

**DIAMONEX LIMITED
AND CONTROLLED ENTITIES**

ABN 26 091 951 978

**FINANCIAL REPORT
FOR THE HALF - YEAR ENDED
31 DECEMBER 2012**

DIAMONEX LIMITED

ABN 26 091 951 978

DIRECTORS' REPORT

Your Directors of present their report of the Company and its controlled entities for the half year ended 31 December 2012.

DIRECTORS

The names of the Company's Directors in office during the half year or until the date of this report are set out below.

Peter van Riet-Lowe	Wayne Osterberg	Dennis O'Neill	Paul Crawford
James Allan	Mark Gray	Leonard Siwawa (resigned 29 April 2013)	

REVIEW OF OPERATIONS

The Company's operating loss for the half year, after an income tax was \$69,543 (2011: \$206,716).

During the period, the Company continued efforts to restructure its balance sheet with a view to recapitalising the Company and seeking the reinstatement of the Company's shares on ASX.

During the period, Directors assessed the acquisition of a number of projects in Botswana and elsewhere.

In November 2011, the Company entered into a binding terms sheet with Shumba Resources Limited to acquire all the shares in Sechaba Natural Resources (Pty) Limited. Under the terms of the agreement DiamonEx loaned Shumba US\$250,000. DiamonEx executed a Deed of Loan and Security for US\$250,000 with Flamenco (Pty) Ltd to fund this project.

The Company subsequently announced that the binding terms sheet had been terminated. The loan was settled pursuant to a Tri-partite Deed of Novation with Flamenco (Pty) Ltd and Shumba Resources Limited, executed on 17 December 2012. Under the Deed the Company transferred all its rights in the Shumba loan to the Botswana Public Officers Pension Fund in satisfaction of the US\$250,000 owed to Flamenco (Pty) Ltd.

During the period, the Company entered into a Heads of Agreement with Azimuh Investments (Pty) Ltd to acquire a majority interest in Prospecting Licences PL 204/2012 and PL 205/2012 located in north central Botswana. Under the terms of the proposed joint venture, DiamonEx may earn a 51% interest in the Prospecting Licences by spending Pula 4 Million (A\$500,000) on exploration over a 2 year period and can earn up to 75% over the next 2 years by investing a further Pula 12 Million (A\$1.5 million).

The Company also lodged prospecting licence applications over prospective diamond ground with the Geological Survey of Botswana.

In December 2012, the Company entered into conditional agreements with parties to underwriting a \$2,000,000 (1,000,000,000 shares) capital raising as part of the Company's Recovery Plan, with a further 25,000,000 shares as underwriter fees.

SUBSEQUENT EVENTS

Since the end of the half year ended 31 December 2012, the economic entity's activities have been focussed on the implementation of the Recovery Plan and the re-structuring of the economic entity. Key events since balance date have been:

1. Ongoing financial support from underwriters of the proposed capital raising, totalling \$70,000.
2. The Company has entered into a Joint Venture Agreement with Superior Resources Limited on 3 April 2013 to acquire a majority interest in EPM 17012 located in North-West Queensland. Under the terms of the joint venture, DiamonEx may earn a 50% interest in EPM 17012 by spending A\$500,000 on exploration over an initial 2 year period and can earn up to 75% over the next 2 years by incurring an additional A\$1.5 million of exploration expenditure.

DIRECTORS' REPORT

3. At the Company's Annual General Meeting held on 5 April 2013, shareholders approved the placement of 1,000,000,000 new shares at an issue price of \$0.002 per share. Pursuant to underwriting agreements 25,000,000 shares, as underwriter fees were also approved. At the date of this report, these shares have not been issued.

The Annual General Meeting also approved a change in Company name to Sayona Mining Limited. At the date of this report, the change of name has not been effected.

No other material matters or circumstances have arisen since balance date.

GOING CONCERN

The interim financial statements have been prepared on the basis that the consolidated entity is a going concern.

At 31 December 2012, the economic entity has a deficiency of net assets of \$200,358 (at 30 June 2012: \$132,602).

As reported previously the economic entity encountered significant financial difficulties as a result of the impact of the global financial crisis in late 2008. Since then the Company has been working with financiers, other creditors and stakeholders on a recovery plan and re-structuring. At balance date the economic entity and the parent entity have incurred significant losses and have negative net equity. The economic entity and the parent entity continue to have the ongoing financial support of the financiers and other creditors.

