



Namakwa Diamond Company

HALF-YEARLY REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2004

**ASX CODE : NDC
NDCO**

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2004 and the auditors' review report thereon.

DIRECTORS

The directors of the Company during the half-year are:

<i>Name</i>	<i>Period of Directorship</i>
Mr Karl M Simich – Chairman	Director since 1999
Mr John LG Firth	Director since 1999
Mr Peter D Danchin	Director since 2001
Mr Richard J Linnell	Director since 2003
Mr John R Hutton	Director since 1999

REVIEW OF OPERATIONS

Summary

During the 6 month period to 31 December 2004, Namakwa's operating subsidiary, NDC Mining Company (Pty) Limited (NDCM), continued exploration at the Namakwa Diamond Project, located 350 kms north of Cape Town on South Africa's west coast, and initiated mining after completing an upgrade to the process plant and infrastructure.

An information supply agreement was signed with De Beers Consolidated Mines Limited giving NDCM access to an extensive and detailed historical exploration and sampling database. This information was incorporated in detailed planning for the 2005/2006 exploration program alongside new target areas generated by the SPECTREM survey completed in 2003.

Subsequent to the end of the reporting period, Namakwa diversified its project base with the acquisition in January 2005 of a highly prospective new alluvial diamond project in the Namaqualand district of South Africa and the acquisition of an interest in 8 diamond exploration projects in the Kimberley region of Western Australia.

Namakwa Diamond Project

Various modifications and upgrades were carried out to the DMS diamond production plant to increase its throughput capacity to 500,000tpa (100tph) ahead of mining activities and bulk sample processing planned for 2005.

The modifications included the installation of a new scrubber, enlarged floats screen, 750KVA genset, new conveyor structure and modifications to the Flow Sort (X-Ray) Final Recovery Plant. The entire plant and facilities upgrade was completed within the planned budget of A\$1.5 million in a four month period, with the upgrade successfully commissioned in September 2004.

Mining activities were initiated within the Liebenberg Bay resource block during the latter part of the year to test gravel thicknesses and grade variability in the principal gravel horizons.

Three blocks were excavated at Liebenberg Bay (LBM 1, 2 and 3), with a total of 614,950 tonnes of overburden removed to extract 80,476 tonnes of diamond-bearing gravels at an average stripping ratio of 7.64:1.

Plant operating statistics for the period are shown in the table below:

Gravel Treated ROM (t)	Carats Recovered (ct)	Stones Recovered	Stone Size (ct/stone)	ROM Head Feed (tph)	ROM Grade (cpht)
87,410	8,515	75,088	0.11	95	9.74

The best average diamond grade achieved was 11.44 cpht during the month of November. Certain mining panels within the blocks yielded grades in excess of 20 cpht. Grade is expected to be highly variable and technical on the ground assessments will continue with the objective of identifying a higher average grade.

The data obtained from the initial mining period will be utilised to determine future mining areas and the expanded 2005 exploration program.

Operations in the early part of 2005 are expected to reflect rescheduling of mining blocks and pre-stripping associated with opening new areas to mine. Production is expected to be constrained during this period.

Namakwa completed its first sale of diamonds recovered from mining activities in November 2004, comprising a parcel of 2,792 carats which were sold at an average ROM price of US\$121 per carat. Subsequent to the reporting period, Namakwa completed its second sale of diamonds recovered from mining activities in February 2005 comprising a parcel of 7,286 carats which were sold at an average ROM price of US\$110 per carat.

Exploration

Namakwa continued preparations for a major exploration program scheduled to commence in 2005 targeting the balance of its extensive Concession areas outside of the current largely indicated resource blocks (2.2 million tonnes at 18.7cpht for 411,000 carats of contained diamonds, from within an area less than 3 per cent of the total 90.4 km² area held).

The Company signed a key information supply agreement with De Beers Consolidated Mines Limited giving it access to detailed historic exploration and bulk sampling data generated by De Beers over its Concession areas, including an extensive database of information from a large number of small exploration pits excavated during the late 1950s until the late 1960s.

