



**Namakwa** Diamond Company

(ABN 77 085 806 284)

## **PROSPECTUS**

For the offer of up to 8.25 million Shares at 10 cents each, to raise up to \$825,000.

**Manager to the Offer**

Montagu Stockbrokers Pty Ltd

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**IMPORTANT NOTICES**


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This prospectus has been issued by Namakwa and was lodged with ASIC on, and is dated, 25 November 2002. Neither ASIC nor ASX take any responsibility for the contents of this prospectus.

The Company has issued both a printed and electronic version of this prospectus and the electronic version may be accessed at [www.namakwa.com.au](http://www.namakwa.com.au). This prospectus should be read in its entirety before deciding to invest in the Shares offered by this prospectus. The directors consider an investment in the Shares to be speculative and recommend that you consult your financial adviser as to the course you should follow with respect to the Shares. No securities will be issued on the basis of this prospectus later than 13 months after the date of this prospectus.

This prospectus should only be accessed from within Australia as the Shares have only been qualified for issuance in Australia. Hence, this prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Where this prospectus has been dispatched to, or accessed electronically by, Non-Residents and where that jurisdiction's securities legislation requires lodgement or registration of this prospectus, this prospectus is provided for information purposes only. Non-Residents should refer to *Additional Information - Non-Residents* for further details.

The Company reserves the right not to accept an application from any person if it has reason to believe that when the person was given the application, that person was not provided with a complete and unaltered copy of this prospectus and any relevant supplementary or replacement prospectus. If you have received an application form for the Shares without a complete and unaltered copy of this prospectus, please contact the Company who will send you, free of charge, a printed or electronic version of this prospectus.

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**CORPORATE DIRECTORY**


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**Directors**

Karl M Simich - Executive Chairman  
 John L G Firth - CEO (South Africa)  
 Peter D Danchin – Director  
 John R Hutton – Director

**Secretary**

Jean Mathie

**Registered and Principal Office**

12 Walker Avenue  
 West Perth, Western Australia, 6005

**South African Office**

First Floor, 357 Rivonia Boulevard  
 Rivonia, Gauteng, South Africa, 2128

**Enquiries – Australia**

Telephone: (+61-8) 9321 5887  
 Facsimile: (+61-8) 9321 5884  
 Website: [www.namakwa.com.au](http://www.namakwa.com.au)  
 Email: [general@namakwa.com.au](mailto:general@namakwa.com.au)

**Enquires - South Africa**

Telephone: (+27-11) 803 4004  
 Facsimile: (+27-11) 803 9556  
 Email: [kerry@ndc-diamonds.co.za](mailto:kerry@ndc-diamonds.co.za)

**Manager to the Offer**

Montagu Stockbrokers Pty Ltd  
 Mezzanine Level, Australia Place  
 15 William Street  
 Perth, Western Australia, 6000

**Financial and Corporate Advisor\***

Montt Capital  
 Level 2, 1 Altona Street  
 West Perth, Western Australia, 6005

**Share Registry\***

Security Transfer Registrars Pty Ltd  
 770 Canning Highway  
 Applecross, Western Australia, 6153

**ASX Codes**

NDC (Shares)  
 NDCOA (2003 Options)

\* These persons appear for information purposes only.

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**DETAILS OF THE OFFER**


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**The Offer**

This prospectus is for the offer of up to 8.25 million Shares, at an issue price of 10 cents each, to raise up to \$825,000.

**Purpose of the Offer**

The purpose of the Offer is to raise funds for general working capital. At present, the directors intend (but reserve the right not to) to apply some of the proceeds (in whole or in part) to meeting part of the Company's costs for its corporate and administrative overhead for its ongoing bulk sampling program at the Namakwa Diamond Project. The following sets out the manner in which directors presently intend to apply the funds.<sup>1</sup>

Details	\$
Corporate administration overheads	155,000
Continue Bulk Sampling at Namakwa Diamond Project	600,000
Estimated expenses of the Offer	70,000
<b>Total</b>	<b>\$825,000</b>

<sup>1</sup> If the Offer is not fully subscribed, the estimated expenses of the Offer will be reduced by 6% of the amount of the shortfall (which is part of the fees payable to Montagu) and directors will re-consider how they will apply the funds raised. Nevertheless, it is anticipated that most of the funds will be allocated towards the Company's ongoing bulk sampling program at the Namakwa Diamond Project.

