



Dwyka
Diamonds
Limited

11 August 2004

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

Dear Sir,

Re: Notice of General Meeting

Please find attached a Notice of General Meeting, Explanatory Memorandum and Proxy form which are being mailed to shareholders today.

Yours faithfully
Dwyka Diamonds Limited

Michael Langoulant
Company Secretary

For further information please contact:

In Australia:
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Dwyka Diamonds Limited
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Williams de Broë Plc
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DWYKA DIAMONDS LIMITED

ACN 060 938 552

NOTICE OF GENERAL MEETING

and

EXPLANATORY MEMORANDUM

Date of Meeting: Monday 13 September 2004

Time of Meeting: 9.30am (WST)

Place of Meeting: Sandalwood Room
Ground Floor
Holiday Inn City Centre
788 Hay Street
Perth, Western Australia

This Notice of General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

DWYKA DIAMONDS LIMITED
ACN 060 938 552

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Dwyka Diamonds Limited ("**Company**") will be held at the Sandalwood Room, Ground Floor, Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia at 9.30am (WST) on Monday 13 September 2004.

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes the various matters to be considered and contains a glossary of defined terms for terms that are not defined in full in this Notice of Meeting.

AGENDA

RESOLUTIONS

1. Ratification of issue of Shares to clients of Williams de Broë

To consider and, if thought fit, to pass, with or without amendment, the following ordinary resolution:

"That, for the purposes of Listing Rule 7.4 and all other purposes, the members of the Company hereby approve and ratify the issue of 9 million Shares at an issue price of £0.26 per Share to clients of Williams de Broë, on the terms and conditions contained in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by any person who participated in the issue and an associate of any of those allottees. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
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2. Issue of Shares to clients of Williams de Broë

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

"That, for the purposes of Listing Rule 7.1 and all other purposes, the members of the Company hereby approve and authorise the issue to clients of Williams de Broë of up to 10 million fully paid ordinary shares in the capital of the Company at an issue price of £0.26, on the terms and conditions contained in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any associate of those persons. However, the Company will not disregard a vote if it is cast as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form or it is cast by a person who is chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form as the proxy decides.
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BY ORDER OF THE BOARD



Michael Langoulant
Company Secretary
DATED: 11 August 2004

PROXY AND VOTING ENTITLEMENT INSTRUCTIONS

PROXY INSTRUCTIONS

Shareholders are entitled to appoint up to two persons (including a body corporate) individuals to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. If a body corporate is appointed as proxy, the body corporate may appoint an individual as a representative to exercise its powers at the meeting.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the Company's office, Level 4, HPPL House, 28-42 Ventnor Avenue, West Perth WA 6005, +61 8 9324 2977, not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a shareholder of the Company.

In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this Notice.

VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 9.30am on Monday 13 September 2004. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

DWYKA DIAMONDS LIMITED
ABN 98 060 938 552

PROXY FORM

Dwyka Diamonds Limited, Level 4, HPPL House, 28-42 Ventnor Avenue, West Perth WA 6005,
Facsimile +61 8 9324 2977

I/We _____

of _____

being a shareholder/(s) of Dwyka Diamonds Limited ("**Company**") and entitled to

_____ shares in the Company

hereby appoint _____

of _____

or failing him/her _____

of _____

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at the Sandalwood Room, Ground Floor, Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia at 9.30am (WST) on Monday 13 September 2004 and at any adjournment thereof in respect of _____ of my/our shares or, failing any number being specified, **ALL** of my/our shares in the Company.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is []%.
(An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a resolution, the proxy may abstain or vote at his or her discretion.

In relation to undirected proxies, the Chairman intends to vote in favour of all of the Resolutions.

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of a resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

I/we direct my/our proxy to vote as indicated overleaf:

DWYKA DIAMONDS LIMITED
ABN 98 060 552

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be considered at the general meeting of Shareholders to be held at the Sandalwood Room, Ground Floor, Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia at 9.30am (WST) on Monday 13 September 2004.

The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. For the assistance of Shareholders, a glossary of defined terms is included at the end of the Explanatory Memorandum.

Full details of the business to be considered at this General Meeting are set out below.

1. Background

Dwyka is currently considering expanding its operations through the acquisition of one or more of the following projects in South Africa:

- (a) Dancarl Diamond Mine - 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 6 preferred bidders for the Dancarl Diamond Mine. Unconditional tenders for the Dancarl Diamond Mine are required to be submitted by 5 August 2004.
- (b) Four hard rock projects - Dwyka has identified and been granted options to acquire four hard rock projects near Kimberley in South Africa. The four projects are Blaaubosch mine, New Elands, Zoet and Zuur and Newlands. Dwyka is currently undertaking due diligence activities on these four projects.

