



8 March 2006

USD295,000 SALE OF DIAMONDS FROM THREE MINES

Highlights

- Sale of 3,283 carats of production for USD295,000
 - First sale of diamonds from the recently re-opened Blaauwbosch mine
 - Sale to Diamdel, De Beers rough diamond trading subsidiary
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Dwyka Diamonds Limited (“Dwyka” or “the Company”), the AIM and ASX listed diamond developer and producer today announces the sale of 3,283 carats of diamonds for USD295,000 to Diamdel, the De Beers rough diamond trading subsidiary. The diamonds sold were from three of Dwyka’s mines in the Kimberly area of South Africa.

The sales included the first parcel of Dwyka’s production from diamond tailings at the Blaauwbosch Mine. 1206 carats were sold for USD61,343, an average value of USD51 per carat, which exceeded company expectations.

Break down of sales by project:

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| Nooitgedacht (Alluvial mine) | 364 carats sold for USD69,141 (average value: USD189/ carat) |
| Newlands (Undergrounds production) | 1712 carats sold for USD164,734 (average value: USD96/carat) |
| Blaauwbosch (Tailings production) | 1206 carats sold for USD61,343 (average value: USD51/carat) |

Nooitgedacht is the most advanced of the Dwyka mines currently under development. Optimisation of the processing plant has seen a significant rise in throughput. Selective mining has also resulted in improved product quality and larger stone sizes being recovered including a 42 carat stone which was sold for USD361,018 in Q4 of last year.

The Newlands mine recommenced production in September of 2005 and sold its first parcel of diamonds the following month for USD32,930.

In addition to the excellent prices achieved from Blaauwbosch tailings, Dwyka is pushing ahead with underground development. First underground production is scheduled to come on stream in the June quarter of 2006 to complement existing tailings production.

Commenting today Melissa Sturgess, Executive Chairman, said: “Dwyka is now fully realising its strategy to establish a portfolio of assets underpinned by strong revenue streams. We now have three diamond producing assets in operation and I look forward to bringing our De Beers tailings JV on-line shortly. Exploration continues apace following recent



Dwyka
Diamonds
Limited

positive results from our 70% owned Bosele project in South Africa, bulk sampling underway is at our De Beers JV in Tanzania and continued progress at our BHP JV in India. Including our successful industrial division Dwyka now has 4 revenue producing assets in its portfolio.”

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