



RMB RESOURCES TO ASSUME KEY FUNDING ROLE IN DIAMOND PROJECT DEVELOPMENT

MANDATE FOR QUASI DEBT-EQUITY FACILITY

Namakwa Diamond Company NL (**ASX: NDC**) is pleased to announce it has accepted a proposal from specialist merchant bank **RMB Resources Limited** to arrange finance for the feasibility and development of Stage 1 of its West Coast Diamond Project in South Africa.

RMB Resources, a subsidiary of South African financial services giant FirstRand, has also taken up a strategic 4.68% stake in Namakwa after participating in its recently completed Prospectus raising. RMB subscribed for 3.5 million shares in the Offer, which raised a total of A\$682,500 in interim funding for the Company's exploration and development activities.

Under the proposal, RMB Resources will undertake a work program with a view to providing a quasi debt-equity facility of up to **A\$2.75 million** in two tranches to fund feasibility and development costs of the Stage 1 mining proposal of the Namakwa Project.

The final amount and structure of the facility will be finalised following a review of the project's feasibility program, a recently completed site visit by representatives of RMB Resources and a financial and technical review.

Finalisation of the funding facility is subject to completion of due diligence, internal credit approval and legal documentation by RMB Resources, which is expected to take approximately 6-8 weeks.

Namakwa's funding requirements during this period will be met by the proceeds of the recently completed Prospectus raising, which recently closed fully subscribed. A total of 9.75 million shares have been issued under this Prospectus, raising a total of A\$682,500. The bulk of this will be utilised for ongoing work at the Namakwa Project. Following completion of the issue, Namakwa will have 74,790,227 fully paid shares on issue.

Namakwa's Chairman, Mr Karl Simich, said subject to the RMB Resources transaction being completed, the Company would be well placed to expedite commercial development of the Namakwa Project without having to return to the market for significant additional equity funding which would further dilute existing shareholders.

"We are very pleased to have secured the involvement of RMB Resources, which has an excellent track record in assisting companies with the development of resource projects all over the African continent," Mr Simich said.

"Subject to completion of due diligence and the technical review process, we look forward to working closely with RMB to implement Stage 1 of the Namakwa Project," he said. "The successful implementation of this development will pave the way for an expanded Stage 2 operation."

RMB Resources is a specialist merchant bank focusing on the African resources industry with clients in Australia, North America, Europe and South Africa. It is a subsidiary of FirstRand, a listed Johannesburg-based diversified financial services group with total assets of A\$81 billion and a market capitalisation of approximately A\$18 billion.

Namakwa has achieved outstanding results from the West Coast Diamond Project since commencing bulk sampling in mid-2002. In February 2003 it announced an initial resource estimate of **2.49 million tonnes** at an average grade of **15.82 carats per hundred tonnes** (cpht) containing **393,967 carats** covering just a fraction of the total tenement area.

This resource would underpin the Stage 1 operation, which preliminary scoping and financial studies have shown could be capable of producing approximately 80,000 carats per annum over a 5 year mine life, generating over A\$60 million in revenue and approximately A\$30 million in surplus pre-tax cash flow.

Recently, Namakwa announced the first sale of diamonds from the Namakwa Project, achieving an average value of US\$96.63 per carat, exceeding an independent valuation of its goods. It has also announced excellent results from its latest bulk sampling trench, with bulk sampling operations having yielded a total of 17,783 diamonds weighing 1,728.52 carats to date.

Mr Simich said Namakwa was aiming to achieve first production from the Stage 1 Project during the 4th Quarter of 2003, with the capital cost of upgrading the existing on-site Dense Media Separation (DMS) facility to 500,000 tonnes per annum estimated at approximately A\$1 million.

“This will generate cash flow and provide the capital necessary to undertake an expanded exploration and bulk sampling campaign to realise the full potential of our project area and move to an expanded Stage 2 operation,” he added.

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 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 cpht. The run of mine diamond values ranged between US\$80 and US\$220 a carat.

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