Access to this information will enable Namakwa to fast track an expanded exploration program in 2005 with the benefit of the historic exploration data. In conjunction with the results of the airborne electro-magnetic (EM) survey completed in 2003 and recent drilling and sampling activities, the supply agreement is expected to significantly enhance the Company's exploration and development program, which is targeting further increases in the current resource inventory.

De Beers excavated numerous small pits (3m by 3m) to sample diamond bearing gravels overlaying the bedrock, following up its previous drilling activities. The pits – which are easy to locate – were arranged in coast-perpendicular lines, giving a good overview of the behaviour of the bedrock from west to east as well as the presence of any gravel bodies and diamonds.

The 20 pit lines, totalling approximately 300 pits, are situated outside of the current mining area and cover the length of Namakwa's tenement area.

Namakwa has generated a large number of new target areas for its 2005 exploration campaign based on the results of the SPECTREM survey, including encouraging bedrock features in the form of embayments, palaeo-channels and palaeo-raised beach targets. A comprehensive review of the De Beers database was initiated in conjunction with overlaying the SPECTREM anomalies leading to target identification and detailed exploration planning during the March 2005 quarter.

Project Development

Under the terms of an agreement concluded last year with Trans Hex Operations, Namakwa is entitled to mine certain beach areas adjacent to its land operations. This agreement allows Namakwa to mine the beach gravel on parts of the Admiralty Strip on a profit share basis.

The equipment required for beach mining was relocated to site and is being refurbished ahead of the planned commencement of an evaluation/trial mining exercise expected to commence during the first quarter of 2005.

Black Economic Empowerment and Other Matters

The Company subscribes to and has complied with the requirements of the Mining Charter in South Africa with respect to Black Economic Empowerment (BEE).

In addition to the 26 per cent shareholding of its BEE partner, Zaico, in NDCM, the Company has made significant progress with regard to skills transfer and procurement.

In line with its obligations and undertakings to the Department of Minerals & Energy in respect of its Environmental Management Plan (EMP), Namakwa maintains close supervision of all mining activities. Waste control, dust emissions and stockpile management are constantly carried out. In addition, boundary fences are erected and maintained and topsoil is carefully preserved.

Events Subsequent to Balance Date – Project Acquisition

Namakwa continued to review strategic growth and development opportunities during the first half, resulting in the announcement of two significant new project acquisitions in January 2005 – one in South Africa and the other a portfolio of diamond exploration projects in Australia.

On 21 January 2005, Namakwa announced that it had successfully applied for the Swartsand Project in Namaqualand. The project comprises an area of 1,645 hectares and forms part of the farm Komaggas, located between the towns of Springbok and Kleinsee within the flood plains of the Buffels River, a major source of diamonds in the area.

The project is situated immediately adjacent to the Buffelsbank Mine which produced 1.2 million carats of mostly gem quality diamonds over a 30 year period until its eventual closure in 1998. A group of diamond mines previously owned and operated by De Beers, known as the Buffels Inland Complex, is situated downstream from the project.

Namakwa has lodged its Environmental Management Plan (EMP) for the Swartsand Project as part of the approval process leading to the grant of a Prospecting Permit, a process which is expected to take 3-4 months. This would enable exploration to commence toward the end of the second quarter of 2005.

On 28 January, Namakwa announced that it had acquired an interest in a portfolio of highly prospective diamond exploration projects in the Kimberley region of Western Australia. The package includes 8 target areas possibly related to lamproitic or kimberlitic volcanic pipes identified during an extensive geological review of the region that hosts Australia's two existing commercial diamond mines (Rio Tinto's Argyle and Kimberley Diamond Company's Ellendale operations).

Under the terms of the new acquisition, Namakwa will acquire an interest in an exploration portfolio comprising 5 granted Exploration Licences and 4 Exploration Licence Applications from Faustus Nominees Pty Ltd (Faustus), a company controlled by Australian prospecting geologist, Mr Graeme Hutton.

Faustus will progressively dilute its interest as Namakwa farms in, but will direct and manage all exploration at the projects at no cost. Under the terms of the agreement with Faustus, Namakwa will pay a fee of A\$150,000 to Faustus to establish the joint venture with the right to earn a 20 per cent interest in the tenements by spending A\$250,000 on exploration within the first 12 months.