**No Minimum Subscription or Over Subscription**

There is no minimum number of Shares which must be applied for pursuant to the Offer before Shares will be issued under this prospectus. Over subscriptions will not be accepted.

**Applications**

If you wish to participate in the Offer, you must complete the application form accompanying this prospectus in accordance with the instructions set out therein. Application monies will be held in a separate bank account on behalf of applicants until the Shares are issued. If any application is rejected in whole or in part, the amount tendered in respect of the Shares that have not been issued will be repaid to the unsuccessful applicant, without interest.

**Issue of Shares**

Subject to ASX Listing Rules, the directors reserve the right, in their absolute discretion, to accept any application in whole or in part, or to reject any application. If the directors decide to accept your application and issue the Shares, either in whole or in part, they will issue the Shares and dispatch a holding statement to you as soon as practicable after the closing date, together with any application monies received in excess of the number of securities that you have been issued.

**Closing Date**

The closing date for the Offer will be 5:00pm (WST) on 24 February 2003. The directors may, in their absolute discretion, close the Offer at any other date and time, without notice.

**Manager to the Offer**

The Offer is not underwritten. Montagu Stockbrokers Pty Ltd has agreed to be named as Manager to the Offer and the Company will pay Montagu a fee of \$6,000 plus 6% of the amount raised pursuant to this Offer for acting as Manager to the Offer. For further details refer to *Additional Information - Agreement to Manage the Offer*.

### Stock Exchange Listing

The Company will apply within 7 days after the date of this prospectus for the Shares to be quoted on ASX. If the application for the quotation of Shares on ASX is not made within 7 days after the date of this prospectus or if the Shares are not granted quotation within 3 months after the date of this prospectus, the Company will (subject to any variations that ASIC may approve):

- a) repay all application monies received with respect to the Offer; or
- b) give the applicants a supplementary or replacement prospectus and 1 month to withdraw their applications and be repaid; or
- c) issue the Shares to the applicants and give them a supplementary or replacement prospectus and 1 month to withdraw their applications and be repaid.

The fact that ASX may grant quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares.

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**EFFECT ON COMPANY**


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**Effect on Financial Position**

Assuming that the Offer is fully subscribed, the Company's cash reserves, contributed equity and net assets will increase by \$755,000, which is the amount that would be raised pursuant to the Offer (\$825,000) less the estimated expenses of the Offer (approximately \$70,000).

If the Offer is not fully subscribed, the aforementioned effect on the Company's cash reserves, contributed equity and net assets will be reduced by the amount of the shortfall (less the cost savings with respect to the fees payable to Montagu (6%) for acting as Manager to the Offer).

**Effect on Capital Structure**

The capital structure of the Company following completion of the Offer (assuming that the Offer is fully subscribed) is summarised below:

<b>Shares</b>	<b>Number</b>
Shares on issue at the date of this prospectus	56,790,227
Shares to be issued pursuant to the Offer	8,250,000
<b>Total Shares on issue upon completion of the Offer<sup>1</sup></b>	<b>65,040,227</b>
<b>Options<sup>2</sup></b>	
2003 Options	25,592,667
Employee Options	830,000
<b>Options on issue upon completion of the Offer</b>	<b>26,422,667</b>

<sup>1</sup> If the Offer is not fully subscribed, the Shares on issue following completion of the Offer will be reduced by the under subscribed amount.

<sup>2</sup> Options are not being issued pursuant to the Offer.

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**ADDITIONAL INFORMATION**


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**Interests, Fees and Benefits**

Other than as set out below or elsewhere in this Prospectus, no: (a) director of the Company; or (b) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation and distribution of this Prospectus; or (c) promoter of the Company; or (d) stockbroker or underwriter to the Offer; has or had within 2 years before lodgement of this Prospectus with ASIC any interest in: (i) the formation or promotion of the Company; or (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of securities under this prospectus; or (iii) the offer of securities under this Prospectus; and no amounts have been paid or agreed to be paid and no amounts have been given or agreed to be given to any of those persons as an inducement to become or to qualify as a director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of securities under this prospectus.

