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## NAMAKWA REPORTS SIGNIFICANT INCREASE IN DIAMOND GRADE AND PRODUCTION FROM ELANDSVY MINE

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- Average diamond grade improves by about 135 per cent to 15.93 cpht (1 April - 21 June).
  - 28,893 tonnes processed from mining activities on resource blocks in the northern section of the Liebenberg Bay area, resulting in recovery of 45,933 diamonds weighing 4,602 carats (March 2005 Quarter: 2,287 carats).
  - Third diamond sale completed, increasing year-to-date sales to 13,985 carats at average price of US\$105 per carat.
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Namakwa Diamond Company NL (ASX: **NDC**) today announced an update on mining, production, marketing and exploration activities at its Namakwa Diamond Project in South Africa, including a significant increase in diamond grade and production during the June 2005 Quarter and the completion of the Company's third sale of production diamonds.

### 1. Production Update

Mining operations commenced early in the June Quarter on resource blocks located in the Liebenberg Bay area, West Coast, South Africa.

Full production results will be reported in the June 2005 Quarterly Report, however, Namakwa is pleased to report that for the period 1 April 2005 to 21 June 2005, a total of 28,893 tonnes of gravels from these resource blocks were treated at an average diamond grade of **15.93 carats per hundred tonnes** (cpht), resulting in the recovery of **45,933 diamonds weighting 4,602 carats**. The diamonds are classified mainly as gem or near gem quality.

Previously reported production during the March 2005 Quarter was 33,758 tonnes at an average grade of 6.77 cpht for production of 2,287 carats of diamonds. The current results represent an **increase of 135 per cent** above the March 2005 Quarter.

## 2. Exploration

These more recent mining results, together with previous bulk sampling results, have conclusively demonstrated that significant quantities of diamonds exist in the marine terraces of Namakwa's areas, but determination of grade distribution is proving complex. The Company will now embark on a program to establish a geological model that explains the distribution of the high-grade areas. Following this, exploration programs will evaluate and thoroughly test these areas prior to the expansion of mining operations.

Namakwa geologists believe that the De Beers owned and profitably operated Koignaas mining area, approximately 100 kms to the north of Namakwa's areas, provides a viable geological model that demonstrates how diamond grade is distributed. The Koignaas model targets both marine and fluvial (palaeo-channel) gravels. Given that the higher grade areas identified in Namakwa's Liebenberg Bay area are associated with underlying palaeo-channels, there appears to be some correlation between the Koignaas and Namakwa deposits. The Tempest AEM system has proven very effective in locating palaeo-channels along the west coast of Southern Africa. This program was flown by Namakwa in 2003 and appears to outline an extensive palaeo-channel network which will now form the basis of a detailed follow-up exploration program.

With this revised approach, confirmed by recent mining results, the Company is confident that further exploration will deliver high grade deposits which may be similar to those being mined at Koignaas.

Further details on Namakwa's exploration program will be announced in the June Quarterly.

## 3. Third Diamond Sale

Namakwa has now completed three sales of production diamonds in the period between November 2004 and June 2005. This brings total diamond sales for this period to 13,985 carats at an average price of US\$105 per carat, realising a total of R8.96 million (approximately A\$2 million).

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