The ability of the economic entity and the parent entity to continue as a going concern is dependent on collection of accounts receivable which are owing to the Company, the ongoing financial support of the financiers and other creditors, and achievement of the recovery plan, in particular the injection of cash by way of new capital. On the basis of these matters and the status of the recovery plan and restructuring, the directors have prepared the financial statements on a going concern basis. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary if the economic entity and parent entity could not continue as a going concern.

The ability of the economic entity and the parent entity to continue as a going concern beyond the period of finalisation of the recovery plan and restructuring will depend on attaining new forms of finance (either equity or debt). Directors are confident that new funding initiatives will be successful. On the expectation of obtaining the necessary funding, the directors have prepared the financial statements on a going concern basis.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

Signed in accordance with a resolution of the Directors.



Dennis C. O'Neill
Director
Brisbane



Paul A. Crawford
Director

9 May 2013



Hayes Knight
Accountants, Advisors & Auditors

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

To the Directors of DiamonEx Limited

As lead auditor for the review of DiamonEx Limited, for the half-year ended 31 December 2012 I declare that, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

AMI Robertson

AMI Robertson
Director

Level 19, 127 Creek Street,
Brisbane, QLD, 4000

Date: 9 May 2013

DIAMONEX LIMITED

ABN 26 091 951 978

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The attached financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the financial position as at 31 December 2012 and of the performance of the economic entity for the half-year ended on that date.

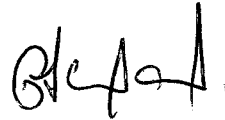
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dennis C. O'Neill
Director



Dated this: 9th day of May 2013



Paul Crawford
Director

**DIAMONEX LIMITED
AND CONTROLLED ENTITIES**
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half-year ended 31 December 2012

	Consolidated Group	
	31 December 2012	31 December 2011
Note	\$	\$
Revenue and other income	23,522	-
Administrative expenses	(98,399)	(212,787)
Foreign exchange gains (losses)	3,856	8,336
Restructure costs	25,000	-
Employee benefit expense	-	(2,265)
Finance costs	(23,522)	-
Loss before income tax expense	2 (69,543)	(206,716)
Income tax expense	-	-
Loss from continuing operations for the half-year	(69,543)	(206,716)
Loss for the half-year	(69,543)	(206,716)
Other comprehensive income		
Exchange differences on translation of foreign controlled entities	1,787	(5,987)
Other Comprehensive income for the half-year net of tax	1,787	(5,987)
Total comprehensive loss attributable to members	(67,756)	(212,703)
Earnings per Share		
Overall operations		
Basic earnings per share (cents per share)	11 (0.0001)	(0.0003)
Diluted earnings per share (cents per share)	11 (0.0001)	(0.0003)
Continuing operations		
Basic earnings per share (cents per share)	11 (0.0001)	(0.0003)
Diluted earnings per share (cents per share)	11 (0.0001)	(0.0003)
Dividends per share (cents per share)	-	-

The accompanying notes form part of these financial statements.

**DIAMONEX LIMITED
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ABN 26 091 951 978**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012**

		Consolidated Group	
		31 December	30 June
		2012	2012
Note		\$	\$
CURRENT ASSETS			
	Cash and cash equivalents	66,291	65,359
3	Trade and other receivables	377,840	633,363
	Other current assets	-	-
Total Current Assets		444,131	698,722
TOTAL ASSETS		444,131	698,722
CURRENT LIABILITIES			
4	Trade and other payables	486,350	476,745
5	Borrowings	158,139	354,579
Total Current Liabilities		644,489	831,324
TOTAL LIABILITIES		644,489	831,324
NET ASSETS (DEFICIENCY)		(200,358)	(132,602)
EQUITY			
	Issued capital	48,039,511	48,039,511
	Reserves	(4,272,306)	(4,274,093)
	Accumulated losses	(43,967,563)	(43,898,020)
TOTAL EQUITY		(200,358)	(132,602)

The accompanying notes form part of these financial statements.

**DIAMONEX LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year-ended 31 December 2012

	Note	Issued Capital \$	Accum- ulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
Balance at 1 July 2011		47,539,511	(43,375,020)	(4,529,483)	260,999	(103,993)
Loss attributable to members of entity		-	(206,716)	-	-	(206,716)
Other comprehensive income for period		-	-	(5,987)	-	(5,987)
Total comprehensive income (loss)		-	(206,716)	(5,987)	-	(212,703)
Shares issued during the period		-	-	-	-	-
Employee share options		-	-	-	-	-
Balance at 31 December 2011		47,539,511	(43,581,736)	(4,535,470)	260,999	(316,696)
Balance at 1 July 2012		48,039,511	(43,898,020)	(4,535,092)	260,999	(132,602)
Loss attributable to members of entity		-	(69,543)	-	-	(69,543)
Other comprehensive income for period		-	-	1,787	-	1,787
Total comprehensive income (loss)		-	(69,543)	1,787	-	(67,756)
Shares issued during the period		-	-	-	-	-
Share options		-	-	-	-	-
Balance at 31 December 2012		48,039,511	(43,967,563)	(4,533,305)	260,999	(200,358)

The accompanying notes form part of these financial statements.

