year for 10 years.

PRODUCTION

The Lerala Diamond Mine (DiamonEx 100%)

The commissioning phase for the Lerala Mine commenced in April with full-scale production of diamonds scheduled for August 2008. First diamonds will be processed and ready for sale in August 2008 through WWW International Diamond Consultants - one of the world's leading diamond marketing and valuation companies (WWW IDC).

Commissioning of the Mine marks the final phase of an 18-month construction project. The commissioning process has gone well with no major issues emerging. It has overrun in time due to some technical issues in plant operation but on the whole the plant has tested well. The Lerala mine has a brand new purpose built Media Separation Plant (DMS), with 200 tonne per hour through-put capacity that utilises state of the art HPGR crushing technology. The Company is also preparing for its first diamond sale, now planned for the end of August. Under its mining lease covenants to the Botswana Government DiamonEx must offer its goods to Botswana registered cutters and polishers. Simultaneous with the Botswana offering, the Company will be offering its goods for sale internationally, in Antwerp, with the best price in a closed tender process securing the diamonds.

Highly regarded diamond valuation agents, WWW International Diamond Consultants, who represent and act for the world's leading diamond companies and Governments, have been engaged by DiamonEx to market its diamonds. This dual sales process is part of a major initiative of the Botswana Government to grow the diamond beneficiation industry in Botswana. Importantly however, this sales process ensures that the best possible price for the diamonds is achieved by allowing the world market to bid alongside the Botswana diamond cutters.



THE LERALA DIAMOND MINE PROCESSING PLANT



MINING OPERATIONS AT KIMBERLITE PIPE K3

The installation of 12 synchronised 400 kVa generators (4.8 MW) ensures the Lerala Mine will be unaffected by electricity supply problems experienced in Southern Africa.

The economics of the Lerala Mine continue to look strong. Any drop in sales revenue from the weakening US dollar is offset by an even weaker Botswana pula resulting in lower operating costs. Since the company completed its feasibility study in 2005, there has been a constant increase in rough diamond prices with W&W IDC forecasting continuing long term growth taking into account the down turn in the US economy.



DEISEL POWER GENERATORS AND FUEL STORAGE AT LERALA



PROCESS AND RAW WATER STORAGE DAMS

EVALUATION

Sloan Mineral Rights, Northern Colorado, USA (Diamonex 100%)

The permitting process to allow work to proceed has been initiated with the Laramie County, and the company has engaged Fort Collins based mining services company Tetra Tech, as its consultants in this matter.

It is anticipated that this process will be completed during the third quarter

EXPLORATION

Exploration activities continued on the company's Jwaneng and Tuli properties in Botswana.

CORPORATE

Funding

During the quarter the company raised AUD\$1.52 Million through a Shareholder Share Purchase Plan.

OUTLOOK FOR THE NEXT QUARTER

The company's primary focus for the last quarter of this financial year is to commission and commence full production at the Lerala Mine and to be cash flow positive by the end of 2008.

For and on behalf of the Board

Paul Crawford
Company Secretary

For further information contact:

Dan O'Neill

Managing Director

Tel: + 61 7 37208944

Fax: + 61 7 37208988

Mob: + 61 407596942

Email: diamonex@diamonex.com.au

Mark Gray

Corporate Development

Tel: + 61 7 37208944

Fax: + 61 7 37208988

Mob: + 61 412899979

Email: diamonex@diamonex.com.au

Will Souter or Rob Adamson

RFC Corporate Finance Ltd (Nomad)

Tel: + 612 9250 0050

+ 612 9250 0041

Email: will.souter@rfc.com.au
rob.adamson@rfc.com.au

Richard Hail

Fox-Davies Capital Ltd (AIM Broker)

Tel: + 44 20 7936 5200

Email: Richard.Hail@fdcap.com

The information in this report that relates to Exploration Results is based on information compiled by Mr Dan O'Neill who is a member of the Australian Institute of Geoscientists and a full time employee of DiamonEx Limited. Mr O'Neill has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr O'Neill consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.