
NAMAKWA SECURES OPERATING AGREEMENT FOR CAMUTUE DIAMOND PROJECT, ANGOLA

- **Namakwa appointed as independent contractor and operator of high-grade Camutue Associated Diamond Deposits, Angola.**
 - **Program of Work, capital and operating budgets finalised to recommence diamond production, to be funded and supervised by Tecmad – Mining Services SARL.**
 - **Namakwa to receive a management fee of either 20% of net cash flow or a minimum US\$100,000 per month from the recommencement of production.**
 - **Low-risk strategic opportunity for Namakwa in world-class diamond mining region.**
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Namakwa Diamond Company NL (**ASX: NDC**) today announced that it has finalised and executed an operating agreement with Angolan-based **Tecmad – Mining Services SARL** (“Tecmad”) for its immediate appointment as an independent contractor and operator to manage the planned recommissioning of the **Camutue Associated Diamond Deposits** in north-eastern Angola’s Lunda Norte Province.

The agreement – which follows several months of negotiations with Tecmad – is expected to lead to the re-establishment of mining operations at Camutue under Namakwa’s operational management, crystallising a significant international opportunity for the Company with the potential to generate cash flow in the short term and, in the longer term, position Namakwa to potentially secure additional attractive opportunities in this well-established diamond mining district.

The agreement has the potential to deliver strategic benefits to both parties, drawing together Namakwa’s technical expertise in the diamond industry and access to international capital markets with Tecmad’s prominent position in the Angolan diamond industry and potential access to additional attractive project opportunities in the region.

The comprehensive operating agreement builds on the Memorandum of Understanding (MOU) with Tecmad signed in December 2005 and encompasses the proposed implementation of a detailed development and operating plan for the Camutue Associated Diamond Deposits developed by Namakwa over the past 6 months. This incorporates an agreed work program, capital and operating budgets and production schedules.

The Camutue Project is located some 10 kms east of the town of Lucapa in the Lunda Norte Province of Angola. Tecmad is entitled to a majority participation in the profits of the operations of the Concession under a consortium agreement with Angola's State-owned diamond mining company, Endiama E.P. Under the agreement, Namakwa has been appointed as an independent contractor and operator to manage all aspects of mining the high-grade Camutue Associated Deposits, including:

- design and implementation of all required modifications to the existing on-site processing plant and associated infrastructure, including procurement of equipment;
- mobilisation to site and management of mining operations as agreed between the parties;
- management and supervision of all activities relating to run-of-mine production including mining, loading, hauling, screening, processing, stockpiling and storage, as well as the weighing, sampling and determination of diamond content;
- conducting exploration within the Camutue Concession Area insofar as this is relevant for the development and mining of the Camutue Associated Deposits; and
- management and organisation of all earthmoving activities.

All capital and operating costs in relation to the operating agreement and contained within the agreed Capital and Operating Budgets will be for the account of Tecmad.

Tecmad will, at its own cost, assist Namakwa with logistical issues, provide office and residential accommodation for Namakwa's employees and contractors in Luanda and pay any government royalties and any other such costs which may become payable in relation to preserving the Camutue Concession.

It is envisaged it will take approximately 6 months to re-establish the mine, refurbish the plant and infrastructure and commission the plant which will all be done at Tecmad's expense, - upon which (subject to certain conditions) Namakwa will, in consideration for its services as independent contractor and manager, commence earning a management fee of either 20% of net monthly cash flow from the re-commissioned Camutue operations or a monthly fee of US\$100,000 (whichever is greatest). The operating agreement will remain in force for an initial term of one year, and can be renewed. The operating agreement can be terminated by either party for any or no reason on 30 days' notice.

The operating agreement incorporates an initial production plan which envisages the extraction of in excess of 100,000 carats of diamonds over a 16-month period, with processing to be carried out using the existing Dense Media Separation (DMS) diamond production plant located on site. The estimated value of the diamonds is \$250 per carat.

Tecmad has to date invested significant sums on plant and equipment at the Camutue Project, including on construction of a new Bateman DMS plant. The existence of a modern processing plant and existence of mining and associated infrastructure underpins a relatively rapid development time for the Project.

The Camutue Concessions also include a kimberlite cluster of no less than nine pipes, of which five have been shown to be diamondiferous and two have been mined historically to some extent. The Camutue-west kimberlite was discovered in 1958 and was mined between 1961 and 1974, during which a total of 2.1 million m³ of material was mined resulting in the recovery of 333,673 carats at an

average mined grade of 9 carats per hundred tonnes (cpht). The largest stone found weighed 95.41 carats and the pipe became known for producing a high proportion of large stones.

While the kimberlite pipes are not included in the Operating Agreement announced today, the terms of the previously announced MOU envisage that Namakwa will have the opportunity, after demonstrating its technical capabilities through mining of the Camutue Associated Deposits, to negotiate an agreement to potentially explore and perhaps acquire an interest in the nearby kimberlite cluster.

Namakwa's Directors believe that the Operating Agreement with Tecmad represents a low-risk opportunity for the Company to leverage its operating expertise and experience in the diamond industry to gain a strategic foothold in one of the world's richest diamond-mining regions and establish a long-term relationship with Tecmad, one of the key players in Angola's diamond and mining industry.

Namakwa's CEO, Mr John Firth, said the agreement was consistent with Namakwa's strategic focus moving forward, and would be pursued in parallel with its expanded exploration program at the West Coast Project in South Africa and exploration at the Jequitinhonha alluvial diamond project in Brazil.

"We are pleased to have concluded this agreement with Tecmad, which has conducted negotiations in a very professional manner over the past few months," Mr Firth said. "Tecmad is a respected and well-established player in the Angolan mining industry, and we are pleased to have the opportunity to work with them in advancing a project with the potential to make a positive contribution towards the Angolan mining industry."

Angola is one of the world's most resource-rich countries, offering major opportunities to international mining and resource companies particularly in the oil industry and for diamond production. Since the conclusion of the long-running civil war in 2002, Angola has stabilised and experienced strong economic growth driven by its burgeoning oil and mining sectors helping to support reconstruction of its war-damaged infrastructure. The country is currently attracting very high levels of foreign investment in its resource sector. It is sub-Saharan Africa's second largest oil producer after Nigeria and one of the world's largest diamond producers.

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