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Dwyka announces diversified growth strategy; acquires Burundian nickel project

- Muremera nickel project acquired (located within 2km of the world-class Kabanga deposit) for an upfront payment of US\$2M worth of Dwyka shares.
- Maximum remaining consideration of US\$3M (Dwyka shares) subject to project milestones.
- Intention to raise up to A\$5M by way of a shareholder share purchase plan ("SPP") and a further placement. The SPP (which is conditionally underwritten by Montagu Stockbrokers Pty Ltd) will enable all Dwyka shareholders to subscribe for up to A\$5,000 worth of Dwyka shares at A\$0.31 per share, being a 20% discount to market price.

Dwyka Diamonds Limited ("**Dwyka**" or "**the Company**") (London AIM & ASX) today announces its intention to seek new growth opportunities as part of its ongoing strategy of growth and diversification.

Dwyka's core strength is the rapid and low cost development and operation of mining projects. As Dwyka seeks new growth platforms, it is a natural next step for the Company to apply this core skill to a wider range of commodities in order to deliver value for shareholders.

Acquisition

As part of this diversified growth strategy, Dwyka is also pleased to announce that it has today signed a share sale and purchase agreement ("**Agreement**") pursuant to which it will acquire the Muremera nickel project in Burundi. The Muremera licence is located within 2km of the Kabanga project, the world's largest undeveloped nickel sulphide deposit.

The Kabanga deposit, which is located immediately across the border in Tanzania, was discovered by geophysical prospecting, by the United Nations Development Programme ("**UNDP**"), in 1976. Further UNDP surveys in 1978 resulted in the discovery of the prospective Muremera deposits on the Burundi side of the border in 1978. The anomalies have identical characteristics and follow-up work by the UNDP has confirmed that massive sulphide bodies, with nickel mineralisation, are the source of the anomalies. Extensive geophysics and geochemical surveys have delineated numerous

targets, however there has been insufficient drilling to date to establish a JORC compliant resource.

The total consideration payable by Dwyka in respect of this acquisition is US\$2,000,000 (to be satisfied by the issue of Dwyka shares), followed by a further US\$3,000,000 (also payable in Dwyka shares) subject to the achievement of certain project milestones.

Further details about the Company's diversified growth strategy are set out below.

Diamonds

Over the past two years Dwyka has built a strong portfolio of producing diamond assets, notably its Kimberley tailings re-treatment project and the Blaauwbosch and Newlands underground kimberlite mines. These are supplemented by a number of prospective exploration projects in Southern Africa. The current portfolio of producing assets is demonstrating its potential and it is therefore desirable to retain exposure to the cashflow generation and potential upside from these assets in executing the new corporate strategy.

The Board believes that the most effective way to achieve growth in the diamond sector is through corporate activity because further organic growth opportunities will be limited and are unlikely to realise value in the short term.

The Company is currently considering a number of corporate transactions at a subsidiary level, including a merger with a third party. In such a scenario the Company would retain its exposure to an enlarged diamond group by way of equity in the merged company, whilst at the same time being free to pursue other mineral opportunities. Various high level discussions are underway to this effect.

In effecting any proposed change, Dwyka would seek to ensure that its local South African management team and corporate structure would remain intact, enabling the local subsidiaries to continue to realise their operational objectives without effecting any change of control of projects or assets.

New Mineral Projects

Global demand and prices for minerals continues to be extremely strong. With an exploration, development and operations team established at Dwyka, the Company is well positioned to apply its experience and infrastructure to new projects in Africa, commencing with the Muremera nickel project in Burundi.

In addition, Dwyka is currently engaged in discussions with third parties concerning various other opportunities in a number of minerals sectors.

The involvement by the Company in projects across a wider range of commodities will allow the Company to drive shareholder value faster than may be possible with exposure to diamonds alone. To reflect this strategy, Dwyka also intends (subject to shareholder approval) to change its name to Dwyka Resources Limited.

Fundraising

In order to aggressively develop the Muremera project and to continue the development of its diamond assets, Dwyka intends to raise up to A\$5,000,000 by way of an SPP and a further placement. The SPP will permit all Dwyka shareholders to subscribe for up to A\$5,000 worth of Dwyka shares at A\$0.31 per share, being a 20% discount to market price (calculated by reference to the average price for Dwyka shares on ASX over the 5 active trading days immediately preceding the date of this announcement). Montagu Stockbrokers Pty Ltd has conditionally agreed to underwrite the SPP. The further placement will be made to sophisticated investors and other exempt offerees at the same subscription price as the SPP. Documentation setting out the terms and conditions of the SPP will be released to the market and sent to Dwyka shareholders shortly.

Commenting on the new broader development strategy and the signing of the Agreement, Melissa Sturgess, Executive Chairman of Dwyka said:

“What Dwyka excels at is moving resources projects quickly up the value curve to production and working hard to ensure costs are contained. We have achieved success both on our own and through partnering with global industry majors. It is only appropriate that as we look aggressively to grow, we apply our experience outside of diamonds and build a portfolio of assets across a range of minerals.

The acquisition of the Muremera nickel project is an important step in our ongoing diversification strategy and provides our shareholders with exposure to an exciting and highly prospective nickel opportunity. Further, the low acquisition cost and the fact that the majority of payments under the Agreement are linked to project performance means that excellent opportunities exist for Dwyka to derive value from this project”.

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