



Dwyka
Diamonds
Limited

13 April 2005

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

Dear Sir,

RE: Share and option plans

Existing share and option plans

Dwyka Diamonds Limited ("Dwyka" or "the Company") announces today that it has made final offers under its existing share and option plans, which were approved by shareholders on 28 November 2003. Offers have been made to:

- (a) an employee of the Company to acquire 250,000 options exercisable at 87 cents each on or before 30 June 2009 under the terms of the existing option plan; and
- (b) Mr Evan Kirby, a director of the Company, and Mr Mike Langoulant, Dwyka's Company Secretary, to apply for a total of 250,000 shares and 500,000 shares respectively at an issue price of 87 cents per share, under the terms of the existing Share Plan.

Options granted under the existing Option Plan will not be quoted on the Australian Stock Exchange ("ASX") or admitted to trading on the AIM Market of the London Stock Exchange ("AIM"), and may not be transferred without the prior written approval of the board of Dwyka. The options will be exercisable only after specified time periods have elapsed. Shares which are issued as a result of the exercise of the options will rank equally in all respects with shares already in issue and the Company will apply for the quotation of those shares on ASX and admission to trading on AIM. Shareholder approval of the grant of the options is not required. Notification will be provided when the options have been granted.

The invitations to apply for shares under the existing share plan are subject to shareholder approval at a forthcoming general meeting of shareholders, details of which will be disclosed shortly. Any shares issued under the existing share plan will not be quoted on ASX or admitted to trading on AIM, and may not be sold or otherwise dealt with until certain time periods have elapsed. Full details of the terms of the share offers will be set out in a forthcoming notice of general meeting.

The purpose of the issue of securities under the existing share and option plans is to reward the recipients for their past performance and to provide long term incentives for participation in the Company's growth.

No further offers of securities will be made under the existing share and option plans.

Replacement share and option plans

Since the establishment of Dwyka's existing share and option plans, the Company's financial position and circumstances have changed materially and the Company has undergone considerable change. To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of directors and employees of a high calibre, the Company has established revised share and option plans ("Replacement Share Plan" and "Replacement Option Plan").

The Company proposes to issue not more than six million securities (being a combination of shares and options) under the Replacement Share Plan and Replacement Option Plan over the life of the plans.

Dwyka has today made offers to apply for shares, under the terms of the Replacement Share Plan, to certain directors, employees and consultants. This includes offers of 1,000,000 shares to each of the following directors, Mr Edward Nealon and Ms Melissa Sturgess and 500,000 shares to each of Mr Evan Kirby and Mr Mike Langoulant (Company Secretary). The issue price of the shares offered under the Replacement Share Plan is \$1.00 per share. The average weighted trading price of shares on ASX during the five trading days immediately before the date of the offer was 87 cents.

In addition to the 3,000,000 shares referred to above, Dwyka has offered 350,000 shares to employees under the Replacement Share Plan, at an issue price of \$1.00 each and 1,150,000 options to employees under the Replacement Option Plan exercisable at \$1.00 each.

The invitations under the Replacement Share Plan and Replacement Option Plan are subject to shareholder approval which will be sought at a forthcoming general meeting of shareholders.

Shares offered under the Replacement Share Plan may not be transferred or otherwise dealt with, and will not be quoted on ASX, until any loan in respect of the shares has been repaid and 12 months (in relation to one third of the shares offered), 24 months (in relation to the another third of the shares offered) and 36 months (in relation to the final third of the shares offered) has passed from the date of issue.

Options offered under the Replacement Option Plan are exercisable at \$1.00 on or before 30 June 2009, provided that one third of the options granted are exercisable not earlier than 12 months after the date of their grant, another third of the options granted are exercisable not earlier than 24 months after the date of their grant and the final third of the options granted are exercisable not earlier than 36 months after the date of their grant. The options will not be quoted on ASX or admitted to trading on AIM, and may not be transferred without the prior written approval of the Board of Dwyka.

As referred to above, the purpose of issues of securities under the Replacement Share Plan and Replacement Option Plan is, amongst other things, to reward the recipients for their past performance and to provide long term incentives for participation in Dwyka's growth. The

plans will be used as part of the remuneration planning for executive directors and employees.

Full details of the terms of the Replacement Share Plan and Replacement Option Plan and of the offers under those plans will be set out in a notice of general meeting to be sent to shareholders.

Yours faithfully
Dwyka Diamonds Limited



Melissa Sturgess
Chief Executive Officer

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