



Dwyka
Diamonds
Limited

17 October 2005

RECOMMENCEMENT OF OPERATIONS AT BLAAUWBOSCH DIAMOND MINE

The directors of Dwyka Diamonds Limited (“Dwyka” or “the Company”) are pleased to announce the recommencement of operations at its recently acquired Blaauwbosch Mine.

The refurbished plant recommenced operations on 10 October 2005, on a feed of old tailings material. No problems were encountered and the plant is now operating one shift per day. Shaft sinking is currently ahead of schedule in preparation for the mining and processing of underground ore at a capacity of 10,000 tonnes per month by April 2006.

During the evaluation of Blaauwbosch Mine by Dwyka Diamonds, re-processing of tailings alone gave a recovery of about 14 carats per hundred tonnes (cpht) and a diamond value of US\$ 30 per carat. With the present exchange rate of approximately R6.50/US\$, the revenue from tailings re-treatment alone will be more than double the plant operating costs.

At full production the Company anticipates processing 10,000 tonnes per month to produce about 42,000 carats of diamonds per annum, with an annual value of approximately US\$3.5-4 million.

Dwyka acquired the Blaauwbosch Mine in August 2005.

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