

Namakwa Diamond Company

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2003

**ASX CODE: NDC
 NDCOA**

1.0 EXECUTIVE SUMMARY

1.1 Highlights – Namakwa Diamond Project, South Africa

- A total of 42,569 diamonds weighing 4,533.23 carats recovered in sampling operations to date.
- Geological grade in key Older Boulder Facies (OBF) 33.93 carats per hundred tonnes (cpht) (in trench KKT5R).
- Latest trench KKT5R recovered 26,768 diamonds weighing 3,025.37 carats.
- Two sales of bulk sampled rough diamonds completed at US\$96.63 and US\$103.20 per carat respectively.
- Initial global resource of 2,490,400 tonnes delineated, containing 393,000 carats grading 15.78 cpht from an area less than 1% of total tenement area.
- Mining Right Application completed for Stage 1 Project development and lodged with Department of Minerals and Energy.

1.2 Corporate

- Black Economic Empowerment (BEE) Partner identified and heads of agreement concluded.
- Additional working capital of A\$682,500 raised by the issue of 9.75 million ordinary fully paid shares.
- First and second diamond sales concluded in South Africa realising A\$702,181 in total.
- Ongoing discussions with RMB Resources Limited (RMB) with respect to RMB arranging finance for the development of Stage 1 of the Namakwa Diamond Project in South Africa.
- Appointment of senior South African mining executive Mr Richard Linnell to the Board.
- Loans of A\$400,000 plus capitalised interest were converted into equity.

2.0 NAMAKWA DIAMOND PROJECT SUMMARY

Drilling and bulk sampling, from 2001 to 2003, has delineated an initial global resource of 2,490,400 tonnes containing 393,000 carats. Two mineralised horizons, the Recent Emergent Terrace (RET) and the Older Unit (OU) are the diamond bearing gravel horizons, grading 14.8 and 16.1 cpht respectively. Two areas of contiguous mineralisation have been delineated, at Liebenberg Bay and Langstrand, comprising <1 % of the total surface area of the Project.

2.1 Sampling Results

To date 42,569 stones weighing 4,533.23 carats have been recovered in sampling operations from four bulk sampled trenches (Table 1, below). Bulk sampling has progressed to the point where tonnage, grade and value can be globally estimated at inferred resource status and at higher confidence levels in closer proximity to the location of the bulk samples.

A further 2,711 metres of high definition RC (reverse circulation) drilling was completed during the quarter with the aim of extending the delineated resource blocks in the Liebenberg Bay and Langstrand areas.

TABLE 1
STONE AND CARAT RECOVERIES TO DATE

ORIGIN	STONES	CARATS
GDT07*	11,473	1,179.62
KKR17*	586	56.24
GDT04*	191	13.44
KKT5R**	26,768	3,025.37
OTHER**	3,551	258.56
TOTAL	42,569	4,533.23

* These are the four trenches completed to date.

** Other includes rough recovered in commissioning samples, recovery clean-up, sample pad sterilisation and other sources not directly attributable to an individual trench or sample.

2.2 Mining Pre-Feasibility

Mining pre-feasibility studies have been ongoing during the quarter and an application for a mining licence over resource blocks delineated on the Company's Klipvley Karoo Kop and Graauwduinen tenements was submitted after quarter end on 23 July 2003.

2.3 Diamond Sales

To date, 4,533.23 carats have been recovered in sampling operations, the largest diamond weighing 14.89 carats. Namakwa has completed two sales in South Africa of its sampled rough diamonds, realising average values of US\$96.63 and US\$103.20 respectively. These two sales of 1,561.48 and 2,926.17 carats respectively, have achieved one of the key goals of Namakwa's bulk sampling program, that of determining value in commercial sized parcels.

2.4 Trench KKT5R

This trench on Klipvley Karoo Kop sampled 13,491 tonnes of diamondiferous gravels, recovering 27,768 stones weighing 3,025.37 carats. The largest diamond recovered weighed 5.92 carats. Individual final sample results are presented in Table 2 below. Sampling is complete and rehabilitation is in progress.

