BSE ANNOUNCEMENT
BOTSWANA STOCK EXCHANGE

30 APRIL 2009

QUARTERLY REPORT
FOR THE QUARTER ENDING 31 MARCH 2009

- Diamonex Botswana Limited placed under Judicial Management
- Suspension in trading of DiamonEx Limited (“DiamonEx” or the “Company”) Shares
- On going work being done on formal agreement for sale of majority interest of Diamonex Botswana Limited
- Lerala mine and plant on care and maintenance

Diamonex Botswana Limited under Judicial management

As announced on 3 November 2008, the prices obtained from the sale of DiamonEx’s rough diamond product were severely impacted by the global financial crisis. In January 2009 it was evident that prices for rough diamonds were unlikely to increase in the short term. The Board then investigated various alternatives to address the operational funding requirements of Diamonex Botswana Limited (DBL), DiamonEx’s fully owned subsidiary.

A decision was made to apply to the High Court of Botswana for DBL to be placed under Judicial Management. The first hearing seeking the Judicial Management Order took place on Friday, 23 January 2009 (Botswana time). The Judicial Management Order was granted by the Court. The making of the Judicial Management Order may place DiamonEx in breach of covenants with a number of its borrowers. However, the order for judicial management provides DBL with a period of immunity from claims from its creditors.

Suspension of Trading

Upon obtaining the Judicial Management Order, application was made to the Australian Securities Exchange, the Botswana Stock Exchange and the Alternative Investment Market of the London Stock Exchange to suspend trading in DiamonEx’s shares.

Sale of Majority Interest In Diamonex Botswana Limited

Since the granting of the Judicial Management Order, DiamonEx has investigated numerous alternatives to position DiamonEx for the future and address the finance problems incurred through the operations of DBL.
As announced on 20 March 2009, the key terms of a conditional agreement for the sale of 80% of the shares in DBL were finalised. The agreement is with Fleming Asset Management Botswana acting on behalf of the DiamonEx Convertible Bond Holders and DiamonEx.

The agreement provides for the transfer by DiamonEx of 80% of the shares in DBL to a special purpose vehicle (Purchaser). Additionally, DiamonEx will transfer its diamond exploration tenure in the USA to the Purchaser. Completion of the sale transaction (Transaction) is dependent on a number of matters, including agreement of future repayment terms under the finance agreements between DBL and its bankers. Discussions with these lenders are ongoing and the outcome is uncertain at this time.

The Future

Continued work is being undertaken by the Directors in order to facilitate the negotiations between all stakeholders to the proposed sale and thus ensure that the Transaction is completed.

On successful completion of the Transaction, DiamonEx will manage its 20% investment in DBL and restructure the company to pursue other exploration and development opportunities. Once the Transaction has been completed it is the Directors’ intention to seek re-instatement to trading of DiamonEx’s shares on the ASX, the Botswana Stock Exchange and the Alternative Investment Market of the London Stock Exchange, however this will be subject to DiamonEx having complied with the relevant exchange’s requirements. ASX has advised that prior to re-instatement it will require DiamonEx to disclose its future plans and strategy for its continued operation as a viable business and demonstrate that it has met all ASX Listing Rules requirements.

Lerala under care and maintenance

Currently the Lerala diamond mine is under care and maintenance, supervised by the court appointed judicial manager.

Exploration

Owing to financial constraints, DiamonEx has allowed tenure on its exploration properties in Botswana to lapse. Selected parts of this exploration portfolio will be re-applied for.

OUTLOOK FOR THE NEXT QUARTER

The focus for the current quarter will be finalising the arrangements to complete the Transaction, on developing a funding strategy for DiamonEx that will provide a stable financial basis and in acquiring a suitable development project to take DiamonEx forward.

For and on behalf of the Board

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