



Dwyka  
Diamonds  
Limited

31 July 2003

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

Dear Sir / Madam

**RE: DWYKA PARTNERS WITH BLACK ECONOMIC EMPOWERMENT  
GROUP TO SECURE EX DE BEERS DIAMOND FISSURE**

- **Dwyka and BEE partner awarded prospecting permit on ex De Beers diamond fissure property**
- **Dwyka to own 70%, with BEE partner owning 30%**
- **Permit area interpreted as being extension of fissures being mined successfully at Messina, and historically at Dancarl**

The directors of Dwyka Diamonds Limited ("Dwyka") are pleased to announce that, together with black economic empowerment group, Kolong Investment Holdings (Propriety) Limited ("Kolong"), they have been granted a prospecting permit on approximately 3.6km of strike along the Bobbejaan diamond fissures located south of the Dancarl Mining Lease area in the Northern Cape Province in South Africa, approximately 80km north of Kimberley.

#### **Permit area**

The prospecting permit covers a mineralized kimberlitic fissure, which outcrops at surface, and is interpreted as being the extension of the fissures being mined successfully at Messina and historically at Dancarl. The property was released back to the state by De Beers in late 2002, as it did not meet the requirements for a typical De Beers mine. De Beers earmarked the project for a black economic empowerment group, and is supportive of Dwyka's involvement as a suitable technical and corporate partner.

#### **Local area production**

The nearby Messina Mine has a consistent grade of 70ct/100t with 90% of the recovered stones being of gem quality with an average sale price of US\$175/ct.

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## **BEE partnership**

Dwyka has been in discussions with Kolong for the past 12 months, actively exploring ways in which the two organizations could partner to secure hard rock diamond projects in South Africa which would become available as a result of the Minerals and Petroleum Resource Development Act 2002, commonly referred to as the "use it or lose it legislation". Dwyka and Kolong are confident that this will be the first of a number of projects the partnership will secure. Kolong Investments is headed by David Mogashoa and is based in Taung, near Kimberley, in the Northern Cape of South Africa.

## **Ownership structure**

Dwyka, through its 100% owned subsidiary Supermix Mining (Pty) Limited, will take ownership of 70% of the project and Kolong 30%. Dwyka will fund 100% of the costs of the project through to bankable feasibility status, utilizing remaining plant and equipment from its closed alluvial operations. Mine construction will be funded by each shareholder on a proportional basis. In the event that Kolong is unable to secure finance, Dwyka will assist with its funding requirements, with repayment to come from mine cash flow.

As part of the agreement, Kolong will become 30% shareholders in Biz Afrika (Pty) Ltd, Dwyka's industrial products division based in Kimberley. This percentage gives the industrial division black economic empowerment status enabling it to tender for local community development initiatives in the Northern Cape region.

Scott Huntly and Cedric Bredenkamp have joined the Board of Supermix Mining (Pty) Limited. Scott is a Johannesburg based mining engineer who has been actively involved in the mining industry for 22 years. Cedric was previously the mine manager at De Hoop and has moved across to manage and develop the industrial products division. He is based in Kimberley. Scott and Cedric will be closely involved in the development of the project, which has been named "Bosele" (meaning 'new dawn' in Tswana, one of the official languages of South Africa).

## **Timetable for development**

On receipt of the independent geologist's report, Dwyka will formalize the timetable for a feasibility study. A database of previous drilling by De Beers and other geological information is currently being collated. It is expected that the two pan plants and other equipment from the Company's closed alluvial operations will be fully utilized in this project. The Directors anticipate that the project would be developed using a low cost, contract-out model to reduce risks.

Yours faithfully  
**Dwyka Diamonds Limited**



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**Grant Button**  
**Company Secretary**

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