14 March 2008

Dwyka Resources Limited ('Dwyka' or the 'Company')

Half Year Report for the period ended 31 December 2007

The Board of Dwyka is very pleased to report to shareholders that Dwyka has made solid progress with all its strategic and operational objectives during the half year.

In conjunction with partners BHP Billiton, exploration work commenced at the Muremera Nickel Project in Burundi. To date BHP Billiton has spent in excess of US$2 million on establishing a base camp, initial drilling and geophysical work programmes – demonstrating a strong commitment to ensuring the exploration at Muremera is carried out to the highest standards. Core from the first round of stratigraphic drilling is currently in Johannesburg for assaying and results will be conveyed to shareholders as soon as they are available. Drilling will recommence once the first round of drilling has been assessed and interpreted. Photos of the established camp and exploration programme can be seen at www.dwyresources.com by clicking on the "Projects" tab. With nickel demand and prices forecast to increase again (Macquarie Research, February 2008) the Muremera Project is a priority for Dwyka.

Drilling has been ongoing at the SwaziGold Project in Swaziland, with the rigs currently on site at the Daisy Prospect. Results to date have included excellent results for the Kobolondo, Lufafa and Daisy Prospects. The potential remains to prove up a small to medium tonnage high grade deposit which will be suitable for stand alone mining or for combining with a nearby operation to increase reserves and mine life. With the current gold price at around US$970/oz the SwaziGold Project remains extremely attractive.

During the half year Dwyka also combined its diamond assets with those of KimCor Diamonds Plc resulting in Dwyka currently positioned as a 48% shareholder in Kimor. Diamonds continue to hold their place by value in the top ten commodities in the traded minerals basket despite impressive increases in the price of most raw materials and Dwyka remains committed to this investment.

In addition, the Company has the stated objective of adding an additional project to its portfolio. A number of projects have been assessed and we are hopeful of advising shareholders of a suitable acquisition in the near future.

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The technical exploration and mining information contained in the above announcement has been reviewed and approved by Ed Nealon, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is qualified as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Nealon is a Dwyka Resources Limited Director and meets the criteria of a qualified person under the AIM guidance note for mining, oil and gas companies.

Ed Nealon consents to the inclusion in this announcement of such information in the form and context in which it appears.

DWYKA RESOURCES LIMITED

A.C.N. 060 938 552

HALF-YEAR REPORT
31ST DECEMBER 2007

DIRECTORS' REPORT

The Directors present their report for the half-year ended 31 December 2007.

DIRECTORS

The names of the Directors of the Company in office during the half-year and until the date of this report are:

Edward Nealon, Melissa Sturgess, Terrance McConnachie, Michael Langoulant and Evan Kirby.

Mr Adrian Griffin was a director at the start of the half year until his resignation on 30 October 2007.

REVIEW AND RESULTS OF OPERATIONS

NICKEL

Muremera Nickel Project

Recent activities

Both the drilling and heliborne VTEM surveys have commenced at the Muremera nickel project in Burundi, which is owned by the Company's wholly-owned subsidiary Danyland Limited.

Drilling

Phase 1 drilling was undertaken throughout the half year with four drillholes being completed in January 2008 on the Muremera B anomaly, which is considered prospective due to a superposition of both strong electromagnetic and magnetic anomalies. All four holes were drilled for structural/stratigraphic purposes but the second hole (D002) also intersected semi-massive sulphides between 220 and 235 metres.

Up to 10,000 metres of drilling is expected in 2008.

Assaying

Assaying of the core has been delayed to allow for magnetic core orientation studies. The core has been split at site and half sent to ALS Chemex Laboratory in Johannesburg.

VTEM Surveying

During the half year all surveying equipment, including the survey helicopter and personnel, arrived on site and VTEM surveying commenced. Geotech Ltd is contracted to fly the first B-field VTEM survey in Africa over the Muremera targets. A total of 5,830 line kilometres is being flown at 100m line spacing and at this stage approximately half of the VTEM survey has been undertaken with completion expected during March 2008. This level of detail will enable direct drilling off the VTEM data.

About the project

The Muremera licence, owned by the Company's wholly-owned subsidiary Danyland Limited ("**Danyland**"), is located within 2km of the Kabanga project operated by Xstrata/Barrick, the world's largest undeveloped nickel sulphide deposit.

