



Dwyka
Diamonds
Limited

28 September 2004

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

Dear Sir,

RE: Nooitgedacht diamond grades improve

Recovered diamond grades at Nooitgedacht have continued to improve as selective mining has moved into a high-grade area characterised by large boulders in a sand and gravel matrix.

Last week's greasing of 6,046 tonnes of material resulted in a grade of 1.67 carats per hundred tonnes. 101 carats were recovered including the following larger stones:

1 x 6.04 carat
1 x 4.85 carat
1 x 4.96 carat
1 x 6.81 carat
1 x 5.06 carat

The upgrade of the screening section ahead of the pan plant has allowed coarse rock to be removed by dry screening on a vibrating grizzly whilst sand is removed by wet screening on a polyurethane deck screen. The remaining gravel is fed to the pan plant for diamond recovery. Whilst 10,000 tonnes of plant feed per month remains the target for Nooitgedacht, current operations confirm that selective mining of smaller tonnages results in improved grades and stone sizes.

Nooitgedacht production will be held back from tender until the end of December. Stones recovered during this period will be independently valued as part of Dwyka's reassessment of its diamond marketing strategy going forward.

Yours faithfully
Dwyka Diamonds Limited

Melissa Sturgess
Chief Executive Officer

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