Dwyka requires funds to acquire and develop one or more of these projects. Accordingly, Dwyka completed the placement referred to in resolution 1 to raise £2,340,000 and proposes to complete a further placement, (as referred to in resolution 2) to raise up to a further £2,600,000.

2. Resolution 1 - Ratification of issue of Shares to clients of Williams de Broë

The Company issued 9 million Shares to clients of Williams de Broë on 10 August 2004.

2.1 Listing Rule 7.4

Resolution 1 seeks shareholder ratification for the offer and issue of Shares to the clients of Williams de Broë for the purposes of Listing Rule 7.4.

The purpose of seeking shareholder approval and ratification of the issue of Shares is to effectively reinstate the maximum limit under the Listing Rules on the number of securities that Dwyka may issue in any 12 month period without shareholder approval.

2.2 Disclosure Requirements

In accordance with the disclosure requirements of Listing Rule 7.5, the following information is provided to Shareholders to enable them to consider and ratify the issue of Shares to the clients of Williams de Broë:

- (a) The number of Shares allotted was 9 million.
- (b) The issue price of the Shares was £0.26.
- (c) The Shares rank equally with all existing Shares.
- (d) The allottees of the Shares were clients of Williams de Broë.
- (e) Funds raised through the placement will be used to acquire and develop the Dancarl Diamond Mine, if Dwyka is successful in its tender for the mine. It is anticipated that, if Dwyka is unsuccessful in its tender bid, then the funds raised through the placement may be utilised for the purchase and development of one or more of the four hard rock diamond projects under option, as referred to in section 1 of this Explanatory Memorandum.

3. Resolution 2 - Issue of Shares to clients of Williams de Broë

3.1 Listing Rule 7.1

Listing Rule 7.1 restricts a company from issuing equity securities which, in any 12 month period, would amount to more than 15% of the company's total shares on issue 12 months before the date of the proposed issue. However, issues of equity securities made with the prior approval of the shareholders in a general meeting are not subject to this restriction and will not be counted as part of the 15% limit. Accordingly, if shareholders of the Company pass Resolution 2, the Shares issued to clients of Williams de Broë will not be counted towards the 15% limit in respect of issues of equity securities in the following 12 month period.

3.2 Listing Rule 7.3 disclosure requirements

In accordance with the requirements of Listing Rule 7.3, the following information is provided to members to allow them to assess the proposed issue of Shares:

- (a) The maximum number of securities to be issued pursuant to Resolution 2 is 10 million Shares.
- (b) The issue of the Shares will occur no later than three (3) months after the date of the Meeting, or such later date approved by ASX. The directors of Dwyka presently intend to issue the Shares as one allotment. However, they reserve the right to issue the Shares progressively.
- (c) The issue price of the Shares is £0.26.
- (d) The allottees of the Shares are clients of Williams de Broë.
- (e) The Shares will, from the date of issue, rank equally with all other Shares on issue.
- (f) Funds raised through the placement will be used to acquire and develop the Dancarl Diamond Mine, if Dwyka is successful in its tender for the mine. It is anticipated that if Dwyka is unsuccessful in its tender bid, then the funds raised through the placement may be utilised for the purchase and development of one or more of the four hard rock diamond projects under option, as referred to in section 1 of this Explanatory Memorandum.

4. Glossary of Terms

The following terms and abbreviations used in the Notice of Meeting and this Explanatory Memorandum have the following meanings:

"**ASX**" means Australian Stock Exchange Limited.

"**Company**" and "**Dwyka**" means Dwyka Diamonds Limited, ACN 060 938 552.

"**Explanatory Memorandum**" means this explanatory memorandum.

"**Listing Rules**" means the official listing rules of ASX.

"**Meeting**" means the general meeting of Shareholders to be held at Sandalwood Room Ground Floor Holiday Inn City Centre 788 Hay Street Perth, Western Australia at 9.30am on Monday 13 September 2004 or any adjournment thereof.

"**Notice of Meeting**" means the notice of the Meeting which accompanies the Explanatory Memorandum.

"**Resolution**" means a resolution in the Notice of Meeting.

"**Shareholders**" means registered holders of Shares.

"**Shares**" means fully paid ordinary shares in the capital of the Company.