The Kabanga deposit, which is located immediately across the border in Tanzania, was discovered by geophysical prospecting, by the United Nations Development Programme ("**UNDP**"), in 1976. Further UNDP surveys in 1978 resulted in the discovery of the prospective Muremera deposits on the Burundi side of the border in 1978. The anomalies have identical characteristics and follow-up work by the UNDP has confirmed that massive sulphide bodies, with nickel mineralisation, are the source of the anomalies. Extensive geophysics and geochemical surveys have delineated numerous targets, however there has been insufficient drilling to date to establish a JORC compliant resource.

Shareholders and Earn-in Agreement with BHP Billiton

On 23 February 2007, the Company signed a Shareholders and Earn-in Agreement with BHP Billiton ("**BHPB Agreement**"), pursuant to which BHP Billiton has agreed to spend at least US$5,200,000 in undertaking certain activities to develop the Muremera Nickel Project, in order to earn a shareholding of up to 50% in Danyland.

Under the BHPB Agreement, the BHP Billiton investment will be realised in 3 stages as follows:

- during the first stage, BHP Billiton will spend a minimum of US$1,200,000 on initial exploration activities in order to earn a 10% equity in Danyland. This hurdle is likely to be achieved in April 2008.

- during the second stage, BHP Billiton will spend at least US$2,000,000 on target testing in order to earn a further 20% equity (total 30%); and

- during the third stage, BHP Billiton will spend at least a further US$2,000,000 on resource definition and the completion of a concept study in order to earn the remaining 20% equity (up to a total of 50% interest in Danyland).

BHP Billiton may withdraw from the project during or after completion of any of the stages, but if it withdraws during a particular stage it retains only the equity earned by virtue of having completed the previous stage. The project is managed by the Danyland board of directors, on which Dwyka and BHP Billiton will have equal representation.

Once BHP Billiton has fully satisfied its earn-in obligations, the parties will contribute to further development of the project in proportion to their percentage shareholdings in Danyland. Normal default and dilution provisions apply where a party fails to meet its share of project funding.

GOLD

Swazigold Project

Recent activities – Commencement of drilling

Drilling has commenced at the Kobolondo, Daisy and Lufafa prospects.

Three boreholes have been planned for the Kobolondo prospect to test a 600m strike length of a mineralised shear zone. Surface sampling of trenches excavated by Dwyka on this shear zone have returned stretch intersections of 2.82g/t Au over 11m (including 7.70g/t Au over 3m), 2.16g/t Au over 5m (Including 4.84g/t Au over 1m) 4.24g/t Au over 3m (including 7.97g/t Au over 1m). Deeper drilling of the Kobolondo prospect will be undertaken in 2008 subject to results from the current drill-program.

Drilling for the Daisy prospect is targeted to test a shallow portion of the # 1 oreshoot that had not been drill-tested by previous investigations. The # 1 oreshoot (described in the announcement dated 30 November 2007) is a 65 – 100m wide high-grade oreshoot that has been traced, by diamond drilling, to a depth of 250m. Most of the planned drilling for the Daisy prospect will be undertaken when a drill-rig with greater depth-capability is available.

At the Lufafa prospect, surface exploration to date suggests that there is the potential to host 5-25m wide zones of 1-2g/t disseminated Au mineralisation over strike lengths of <250m. Three drilling targets have been identified to date, two of which are located in the Lufafa Central area. Three shallow boreholes will then test the targets at Lufafa Central. The first two aim to intersect a zone of mineralisation from which trench sampling returned stretch intersections of 1.65g/t Au over 14m, 1.15g/t Au over 19m and 1.23g/t Au over 9m. The third borehole is planned to intersect a zone of mineralisation that returned intersections of 2.61g/t Au over 6m and 4.76g/t Au over 6m. Deeper drilling of the Lufafa prospect will be subject to encouraging results from the shallow drill-holes.

Recent activities – Exploration Results

Gold mineralisation in the Barberton Greenstone Belt is closely associated with thrust-shear zones that juxtapose strata of differing stratigraphic groups. Four major targets have been recognised to date and Dwyka has carried out recent work on three of these: Kobolondo, Daisy, and Lufafa.

