

STRONG RESULT FROM SECOND DIAMOND SALE

INCREASED AVERAGE VALUE OF US\$103.20/CARAT ACHIEVED

Namakwa Diamond Company NL (**ASX: NDC**) today announced the second sale of diamonds from its West Coast Diamond Project in South Africa, achieving an increased average value of **US\$103.20/carat (A\$154.03/carat)*** and outstanding individual prices of between **US\$1,000** and **US\$2,800/carat** for its largest stones.

The second sale, which was completed by tender, comprised a total of **2,926.17 carats** and realised a total of **US\$301,970 (A\$450,701)**. The sale was conducted through Kobus Poggenpoel from Poggenpoel Diamonds in the South African Diamond Centre, Johannesburg.

Individual parcels comprising some of the larger stones achieved outstanding prices, including US\$2,718/carat for one 5.11 carat stone, US\$1,857/carat for a 5.20 carat stone and US\$1,148/carat for a 5.45 carat stone. The smaller stones at the lower-value end of the scale achieved values ranging from US\$12 to US\$109/carat.

The average price for the second sale was 7% higher than that achieved for Namakwa's first diamond sale (1,561 carats at an average price of US\$96.63 per carat realising US\$150,888), which was completed in April this year. It also exceeds a recent independent valuation of Namakwa's diamond production by Independent Diamond Valuers Pty Ltd of Perth (IDV) of US\$96/carat.

The second tender completes the sale of diamonds recovered from Namakwa's recently completed phase of bulk sampling operations. As announced on 6 June 2003, sampling to date has recovered a total of 41,841 diamonds weighing 4,477.81 carats. The proceeds of the diamond sales will be utilised for working capital purposes as Namakwa moves towards development of a commercial mining operation in the second half of this year.

Namakwa's Chairman, Mr Karl Simich, said the Company was delighted with the outcome of the first two diamond sales, which provided strong independent confirmation of the market value of Namakwa diamonds and the commercial potential of its currently identified resources.

"We have achieved an excellent average value from the sale of diamonds recovered during bulk sampling operations," Mr Simich said. "We are confident that the returns from our diamond marketing program can be further enhanced in a future mining scenario, particularly where the recovery of the high-value larger stones can be optimised. These stones clearly have the potential to significantly enhance overall project economics."

Namakwa is currently preparing a Feasibility Study on the Stage 1 development of the Namakwa Diamond Project, focusing on currently identified resources of **2.49 million tonnes** grading **15.82 carats per hundred tonnes (cpht)** containing **393,967 carats**.

* Calculated at an exchange rate of US\$0.67.

Namakwa's recently completed sampling operations returned a cumulative grade in the key mineralised horizon from the last trench, KKT5R, of 33.15 cph. Four bulk sampling trenches have been completed to date.

The Company's borrowings of A\$400,000 (as previously disclosed) which bear simple interest at 10% per annum are repayable on or before 30 June 2003 (unless extended by mutual agreement) or, at the lenders election, the principle and interest is converted into ordinary shares at A\$0.07 each, as agreed to and being the market price at the time of borrowings.

The Company is currently finalising funding arrangements for the Feasibility Study and Stage 1 Project Development with an announcement expected in the near future. Namakwa is aiming to complete this study in the next two months, enabling it to move to Stage 1 project development during the fourth quarter of 2003.

The Company is continuing its Black Empowerment Partner negotiations and is optimistic about the prospects of finalising an agreement in this regard in the near future.

BACKGROUND INFORMATION

Namakwa is exploring and developing the Namakwa Diamond Project, comprising 49 square kilometres of highly prospective ground in three adjacent Concessions on South Africa's West Coast, 350 kilometres north of Cape Town.

The Project is located in the heart of one of the world's most prolific diamond-producing regions - with major historic and current diamond mines located to the north and south.

The diamonds within the rich onshore gravels being exploited by these operations are thought to have been transported to the coast by the major drainage systems of the interior - the Olifants, Buffels and Orange Rivers. Namakwa's Concessions are located just north of the mouth of the Olifants River.

Between 1994 and 2000, South Africa's West Coast yielded 5.8 million carats, worth an estimated US\$900 million at an average grade of 14 cph. The run of mine diamond values ranged between US\$80 and US\$220 a carat.

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