

**DIAMONEX LIMITED
AND CONTROLLED ENTITIES**

ABN 26 091 951 978

**CASH FLOW STATEMENT
for the year ended 30 June 2008**

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(3,861,996)	(2,254,178)	(2,820,761)	(1,749,501)
Interest received		312,901	123,170	1,894,157	434,957
Finance costs		(700,955)	(7)	(590,132)	(7)
Foreign taxes paid		(118,784)	(54,554)	(118,784)	(54,554)
Net cash provided by (used in) operating activities	21	(4,368,834)	(2,185,569)	(1,635,520)	(1,369,105)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(335,956)	(997,851)	(28,912)	(36,390)
Exploration & evaluation expenditure		(1,439,012)	(546,076)	(491,736)	(274,793)
Development expenditure		(22,533,235)	(6,230,017)	-	(452,908)
Proceeds from sale of property, plant and equipment		2,408	-	2,408	-
Investment in controlled entities		-	-	(7,547,860)	(3,277,465)
Advances to controlled entities		-	-	(11,596,042)	(4,640,319)
Net cash provided by (used in) investing activities		(24,305,795)	(7,773,944)	(19,662,142)	(8,681,875)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		13,710,598	7,971,317	13,710,598	7,971,317
Proceeds from share applications		328,234	-	328,234	-
Proceeds from issue of convertible notes		7,676,938	-	7,676,938	-
Costs associated with share issue		(800,692)	(216,231)	(800,692)	(216,231)
Proceeds from borrowings		8,631,419	-	-	-
Net cash provided by (used in) financing activities		29,546,497	7,755,086	20,915,078	7,755,086
Net increase in cash held		871,868	(2,204,427)	(382,584)	(2,295,894)
Cash at beginning of financial year		880,890	3,081,816	689,367	2,985,261
Effect of exchange rates on cash holdings in foreign currencies		(79,062)	3,501	-	-
Cash at end of financial year	8	1,673,696	880,890	306,783	689,367

The accompanying notes form part of these financial statements.