Kobolondo

Previous drilling by RTZ and JCI showed a preferentially reactivated shear zone to be present here returning results of 10.95g/t Au over 1.0m, 14.31g/t Au over 2.5m, and 2.27g/t Au over 2.2m. As a follow up, Dwyka has taken 249 rock-chip samples at Kobolondo showing that significant gold mineralisation exists over a strike length of 600 metres. Highlights of the rock chip sampling from the zone are:

4.24g/t Au over 3m	including 7.97g/t Au over 1m
2.82g/t Au over 11m	including 7.70g/t Au over 3m
2.16g/t Au over 5m	including 4.84g/t Au over 1m

Daisy

The Daisy deposit is hosted by a steeply dipping shear at the contact between amphibolite and talc schists. Gold occurs in a 1 to 3m wide quart-carbonate-sulphide schist with a strike length of at least 700m. Three zones are recognised at Daisy where previous drilling by RTZ and JCI returned the following values:

Zone 1	25.8g/t Au over 1.6m
Zone 2	7.2g/t Au over 1.5m
Zone 3	5.0g/t Au over 0.9m
	19.1g/t Au over 1.3m
	5.1g/t Au over 2.0m
	4.5g/t Au over 0.9m
	8.9g/t Au over 1.5m
	5.3g/t Au over 0.8m
	7.6g/t Au over 1.2m

Additional historical data has now been obtained from Southern Era Resources (SER) providing four additional drill hole intersections in Zone 1 below the historical open pit mine. The significant SER results can be summarised as follows:

Borehole DA1-97	1.01g/t Au over 1m	
	2.76g/t Au over 5m	including 3.71g/t over 3m
Borehole DA2-97	2.21g/t Au over 1m	borehole missed main ore shoot
Borehole DA3-97	3.60g/t Au over 12.4m	including 8.83g/t over 4.2m and 17.19g/t over 1.5m
Borehole DA4-97	5.73g/t Au over 4m	including 14.20g/t over 1.0m
	3.20g/t Au over 1m	
	1.90g/t Au over 1m	

Cross-sections have been constructed for all drill-holes for the Daisy mine area. A longitudinal section has been constructed for the #1 Ore Zone. The data suggests a 65 to 100m wide ore shoot plunging at approximately 30 degrees to the north east. Drilling has traced this ore shoot for a distance of 250m down-plunge. The deepest intersection to date is 5.73g/t Au over 4m (including 14.2g/t over 1m).

Dwyka considers the Daisy Project continues to have immediate potential to prove up a small to medium tonnage high grade underground gold mine and remains a prime target for the Company.

Lufafa

Three target areas have previously been identified here: Lufafa North, Lufafa Central, and Lufafa South. Reconnaissance geological mapping and rock chip sampling have been completed. Highlights of the sampling are:

1.54g/t Au over 13m	including 5.38g/t over 1m
1.83g/t Au over 7m	including 6.20g/t over 1m
3.61g/t Au over 5m	including 14.70g/t over 1m

Data to date suggests that the Lufafa Prospect has the potential to host 5-25m wide zones of 1-2g/t disseminated Au mineralisation in Banded Iron Formations over strike lengths of approximately 250m. Three drilling targets have been identified to date.

About the project

The Swazigold Project is located in Swaziland, in the highly prospective Archaean Barberton Greenstone Belt that straddles the border between Mpumalanga Province, South Africa and Swaziland. Such Greenstone Belts host many major gold deposits in South Africa, Canada, and Australia, including the giant Kalgoorlie goldfield. The Barberton Greenstone Belt was the location of the first gold discovery in South Africa and subsequent gold rush in 1884. Since that time, the belt has produced 11.5 million ounces of gold. Current underground mines include the Fairview, Sheba and Consort mines of Barberton Mines Limited.

The Project area is a large 425 sq km ‘greenfields’ exploration play with many targets ranging from ‘walk up’ advanced drilling targets to promising geochemical anomalies. The prospective licence area comprises more than 40km of strike length containing multiple mineralised structures and more than 40 gold showings. Historic detailed drilling has been restricted to the Wyldsdale, Lomati and Daisy prospects where cumulative drilling by previous owners is in excess of 13,000 metres.

Dwyka’s initial conclusion from a review of the geology and of this historic work is that the potential exists for several million tonnes of high grade gold mineralisation.

