



A.C.N. 060 938 552

QUARTERLY REPORT 31 DECEMBER 2008

DWYKA RESOURCES LIMITED (ASX:DWY.AX; AIM:DWY.L)

Highlights during the Quarter

Revised Exploration and Development Strategy

Muremera Nickel Project in Burundi

- Drilling complete on the first 6 holes of the Phase Two programme
- Two massive sulphide intersections of 4.27 metres and 6.99 metres made in one borehole returning an average weighted composite grade of approximately 1 per cent. nickel equivalent

SwaziGold Project in Swaziland

- Extension of timetable for current work programme

Kimcor Diamonds Plc

- Sale of diamond and industrial assets to Belmont Mining Limited

Corporate

- Decision to preserve cash and subsequent cessation of exploration activities at the Daguma/Bonanza Coal Project in the Philippines
- Cash balances at 31 December 2008 GBP7.3 million (AUD\$15.5 million)



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REVISED EXPLORATION AND DEVELOPMENT STRATEGY

As previously announced, in light of the economic turmoil affecting world stock markets and the financial sector generally the Board has adopted a revised exploration and development strategy.

The Board's new general strategy is to preserve capital during the current economic downturn, both in the interests of protecting shareholder value and in order to maximize cash available to the Company for potential future strategic acquisitions. In line with this strategy, during the Quarter the Board conducted a review of the Company's portfolio of projects and the expenditure commitments associated with those projects. As a result of this review, the decision was made to cease exploration activities at the Daguma/Bonanza coal project in the Philippines, on the basis that continuing involvement in that project would have depleted Dwyka's cash reserves to approximately GBP2.4m by the end of January 2009 with the requirement for a further acquisition payment to be made at that stage. Movements in the AUD:USD exchange rates in the months leading up to the decision to cease had additionally meant that the cost of making such acquisition payments had increased by over 25% since funds were raised for the project in May 2008.

Consistent with the above strategy, the Company also announced during the Quarter that it had renegotiated the timetable for its earn-in under the Swazigold Project, with the current work programme extended until 28 February 2009.

As a final component of the revised strategy, the Company will on an ongoing basis search for and evaluate suitable acquisition opportunities that would add substantial value for Dwyka shareholders when economic conditions stabilize and improve.

MUREMERA PROJECT

During the Quarter a total of 6 holes were drilled as part of Phase Two of BHP Billiton's earn-in programme in relation to the Muremera Project in Burundi ("Project"). Phase Two of BHP Billiton's earn-in predominantly relates to the testing of various targets identified during the initial Phase of exploration

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completed earlier in 2008. The Phase Two drilling to date has resulted in one target, producing two intersections of massive sulphide of 4.27m and 6.99m at depths between 132.61m to 136.88m and 144.8m to 151.79m, respectively, returning an average weighted composite grade of approximately 1 per cent Nickel equivalent.

Detailed results of those intersections are set out in the table below.

Drill Hole (No)	Depth From (m)	Depth To (m)	Intersection (m)	Ni (% wt avg)	Cu (% wt avg)	Co (% wt avg)
RUJA D001	132.61	136.88	4.27	0.68	0.3	0.11
RUJA D001	144.8	151.79	6.99	0.73	0.33	0.11
RUJA D001	132.61	153.8	21.19	0.49	0.21	0.08

The geological environment at Muremera is similar to that at the nearby Kabanga deposit, which is currently estimated to contain a resource of 48.1 Mt @ 2.72% Ni, 0.38% Cu, 0.51 g/t PGM (3.05% Ni eq.).

BHP Billiton has the option to spend a minimum of US\$5.2 million on the Project, to earn up to a 50% interest in Danyland Limited, the Dwyka subsidiary which holds the exploration rights for the nickel and associated minerals within the Project area. BHP Billiton spent a total of approximately US\$4.2 million in relation to the Project during Phase One.

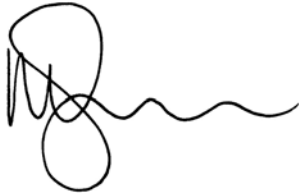
SWAZIGOLD PROJECT

On 29 October 2008, Dwyka announced that it had successfully renegotiated the timetable for the work programme (and the corresponding project earn-in schedule) in relation to the SwaziGold project ("SG Project"), so as to extend the current project phase to 28 February 2009. Approximately US\$22,000 further in exploration expenditure in relation to the SG Project is required in order to be able to increase its interest in Swazi Gold Ventures (Pty) Ltd (the holder of a 90% interest in the SG Project company) from 50% to 70%.

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KIMCOR DIAMONDS PLC

During the Quarter, Kimcor Diamonds Plc ("**KimCor**"), in which Dwyka has a shareholding of 48%, announced that it had signed a Sale of Shares Agreement with Belmont Mining Limited ("**Belmont**") pursuant to which KimCor would effectively dispose of its diamond and industrial businesses via the sale to Belmont of all of the shares in the KimCor subsidiaries acting as holding companies for those businesses, in return for Belmont assuming liabilities in relation to those businesses and paying £500,000 in cash to KimCor. The signing of this agreement came in response to a dramatic downturn in the market for rough and unpolished diamonds as a consequence of the global financial crisis and resultant concerns about the future profitability for KimCor of its Southern African-based diamond assets. The agreement, which was subject to the approval of KimCor shareholders in general meeting, became unconditional when such approval was obtained at the KimCor EGM held on 8 January 2009. At that EGM, KimCor shareholders also voted to change the name of the company to Carlton Resources Plc.

A handwritten signature in black ink, appearing to read "Melissa Sturges", with a wavy line extending to the right.

MELISSA STURGES
Chief Executive Officer

The technical exploration and mining information contained in the above announcement has been reviewed and approved 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 Resources Limited Director and meets the criteria of a qualified person under the AIM guidance note for mining, oil and gas companies.

Ed Nealon consents to the inclusion in this announcement of such information in the form and context in which it appears.



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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

DWYKA RESOURCES LIMITED

ACN or ARBN

98 060 938 552

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	20,617
1.2 Payments for (a) exploration and evaluation	(451)	(1,958)
(b) development	-	-
(c) production	-	-
(d) administration	(465)	(1,024)
1.3 Dividends received		
1.4 Interest and items of a similar nature received	124	328
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other FOREX		
Net Operating Cash Flows	(792)	17,963
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		(2,598)
(b)equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other		
Net investing cash flows		(2,598)
1.13 Total operating and investing cash flows (carried forward)	(792)	15,365

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(792)	15,365
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – capital raising costs		(378)
	Net financing cash flows		(378)
	Net increase (decrease) in cash held	(792)	14,987
1.20	Cash at beginning of quarter/year to date	17,015	472
1.21	Exchange rate adjustments to item 1.20	(735)	29
1.22	Cash at end of quarter	15,488	15,488

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	85
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	
Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	229	169
5.2 Deposits at call	15,229	16,816
5.3 Bank overdraft		
5.4 Other – rental bonds	30	30
Total: cash at end of quarter (item 1.22)	15,488	17,015

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference securities <i>(description)</i>	-	-		
7.2 Changes during quarter				
7.3 +Ordinary securities	188,583,777	188,583,777	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>		-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	125,000 500,000 450,000	- - -	<i>Exercise price</i> \$0.52 \$0.31 \$0.95	<i>Expiry date</i> 30/6/2010 30/6/2010 30/6/2009
7.8 Issued during quarter				
7.9 Exercised during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.10 Expired (cancelled) during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30 January 2009
Company Secretary
Print name: Michael Langoulant

Notes

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- 1 This quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
 - 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
 - 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
 - 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
 - 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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