
NAMAKWA REACHES LANDMARK AGREEMENT WITH CALDERA RESOURCES INC. ON ELLENDALE DIAMOND PROJECTS

- Secures unique opportunity to participate in the next stage of exploration of a significant new diamond discovery within Australia's Ellendale Diamond Field.
 - Agreement to restructure existing ownership of Caldera's Ellendale East and Ellendale South projects and establish new joint venture with Namakwa, supported by its major shareholder, Blina Diamonds.
 - Mr Ron Winston, of New York's Harry Winston, to relinquish his rights to the Ellendale Projects in exchange for shares in Namakwa and Blina.
 - Namakwa to have the right to earn a 51% interest in the projects by funding exploration, with Blina to conduct all exploration and sampling for cost plus 8%.
 - Namakwa to take up a placement of shares and warrants in Caldera amounting to an aggregate 19.9% stake, with the right to maintain its interest by participating in future equity issues.
-

Namakwa Diamond Company NL (**ASX: NDC**) today announced that it has secured the opportunity to participate in the exploration and potential development of one of the most significant recent diamond discoveries in Australia's **Ellendale Diamond Field** after reaching agreement with TSX-listed diamond explorer, Caldera Resources Inc. (**TSX: CDR**), to enter into farm-in joint ventures covering Caldera's **Ellendale East** and **Ellendale South** projects.

The agreement, which is being supported by Namakwa's major shareholder, Blina Diamonds NL (**ASX: BDI**) (which has extensive existing exploration interests and infrastructure in the region), gives Namakwa the opportunity to form a joint venture to earn up to a **51% interest** in tenements containing significant new lamproite discoveries in close proximity to the Ellendale diamond mine in northern Western Australia.

It represents a very attractive opportunity for Namakwa in the heart of one of the world's most prolific diamond fields, complementing its existing diamond exploration interests in South Africa, Brazil, Angola and Australia.

Kimberley Diamond Company (**ASX: KDC**) currently operates the Ellendale 4 and 9 mines, where production is currently being increased to a level of 600,000-700,000 carats from next financial year. Blina Diamonds holds the surrounding exploration ground and is conducting intensive exploration and mine development programs at Ellendale, which is currently regarded as one of the most sought-after regions in the world for diamond exploration.

Under the agreement, the existing ownership of the Ellendale East and Ellendale South Projects will be restructured prior to new Joint Venture Agreements being entered into between Namakwa and Caldera. Blina will participate in the initial restructure and it is envisaged will carry out all exploration and bulk sampling under the new joint ventures, utilising its existing exploration team, infrastructure and bulk sampling facilities in the Ellendale Field which will be provided on commercial terms.

Ellendale East Project

In February this year, Caldera announced the discovery of up to 6 new lamproite pipes within the Ellendale East Project, which is located some 25 kms along strike from the Ellendale 4 mine. One large target, of in excess of 200 hectares, has similar dimensions to those of the Ellendale 4 and 9 pipes currently being mined by Kimberley. Geophysical modelling of this target indicates a body with large depth extent.

Volcanoclastic quartz tuff, which is one of the predominant diamond bearing rocks in the Ellendale Lamproite Field has been identified at six of the targets drilled to date by Caldera within the Ellendale East tenement. Caldera's work has established a significant southern extension of the Ellendale Field as a potential diamond bearing entity in its own right.

Micro-diamonds have been identified in drill chip thin sections from the large Caldera target. One 170 micron diamond fragment from a larger stone was recovered from a 19.8 kilogram caustic fusion sample in the +100 -300 sieve fraction. Chrome spinel chemistry indicates potential for an additional two pipes to be diamondiferous.

There is also excellent potential for the discovery of additional pipes in southern part of the same Exploration Licence. Further drilling with large diameter holes is required to determine the area and depth extent of the bodies and to undertake a bulk sampling program.

The Ellendale Lamproite Field is the locality for the Ellendale 9 Mine operated by Kimberley Diamond Company. On 12 August 2005, Kimberley announced that approval had been granted for mining of the Ellendale 4 Pipe, which is situated 25 kilometres north-west of the Caldera targets. This expansion project will increase the processing capacity at Ellendale from 2.2 Mtpa to 7.2 Mtpa and will result in an annual increase of production from 120,000 carats to 600,000-700,000 carats per annum.

Restructure of Project Ownership

Under the Heads of Agreement entered into between Namakwa and Caldera, the existing ownership structure of the Ellendale East and Ellendale South Projects will be restructured as a condition of the proposed new Joint Venture Agreements. The Ellendale East Project is subject to a farm-in joint venture between Caldera and Mr Ron Winston, Chairman of long-established New York-based international diamond house Harry Winston, under which Mr Winston can earn a 50% interest in the project by funding ongoing exploration expenditure. Mr Winston and Caldera are joint 50:50 contributing partners in the Ellendale South Project.