Shareholders and Earn-in Agreement in relation to Swazigold Project

On 16 July 2007, Dwyka’s wholly-owned subsidiary Karrinyup Holdings Limited (“**Karrinyup**”) entered into a Shareholders and Earn-in Agreement (“**Swazi Agreement**”) in relation to Swazi Gold Ventures (Pty) Ltd (“**SGV**”), the holder of 90% of the issued shares in Swaziland Gold (Pty) Ltd (“**SwaziGold**”), which in turn owns the Swazigold Project.

Under the terms of the Swazi Agreement, Karrinyup has the right to acquire the following percentage shareholdings in SGV on the following basis:

- Payment of US$200,000 plus Dwyka shares to the value of US$1,500,000 (at market price) – Karrinyup earns a 50% interest;

- US$750,000 worth of project expenditure by 30 June 2008; payment of US$200,000 plus Dwyka shares to the value of US$1,000,000 (at 80% of market price) – Karrinyup earns a further 20% interest (total 70%);

- Payment of US$400,000 plus Dwyka shares to the value of US$1,000,000 (at 80% of market price) by 30 June 2009; project expenditure to reach bankable feasibility stage by 30 June 2011 – Karrinyup earns a further 15% interest (total 85%); and

- Issue of Dwyka shares to the value of US$3,000,000 (at 80% of market price) pursuant to the exercise of an option exercisable at any time within 12 months after the date on which a bankable feasibility study is completed in relation to the Swazigold Project – Karrinyup acquires remaining 15% interest (total 100%).

Under the terms of the Swazi Agreement, Karrinyup will be the manager of the Swazigold Project, which will be overseen by a management committee in which the vendor shareholder in SGV and Karrinyup will each have equal representation. Voting will be in accordance with the parties' shareholding percentages in SGV, provided that the manager will have a casting vote in the event of a deadlock.

Karrinyup may withdraw from the Swazigold Project at any time, in which case it will dilute to a 49.9% shareholding in SGV and will relinquish management control. In addition, if such withdrawal occurs after the bankable feasibility stage, Karrinyup will have a 2% royalty with respect to all minerals produced from the Swazigold Project area.

DIAMONDS

Dwyka holds 48% of KimCor Diamonds Plc

On 24 September 2007 Dwyka completed the sale of its diamond and industrial interests to KimCor Diamonds Plc, with Dwyka owning 50.09% of KimCor's issued equity. Dwyka has since reduced its shareholding in KimCor from 50.09% to 48.2% of KimCor's issued share capital, via the sale of 5,050,000 shares to institutional and high net worth clients of Ambrian Partners Limited and Strand Partners Limited.

ROUNDING OF AMOUNTS

The amounts contained in this Report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class order 98/0100. The Company is an entity to which the class order applies.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, PricewaterhouseCoopers, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the following page.

Dated at Perth this 14th day of March 2008.
Signed in accordance with a resolution of the Directors.

M Sturgess
Chief Executive Officer

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Auditors' Independence Declaration

As lead auditor for the review of Dwyka Resources Limited for the half year ended 31 December 2007, 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.

This declaration is in respect of Dwyka Resources Limited and the entities it controlled during the period.

Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
14 March 2008

CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Notes	Half-year Ended 31 Dec 2007 $'000s	Half-year Ended 31 Dec 2006 $'000s
Revenue from continuing operations			
Other income		96	82
		96	82
Loss on sale of interest in associate		(63)	-
Share of loss of associate using equity method		(822)	-
Other expenses from continuing operations			
Administration		(1,817)	(1,604)
Depreciation		(31)	(23)
Exploration written off		-	(288)
Finance costs		-	(118)
Loss before income tax		(2,637)	(1,951)
Income tax expense		-	-
Loss from continuing operations		(2,637)	(1,951)
Profit/(loss) from discontinued operations	5	12,655	(4,330)
Profit/(loss) for half year		10,018	(6,281)
Profit/(loss) attributable to members of Dwyka Resources Limited		10,018	(6,281)
Basic profit/(loss) per share (cents)		8.31	(7.33)
Diluted profit/(loss) per share (cents)		8.28	(7.33)

