



Dwyka  
Diamonds  
Limited

20 December 2006

### **Extension of term of shareholder loan made in conjunction with issue of shares under Dwyka Diamonds Share Plan**

Dwyka Diamonds Limited ("**Dwyka**" or the "**Company**") wishes to announce the extension of the term of loans made to employees and some directors ("**Recipients**") in conjunction with the issue to the Recipients of \$0.52 shares in the capital of the Company ("**Shares**") pursuant to the Dwyka Diamonds Share Plan (approved by shareholders on 28 November 2003). The loans in question were formerly due to expire on 18 December 2006 and provide that the amount repayable is the lesser of the issue price of the Shares and the last sale price of the Shares on the loan repayment date. However, in view of the fact that shares in the Company are currently trading below the issue price for the Shares, the Company would suffer a financial loss if the loans were to be repaid on the former due date. In addition, the Board has considered that if Recipients were currently required to repay the loans it would be likely that some or all of those Recipients would sell significant numbers of Shares in order to finance such repayment, with potentially detrimental consequences for the Company's share price.

Accordingly, the Company and the Recipients have agreed that the loans will now expire on 21 December 2008, being the same date as that on which other loans made to Dwyka personnel in conjunction with issues of shares under the Plan and the 2005 Dwyka Diamonds Share Plan expire.

Yours faithfully

**Dwyka Diamonds Limited**

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**Mike Langoulant**  
Chief Financial Officer