Mr Winston stated earlier this year that: "I consider that the Ellendale drill results are one of the more significant developments in my diamond exploration career".

Subject to the grant of shareholder and other regulatory approvals, Namakwa will issue 5 million fully-paid Namakwa shares to Mr Winston or his nominee and will procure that its major shareholder, Blina Diamonds, issues 500,000 fully-paid Blina shares to Mr Winston or his nominee in return for Mr Winston relinquishing all rights and interests held in the Ellendale East and Ellendale South projects.

As a result of this transaction, Mr Winston, who is a highly regarded and influential figure in the international diamond industry, will become a strategic shareholder in both Namakwa and Blina.

Joint Venture Agreements

Subject to the issue of Namakwa and Blina shares to Mr Winston, Namakwa will enter into two Joint Venture Agreements, respectively covering the Ellendale East and Ellendale South projects, giving Namakwa the right to earn a 51% interest in each project under different commercial terms and conditions.

At Ellendale East, Namakwa will have the right to earn a 51% interest by:

- spending A\$5 million on exploration over a 3-year period, of which A\$1.5 million is intended to be expended during the 2006 and 2007 field seasons, including on large-diameter drilling utilising a Bauer BG 20 rig if Namakwa considers this to be warranted; or
- in lieu of this, paying to Caldera 49% of that portion of its earn-in exploration commitment not yet spent on the tenements at the time.

At Ellendale South, Namakwa will have the right to earn a 51% interest by:

- spending A\$1.5 million on exploration over a 3-year period from the date on which the tenements are granted; or
- in lieu of this, paying to Caldera 49% of that portion of its earn-in exploration commitment not yet spent on the tenements at the time.

Namakwa will have the right to relinquish its rights in relation to both projects at any stage during the earn-in period, in which case the joint ventures will terminate and all data accumulated will be handed back to Caldera. Namakwa will manage and be responsible for the development of all work programs on behalf of each joint venture and for the funding of all joint venture expenditure until it has earned its 51% interest.

Mr Ron Winston will have the right to buy, at fair market value, 30% of all run-of-mine production of diamonds produced by both joint ventures from the Ellendale East and Ellendale South tenements, being 15% from Namakwa's 51% interest and 15% from Caldera's 49% interest.

Namakwa intends to procure the agreement of its major shareholder, Blina Diamonds, to conduct all exploration, drilling and any processing of samples for both joint ventures at cost plus 8% during the earn-in period, leveraging off Blina's established exploration team, infrastructure and processing facilities in the Ellendale Field.

Blina has intensive ongoing exploration and mine development programs underway within its 1,500 sq km tenement package surrounding the Ellendale Mining Lease, including a proposed mine development at the Ellendale 9 North area and extensive exploration within the Terrace 5 palaeo-channel. Blina also has an existing DMS diamond processing facility which is currently being upgraded to 500,000tpa capacity.

Placement in Caldera Resources

As part of the broader agreement announced today, Namakwa will also subscribe for a placement of 2.5 million fully-paid Caldera shares at a price of C\$0.10 each, representing a total investment of C\$250,000.

In addition, Caldera will, subject to satisfaction of regulatory conditions, issue 19.7 million new warrants to Namakwa exercisable and convertible into common Caldera shares such that the aggregate of the placement shares and warrants would give Namakwa a stake of 19.9% of the entire issued capital of Caldera on completion of that exercise or conversion, as applicable. The new warrants will each be exercisable or convertible into one fully paid common share in the issued capital of Caldera Inc. on payment of C\$0.15 each.

Namakwa will have the right to participate in any future equity issues by Caldera to maintain its 19.9% interest. The transaction and the placement and issue of warrants, including the right for Namakwa to maintain its equity interest, are all subject to relevant shareholder and regulatory approvals and the relevant listing rules and regulations of the Toronto Stock Exchange.

Summary

The directors of Namakwa believe that the agreement with Caldera and the proposed transactions outlined above represent a unique and valuable opportunity for the Company, enabling it to secure a significant equity interest in one of the most significant diamond exploration plays anywhere in the world.

“This is a very valuable opportunity for Namakwa,” commented CEO, John Firth. “The Ellendale Field is currently regarded as one of the most exciting diamond exploration camps in the world, with numerous companies pursuing intensive exploration programs that leverage off the pioneering work of Kimberley Diamond Company and Blina Diamonds.”

“We are fortunate to be in a position to take advantage of the opportunity to farm into this ground through an agreement with Caldera, and thereby participate in one of the most exciting diamond discoveries in the region of recent times,” Mr Firth added. “The strategic position and capabilities of our major shareholder, Blina Diamonds, in the Ellendale Field have also been instrumental in concluding this innovative and very significant arrangement.”

- 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**