Namakwa can increase its interest to 40 per cent by spending a further A\$350,000 on exploration in the second year and further to 60 per cent by spending A\$500,000 on exploration in the third year. It has the right to withdraw from the joint venture at any stage prior to earning a 60 per cent interest, but will forfeit any equity earned up to that point.

CORPORATE

For the reporting period the consolidated entity incurred a net loss of \$903,438 compared with a net loss of \$401,327 for the corresponding period ended 31 December 2003.

On 3 December 2004, Namakwa announced that it raised, before expenses, \$2.9 million by way of a placement of 10 million ordinary fully paid shares at 28 cents each together with 5 million options at 2 cents each. The options expire on 30 September 2006 and are exercisable at 20 cents each.

The securities were placed with sophisticated investor clients of Montagu Stockbrokers (as lead manager). The issue of securities was approved by shareholders at the Company's Annual General Meeting held on 29 November 2004.

The additional funds were raised to enable the Company to further its exploration work as well as providing additional working capital.

As at 31 December 2004, Namakwa had cash reserves of A\$2.5 million plus diamond inventory of 6,293 carats of gem quality diamonds worth an estimated A\$1 million.

On 9 December 2004, the Company applied to the ASX for the quotation of its unlisted options. The options expire on 30 September 2006 and are exercisable at 20 cents each.

Subsequent to the end of the reporting period the Company reported a cash inflow of \$800,000 as the result of 4,000,000 listed options exercisable at 20 cents each being converted to ordinary fully paid shares.

LEAD AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2004.

Signed in accordance with a resolution of the directors.

Dated at West Perth this 16th day of March 2005



KARL M SIMICH
CHAIRMAN



**Lead Auditor's Independence Declaration under Section 307C of the Corporation Act 2001
to the directors of Namakwa Diamond Company NL**

I declare that, to the best of my knowledge and belief in relation to the review for the half-year ended 31 December 2004, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.


KPMG
T R HART
Partner

Perth
16 March 2005

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004



	Consolidated	
	31 December 2004 \$	31 December 2003 \$
Revenue from sale of product	338,779	-
Cost of product sold		
- Site operating costs	(1,258,899)	-
- Marketing costs	(7,275)	-
- Royalty costs	(16,936)	-
- Depreciation and amortisation	(106,136)	-
- Change in inventory	877,710	-
Total cost of product sold	(511,536)	-
Gross loss from sale of product	(172,757)	-
Other revenue from ordinary activities	52,267	6,665
Gain on dilution of interest in subsidiary company	-	284,432
Borrowing costs	-	(19,752)
Other expenses from ordinary activities		
- Corporate, overheads and indirect expenditure	(782,948)	(693,409)
Loss from ordinary activities before related income tax expense	(903,438)	(422,064)
Income tax expense attributable to ordinary activities	-	-
Net loss attributable to outside equity interests	-	20,737
Net loss after income tax expense	(903,438)	(401,327)
Basic loss per share	(0.01)	(0.01)

Options on issue are not considered dilutive and accordingly diluted earnings per share is not disclosed for this reason.

The statement of financial performance is to be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004



	Note	Consolidated	
		31 December 2004 \$	30 June 2004 \$
Current Assets			
Cash Assets		2,525,578	3,555,711
Receivables		331,330	180,948
Inventories		975,816	-
Total Current Assets		<u>3,832,724</u>	<u>3,736,659</u>
Non Current Assets			
Receivables		534,605	589,873
Property, plant and equipment		4,655,671	2,486,251
Exploration, evaluation and development		7,530,283	8,152,788
Total Non Current Assets		<u>12,720,559</u>	<u>11,228,912</u>
Total Assets		<u>16,553,283</u>	<u>14,965,571</u>
Current Liabilities			
Payables		571,410	928,960
Provisions		99,165	94,790
Total Current Liabilities		<u>670,575</u>	<u>1,023,750</u>
Non Current Liabilities			
Other liabilities		4,424,099	4,517,961
Provisions		28,258	-
Total Non Current Liabilities		<u>4,452,357</u>	<u>4,517,961</u>
Total Liabilities		<u>5,122,932</u>	<u>5,541,711</u>
Net Assets		<u>11,430,351</u>	<u>9,423,860</u>
Equity			
Contributed Equity	2(i)	16,945,513	14,144,571
Reserves	2(ii)	965,169	856,182
Accumulated losses	3	(6,480,331)	(5,576,893)
Total Equity		<u>11,430,351</u>	<u>9,423,860</u>