**DIAMONEX LIMITED
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**CONSOLIDATED STATEMENT OF CASH FLOWS
for the half-year ending 31 December 2012**

	Economic Entity	
	31 December 2012 \$	31 December 2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(48,200)	(453,409)
Interest received	-	-
Borrowing costs	-	-
Net cash provided by (used in) operating activities	(48,200)	(453,409)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to group entities	-	-
Advances to external parties	-	(245,038)
Net cash provided by (used in) investing activities	-	(245,038)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	50,000	357,150
Proceeds from issue of shares	-	-
Net cash provided by (used in) financing activities	50,000	357,150
Net increase in cash held	1,800	(341,297)
Cash at 1 July	65,359	505,985
Effect of exchange rates on cash holdings in foreign currencies	(868)	63
Cash at 31 December	66,291	164,751

The accompanying notes form part of these financial statements.

DIAMONEX LIMITED
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Notes to the Financial Statements
for the half year-ended 31 December 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

This general purpose financial report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company. As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2012, together with any public announcements made during the following half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

Critical Accounting Estimates and Judgements

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2012 annual report except in relation to the following matter:

Going Concern Basis

The financial statements have been prepared on the basis that the parent and consolidated entity is a going concern.

At 31 December 2012, the economic entity has a deficiency of net assets of \$200,358 (30 June 2012: \$132,602).

As reported previously the economic entity encountered significant financial difficulties as a result of the impact of the global financial crisis in late 2008. Since then the Company has been working with financiers, other creditors and stakeholders on a recovery plan and re-structuring. At balance date the economic entity and the parent entity have incurred significant losses and have negative net equity. The economic entity and the parent entity continue to have the ongoing financial support of the financiers and other creditors.

The ability of the economic entity and the parent entity to continue as a going concern is dependent on collection of accounts receivable which are owing to the Company, the ongoing financial support of the financiers and other creditors, and achievement of the recovery plan, in particular the injection of cash by way of new capital. On the basis of these matters and the status of the recovery plan and restructuring, the directors have prepared the financial statements on a going concern basis.

The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary if the economic entity and parent entity could not continue as a going concern.

The ability of the economic entity and the parent entity to continue as a going concern beyond the period of finalisation of the recovery plan and restructuring will depend on attaining new forms of finance (either equity or debt). Directors are confident that new funding initiatives will be successful. On the expectation of obtaining the necessary funding the directors have prepared the financial statements on a going concern basis.

**DIAMONEX LIMITED
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**Notes to the Financial Statements
for the half year-ended 31 December 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

New standards and amendments to standards mandatory for the first time for the financial year beginning 1 July 2012 have been adopted. The adoption of these standards had no material financial impact on the current period or any prior period and is not likely to affect future periods.

AASB 101 Presentation of Financial Statements: AASB 101 established a new requirement for entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not. The adoption of AASB 101 had no effect on the financial position or performance of the Company.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied in the financial report. The Directors believe that these new or amended Standards and Interpretations do not have any material financial effect on the financial statements presented.

NOTE 2: RESULT FOR THE PERIOD	Half year ended 31 Dec 2012	Half year ended 31 Dec 2011
	\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Revenue

Interest received from other persons	7,602	-
Gain on settlement of Deed of Novation	15,920	-

Expenses

Foreign exchange losses/(gains)	(3,856)	(8,336)
Finance costs - interest paid/payable to external parties	23,522	-

NOTE 3: TRADE AND OTHER RECEIVABLES	31 December 2012	30 June 2012
	\$	\$

Current (unsecured):

Deferred sale consideration	361,171	366,439
Loan to Shumba Resources Ltd	-	244,293
Other Debtors	16,669	22,631
Total Non- Current	377,840	633,363

The group has significant credit risk exposure arising from the deferred receivable of \$361,171 (2012: \$366,439) from Mantle Diamonds Plc. This relates to cash withheld from the sale proceeds of DBL, less an agreed warranty claim settlement.