- a) Mr Simich has a relevant interest in 6,409,908 Shares and 2,985,898 2003 Options. Over the past 2 years, Mr Simich or his related entities has received or will receive management fees (inclusive of directors fees and superannuation) of \$180,000 per annum.
- b) Mr Firth has a relevant interest in 1,055,817 Shares and 1,639,370 2003 Options. Over the past 2 years, Mr Firth has received or will receive management fees (inclusive of directors fees and superannuation) of \$150,000 per annum.
- c) Mr Hutton has a relevant interest in 1,831,150 Shares and 1,100,086 2003 Options. Over the past 2 years, Mr Hutton has received or will receive directors fees of \$24,000 per annum.
- d) Mr Danchin has a relevant interest in 1,000,000 2003 Options. Over the past 2 years, Mr Danchin has received or will receive directors fees of \$24,000 per annum.
- e) Montagu will be paid a fee of \$6,000 plus 6% of the amount raised pursuant to this Offer (ie, up to approximately \$55,500) for acting as Manager to the Offer (see *Additional Information - Agreement to Manage the Offer* for further details) and has been (or will be) paid approximately \$128,000 in fees for previous capital raisings undertaken by the Company over the past 2 years.
- f) Montt Capital Pty Limited has been (or will be) paid a fee of approximately \$12,000 for providing professional services in relation to this Prospectus and has been paid (or will be paid) fees of approximately \$104,000 for providing other professional services to the Company in relation to previous capital raisings over the past 2 years.

**Risks**

The directors consider that an investment in the Shares the subject of this prospectus is speculative because of the nature of the Company's business. The risk areas that may have a material effect on the financial position and performance of the Company and the value of its securities include, but may not necessarily be limited to, economic (such as diamond prices, exchange rates and interest rates), exploration, environmental, permit, sovereign, legislative change, unexpected variations in exploration, mining, development and operating costs and general market conditions in Australia, South Africa and worldwide. These risks may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities and many of these factors may be beyond the Company's control.

Exploration, by its nature, contains elements of significant risk (particularly exploration for alluvial diamonds). Ultimate success depends on the discovery of economically recoverable mineral resources, obtaining the necessary titles and other government regulatory approvals, the obtaining and servicing of funding arrangements to fund the establishment of an efficient mining operation if and when a decision to mine is made. The effect of any future claims over the Company's tenements and licenses is unknown.

The above statement of risk factors is by way of illustration only. There are numerous other risk factors inherent in an investment in the Company's securities and there can be no assurance whatsoever that a return on investment will be obtained by investing in the Company's securities or that the investment therein will not be lost.

### Agreement to Manage the Offer

The Company has agreed to appoint Montagu as Manager to the Offer. Following is a summary of the material terms and conditions of the agreement.

- a) Montagu's role as Manager to the Offer will involve assisting the Company in the following areas:
  - i) the marketing process for the Offer; and
  - ii) providing valid applications, on a best endeavours basis.
- b) The fees payable to Montagu will comprise (excluding GST):
  - i) a \$6,000 management fee;
  - ii) a 6% fee based upon the total funds raised by the Offer; and
  - iii) reimbursement of reasonable out of pocket expenses.
- c) The Company has agreed to indemnify, and keep indemnified, Montagu and its directors, officers, partners, employees and agents (**Indemnified Persons**) against all losses, damages, liabilities and claims arising from, or in connection with, the provision of services under the agreement or any act or omission of the Company or its subsidiaries, associates, directors, employees, representatives or agents in connection with the agreement and not and not arising from negligence or default of any Indemnified Persons.

### Trading History

The highest and lowest market price of the Shares on ASX during the three months preceding the date of this prospectus, and the respective dates of those sales and the last sale on the business day immediately preceding the date of this prospectus, were:

	Date(s)	Cents
Highest	16 & 17 September 02	17.0
Lowest	18 November 02	10.0
Latest	22 November 02	13.0

### Continuous Disclosure and Document Available for Inspection

For the purposes of the Corporations Act 2001, the Company is a "disclosing entity" and as such, it is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Company may be obtained from or inspected at an office of ASIC.

