



Dwyka  
Diamonds  
Limited

27 June 2006

## FIRST DIAMONDS FROM DE BEERS TAILINGS RE-TREATMENT PROJECT

Dwyka Diamonds, ('Dwyka' or 'the Company'), the AIM and ASX quoted diamond developer and producer, today announced that commercial recovery of diamonds from its De Beers tailings re-treatment project - located in Kimberley, South Africa - commenced on 14 June 2006.

Originally, Dwyka's state-of-the-art dense media separation plant was designed to process throughput of 50,000 tonnes per month ('tpm'); however, modifications during the course of construction have resulted in surplus installed capacity. Initial commissioning tests confirmed that the planned production targets should be easily achieved. The Company will maintain a target of 50,000 tpm for July and August before commencing throughput optimisation to realise the additional installed capacity.

Primary diamond recovery at Dwyka's plant is achieved by way of X-ray sorting. Following this, more conventional technology - that is, a purpose-built, high-capacity grease belt that processes all the tailings discharge from the X-ray sorters - provides a recovery safety net and maximises the performance of the recovery section.

Once stable operations at full capacity are achieved, a de-bottlenecking programme will be implemented to identify capacity restrictions. At that stage, a cost-benefit analysis of modifications will be reviewed, with the aim of increasing output on a regular basis and optimising operating costs.

Under the terms of Dwyka's agreement with De Beers, the Company is paid a fixed amount to treat the material on a contract basis. This means no exposure to operating costs at designed throughput. Once operating costs are deducted, Dwyka shares the diamond revenue with De Beers.

Dwyka retains 40 per cent equity in the re-treatment operation through Supermix, its 100 per cent owned South African subsidiary, with the balance of the project held by Dwyka's preferred BEE partner, Kolong Investment Holdings (Pty) Limited.

Today, Adrian Griffin, Dwyka's CEO, commented that: "We are regularly achieving design production rates from the new plant, and the benefits of our construction modifications are obvious. These modifications should allow throughput of 80,000-100,000 tpm with minimal further adjustments. The commissioning process has stretched our staff but their dedication is commendable and I would like to publicly congratulate them on their success."

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