The statement of financial position is to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004



	Consolidated	
	31 December 2004 \$	31 December 2003 \$
Cash flows from operating activities		
Cash receipts in the course of operations	503,137	-
Cash payments in course of operations	(2,012,159)	(867,848)
Interest received	55,673	6,665
Other income in the course of operations	110	-
Borrowing costs paid	-	(11,752)
Net cash outflow from operating activities	<u>(1,453,239)</u>	<u>(872,935)</u>
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(1,651,378)	(1,598,602)
Payments for property, plant and equipment	(835,930)	(15,101)
Proceeds from sale of property, plant and equipment	484	5,524
Net cash outflow from investing activities	<u>(2,486,824)</u>	<u>(1,608,179)</u>
Cash flows from financing activities		
Proceeds from issues of shares and options	3,083,930	734,102
Payments for share issue expenses	(174,000)	(46,619)
Proceeds from borrowings	-	2,005,857
Loan from director related entity	-	800,000
Repayment of loan from director related entity	-	(800,000)
Net cash inflow from financing activities	<u>2,909,930</u>	<u>2,693,340</u>
Net increase / (decrease) in cash held	(1,030,133)	212,226
Cash at the beginning of the year	3,555,711	479,572
Cash at the end of the year	<u>2,525,578</u>	<u>691,798</u>

The statement of cash flows is to be read in conjunction with the accompanying notes.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of half-year financial report

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029 *Interim Financial Reporting*, the recognition and measurement requirements of applicable AASB standards other authoritative pronouncements of the Australian Standards Board and Urgent Issues Group consensus views. This half-year financial report is to be read in conjunction with the 30 June 2004 Annual Financial Report and any public announcements by Namakwa Diamond Company NL and its controlled entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets. The accounting policies adopted are consistent with those applied in the 30 June 2004 Annual Financial Report.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

NOTE 2 (i) CONTRIBUTED EQUITY

Issued and paid up capital

106,042,148 (June 2004: 95,054,374) ordinary fully paid shares

Consolidated	
31 December 2004	30 June 2004
\$	\$

16,945,513	14,144,571
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Movements in contributed equity

On 6 December 2004, a total of 10,000,000 ordinary shares were issued at 28 cents per share which raised \$2,800,000. Share issue expenses totalling \$189,000 were netted off against this amount for the period.

During the period 155,000 unlisted options due to expire 31 December 2004, were exercised at 25 cents per share realising \$38,750.

During the period 427,500 unlisted options due to expire 31 December 2005, were exercised at 15 cents per share realising \$64,125.

During the period 405,274 options issued at a premium of 2 cents each and due to expire 30 September 2006, were exercised at 20 cents per share realising \$81,055.

Consequent to the conversion of the options issued at a premium, an amount of \$6,013 was transferred from the option premium reserve.

	Consolidated	
	31 December 2004	30 June 2004
(ii) RESERVES	\$	\$
Option premium reserve	965,169	856,182

Movements in option premium reserve

On 6 December 2004, a total of 5,000,000 options were issued at a premium of 2 cents each which raised \$100,000. The options will expire on 30 September 2006 and be exercisable at 20 cents each.

On 7 December 2004, 750,000 options were issued to Montagu Stockbrokers Pty Ltd as part consideration of the placement fee in respect to the equity raising on 6 December 2004. The options will expire on 30 September 2006 and be exercisable at 20 cents each.

(iii) OPTIONS

	Consolidated			
	31 December 2004		30 June 2004	
Expiry date	No of Options	Exercise Price \$	No of Options	Exercise Price \$
On or before 31 December 2004	-		585,000	
On or before 31 December 2005	517,500		945,000	
On or before 30 September 2006	64,275,850		58,931,124	
On or before 31 December 2006	1,115,000		1,115,000	

All 31 December 2004 options lapsed during the reporting period.

