



Dwyka
Diamonds
Limited

10 August 2004

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

Dear Sir,

RE: Placing of up to 16.5m ordinary shares to raise £4.3 million for the acquisition and development of diamond projects in South Africa

Highlights

- **Successful raising of GBP4.3m from UK institutional investors**
 - **Funds to be applied to the acquisition and development of a selection of producing diamond mines in the Northern Cape Province of South Africa**
 - **Will complete Dwyka's transition from an exploration company to a hard rock diamond mining company**
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Dwyka Diamonds Limited ("Dwyka" or "the Company") announces that 9,000,000 fully paid ordinary shares ("Placing Shares") have been placed and Dwyka has agreed to place a further 7,532,500 fully paid ordinary shares ("Further Placing Shares"), subject to shareholder approval, with institutional and other investors by Williams de Broë Plc at a price of 26 pence (Aus\$0.67) per share.

Application has been made for the 9,000,000 Placing Shares, which will rank pari passu with the existing ordinary shares of the Company, to be admitted to trading on the Alternative Investment Market of the London Stock Exchange plc ("Admission") and to be quoted on the Australian Stock Exchange ("ASX"). Admission is expected to become effective and dealings in the Placing Shares to commence at 8.00 a.m. on Friday, 13th August 2004.

The issue by the Company and the subsequent placing of the Further Placing Shares is subject to shareholder approval at an extraordinary general meeting to be held during September 2004 (the "EGM"). A circular will soon be sent to shareholders giving notice of the EGM with an accompanying form of proxy. If shareholder approval is granted at the EGM, the Company will issue the Further Placing Shares and application for the admission of the Further Placing Shares to AIM and for the quotation of the Further Placing Shares on the ASX will take place as soon as practicable thereafter.

Net proceeds of the total placing will be approximately £4.1 million (Aus\$10.6 million) and will be used primarily to expand Dwyka's operations through the acquisition and development of one or more of the following projects in South Africa:

Dancarl Diamond Mine ("Dancarl")

The Dancarl Diamond Mine is located adjacent to Dwyka's Bosele project near Kimberley in South Africa. It is currently owned by De Beers Consolidated Mines Limited and is on care and maintenance. Dwyka has been selected as one of six preferred bidders for Dancarl and as such lodged an unconditional offer to acquire Dancarl on 5th August 2004.

Hard rock projects

Dwyka has identified and been granted options to acquire four separate hard rock projects near Kimberley in South Africa. The four projects are the Blaaubosch mine, New Elands, Zoet and Zuur and Newlands. Dwyka is currently undertaking due diligence activities on these four projects.

Melissa Sturgess, Chief Executive Officer of Dwyka, commented:

"We are delighted at the support of our UK shareholders for this placement which will see Dwyka make the transition from a diamond exploration company to a fully fledged hard rock diamond mining company".

Yours faithfully
Dwyka Diamonds Limited



Melissa Sturgess
Chief Executive Officer

For further information please contact:

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