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Note	31 Dec 2007 $'000s	30 June 2007 $'000s
CURRENT ASSETS			
Cash and cash equivalents		2,673	4,265
Trade and other receivables		157	815
Inventories		-	456
Total Current Assets		2,830	5,536
NON-CURRENT ASSETS			
Investments accounted for using the equity method		18,598	-
Other financial assets		156	233
Property, plant & equipment		119	5,928
Exploration, evaluation and mining properties		11,065	6,579
Other		-	290
Total Non-Current Assets		29,938	13,030
TOTAL ASSETS		32,768	18,566
CURRENT LIABILITIES			
Trade and other payables		475	4,460
Borrowings		-	2,449
Provisions		7	212
Total Current Liabilities		482	7,121
NON-CURRENT LIABILITIES			
Borrowings		443	4,029
Provisions		-	221
Total Non-Current Liabilities		443	4,250
TOTAL LIABILITES		925	11,371
NET ASSETS		31,843	7,195
EQUITY			
Contributed equity	3	76,802	65,580
Reserves		2,052	(1,356)
Accumulated losses		(47,011)	(57,029)
Total parent entity interest		31,843	7,195
TOTAL EQUITY		31,843	7,195

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR HALF YEAR ENDED 31 DECEMBER 2007

	Half-year Ended 31 Dec 2007 $'000s	Half-year Ended 31 Dec 2006 $'000s
Total equity at beginning of the half year	7,195	18,509
Changes in fair value of available for sale financial assets, net of tax	(76)	73
Exchange differences on translation of foreign corporations	(28)	(715)
Net income recognised directly in equity	(104)	(642)
Profit/(loss) for the half year	10,018	(6,281)
Adjustment for prior years losses recouped on minority interest	-	(49)
Total recognised income and expense for the half year	9,914	(6,972)
Transactions with equity holders in their capacity as equity holders		
Contributions of equity, net of transaction costs (note 3)	11,222	-
Share based compensation reserve	299	318
Write back of exchange differences relating to sale of foreign discontinued operation	2,638	-
Increased equity in subsidiary reserve taken to income and expense in current period	575	(575)
	14,734	(257)
Total equity at end of the half year	31,843	11,280
Total recognised income and expense for the half year is attributable to:		
Members of Dwyka Resources Limited	9,914	(6,972)
Minority interest	-	-
	9,914	(6,972)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT
FOR HALF-YEAR ENDED 31 DECEMBER 2007

	Note	Half-year Ended 31 Dec 2007 $'000s	Half-year Ended 31 Dec 2006 $'000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		2,446	3,477
Payments to suppliers and employees (inclusive of GST)		(4,849)	(6,146)
Interest received		65	98
Other income		-	104
Interest paid		(193)	(163)
Net cash outflow from operating activities		(2,531)	(2,630)
CASH FLOW FROM INVESTING ACTIVITES			
Payments for plant & equipment		(8)	(956)
Proceeds from sale of plant and equipment		-	2
Cash disposed of with sale of discontinued operations	5	(229)	-
Payment for acquisition of subsidiary, net of cash acquired		(207)	-
Cash acquired on acquisition of business unit		-	124
Payment for acquisition of increased subsidiary interest		-	(575)
Proceeds from sale of associate interest		673	17
Payment for exploration/mine development		(709)	(633)
Net cash outflow from investing activities		(480)	(2,021)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan to associates		-	(614)
Proceeds from borrowings		-	979
Repayment of borrowings		-	(137)
Proceeds from issue of shares		1,446	-
Net cash inflows from financing activities		1,446	228
Net decrease in cash held		(1,565)	(4,423)
Cash and cash equivalents at the beginning of the reporting period		4,265	6,286
Effect of exchange rate changes on cash and cash equivalents		(27)	422
Cash and cash equivalents at the end of the reporting period		2,673	2,285

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Dwyka Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. SEGMENT INFORMATION

Primary reporting format – Geographical segments

Half-year 2007	Africa $'000s	Australia $'000s	India $'000s	Unallocated $'000s	Discontinued operations $'000s	Consolidated $'000s
Total segment revenue	32	-	-	64	2,495	2,591
Segment result	(16)	(1,779)	-	(842)	12,655	10,018

