



Dwyka
Diamonds
Limited

20 April 2006

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

Dear Sir,

RE: Issue of Options under the Dwyka Diamonds Option Plan and Appendix 3B

Please find attached the following announcement for immediate release to the market.

Yours faithfully
Dwyka Diamonds Limited

Mike Langoulant
Company Secretary



Dwyka
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20 April 2006

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

Dear Sir,

RE: Issue of Options under the Dwyka Diamonds Option Plans

Dwyka Diamonds Limited ("Dwyka") announces that in accordance with the shareholder approval received on 28 November 2003 and 30 November 2005, it has today issued 1,500,000 options under the terms of the Dwyka Diamonds Option Plans to employees of the Company.

Existing Option Plan

Of the options issued today, 250,000 were issued under the terms of the Dwyka Diamonds Option Plan, approved by shareholders on 28 November 2003, and they will not be quoted on ASX or AIM, and may not be transferred without the prior written approval of the Board of Dwyka. The 250,000 Options issued today are exercisable at \$0.87 each on or before 30 June 2009. The employees may only exercise their Options in the following tranches:

in respect of:

- (i) one third of the options issued, 12 months after the deemed date of the issue of the options (21 December 2006);
- (ii) another one third of the options issued, 24 months after the deemed date of the issue of the options (21 December 2007); and
- (iii) the remaining one third of the options issued, 36 months after the deemed date of the issue of the options (21 December 2008).

Replacement Option Plan

The remaining 1,250,000 Options issued were issued under the terms of the Dwyka Diamonds Replacement Option Plan, approved by shareholders on 30 November 2005, and they will not be quoted on ASX or AIM, and may not be transferred without the written approval of the Board of Dwyka. The 1,250,000 Options today are exercisable at \$1.00 each on or before 30 June 2009. The employees may only exercise their Options in the following tranches:

in respect of:

- (i) one third of the options issued, 12 months after the deemed date of the issue of the options (21 December 2006);
- (ii) another one third of the options issued, 24 months after the deemed date of the issue of the options (21 December 2007); and
- (iii) the remaining one third of the options issued, 36 months after the deemed date of the issue of the options (21 December 2008).

Shares which are issued as a result of the exercise of options granted under the Option plan will rank pari passu in all respects with all Shares on issue, and the Company will apply for quotation of those Shares on ASX and AIM.

Yours faithfully
Dwyka Diamonds Limited



Mike Langoulant
Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

DWYKA DIAMONDS LIMITED

ABN

98 060 938 552

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1,500,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <ul style="list-style-type: none">▪ 250,000 Options exercisable at \$0.87 each on or before 30 June 2009, subject to the restrictions referred to in section 4 below▪ 1,250,000 Options exercisable at \$1.00 each on or before 30 June 2009, subject to the restrictions referred to in section 4 below |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>The options will not be quoted on ASX or AIM, and may not be transferred without written approval of the Board of Dwyka. The employees may only exercise their options in the following tranches.</p> <p>in respect of:</p> <ul style="list-style-type: none"> (i) one third of the options issued, 12 months after the deemed date of the issue of the options (21 December 2006); (ii) another one third of the options issued, 24 months after the deemed date of the issue of the options (21 December 2007); and (iii) the remaining one third of the options issued, 36 months after the deemed date of the issue of the options (21 December 2008).
<p>5 Issue price or consideration</p>	<p>Nil</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The options were issued pursuant to the Dwyka Diamonds Option Plan, which was established to ensure that the company has appropriate incentives to continue to attract and retain the services of directors and employees of a high calibre.</p>
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>19 April 2006</p>

+ See chapter 19 for defined terms.

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	92,737,135	Ordinary Shares

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	2,000,000	DWYAQ – Option Expiring 30.06.06 at \$1.47 each.
	1,100,000	DWYAS – Option Expiring 30.06.07 at \$0.52 each.
	250,000	DWYAS – Option Expiring 30.06.09 at \$0.87 each.
	1,250,000	DWYAS – Option Expiring 30.06.09 at \$1.00 each.

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	
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Part 2 - Bonus issue or pro rata issue - not applicable

- | | |
|---|--|
| 11 Is security holder approval required? | |
| 12 Is the issue renounceable or non-renounceable? | |
| 13 Ratio in which the +securities will be offered | |
| 14 +Class of +securities to which the offer relates | |
| 15 +Record date to determine entitlements | |
| 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 Policy for deciding entitlements in relation to fractions | |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- | | | |
|----|---|--|
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7. | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their | |

+ See chapter 19 for defined terms.

- entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities - not applicable

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which
 +quotation is sought

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39 Class of +securities for which
 quotation is sought

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40 Do the +securities rank equally in all
 respects from the date of allotment
 with an existing +class of quoted
 +securities?

If the additional securities do not
 rank equally, please state:

- the date from which they do
- the extent to which they
 participate for the next dividend,
 (in the case of a trust,
 distribution) or interest payment
- the extent to which they do not
 rank equally, other than in
 relation to the next dividend,
 distribution or interest payment

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41 Reason for request for quotation
 now

Example: In the case of restricted securities, end of
 restriction period

(if issued upon conversion of
 another security, clearly identify that
 other security)

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	Number	+Class
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Company secretary

Date: 20 April 2006

Print name: Michael Langoulant

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+ See chapter 19 for defined terms.