TABLE 2

SAMPLE RECOVERIES FROM TRENCH KKT5R – KLIPVLEY KAROO KOP

GEOLOGY	SAMPLE NO.	SAMPLE SIZE (t)	SCRUBBER FEED (t)	NO. OF STONES	RECOVERY (ct)	AVERAGE SIZE (ct)	LARGEST STONE (ct)	GEOLOGICAL GRADE (cpht)*	PLANT GRADE (cpht)**
RET	RET Bulk 1	473	362.3	75	5.50	0.07	0.27	1.16	1.52
RET	RET Bulk 2	256	195.8	49	4.00	0.08	0.69	1.56	2.04
30m Basal	30m Bulk	690	676.8	56	4.07	0.07	0.35	0.59	0.60
Reworked Gravel	RET Bulk 3	784	740.7	288	44.21	0.15	5.87	5.64	5.97
Reworked Gravel	RET Bulk 4	608	554.8	56	5.10	0.09	0.47	0.84	0.92
Reworked Gravel	30 W S	80	72.2	17	2.26	0.13	1.18	2.83	3.13
OSF	OUS 1T	372	338.1	48	3.41	0.07	0.42	0.92	1.01
OSF	OUS 2T	122	119.1	5	0.27	0.05	0.05	0.22	0.23
OSF	OUS 3T	196	184.2	5	0.41	0.08	0.13	0.21	0.22
OSF	OUS 1B	294	237.7	151	9.64	0.06	0.23	3.28	4.06
OSF	OUS 2B	188	160.5	23	1.72	0.07	0.14	0.91	1.07
OSF	OUS 3B	176	159.9	15	1.13	0.08	0.25	0.64	0.71
OBF	OU 1	764	619.3	1,205	150.69	0.13	5.92	19.72	24.33
OBF	OU 2	1,204	1,240.0	2,778	323.56	0.12	5.12	26.87	26.09
OBF	OU 3	1,452	1484.5	4,357	514.44	0.12	5.50	35.43	35.43
OBF	OU 4	1,417	1,439.1	4,189	501.97	0.12	4.41	35.42	34.88
OBF	OU 5	1,130	1,092.3	2,837	367.11	0.13	5.53	32.49	33.61
OBF	OU 6	1,254	1,234.8	5,930	624.99	0.11	5.21	49.84	50.61
OBF	OU 7	737	723.9	2,454	238.48	0.10	3.42	32.35	32.94
OBF	OU 8	466	418.8	1,100	129.99	0.12	3.23	27.89	31.04
OBF Sweepings	OU	236	215.1	151	19.85	0.13	2.64	8.40	9.23
OBF Resort	OU RES***	N/A	N/A	924	67.63	0.07	1.59	N/A	N/A
Channel Sand	CS 1	96	96.0	6	0.72	0.12	0.24	0.75	0.75
Channel Base	CB 1	496	814.6	49	4.22	0.09	0.44	0.85	0.52
TOTAL		13,491	13,180.5	26,768	3,025.37	0.11	5.92	22.42	22.95

OSF: Older Sandy Facies

OBF: Older Boulder Facies

The OBF and OSF together comprise the "Older Unit" which is the basal gravel developed on bedrock at Liebenberg Bay and Langstrand. Namakwa has delineated resource blocks at both these localities.

** Calculated from Sample Size*

*** Calculated from Scrubber Feed*

**** Results Not Previously Reported*

Note: Cobbles and pebbles were added to sample CB1 to ease processing of the predominantly clayey material.

TABLE 3

PROGRESSIVE AND CUMULATIVE GRADE – TRENCH KKT5R – KLIPVLEY KAROO KOP

Geology	Geological Tonnes	Total Carats	Geological Grade (cpht)	Largest Stone (cts)	Overburden Thickness (m)	Mineralised Thickness (m)
Recent Emergent Terrace (RET)	729	9.50	1.30	0.69	7.70	0.50
Reworked Gravel	1,472	51.57	3.50	5.60	8.50	0.50
30m Package (30m)	690	4.07	0.59	0.35	12.00	0.30
Older Sandy Facies (OSF)	1,348	16.58	1.23	0.42	12.00	2.00
Older Boulder Facies (OBF)	8,660	2,938.71	33.93	5.92	14.00	1.55
Channel Sand	96	0.72	0.75	0.24	15.50	1.00
Channel Base	496	4.22	0.85	0.44	17.50	1.00

Notes:

*Reworked Gravel, 30m Package and Older Sandy Facies do not form part of the targeted gravels.
 Channel Sand and Channel Base are footwall to OBF gravels in this trench.*

The in-situ geological grade of the key Older Unit (the OBF samples) was 33.93 cpht in and on completion of KKT5R. Final progressive and cumulative grades for all gravels sampled in trench KKT5R is presented in Table 3 above. The Recent Emergent Terrace (RET) delivered a lower than expected grade of 1.30 cpht. This is attributed due to the trench partly intersecting the most landward extent of this gravel package, which terminated and pinched out within the sample footprint.

