



Namakwa Diamond Company

QUARTERLY REPORT
FOR THE PERIOD ENDED 31 MARCH 2004

ASX CODE : NDC

NAMAKWA DIAMOND COMPANY NL ABN 77 085 806 284

12 WALKER AVENUE WEST PERTH WESTERN AUSTRALIA 6005 PO BOX 806 WEST PERTH WESTERN AUSTRALIA 6872
TEL (+61 8) 9321 5887 FAX (+61 8) 9321 5884 EMAIL general@namakwa.com.au WEBSITE www.namakwa.com.au

1.0 EXECUTIVE SUMMARY

1.1 Highlights – Namakwa Diamond Project

- Mining Licence in final stages of approval.
- Drilling commenced on Spectrem AEM targets.
- Trench GDT8 completed – 2,897 diamonds recovered.

1.2 Corporate

- The Company completed a placement raising \$2,400,000.

2.0 NAMAKWA DIAMOND PROJECT SUMMARY

2.1 Mining Licence Application

The issue of the mining authorisation by the Minister and the subsequent issue of the Mining Licence by the Western Cape Regional Office of the Department of Minerals and Energy is expected shortly.

2.2 Exploration

During the quarter, exploration continued at Namakwa's site on the West Coast of South Africa. Significant achievements included:

- Phase 1 drilling program to identify and confirm the Spectrem Aerial Electromagnetic (AEM) survey targets, with over 4,200 metres drilled.
- Completion of bulk sampling of trench GDT8.
- Detailed program and planning for the upgrade of the DMS Plant.

2.3 AEM/Drilling Program

A Spectrem AEM survey was flown over the Company's prospecting tenements in August 2003. The results, interpreted by Spectrem, were made available in October 2003.

Exciting and highly encouraging bedrock features, of major proportions, in the form of embayments/palaeo channels and palaeo raised beach targets hidden by younger cover rocks, were revealed. The basis of the interpretation was a bedrock elevation contour plan, which was used for drill target selection.

A first pass drilling program of limited scale has been completed on some of the targets. Highly encouraging results have been obtained from 3 of the channels and 3 of the raised beaches so far, and further drilling will be undertaken.

2.4 Further Bulk Sampling

Sample trench GDT8, in the Langstrand area, was opened in August 2003. Excavation of overburden and gravels continued until the end of December 2003. Processing of gravels is now complete and a summary of the results is set out below.

Tonnes (Older Boulder Facies)	4,007
Total stones recovered	2,897
Total carats recovered	293.76
Average stone size (carats)*	.10
Older unit grade (carats per hundred tonnes)	7.33
Largest diamond recovered (carats)	5.1
Average gravel thickness (metres)	0.6

**Namakwa's plant recovers diamonds in the 1.5mm to 16mm size fraction.*

2.5 Process Plant Upgrade

The DMS Plant is to be upgraded to enable it to handle in excess of 100 tonnes per hour scrubber feed in the Stage 1 mining phase.

Detailed planning exercises are in progress and the upgrade will start as soon as the Mining Licence is issued. On the basis the Mining Licence is issued within the next few weeks then the intention is that the existing plant will do limited processing during late May and June while the upgrade construction is in progress. The plant will be shut down in July for the final upgrade installation and full commissioning which is expected to commence in August 2004.

3.0 CORPORATE MATTERS

3.1 Share Placement

On 26 February 2004, the Company announced to the Australian Stock Exchange that it had agreed to place 8 million ordinary shares at 30 cents each together with 4 million free 30 September 2006 options exercisable at 20 cents each to raise \$2,400,000. The securities were placed with one institutional investor. It was advised that the funds were to be used for working capital and to further the Company's exploration and mining activities in South Africa.

.....
KARL SIMICH
CHAIRMAN

30 April 2004

The geological information contained in this report has been compiled by Peter Danchin, B.Sc (Hons), Pr.Sci.Nat. (RSA), M.Aus.IMM, who is a Competent Person as defined by the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves ("JORC Code") and is included in this report with his consent.

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")

31 March 2004

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(703)	(2,307)
1.3 Dividends received	(117)	(680)
1.4 Interest and other items of a similar nature received	5	19
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other - Movement in Working Capital	(111)	(470)
Net Operating Cash Flows	(926)	(3,438)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	(15)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	(15)
1.13 Total operating and investing cash flows (carried forward)	(926)	(3,453)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(926)	(3,453)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	3,524	4,045
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	-	2,806
1.17	Repayment of borrowings	-	(800)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	3,524	6,051
	Net increase (decrease) in cash held	2,598	2,598
1.20	Cash at beginning of quarter/year to date	476	476
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,074	3,074

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	96
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 directors and director related entities.

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

--

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

The New Africa Mining Fund (NAMF) advanced SA Rand 10 million (approximately A\$2 million) to Namakwa's unlisted South African operating subsidiary, NDC Mining (Pty) Limited (NDCM) and as per the funding agreement NAMF took up a direct 10% interest in NDCM.

+ 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	850
4.2 Development	-
Total	850

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	274	476
5.2 Deposits at call	2,800	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,074	476

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	94,177,691	94,177,691		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	9,296,165	9,296,165		
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>	585,000 945,000 59,778,560 1,115,000		Exercise Price 25 cents 15 cents 20 cents 30 cents	Expiry Date 31/12/04 31/12/05 30/09/06 31/12/06
7.8 Issued during quarter	4,000,000 1,115,000		20 cents 30 cents	30/09/06 31/12/06
7.9 Exercised during quarter	1,236,165 60,000		20 cents 25 cents	30/09/04 31/12/04
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: 30 April 2004

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.

+ See chapter 19 for defined terms.