Half-year 2006	Africa $'000s	Australia $'000s	India $'000s	Unallocated $'000s	Discontinued operations $'000s	Consolidated $'000s
Total segment revenue	-	-	-	98	3,545	3,643
Segment result	(7)	(1,603)	(296)	(45)	(4,330)	(6,281)

3. EQUITY SECURITIES ISSUED

Movements in equity securities during the half-year period were:

Date	Details	Issue price	Number of shares	$'000s
Half Year 2007				
Fully paid ordinary shares				
1/7/2007	Opening balance		111,579,270	65,580
2/7/2007	Employee share plan loan repaid – proceeds received	$0.52	33,334	17
18/7/2007	Convertible note conversion	$0.74	2,777,778	2,056
20/7/2007	Acquisition of subsidiary	$1.45*	3,962,757	5,746
6/8/2007	Payment of final mine purchase consideration	$0.84	2,349,400	1,974
19/9/2007	Employee options exercised	$0.52 & $1.00	1,825,000	1,429
31/12/2007	Balance		122,527,539	76,802

* An issue price of $0.434 used to calculate the number of shares that formed the consideration was set upon entering into a Memorandum of Understanding in February 2007. This MOU was only finalised in July 2007 and the market price on the date of issue, $1.45, has been used to calculate the issue price for accounting purposes in accordance with Accounting Standard AASSB3

Date	Details	Issue price	Number of shares	$'000s
Employee Share plan shares issued with limited recourse employee loans				
1/7/2007	Opening balance		8,000,001	
2/7/07	Employee share plan loan repaid – shares transferred to ordinary share capital	$0.52	(33,334)	
11/12/2007	Employee share plan issue	$0.915	850,000	
31/12/2007	Balance		8,816,667	
31/12/2007	**Total ordinary shares on issue**		**131,344,206**	**76,802**

3. EQUITY SECURITIES ISSUED (continued)

Half Year 2006

Fully paid ordinary shares

1/7/2006	Opening balance		85,737,134	56,693
31/12/2006	Balance		85,737,134	56,693

Employee Share plan shares issued with limited recourse employee loans

1/7/2006	Opening balance		7,000,001	-
21/12/2006	Employee share plan issue	$1.00	1,000,000	-
31/12/2006	Balance		8,000,001	-
31/12/2006	Total ordinary shares on issue		93,737,135	56,693

Other equity securities

1/7/2006	Opening balance	219
31/12/2006	Balance	219
31/12/2006	Total contributed equity	56,912

4 BUSINESS COMBINATION

Half Year 2006

Effective from 1 October 2006 the Group completed a Black Economic Empowerment (BEE) transaction with its BEE partner - Kolong Investments Limited. This transaction was entered into to ensure all South African operations were classified as BEE compliant under South African law. The transaction resulted in Dwyka

- increasing its holding in Superkolong Pty Ltd, the owner and operator of the de Beers Tailings treatment plant from 40% to 70%; and equipment; and
- reducing its interest in the Dwyka Resources industrial business and its various mining assets from 100% to 70%.

The initial 40% ownership interest in Superkolong Pty Ltd was acquired on incorporation of the company for nominal value.

The results of Superkolong Pty Ltd are incorporated into the results of the Group as from 1 October 2006. This company contributed $334,318 in revenues and a net loss of $874,731. If the acquisition had occurred on 1 July 2006, the consolidated revenue and consolidated loss for the half year would have been $518,148 and $6,281,000 respectively.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	AUD $'000s
Purchase consideration:	
Cash paid	347
Deferred cash consideration	205
Share of subsidiaries net liabilities disposed	-
Allocated to Biz Africa net assets position	(347)
Total purchase consideration on acquisition of Superkolong	205
Fair value of net identifiable liabilities acquired (refer below)	(715)
Goodwill	920

In the event that the Group does not pay Kolong Investments Limited a ZAR 500,000 dividend for each of the 30 June 2008, 30 June 2009, and 30 June 2010 periods, the Group shall make a contingent cash payment to Kolong Investments Limited for the difference between the actual dividend paid and ZAR 500,000. At the date of this report, the payment of dividends is not probable and future cash payments have been recognised as deferred cash payments.

This goodwill represents future income streams to flow from the DBTR plant, however based on the then current performance of the DBTR plant. This goodwill was subsequently fully written off in this half year period.