In November 2011, the Company entered into a binding terms sheet with Shumba Resources Limited to acquire all the shares in Sechaba Natural Resources (Pty) Limited. Under the terms of the agreement DiamonEx loaned Shumba US\$250,000. In June 2012, the Company announced that the binding terms sheet had been terminated. The loan was settled pursuant to a Tri-partite Deed of Novation executed on 17 December 2012.

Under the Deed of Novation with Flamenco (Pty) Ltd and Shumba Resources Limited the Company transferred all its rights in the Shumba loan to the Botswana Public Officers Pension Fund in satisfaction of the US\$250,000 owed to Flamenco.

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**Notes to the Financial Statements
for the half year-ended 31 December 2012**

NOTE 4: TRADE AND OTHER PAYABLES	31 December 2012	30 June 2012
	\$	\$
Current:		
Trade creditors	347,558	335,123
Sundry creditors and accrued expenses	138,792	141,622
Total trade & other payables (unsecured)	486,350	476,745
NOTE 5: BORROWINGS		
Current:		
Unsecured loans from Directors	50,000	-
Unsecured loan Flamenco (Pty) Ltd - Shumba loan	-	244,293
Unsecured loan Flamenco (Pty) Ltd - expense funding	31,089	32,112
Secured loan Flamenco (Pty) Ltd - working capital	77,050	78,174
	158,139	354,579

Flamenco (Pty) Ltd loan security

A Deed of Loan and Security between DiamonEx Limited and Flamenco (Pty) Ltd provided the following security against specific loans from Flamenco:

The Shumba loan of US\$250,000 was secured against all shares held by DiamonEx in Sechaba Natural Resources Limited. DiamonEx did not proceed with acquiring these shares. Under the Deed of Novation with Flamenco (Pty) Ltd and Shumba Resources Limited the Company transferred all its rights in the Shumba loan to the Botswana Public Officers Pension Fund in satisfaction of the US\$250,000 owed to Flamenco.

The working capital loan of US\$80,000 is secured against all monies owing to DiamonEx from Mantle Diamonds Plc.

Expenses funding is unsecured.

NOTE 6: RELATED PARTY TRANSACTIONS

As disclosed in the 30 June 2012 annual financial report there have been numerous related party transactions. Related party transactions are on normal commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated. In the current period, arrangements with related parties continue to be in place, consistent with those reported at 30 June 2012.

NOTE 7: COMMITMENTS

The consolidated entity has no commitments at balance date, other than as shown in note 12.

NOTE 8: DIVIDENDS

No dividends were declared or paid during the period.

NOTE 9: CONTINGENT LIABILITIES

Director Fees

If the parent entity re-lists on the Australian Stock Exchange, fees will be paid to Directors in relation to meetings held since the restructuring plan was approved by shareholders at the general meeting held in March 2011. At the date of this report, the contingent liability is \$155,000.

**DIAMONEX LIMITED
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**Notes to the Financial Statements
for the half year-ended 31 December 2012**

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

Key events since balance date have been:

- i. Ongoing financial support of \$70,000 received from the underwriters of the proposed \$2,000,000 capital raising.
- ii. The Company has entered into a Joint Venture Agreement with Superior Resources Limited on 3 April 2013 to acquire a majority interest in EPM 17012 located in North-West Queensland. Under the terms of the joint venture, DiamonEx may earn a 50% interest in EPM 17012 by spending A\$500,000 on exploration over an initial 2 year period and can earn up to 75% over the next 2 years by incurring an additional A\$1.5 million of exploration expenditure. The Company can only withdraw from the agreement in the 2 year period after expending \$50,000 on the tenement or paying Superior the expenditure shortfall under \$50,000.
- iii. At the Company's Annual General Meeting held on 5 April 2013, shareholders approved the placement of 1,000,000,000 new shares at an issue price of \$0.002 per share. Pursuant to underwriting agreements 25,000,000 shares as underwriter fees were also approved. At the date of this report, these shares have not been issued.
- iv. The Annual General Meeting also approved a change in Company name to Sayona Mining Limited. At the date of this report, the change of name has not been effected.

NOTE 11: EARNINGS PER SHARE

	Half year ended 31 Dec 2012	Half year ended 31 Dec 2011
	No.	No.
The earnings figures used in the calculation of both the basic EPS and the dilutive EPS are the same.		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	718,700,924	693,700,924
Weighted average number of dilutive securities outstanding	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period used in the calculation of diluted EPS	718,700,924	693,700,924

NOTE 12: JOINT VENTURE ARRANGEMENTS

The Company entered into a Heads of Agreement with Azimuh Investments (Pty) Ltd on 23 September 2012 to acquire a majority interest in Prospecting Licences PL 204/2012 and PL 205/2012 located in north central Botswana. Under the terms of the proposed joint venture, DiamonEx may earn a 51% interest in the Prospecting Licences by spending Pula 4 Million (A\$500,000) on exploration over a 2 year period and can earn up to 75% over the next 2 years by investing a further Pula 12 Million (A\$1.5 million).