On 6 December 2004, 5,000,000 options were issued at a premium of 2 cents each to investors who participated in the ordinary fully paid share placement on a 1 option for 2 share basis. The options are exercisable at 20 cents each and will expire 30 September 2006.

On 7 December 2004, 750,000 options were issued to Montagu Stockbrokers Pty Ltd being part consideration of the placement fee in respect to the equity raising completed on 6 December 2004. The options are exercisable at 20 cents each and will expire 30 September 2006.

During the period under review the following options were exercised and converted to ordinary fully paid shares:

- 155,000 unlisted options that expired 31 December 2004 at 25 cents each
- 427,500 unlisted options expiring 31 December 2005 at 15 cents each
- 405,274 options listed options expiring 30 September 2006 at 20 cents each

		Consolidated	
		31 December 2004	31 December 2003
NOTE 3	ACCUMULATED LOSSES	\$	\$
	Accumulated losses at the beginning of the half-year	(5,576,893)	(4,007,900)
	Transfer from option premium reserve	-	44,695
	Net loss	(903,438)	(401,327)
	Accumulated losses at the end of the half-year	<u>(6,480,331)</u>	<u>(4,364,532)</u>

NOTE 4 SEGMENT REPORTING

For the period to 31 December 2004 the Company was principally engaged in the mining of diamonds and diamond exploration in South Africa. During the period the consolidated entity maintained an administrative office in Western Australia to support and promote the mining and exploration in South Africa and is not considered an individual segment.

NOTE 5 SUBSEQUENT EVENTS

Equity

On 18 February 2005, the Company reported that 3,500,000 options exercisable at 20 cents each had been converted to ordinary fully paid shares. Similarly on 25 February 2005, a total of 500,000 options were converted to ordinary fully paid shares. These transactions resulted in a net cash inflow of \$800,000.

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board.

This half-year financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ending 31 December 2004.

Implementation project

Management has established a project to assess the impact of transition to AIFRS and to achieve compliance with AIFRS reporting for the financial year commencing 1 July 2005. The plan aims to produce a high level overview of the impacts of conversion to IFRS on existing accounting and reporting policies and procedures, systems and processes, business structures and staff. The broad IFRS convergence plan is as follows.

- High level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting IFRS.
- Assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes.
- Evaluation of the implications for staff, for example training requirements.
- Prepare an opening statement of financial position, under IFRS, as at 1 July 2004 (24 months prior to the first IFRS financial year end), to facilitate first year IFRS comparatives.

- Calculation of an IFRS-based statement of financial performance in the lead-up year to the first full year of IFRS-based reporting, in addition to the non-IFRS financial reporting, to facilitate first year IFRS comparatives.

The Company has commenced its IFRS transition project, with work progressing in each of the areas described above. The Company expects the project to be substantially completed by 30 June 2005.

Impact of transition to IFRS

This financial report has been prepared in accordance with Australian accounting standards and other financial, reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the Consolidated Entity's financial performance and financial positions are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The Consolidated Entity has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

The key potential implications of the conversion to IFRS on the consolidated entity are as follows.

- Financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value.
- Income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised as equity.
- Impairments of assets will be determined on a discounted basis, with strict tests for determining whether goodwill and cash-generating operations have been impaired.
- Equity based compensation in the form of shares and options will be recognised as expenses on the period during which the employee provides related services.
- Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.
- There is no likely significant impact from the adoption of the IFRS standard on Exploration for the Evaluation of Mineral Resources.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed yet.

In the opinion of the directors of Namakwa Diamond Company NL ("the Company"):

1. the financial statements and notes set out on pages 6 to 12 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2004 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



KARL M SIMICH
CHAIRMAN

Dated at West Perth this 16th day of March 2005



Independent review report to the members of Namakwa Diamond Company NL

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Namakwa Diamond Company NL Consolidated Entity ("the Consolidated Entity"), for the half-year ended 31 December 2004. The Consolidated Entity comprises Namakwa Diamond Company NL ("the Company") and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.





Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Namakwa Diamond Company NL is not in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.



KPMG



T R HART
Partner

Perth

16 March 2005