4 BUSINESS COMBINATION (continued)

The fair value of assets and liabilities acquired are based on discounted cash flow models. No acquisition provisions were created.

The assets and liabilities arising from the acquisition are as follows :

	Carrying amount $'000s	Fair value $'000s
Cash and cash equivalents	124	124
Trade and other receivables	569	569
Plant and equipment	6,428	6,428
Trade and other payables	(75)	(75)
Non-current payables – unsecured	(4,776)	(4,776)
Non-current payables –secured	(2,985)	(2,985)
Net identifiable liabilities acquired	(715)	(715)

5 DISCONTINUED OPERATION

(a) Description

On 21 August 2007 the Company announcement its intention to sell its diamond and industrial divisions to the AIM listed KimCor Diamonds Plc. This transaction was completed with effect from 21 September 2007 and the divisions disposed of are reported in this financial report as discontinued operations.

Financial information relating to the discontinued operations for the period to the date of disposal is set out below. Further information is set out in note 2 – segment information.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 21 September 2007 (December 2007 column) and the half-year ended 31 December 2006.

	Half year	
	Dec 2007 $'000s	Dec 2006 $'000s
Revenue	**2,495**	3,561
Expenses	**(3,835)**	(7,891)
Loss before income tax	**(1,340)**	(4,330)
Income tax expense	**-**	-
Loss after income tax of discontinued operations	**(1,340)**	(4,330)
Gain on sale of the division before income tax	**13,995**	-
Income tax expense	**-**	-
Gain on sale of the division after income tax	**13,995**	-
Profit/(loss) from discontinued operations	**12,655**	(4,330)
Net cash outflow from operating activities	**(870)**	(1,130)
Net cash outflow from investing activities	**(182)**	(2,280)
Net cash inflow from financing activities	**-**	842
Net decrease in cash utilised by discontinued operations	**(1,052)**	(2,568)

5 DISCONTINUED OPERATION (continued)

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 21 September 2007 (December 2007 column) and 30 June 2007 are:

	Consolidated	
	Dec 2007	June 2007
	$'000s	$'000s
Cash	**229**	427
Trade and other receivables	**786**	729
Inventories	**606**	456
Property, plant and equipment	**5,327**	5,786
Exploration, evaluation and mining properties	**2,492**	2,310
Other	**298**	290
Total assets	**9,738**	9,998
Trade and other payables	**1,713**	4,018
Provisions	**832**	395
Borrowings	**3,888**	4,229
Total liabilities	**6,433**	8,642
Net assets	**3,305**	1,356

(d) Details of the sale of the discontinued operations

	Half year	
	Dec 2007	Dec 2006
	$'000s	$'000s
Consideration received:		
Value of KimCor Diamonds Plc shares received	**20,157**	-
Total disposal consideration	**20,157**	-
Adjustment of reserves relating discontinued operations	**(2,857)**	-
Carrying amount of net assets sold	**(3,305)**	-
Gain on sale before income tax	**13,995**	-
Income tax expense	**-**	-
Gain on sale after income tax	**13,995**	-

6 CONTINGENCIES

There has been no change in contingent liabilities since the last annual report.

DWYKA RESOURCES LIMITED

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 8 to 17 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

b) there are reasonable grounds to believe that Dwyka Resources Limited 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.

M Sturgess
Chief Executive Officer

Dated at Perth, this 14th day of March 2008.

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INDEPENDENT AUDITOR'S REVIEW REPORT

to the members of Dwyka Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dwyka Resources Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Dwyka Resources Limited Group (the consolidated entity). The consolidated entity comprises both Dwyka Resources Limited (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 the consolidated entity's financial position as at 31 December 2007 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 Dwyka Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual 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 other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website http:/www.pwc.com/au/financialstatementaudit.

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While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 Dwyka Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Pierre Dreyer
Partner

Perth
14 March 2008

DWYKA RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

CORPORATE DIRECTORY

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ADVISER AND BROKER	Ambrian Partners Limited 8 Angel Court London EC2R 7HP United Kingdom	
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LAWYERS TO THE COMPANY	Australia: Clayton Utz QV1 250 St Georges Tce PERTH WA 6000 South Africa: Werksmans Attorneys 155 – 5th Street Sandown Sandton 2196 SOUTH AFRICA	

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AIM CODE	Shares: DWY