No monies were expended on the proposed joint venture.

NOTE 13: SEGMENT REPORTING

The economic entity has operated internationally, in the mineral exploration industry. There was no exploration activity during the current reporting period. Segment reporting is based on the whole of entity. Geographical segment information is as follows:

**DIAMONEX LIMITED
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**Notes to the Financial Statements
for the half year-ended 31 December 2012**

	Australia		USA		Economic Entity	
	Half Year ended 31 December		Half Year ended 31 December		Half Year ended 31 December	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
REVENUE						
Revenue	23,522	-	-	-	23,522	-
Total revenue from ordinary activities	23,522	-	-	-	23,522	-
RESULT						
Loss from ordinary activities before income tax expense	(71,564)	(206,699)	2,021	(17)	(69,543)	(206,716)
Income tax expense	-	-	-	-	-	-
Loss from ordinary activities after income tax expense	(71,564)	(206,699)	2,021	(17)	(69,543)	(206,716)
	December	June	December	June	December	June
	2012	2012	2012	2012	2012	2012
	\$	\$	\$	\$	\$	\$
ASSETS						
Segment assets	443,012	697,510	1,119	1,212	444,131	698,722
LIABILITIES						
Segment liabilities	522,986	705,920	121,503	125,404	644,489	831,324

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

Segment accounting policies are consistent with the economic entity.



Hayes Knight
Accountants, Advisors & Auditors

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DIAMONEX LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying financial statements of DiamonEx Limited (the company), which comprises the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' Responsibility for the Half-Year Financial Report

The directors of DiamonEx Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of DiamonEx Limited's financial position as at 31 December 2012 and its performance for the half-year ended on that date, and complying with Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DiamonEx Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the half-year financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of DiamonEx Limited as attached to the director's report, has not changed as at the time of this auditor's review report.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DIAMONEX LIMITED (CONTINUED)

Basis for Qualified Auditor's Conclusion

As set out in Note 9, the consolidated entity has \$481,561 deferred sale consideration receivable from the April 2011 sale of Diamonex Botswana Limited. The receivable is being withheld subject to a \$120,390 warranty claim. The receivable is unsecured.

No information could be provided in relation to the capacity of DiamonEx to collect the receivable. Consequently we are unable to obtain sufficient and appropriate audit evidence as to the carrying value of the receivable as at 31 December 2012.

Conclusion

Based on our review which, which is not an audit, except for adjustments, if any, as might have been required had the limitation in respect of the deferred sale consideration receivable not existed, we have not become aware of any matter that makes us believe that the half-year financial report of DiamonEx Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of DiamonEx Limited's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter – Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial statements which indicates the ability of the consolidated entity and the company to continue as a going concern is dependent on collection of amounts receivable which are owing to the company, the ongoing financial support of the financiers and other creditors, and achievement of the recovery plan and re-structuring.

As indicated in the note, at balance date the consolidated entity and the company have incurred significant losses and have negative net equity. However the consolidated entity and the company have ongoing financial support of the financiers and the other creditors whilst the recovery plan and re-structuring are underway. Since balance date these activities have continued.

On the basis of the above matters, the ongoing financial support and status of the recovery plan and re-structuring, the directors have prepared the financial statements on a going concern basis. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary if the consolidated entity and the company could not continue as a going concern.

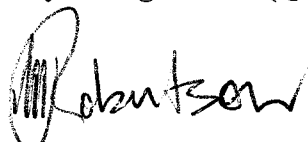
As also indicated in the note, the ability of the economic entity and the parent entity to continue as a going concern beyond the period of finalisation of the recovery plan/re-structuring will depend on attaining new forms of finance (either equity or debt). Directors are confident that

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
DIAMONEX LIMITED (CONTINUED)**

new funding initiatives will be successful, however no absolute commitment has yet been made to source additional funding. On the expectation of obtaining further funding directors have prepared the financial statements on a going concern basis. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary if the consolidated entity and the company could not continue as a going concern.

Hayes Knight Audit (Qld) Pty Ltd.

Hayes Knight Audit (Qld) Pty Ltd

A handwritten signature in black ink that reads "A M Robertson". The signature is written in a cursive style with a large, stylized initial "R".

A M Robertson
Director

Level 19, 127 Creek Street,
Brisbane, QLD, 4000

Date: 9 May 2013