Any person has the right to obtain a copy of the following documents and the Company will provide a copy of each of the following documents, free of charge, to any person who asks for it during the application period for this prospectus:

- a) the financial report of the Company for the financial year ended 30 June 2002 (being the last annual financial report lodged with ASIC in relation to the Company before the lodgement of this prospectus); and
- b) all documents used to notify ASX of the information relating to the Company under the Listing Rules since the lodgement of the financial report referred to in (a) above. As at the date of this prospectus, the only such documents were:

Date	Description
15 Nov 2002	Consolidated Results - Trench GDT07
15 Nov 2002	News Rel: Bulk Testing Program Delivers 7158 Diamonds to Date
5 Nov 2002	First Quarter Activities & Cashflow Reports
5 Nov 2002	First Quarter Activities & Cashflow Reports
4 Nov 2002	Appendix 3B - Grant of Options
1 Nov 2002	First Quarter Activities & Cashflow Reports
1 Nov 2002	First Quarter Activities & Cashflow Reports
25 Oct 2002	Annual Report & Top 20
25 Oct 2002	Notice of Annual General Meeting
8 Oct 2002	Further Diamonds received from Bulk Sampling Trench-GDT07(c)
27 Sep 2002	ASIC Annual Audited A/cs

### Non-Residents

Non-Residents should consult their professional advisers as to whether any formalities need to be observed (either by themselves or the Company) to enable them to subscribe for the Shares. It is the responsibility of Non-Residents to obtain all necessary approvals so they may legally subscribe for (and be issued) the Shares. The return of a completed application form from a Non-Resident applicant will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained and that the Company may legally issue the Shares to the applicant.

### Rights Attaching to Shares

Shares will, from the time they are issued, rank *pari passu* in all respects with the Company's existing Shares. The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the more important rights, privileges, and restrictions attaching to the Shares offered pursuant to this prospectus.

- a) subject to any special rights or restrictions for the time being attached to any class or classes of Shares in the Company (at present there are none), at a general meeting every Shareholder present in person or by proxy, representative or attorney will have a vote on a show of hands and, on a poll, one vote for each share held;
- b) each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Constitution or the Corporations Act 2001;
- c) subject to any special rights of the holders of any Shares as to a dividend (at present there are none), any dividend declared shall be payable on all Shares in proportion to the number of Shares held by the Shareholders irrespective of the amount paid up or credited as paid up in respect of such Shares;
- d) subject to the rights of holders of Shares with special rights in a winding-up (at present there are none), on a winding-up of the Company all monies and property that are to be legally distributed among holders of Shares will be distributed so that, to the greatest extent possible, the amount distributed is in proportion to the Shares held by Shareholders respectively, irrespective of the amounts paid up or credited as paid up in respect of the Shares. At the commencement of the winding up, Shares classified by ASX as restricted securities shall rank on a return of capital after all other Shares; and
- e) subject to the Constitution and the Corporations Act 2001, Shares are freely transferable.

### Glossary

ASIC	Australian Securities & Investments Commission.
ASX	Australian Stock Exchange Limited (ABN 98 008 624 691).
cent	Australian cent.

Company	Namakwa Diamond Company NL (ABN 77 085 806 284).
Montagu	Montagu Stockbrokers Pty Ltd (ABN 46 009 368 432).
Namakwa	Namakwa Diamond Company NL (ABN 77 085 806 284).
Non-Residents	Person domiciled outside Australia.
Offer	Offer of securities pursuant to this prospectus as set out in <i>Details of the Offer - The Offer</i> .
Share	Fully paid ordinary share in the capital of the Company.
WST	Western Standard Time, Perth, Western Australia.
2003 Option	An option to acquire a Share exercisable at 40 cents each on or before 31 July 2003.
Employee Option	An option to acquire a Share exercisable at 25 cents each on or before 31 December 2004.
\$	Australian dollar.

#### **Directors' Consent**

This Prospectus has been issued by Namakwa and each director has consented to the lodgement of this Prospectus with ASIC.

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**Karl Simich**  
**Executive Chairman**

**APPLICATION FORM**

Applicants should read the prospectus in its entirety before completing this form. A person who gives to another person access to this application form, must at the same time and by the same means give that person access to the prospectus.

