



Dwyka
Diamonds
Limited

7 July 2003

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Dear Sir / Madam

**RE: ENCOURAGING RESULTS FROM INDIA FOLLOW UP SAMPLING
PROGRAMME**

- ◆ Sampling in the vicinity of the known Pipes 1- 4 (Chigucherla Cluster) identifies further abundant chromites and ilmenites; possibly indicating an additional undiscovered kimberlite pipe within this cluster.
 - ◆ Eastern extension of the Chigucherla kimberlite corridor returns anomalous kimberlitic indicator minerals, suggesting high potential for further discoveries of pipes.
 - ◆ Sampling in new areas, not part of the known Chigucherla Cluster, returns high priority kimberlitic indicator mineral targets with G-10 garnets.
 - ◆ New targets zones scheduled for immediate follow up.
 - ◆ New exploration permit of 843 km² granted. Area is proximal to the Panna Diamond Mine, which currently produces 45,000 carats per year at US\$130 per carat.
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Dwyka Diamonds is pleased to announce positive results from follow up sampling programs within the southern portions of the Dwyka Diamond / BHP Billiton Indian Alliance Area carried out during March and April 2003.

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111 samples were collected, focussed in two areas:

1. the immediate vicinity of the current known diamondiferous Pipes 1- 4 (the Chigucherla Cluster), and
2. new areas identified as having high potential for new kimberlite clusters.

Results from the initial 47 sample analyses to date are discussed below.

Chigucherla Kimberlite Cluster Area

Detailed sampling in the vicinity of the Chigucherla kimberlite cluster has successfully identified an anomaly in a minor drainage within 1.8 kilometres of Pipe No.4 (microdiamond grades to 35 cpht) with abundant kimberlitic chromites of similar chemistry to Pipe No.4. Some limited potential exists for the recovered chromites to have been sourced from the known pipe, despite a drainage divide between the current sample and Pipe 4.

Elsewhere in the pipe cluster corridor detailed sampling has upgraded the potential for undiscovered kimberlites in close vicinity to the known pipes, with several samples returning significant numbers of chromites from minor tributaries that are unlikely to be sourced from the known pipes.

Sampling to the east of the existing kimberlite cluster corridor has successfully delineated new, previously untested, zones with anomalous kimberlitic chromite results extending up to 8.0 kilometres to the east of Pipe No.1. Dwyka believes that the potential for easterly strike extensions of the kimberlitic corridor, with undiscovered pipes, remains high.

Follow up ground geophysics, loam and grid geochemical sampling programs are planned for these areas.

New potential kimberlite areas

Results to date from two drainages previously identified as having high potential to host kimberlites, have returned significant numbers of diagnostic kimberlitic indicator minerals and imply the presence of hitherto undiscovered kimberlites.

The most significant of these drainages returned two sub-calcic G-10 garnets with low Fe and Ti, several high Cr/Mg chromites and ilmenites from a closed drainage basin of less than 10km². The presence of the G-10 garnets, sourced from the diamond stability field and the encouraging chromite and ilmenite chemistry highlights the potential for this new kimberlitic source to both host and preserve diamonds.

The other encouraging sample returned numerous kimberlitic chromites from an area closed by further sampling to less than 9 km². Both results are additionally

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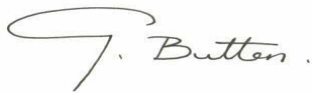
significant as they are remote from the currently known pipe cluster, with further detailed sampling and ground geophysics planned as an immediate priority during July.

The remaining 64 results of the programme currently outstanding are due within the next fortnight. These samples cover further zones within the Alliance tenements identified by anomalous first pass sampling results as having the potential to host further kimberlite occurrences.

Reconnaissance permit granted to Dwyka/BHP Billiton Alliance

Dwyka Diamonds has been advised that an 843 km² Reconnaissance Permit in the state of Madhya Pradesh has been granted to its Indian Alliance partner BHP Billiton during June. The granted permit is strategically located with respect to the producing Majhgawan - Panna Diamond Mine (45 000 carats per annum at USD \$ 130 per carat) on the Bundelkhand Cratonic Block. This grant represents the first of a series of further Reconnaissance Permits anticipated to be granted to the Alliance over the next few months by the Indian Federal Government.

Yours faithfully
Dwyka Diamonds Limited



GRANT BUTTON
Company Secretary

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