



---

**NAMAKWA ANNOUNCES \$4.3M NON-RENOUNCEABLE ENTITLEMENTS ISSUE AND SHARE PLACEMENT TO UNDERPIN 2006 EXPLORATION PROGRAM**  
(Managed by Argonaut Securities Pty Ltd)

---

- **1-for-1 non-renounceable entitlements issue at 3 cents to raise \$4.3 million, together with a \$558,000 share placement.**
  - **Recapitalisation designed to underpin 2006 exploration and evaluation program.**
  - **Prospecting Permit granted for Swartsand Project, South Africa, enabling exploration activities to commence following completion of capital raisings.**
- 

Namakwa Diamond Company NL (ASX: NDC) announced that it intends to undertake a 1-for-1 non-renounceable entitlements issue at an issue price of 3 cents to raise approximately \$4.3 million, as part of a recapitalisation to underpin its 2006 exploration and project programs as announced to the market on 27 March 2006. In addition, Namakwa will undertake a \$558,000 share placement to provide interim funding while the entitlements issue is being completed.

The capital raising follows a comprehensive review of the status of Namakwa's projects in South Africa, Angola, Australia and Brazil and the announcement of its planned 2006 exploration and evaluation program. This will focus primarily on its West Coast Diamond Project in South Africa and Jequitinhonha alluvial diamond project in Brazil, together with limited exploration programs at its Kimberley Project in Australia and Swartsand Project in South Africa. In this regard, Namakwa also announced today that the Prospecting Permit for the Swartsand Project had been granted, clearing the way for exploration to proceed.

**Share Placement and Non-Renounceable Entitlements Issue**

Namakwa will undertake a capital raising in two stages, to fund further exploration activities and evaluation of its portfolio of diamond projects in South Africa, Brazil, Angola and Australia:

1. a placement of 18.6 million shares at an issue price of 3 cents each to raise \$558,000 before costs. The placement will be managed by Argonaut Securities Pty Ltd (**Argonaut**) on a "reasonable endeavours" basis; and
2. a pro rata non-renounceable entitlements issue on a 1-for-1 (one-for-one) basis at an issue price of 3 cents to raise approximately \$4.3 million before costs. Argonaut has advised that it is prepared to underwrite the entitlements issue subject, inter alia, to completion of due diligence and the execution of an underwriting agreement on industry standard terms and conditions. Listed diamond company, Blina Diamonds NL (ASX: BDI), has the right to participate as a priority sub-underwriter to the entitlements issue as provided for under its loan agreement with Namakwa.

The placement will be made to professional investors under Section 708 of the Corporations Act 2001 (Cth), and as such will not require a Prospectus. The proposed placement is within the 15% limit set out in the ASX listing rules and does not require shareholder approval. The placement shares will rank pari passu with the Company's existing ordinary shares and investors who subscribe for shares in the placement will have the right to participate in the entitlements issue.

The Company will shortly lodge an Appendix 3B New Issue Announcement and Prospectus for the pro-rata non-renounceable entitlements issue. Argonaut will receive a fee of 6% of the total amount raised pursuant to the placement and an underwriting fee of 6% of the total amount underwritten pursuant to the entitlements issue. In addition, Argonaut will receive a corporate fee of \$50,000 payable upon successful completion of the placement and entitlements issue.

The anticipated timetable for the entitlements issue is as follows:

Prospectus lodgment:	20 April 2006
"EX" Date:	26 April 2006
Record date to determine entitlements:	2 May 2006
Entitlements issue closing date for acceptances:	23 May 2006
Securities quoted on a deferred settlement basis:	24 May 2006
Despatch date:	31 May 2006

These dates are not final and may be subject to change.

#### **Use of Funds and 2006 Exploration Program**

The funds raised from the entitlements issue will be utilised to implement the revised exploration and project evaluation program announced on 27 March 2006. The Company's principal focus will be on an expanded exploration program at the West Coast Diamond Project in South Africa, in parallel with a first-phase evaluation program at the Jequitinhonha Alluvial concessions in Brazil. In addition, the funds raised will be used for working capital purposes.

The planned exploration program at the West Coast Project will focus on channel features identified as priority exploration targets following the enhanced geological understanding of the project gained over the past two years. Five fluvial channel systems have been identified as the most prospective and will be tested during the first phase of the planned exploration program, which involves drilling initially followed by bulk sampling. A total of 12,000 metres of drilling has been planned, followed by two, 5,000-tonne bulk samples subject to the results of the drilling.

At the 75%-owned Jequitinhonha diamond project in Brazil, exploration will focus on the large-scale alluvial concessions straddling the Jequitinhonha River and Macaubas Rivers. The Company has developed an exploration program comprising satellite imagery and airphoto interpretation, followed by drilling and subsequent bulk sampling.

In addition, Namakwa will allocate limited funding to progress exploration of its other South African, Angolan and Australian projects. These include the Kimberley Project in Western Australia, where Namakwa has developed an exploration program focusing on the large Goat Paddock (EL 80/3153 & ELA 80/3266) circular physiographic anomaly in the central Kimberley region, which represents a high priority target area. With regard to the Camutue Project in Angola, Namakwa is awaiting feedback from the project owner, Tecmad Mining Services SARL before the proposed operating agreement can be finalised.

### **Prospecting Permit Granted for Swartsand Project, South Africa**

Namakwa also advises that the Prospecting Permit for the Swartsand Project, located between the towns of Springbok and Kleinsee in the Namaqualand Region of South Africa, has now been granted by the Department of Minerals and Energy (DME) in South Africa, clearing the way for exploration activities to commence.

Namakwa submitted its original Prospecting Permit application for the Swartsand Project some 14 months ago, with the approval process for the grant of the tenement taking significantly longer than expected. However, the Company utilised this time to develop a detailed exploration program for the Swartsand Project, which comprises an area of 1,498 hectares between the rich Buffelsbank mine deposit and the Wolfberg mine within the flood plains of the Buffels River, a major source of diamonds in the Namaqualand area.

The Swartsand Project is situated immediately adjacent to the Buffelsbank Mine, which was a significant diamond producer over a 30 year period until its eventual closure in 1998. A group of diamond mines currently owned and operated by De Beers, known as the Buffels Inland Complex, is situated downstream from the Project.

The planned exploration program comprises several phases, including initial surface geological mapping and topographic modelling of the palaeo-gravels and basement rock to determine drilling and trial pitting locations, followed by broad-spaced percussion drilling and shallow trial pitting. The overall exploration program will take approximately 12 months.

For its exploration sampling activities, Namakwa will be able to access an existing treatment plant located at the nearby Buffelsbank Mine, which operates on a campaign basis, treating gravels for other small scale miners working on the Buffelsbank leases. This eliminates the need for Namakwa to construct its own processing plant.

Following completion of the entitlements issue, Namakwa intends to allocate part of its overall exploration budget to commence the initial phases of exploration at Swartsand given the prospectivity of the area and its location within one of South Africa's most prolific diamond-producing areas.

### **Shareholder Meeting and Proposed Company Name Change**

Following completion of the share placement and entitlements issue, Namakwa intends to convene a shareholder meeting to consider a number of items of business, including a proposed change of company name to reflect its broader international focus following the new projects and project opportunities secured in Brazil, Angola and Australia over the past 12 months.

**- ENDS -**

**Released by:  
Jan Hope/Nicholas Read  
Jan Hope & Partners  
Telephone: (+61 8) 9388 1474**

**On behalf of:  
John Firth – CEO  
Namakwa Diamond Company NL  
Telephone: (+27 11) 803 4004**