
COMPANY UPDATE AND 2006 EXPLORATION FOCUS

- **2006 exploration focus to be on expanded exploration at West Coast Project, South Africa.**
 - **Technical review of Jequitinhonha Diamond Project, Brazil determines that initial exploration focus will be on Alluvial concessions.**
 - **Finalisation of operating agreements for Angolan Project and grant of Swartsand Project, South Africa, in progress.**
 - **Funding mechanisms being developed.**
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Namakwa Diamond Company NL (**ASX: NDC**) today announced a revised exploration and project focus for 2006 following the completion of a review of the status of its other projects in South Africa and Angola, a detailed technical review of the Jequitinhonha alluvial diamond project in Brazil, and an assessment of its funding requirements over the next 12 months.

The Company expects to make an announcement shortly regarding the funding mechanism to support its proposed activities, including exploration programs at the West Coast Diamond Project in South Africa and at the newly-acquired alluvial diamond interests in Brazil.

Exploration Focus – West Coast Diamond Project, South Africa

The principal focus of exploration over the next 12 months will be on the West Coast Diamond Project in South Africa, in parallel with a first phase evaluation program targeting the Jequitinhonha alluvial concessions.

Namakwa has finalised its planning of a comprehensive exploration program at the West Coast Project following the Board's previously announced decision to focus activities to the substantially unexplored areas.

This planned exploration program will focus on channel features identified as priority exploration targets following the enhanced geological understanding of the project gained over the past two years.

Five fluvial channel systems have been identified as the most prospective and will be tested during the first phase of the planned exploration program, which involves drilling initially followed by bulk sampling. A total of 12,000 metres of drilling has been planned, followed by two, 5,000-tonne bulk samples subject to the results of the drilling.

Jequitinhonha Diamond Project, Brazil

Namakwa exercised its options to acquire a 75% interest in the Jequitinhonha alluvial diamond project in Brazil in December 2005, including both the Alluvial and Conglomerate style of deposits that form part of the project. The Jequitinhonha Project is located in the Diamantina region in one of Brazil's most prolific diamond-producing areas, downstream from the Domingas Mine.

The Company has since completed a detailed technical review of both the alluvial deposits, which are located within two groups of Concessions straddling the Jequitinhonha River and Macaubas Rivers, and both the Boa Vista and Serrinha conglomerate deposits (which have been partially mined in the past).

This review, which included geological field activities and preliminary exploration evaluation, confirmed the presence of diamondiferous gravels within the large-scale alluvial concessions and highlighted the significant exploration potential of these areas, some of which (such as the Macaubas River Concessions) have not seen any modern exploration.

The focus of exploration will be on the Alluvial concessions at Jequitinhonha. Namakwa's ongoing technical evaluation suggests that it should focus on the Alluvials (unconsolidated river gravels) in the short term rather than the Conglomerates (consolidated hard-rock sediments). Exploration of the latter will be deferred. The alluvials and the Serrinha conglomerates are held under granted tenure while the Boa Vista conglomerates remain under application.

Namakwa has developed an exploration program to evaluate the Jequitinhonha and Macaubas River alluvial concessions. This exploration program will comprise landsat and airphoto interpretation, followed by drilling and subsequent bulk sampling. It is intended the exploration program will commence as soon as funding is in place.

Kimberley Project, Western Australia

Namakwa's exploration focus will be on the large Goat Paddock (EL 80/3153 & ELA 80/3266) circular physiographic anomaly in the central Kimberley region, which represents a high priority target area. The Goat Paddock Project comprises a crater-form topographic depression some 5 kms in diameter.

Previous drilling (carried out in 1972) demonstrated a crypto-explosion crater structure in-filled with some 200 metres of carbonaceous lacustrine sediment overlying brecciated sandstone. The lacustrine sediments (lake-fill) have been dated at approximately 50 million years, compared with the surrounding host rocks which have been dated at an estimated 500 million plus years.

Detailed ground magnetic surveys have demonstrated an internal magnetic anomaly (1.5 kms in diameter) disposed within the much larger topographic anomaly or crater structure (5 kms in diameter). This anomaly is interpreted to reflect a 'melt pool' related to a meteorite impact or a sub-volcanic intrusive possibly related to a kimberlitic diatreme.

Subject to relevant clearances, the Company proposes a drilling program at this target during 2006.

Camutue Project, Angola

In late 2005, Namakwa signed an MOU with Angolan-based Tecmad – Mining Services SARL giving it exclusive rights to evaluate and present a development and operating plan to mine, under contract, the Camutue Associated Deposits located in north-eastern Angola, with a view to subsequently negotiating an agreement enabling Namakwa to explore and potentially acquire an interest in the nearby cluster of up to nine kimberlite pipes.

Namakwa subsequently completed a detailed technical report on the Camutue Project and presented it to Tecmad's shareholders in January 2006. After a number of detailed changes to this report were requested by Tecmad, and subsequently made, Namakwa has commenced negotiations in good faith to conclude an operating agreement to commence mining operations.

The finalisation of this operating agreement is wholly dependent on its acceptance and finalisation by Tecmad, which has been dealing with the issues raised over the past two months.

While there is little doubt that the Camutue Project represents a significant opportunity for Namakwa, it is not possible at this stage to say when, or if, an agreement will be finalised and whether it will lead to the establishment of a commercial mining venture.

Swartsand Project, Namaqualand Region – South Africa

As previously reported, Namakwa has finalised exploration programs for the Swartsand Project, located between the towns of Springbok and Kleinsee in the Namaqualand Region of South Africa.

Namakwa submitted an Environmental Management Plan for the Swartsand Project which has been accepted for processing by the Department of Minerals and Energy in South Africa. However, some fourteen months after the original application was made, the approval process for this prospecting permit remains to be concluded and Namakwa is unable to predict when the application will be approved.

The Namakwa Board has determined that these exploration programs represent the best opportunities to progress the Company in light of its funding situation. In this regard, the Board is reviewing options and intends to make an announcement shortly regarding the proposed funding mechanism to underpin these exploration activities.

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