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## PROSPECTIVE NEW EXPLORATION AREAS SECURED AHEAD OF PRODUCTION START-UP

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- **3 new Prospecting Permits awarded at the Namakwa Diamond Project covering newly identified exploration targets.**
  - **Total ground holdings increased by 30% to 90.4 km<sup>2</sup>.**
  - **Final plant upgrade underway ahead of a commissioning period with Stage 1 mining operations scheduled to commence late September 2004.**
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Namakwa Diamond Company NL (**ASX: NDC**) today announced that it had secured a portfolio of prospective new exploration areas at its Namakwa Diamond Project in South Africa, increasing its total ground holdings by almost one third ahead of the commencement of full-scale diamond production scheduled to commence late September 2004.

Australian-based Namakwa said it had been awarded three (3) new Prospecting Permits covering a total area of some 20.9 km<sup>2</sup> adjacent to its existing Mining Licence and Prospecting Permits, increasing the total area under title by 30% from 69.5 km<sup>2</sup> previously to **90.4 km<sup>2</sup>**.

Importantly, the new permits cover a number of significant anomalies identified using the SPECTREM<sub>2000</sub> airborne geophysical survey carried out last year, which delineated a large number of new targets. Namakwa plans to follow up these targets as part of its expanded Stage 2 exploration program, which will commence after its Stage 1 mining operations have been commissioned.

Two of the new permits (PP 4/2004 and PP 2/2004) cover additional areas of the farms Graauwduinen and Klipvley Karoo Kop, already covered by existing Prospecting Permits, while the third (PP 3/2004) covers a new area, Schaap Vley Hills (see map attached). The Namakwa Diamond Project is located 350 km north of Cape Town on South Africa's West Coast.

### PLANT UPGRADE AND STAGE 1 MINING – UPDATE

The Dense Media Separation (DMS) diamond production plant at the Namakwa Diamond Project has been shut down during July while final modifications are carried out to upgrade it to 500,000 tonnes per annum capacity. This work includes modifications to enable the plant to accommodate in excess of 100 tonnes per hour scrubber feed in the Stage 1 Mining phase, as well as upgrades to the Flowsort (X-Ray) Final Diamond Recovery Unit.

Plant commissioning is scheduled to commence in August, leading to the start of full-scale Stage 1 mining operations and marking Namakwa's transition from explorer to operating diamond producer by late September 2004.

Once in production, the Stage 1 operations are expected to yield around 95,000 carats per annum.

The Stage 1 development is based on an initial resource of 2.2 million tonnes grading 18.7 carats per hundred tonnes (cpht) containing 411,000 carats (with an in-situ value of approximately A\$60 million at current diamond prices). This resource covers just 3% of Namakwa's tenement area before the addition of the new Prospecting Permits.

Stage 1 production will provide ongoing funding for the Company's longer-term objective, which is to delineate a much larger resource of up to 15 million tonnes at an average grade of 16 cpht within its tenement areas. This will provide the basis for a significantly expanded operation.

Namakwa was granted a Mining Licence for the Namakwa Diamond Project in May this year, representing the final remaining approval required to commence mining at the Project.

**- ENDS -**

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

**On behalf of:  
Karl Simich – Chairman  
Namakwa Diamond Company NL  
Telephone: (+61 8) 9321 5887**

### NAMAKWA LICENCE AND PERMIT AREAS