No of Shares applied for: .....	Identifying Stamp Only
Application monies at 10 cents per Share: .....	

Title - Given Names/Company Name .....	Surname/ACN .....
Joint applicants or account designation ..... .....	

Postal Address .....			
City/Town .....	State .....	Postcode .....	
Email Address .....			

Contact Name .....	Daytime Contact No. ....
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CHESS HIN .....	Issuer SRN .....
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Tax File No/Exemption Category .....	Applicant 2 .....	Applicant 3 .....
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Cheque Details	Bank	Branch	Amount
Drawer .....	.....	.....	\$ .....
.....	.....	.....	\$ .....

<b>DECLARATION</b>
By lodging this application form and a cheque for the application money the applicant hereby:
a) applies for the number of Shares specified in the application form or such lesser number as may be allocated by the directors;
b) agrees to be bound by the Constitution of the Company;
c) authorises the directors to complete or amend this application form where necessary to correct any errors or omissions; and
d) declares that the prospectus has been received (in full) by the applicant and is fully understood and read in its entirety.

**Cheques must be made payable to "Namakwa Diamond Company NL" and be in Australian dollars.**

## NOTES

1. Enter the number of Shares you wish to apply for. Applications must be for a minimum of 20,000 Shares and thereafter in multiples of 5,000 Shares.
2. Enter the total amount of application monies payable. To calculate this amount, multiply the number of Shares you are applying for by the issue price for each Shares (ie, 10 cents per Share).
3. Enter the full name(s) of all legal entities that are to be recorded as the registered holders.
4. Enter the postal address for all communications from the Company.
5. Enter the name and telephone number of the person who should be contacted if there are any questions with respect to this application.
6. If you are CHESSE sponsored, enter your Holder Identification Number (**HIN**). If you already own shares in the Company and you are issuer sponsored (ie, sponsored by the Company), enter your Security holder Reference Number (**SRN**). Otherwise leave this box blank and a SRN will be allocated to you on issue.
7. Enter the tax file number(s) of the applicant(s) - this is not mandatory.
8. Unless otherwise agreed by the Company, payment must be made to "**Namakwa Diamond Company NL**" by cheque drawn or payable on a bank within Australia, crossed "**Not Negotiable**" and be in Australian dollars. Receipt of payment will not be acknowledged.
9. This application form does not need to be signed. Return of this application form with the required application monies will constitute a subscription for that number of Shares stated on this form.

If you have received an application form without a complete and unaltered copy of this prospectus, please contact the Company who will send you, free of charge, a printed or electronic version of this prospectus.

Please note that if an application form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the directors as to whether to accept an application form, and how to construe, amend or complete it, shall be final. An application form will not be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque.

Please deliver the completed application form (accompanied by a cheque for the application monies) at any time prior to closing date to the Manager to the Offer, **Montagu Stockbrokers Pty Ltd**, marked to the attention of **James McGlew**:

**Delivery:**

Mezzanine Level, Australia Place  
15 William Street  
Perth WA 6000

**Post:**

PO Box Z5005  
St Georges Terrace  
Perth WA 6831

Please telephone Mr James McGlew on (08) 9320 1873 or the Company's Share Registry on (08) 9315 0933 if you have any questions with respect to this application form.

Applications are for Shares as detailed in the prospectus dated 25 November 2002, which expires on 24 December 2003.

### **CORRECT FORMS OF REGISTRABLE TITLE**

Note that only legal entities are allowed to hold securities. Application forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full name and the surname is required for each natural person. Application forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below:

<b>Type of Investor</b>	<b>Correct Form of Registrable Title</b>	<b>Incorrect Form of Registrable Title</b>
Trusts	Mr John David Brown <John David Brown A/C>	<del>John Brown Family Trust</del>
Deceased Estates	Mr John David Brown < Est John David Brown A/C>	<del>John Brown &lt;Deceased&gt;</del>
Partnerships	Mr John David Brown and Mr Michael James Brown	<del>John Brown &amp; Son</del>
Clubs/ Unincorporated Bodies	Mr John David Brown <ABC Tennis Association A/C>	<del>Brown Investment Club of ABC Tennis Association</del>
Super Funds	John Brown Pty Ltd <Super Fund A/C>	<del>John Brown Superannuation Fund</del>