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## NAMAKWA SECURES NEW SOUTH AFRICAN DIAMOND PROJECT

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- **Highly prospective new Namaqualand project (South Africa) located adjacent to world-class Buffelsbank Mine (previously owned by the Trans Hex Group) on the farm Komaggas.**
  - **Significant historic and current production from high-grade mines both upstream and downstream (1.2 million carats produced at Buffelsbank).**
  - **Low-cost, low-risk exploration and growth opportunity for establishment of second operational centre outside of diamond operations at the Namakwa Diamond Project.**
  - **Exploration planned to commence in second quarter of 2005.**
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Namakwa Diamond Company NL (**ASX: NDC**) today announced its first significant growth step since moving into diamond production last year after securing a highly prospective new alluvial diamond project in South Africa's Namaqualand district, located adjacent to some of the region's most prolific diamond mines.

Namakwa said it had successfully applied for the **Swartsand Project**, located between the towns of Springbok and Kleinsee within the flood plain of the Buffels River, a major source of alluvial diamonds in the area. The Project is situated immediately adjacent to the Buffelsbank Mine which produced 1.2 million carats over a 30-year period until its eventual closure in 1998, underpinning the early development of leading South African-based diamond producer, Trans Hex Group.

The Australian-based Company plans to commence an exploration program at the Swartsand Project during the second quarter of 2005 after finalising regulatory requirements (which are well underway) with the objective of establishing a second operational centre in South Africa outside of its Namakwa Diamond Project on the west coast (approximately 400 kms to the south). Production commenced at the Namakwa Diamond Project in September 2004 and is currently in a commissioning and ramp-up phase.

The Swartsand Project comprises an area of approximately 1,645 hectares and forms part of the farm Komaggas. It is located downstream of the high-grade Buffelsbank Mine and upstream of a group of diamond mines owned and operated by De Beers known as the Buffels Inland Complex (BIC).

The Buffelsbank Mine located immediately upstream was one of the richest alluvial diamond operations in the Namaqualand area and a flagship mine for Trans Hex Group after opening in 1965. Grades at the mine were in the order of 75 carats per 100 cubic metres (around 37 cpht) along the southern mining faces, with local grades of up to 1,500 carats per 100 cubic metres (750 cpht) reported.

Between 1965 and 1996, Buffelsbank produced 1,237,607 carats from 2,481,856 stones, with an average stone size of 0.5 of a carat. Average diamond prices achieved from mining over this historical period are estimated at US\$250/carats based on information supplied by Trans Hex Group and other independent analysts and consultants. Prices for these types of diamonds would be significantly higher in today's dollar terms and would likely be in the US\$400/carats to US\$450/carats range.

The Buffels Inland Complex mines (Kleinsee, Langhoogte and Nuttabooi) produced over 225,000 carats between 1991 and 1996 from processing 1.4 million tonnes of gravels at an average grade of 16.5 cpht. Annual production in this period ranged between 27,000 - 49,000 carats with a highest annual grade of 24.1 cpht and a lowest of 11.0 cpht. The Bonte Koe (Firestone Diamonds) and Wolfberg (Independent) alluvial diamond mines are still active in the immediate vicinity.

The Buffels River has been identified as a major source of alluvial diamonds associated not only with its palaeo-channels but also the marine diamonds at Kleinsee. The alluvial deposits are associated with the Proto-Buffels River, a meandering system with low meander amplitude and low gradient. The gravel deposits in the area are cut-off meanders incised into the gneissic rock.

Namakwa's Chairman, Mr Karl Simich, said the Swartsand Project represented a low-cost, low-risk exploration and growth opportunity for the Company.

"The key attraction of the Swartsand Project is its excellent geological address immediately downstream from one of South Africa's best known and most prolific high-grade diamond mines within the flood plain of the Buffels River, a major source of alluvial diamonds in Namaqualand," he said.

"Namakwa's ability to secure this outstanding project highlights our growing presence in the diamond industry in South Africa as we move to diversify our existing production and exploration base," Mr Simich added. "It also highlights the growing number of opportunities available in South Africa under the mining regime, particularly to companies with a good operational track record such as Namakwa."

### **Proposed Exploration Program**

Namakwa's exploration on the Swartsand Project area will comprise geological mapping and reverse circulation drilling to outline any gravel bodies that may be present. Subject to results this will be followed by in-fill drilling and geophysical surveys to locate sites for bulk sampling.

An existing treatment plant and associated infrastructure is located at the nearby Buffelsbank Mine which still operates on a campaign basis treating gravels for a number of small-scale miners still active on the Buffelsbank leases.

Namakwa has established very good relationships with these small-scale miners, and plans to utilise the existing Buffelsbank treatment plant and infrastructure to process samples collected during the exploration/trial mining phase.

Namakwa's application for the Swartsand Project area has been accepted by the Department of Minerals & Energy (DME) and the Company is currently finalising the Environmental Management Plan (EMP) for the Project which it expects to submit to the DME before the end of January 2005. The approval process leading to the grant of the Prospecting Permit is expected to take approximately 3-4 months, enabling Namakwa to target commencement of exploration at the Project toward the end of the second quarter of 2005.

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