



Dwyka  
Diamonds  
Limited

17 March 2003

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

Dear Sir / Madam

**RE: Dwyka Diamonds continues Indian exploration programme**

Diamond exploration has recommenced within the southern portions of the Dwyka / BHP Billiton Indian Alliance area following on from successful and encouraging results gained from drill testing and assessment of the 4 diamondiferous kimberlite pipes on Dwyka controlled tenements during the December 2002 quarter, and announced on 4 February 2003.

The 2002 drilling program and micro-diamond assessment of the Chigucherla kimberlite pipe cluster indicates that all of the currently known pipes within the cluster are diamondiferous. In particular, encouraging micro-diamond grades (up to 35 cph) have been returned from each of the two drill holes into Pipe No.4. Importantly, assessment of the indicator mineral chemistry of the four pipes indicates that two of these kimberlites have sampled a highly prospective diamondiferous mantle based on a high proportion of diamond associated G10 garnets recovered from Pipe 4 and Pipe 5. Whilst Dwyka's alliance partner, BHP Billiton, regards Pipe 4 as unlikely to be economic, the positive diamond indicator mineral chemistry of Pipes 4 and 5 highlights the potential of any new discoveries of kimberlite pipes within the cluster to be economic for large scale mining.

The likelihood of further discoveries of diamondiferous kimberlite pipes in the Chigucherla cluster is considered moderate to high since existing known kimberlite clusters within India commonly contain from 7 to 40 separate intrusions. Only 5 pipes have been identified to date within the Chigucherla cluster, however the area is yet to receive the required levels of modern exploration that has successfully located numerous, new pipes in other parts of India.

Broad spaced sampling in the vicinity of the known pipes, has identified several multiple kimberlitic indicator mineral anomalies, unrelated to the existing pipes, and

hence potentially derived from a new pipe within the cluster. Follow up close spaced drainage sampling, designed to locate any new pipes, is currently underway in these areas. An additional high priority area of approximately 100km<sup>2</sup> to the immediate east of the kimberlite cluster (with no known previous history of exploration) is being sampled to assess the potential extension of the known kimberlite cluster corridor. It is anticipated that results from these programs will be available during the June quarter.

Permits to fly airborne geophysical surveys over the kimberlite cluster and other prospective portions of the Dwyka-controlled licences have been lodged with the relevant state governments. These detailed surveys are designed to locate concealed kimberlites within the Chigucherla cluster and kimberlites not sufficiently well drained to be detected in stream sediment sampling programs to date. Surveys are scheduled to commence in October following the Indian summer.

Regionally, BHP Billiton, on behalf of the Dwyka Diamonds / BHP Billiton alliance, has lodged numerous exploration permit applications covering large areas of the highly prospective but poorly explored Archaean Dhawar craton within the states of Andhra Pradesh and Karnataka. The applications are in close proximity to several new kimberlite discoveries, with the Dharwar craton the subject of application and exploration competition with other diamond majors, DeBeers and Rio Tinto. Sampling of these new licences will take place upon grant, which is expected within the next few months.

Yours faithfully  
Dwyka Diamonds Limited

A handwritten signature in black ink, appearing to read 'M. Sturgess', with a long, wavy horizontal line extending to the right.

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**MELISSA STURGESS**  
Executive Director