Geological cross sections, maps and compilations of trench KKT5R and other trench sampling have been previously reported and these are available for viewing on our website at www.namakwa.com.au.

3.0 CORPORATE MATTERS

3.1 Capital Raising

The Company advised the Australian Stock Exchange that the issue of 9,750,000 ordinary fully paid shares at 7 Australian cents each to raise A\$682,500 was fully subscribed. Details of this issue were fully documented in a Prospectus dated 1 April 2003.

3.2 First Diamond Sale

The first sale of diamonds was completed in Johannesburg, South Africa and comprised a total of 1,561.48 carats realising A\$251,480 and achieving an average of US\$96.63 per carat.

3.3 RMB Resources Limited

During the quarter the Company announced that it had signed a mandate proposal with RMB Resources Limited (RMB) for them to arrange finance for the feasibility and development of Stage 1 of the Namakwa Diamond Project in South Africa. The final amount and structure of the facility was to be finalised following a review of the Project's

feasibility program, a site visit by RMB representatives and a financial and technical review. The Company is still in discussions with RMB on the matter.

Namakwa's objective is to secure a financing package for project development that optimises the level of financial return from the Project for shareholders. The Company expects to finalise funding arrangements during the September 2003 Quarter, enabling the Stage 1 development to move forward.

3.4 Second Diamond Sale

A second sale of diamonds was completed by tender on 24 June 2003 in Johannesburg, South Africa and comprised a total of 2,926.17 carats realising A\$450,701 and achieving an average of US\$103.20 per carat.

3.5 Loans Converted

During the quarter, as previously announced, the Company converted A\$400,000 (plus capitalised interest) in loan facilities from unrelated parties to equity under the terms of those facilities.

3.6 Board Appointment

Subsequent to quarter end Mr Richard Linnell was appointed to the Board as a non executive director. Mr Linnell, a former senior executive with Billiton PLC and Samancor, has acted for Namakwa over the past year and played a key role in brokering the Company's Black Economic Empowerment (BEE) transaction (see below).

Mr Linnell is a non-executive director of BHP Billiton SA Ltd and is actively involved with BHP Billiton on special assignments relating to risk amelioration and risk management in the African context. He was an originator of the Bakubung Initiative, a Forum designed to revive the South African mining industry which led to the establishment of the New Africa Mining Fund.

3.7 Black Economic Empowerment

In July 2003, Namakwa announced a significant BEE transaction in terms of South Africa's newly enacted Mineral and Petroleum Resources Act (Act 28 of 2002). Namakwa's South African empowerment partner, Zaico Pty Limited, will acquire 26% of Namakwa West Coast Holdings, a wholly owned subsidiary, for a consideration of Rand 30 million (approximately AUD 6.12 million).



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KARL SIMICH
EXECUTIVE CHAIRMAN

31 July 2003

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

NAMAKWA DIAMOND COMPANY NL

ABN

77 085 806 284

Quarter ended ("current quarter")

30 June 2003

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	704	704
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(795)	(2,887)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid	(12)	(12)
1.6 Income taxes paid		
1.7 Other - Movement in Working Capital	18	98
Net Operating Cash Flows	(223)	(2,844)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets*	11	(241)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-	38
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	11	(203)
1.13 Total operating and investing cash flows (carried forward)	(212)	(3,047)

* Re-allocation of expenditure

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(212)	(3,047)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,057	1,822
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		400
1.17	Repayment of borrowings	(400)	(400)
1.18	Dividends paid		
1.19	Other (provide details if material)		
Net financing cash flows		657	1,822
Net increase (decrease) in cash held		445	(1,225)
1.20	Cash at beginning of quarter/year to date	31	1,701
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	476	476

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	108
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Provision of managerial, general corporate, financial, secretarial services and office accommodation by a director and a director related entity.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	230
4.2 Development	-
Total	230

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	476	31
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	476	31

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

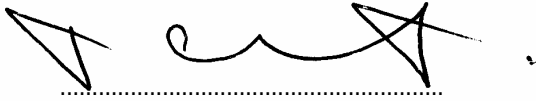
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	80,681,526	80,681,526		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,891,299	5,891,299	7 cents	7 cents
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	25,592,667 830,000 990,000	25,592,667	40 cents 25 cents 15 cents	31/07/03 31/12/04 31/12/05
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 July 2003

Print name: **KARL SIMICH**
CHAIRMAN

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.