



7 March 2007

## **Dwyka signs MOU to acquire up to 90% of gold project in Swaziland**

### **Highlights**

- Dwyka secures access to prospective gold project in Swaziland
- Approximately 13,000 metres of drilling completed by previous owners
- Potential for large, high grade gold mineralisation
- Swaziland is Rand common monetary area

Dwyka Diamonds Limited (“**Dwyka**” or the “**Company**”) (London AIM & ASX) today announces that it has signed a legally-binding Memorandum of Understanding (“**MOU**”) with the shareholder of Swazi Gold Ventures (Pty) Ltd (“**SGV**”), the holder of 90% of the issued shares in Swaziland Gold (Pty) Ltd (“**SwaziGold**”), which in turn owns the Swazigold project in Swaziland (the “**Project**”).

### **Swazigold Project**

The Project is located in Swaziland, in the highly prospective Archaean Barberton Greenstone Belt that straddles the border between Mpumalanga Province, South Africa and Swaziland. Such Greenstone Belts host many major gold deposits in South Africa, Canada, and Australia, including the giant Kalgoorlie goldfield. The Barberton Greenstone Belt was the location of the first gold discovery in South Africa, and subsequent gold rush in 1884. Since that time, the belt has produced 11.5 million ounces of gold. Current underground mines include the Fairview, Sheba and Consort mines of Barberton Mines Limited, controlled by Metorex Limited.

Swazigold’s project area is a large 425km<sup>2</sup> ‘greenfields’ exploration play with many targets ranging from ‘walk up’ advanced drilling targets to promising geochemical anomalies. The prospective licence area comprises more than 40km of strike length containing multiple mineralised structures and more than 40 gold showings. Historic detailed drilling has been restricted to the Wyldsdale, Lomati and Daisy prospects where cumulate drilling by previous owners is in excess of 13,000 metres.

Dwyka’s initial conclusion from a review of the geology and of this historic work is that the potential exists for several million tonnes of high grade gold mineralisation.

Under the terms of the MOU, Dwyka has the right to acquire the following percentage shareholding in SGV on the following basis:

- Payment of US\$200,000 plus Dwyka shares to the value of US\$1,500,000 (at market price) – Dwyka earns a 50% interest;
- US\$750,000 worth of Project expenditure by 30 June 2008; payment of US\$200,000 plus Dwyka shares to the value of US\$1,000,000 (at 80% of market price) – Dwyka earns a further 20% interest (total 70%);

- Payment of US\$400,000 plus Dwyka shares to the value of US\$1,000,000 (at 80% of market price) by 30 June 2009; Project expenditure to reach bankable feasibility stage by 30 June 2011 – Dwyka earns a further 15% interest (total 85%); and
- Issue of Dwyka shares to the value of US\$3,000,000 (at 80% of market price) pursuant to the exercise of an option exercisable at any time between 30 June 2009 and 30 June 2011 – Dwyka acquires remaining 20% interest (total 100%).

Under the terms of the MOU, Dwyka will be the manager of the Project, which will be overseen by a management committee in which the vendor shareholder and Dwyka will each have equal representation. Voting will be in accordance with the parties' shareholding percentages in SGV, provided that the manager will have a casting vote in the event of a deadlock.

Dwyka may withdraw from the Project at any time, in which case it will dilute to a 49.9% shareholding in SGV and will relinquish management control. In addition, if such withdrawal occurs after the bankable feasibility stage, Dwyka will have a 2% royalty with respect to all minerals produced from the Project area.

The MOU is intended to be replaced with a more formal agreement which will expand upon its terms and contain the usual range of provisions found in similar documents.

Commenting on the signing today of the MOU, Melissa Sturgess, Executive Chairman of Dwyka said:

“This is another important step for Dwyka in its strategy to become a significant player in the diversified minerals sector. This deal sees Dwyka obtain a controlling interest in a project that is located in an area that has historically been highly prospective for gold, for minimal cash outlay and with the opportunity to increase that interest over time for a fixed consideration.”

The technical exploration and mining information contained in the above announcement has been reviewed by Ed Nealon, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is qualified as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Nealon is a Dwyka Diamonds Ltd Director and provides consulting services via his company, Athlone International Pty Ltd.

Ed Nealon consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

*For further information please contact:*

*Melissa Sturgess (Chairman, Dwyka Diamonds): +618 9324 2955*

*Adrian Griffin(CEO, Dwyka Diamonds): +618 9324 2955*

*Richard Brown(Ambrian Partners): +44 207 776 6417*

*Richard Chase (Ambrian Partners): +44 207 776 6461*

*Laurence Read/Leesa Peters (Conduit PR): +44 207 429 6605 or +44 7979 955 923*

Or visit <http://www.dwykadiamonds.com>