



30 August 2005

## **DWYKA FINALISES ACQUISITION OF HARD ROCK MINES**

### **Acquisition**

The Directors of Dwyka Diamonds Limited ("Dwyka" or the "Company") announce that the Company has finalised the purchase of the three hard rock diamond mines, Blaauwbosch, New Elands and Newlands located near Kimberley in South Africa.

Dwyka's production/development portfolio in South Africa now comprises

1. Supermix Industrial Division
2. Nooitgedacht Alluvial Mine
3. De Beers Joint Venture Tailings Retreatment Project (in construction)
4. Blaauwbosch (being refurbished for recommencement of production)
5. Newlands (being refurbished for recommencement of production)

### **Mine refurbishment and expected production**

All development work at Blaauwbosch and Newlands is being funded from Dwyka's current cash reserves.

Significant progress has been made at the Blaauwbosch mine in deepening the shaft from the 145 metre level. The shaft has now been extended and fully equipped to a depth of 185 metres. The new mine plan requires this shaft to be extended to 220 metres before underground mining is scheduled to re-commence. Upgrading of the recovery plant is expected to be completed by October 2005 whereupon processing of tailings dumps will commence. The first underground production from this mine is scheduled for April 2006. By the end of the 2006 financial year Dwyka is targeting monthly production of an estimated 1,800 carats potentially worth USD\$135,000 per month. By the end of 2006 total monthly diamond production is targeted at 3,600 carats.

Upgrading of the recovery plant at the Newlands mine should be complete before the end of September 2005 and Dwyka will begin to process previously stockpiled grease room tailings to provide an initial source of diamond production. Underground mining here is scheduled to re-commence during October 2005 and by June 2006 total production from both underground mining and tailings re-processing is targeted to produce an estimated 1,800 carats potentially worth USD\$135,000 per month.

Both Blaauwbosch and Newlands have excellent potential to increase production from other unmined resources located on these properties. Dwyka will undertake a detailed investigation of this extra production potential in the coming months.

The New Elands mine will be brought into production once the first two mines are operating at target levels.

## **Purchase Consideration**

The three mines are owned by Bellsbank Number One (Pty) Ltd and Kophia Diamonds (Pty) Ltd.

As part of the purchase consideration the Company has issued and allotted 2,747,802 fully paid ordinary shares to the vendors of these mines. These shares are subject to an agreed 12 month escrow period. Application will be made for these shares to be admitted to trading on AIM with admission expected to be effective at 8.00 a.m. on Tuesday 6<sup>th</sup> September 2005.

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