
SUCCESSFUL SPECTREM SURVEY UPGRADES NAMAKWA'S DIAMOND POTENTIAL

AIRBORNE SURVEY DELINEATES LARGE NUMBER OF PROMISING NEW TARGETS

Namakwa Diamond Company NL (**ASX: NDC**) has laid the foundations for a much-expanded Stage 2 exploration program at the Namakwa Diamond Project after successfully completing an airborne geophysical survey utilising the leading edge SPECTREM₂₀₀₀ technology which has delineated a large number of new targets on its tenements. This system is recognised as being one of the most sophisticated airborne EM systems worldwide.

The survey has confirmed the significant exploration upside within Namakwa's project areas as it completes final feasibility work leading to the Stage 1 development, which is expected to commence early next year at the initial rate of approximately 80,000 carats per annum.

The Stage 1 development is based on resources of 2.2 million tonnes grading 18.7 carats per hundred tonnes (containing 411,000 carats) from resource blocks covering less than 1% of Namakwa's total tenement area.

Namakwa's Chairman, Mr Karl Simich, said the initial results of the SPECTREM₂₀₀₀ survey were very exciting, representing a major advance in the Company's geological understanding of the Project at a regional scale and identifying a large number of priority geophysical targets for an expanded 2003/04 exploration program.

"With funding now in place not only for the Stage 1 project development but also for an expanded Stage 2 exploration program, the Namakwa Diamond Project is rapidly gathering momentum as a very significant, long-term diamond exploration and production venture," Mr Simich said.

"The completion of this survey represents a quantum leap in our understanding of the broader potential of our tenement areas and will result in a sophisticated and highly developed program of drilling and bulk sampling over the next 12 months to increase our resource inventory," he added.

The 1,100 line kilometre airborne survey covered all four of Namakwa's West Coast tenements (including the recently granted eastern tenement), and was flown at an elevation of 90 metres above surface and at a line spacing of 150 metres. The survey utilised the electromagnetic/magnetic (EM) SPECTREM₂₀₀₀ airborne geophysical platform, which has been a proven delineator of bedrock topography and alluvial stratigraphy along South Africa's West Coast.

The technology has been successfully deployed by a number of other South African diamond producers and explorers, most notably the Namaqualand Mines Division of De Beers South Africa.

"While much work remains to be done, the initial results are very promising and have highlighted a number of self evident targets on each tenement," he added. "Our exploration team is currently prioritising target delineation with a view to planning a comprehensive 2003/04 exploration program."

The primary focus of current activity is to map and model bedrock elevations and integrate these within the localised and regional models of gravel distribution on the four tenement areas. Of particular encouragement is the mapping of extensive coastal plain features such as the J-shaped bays, log-spiral features behind headlands, areas of irregular bedrock relief and large topographic lows that are still components of the palaeo-coastal plain.

These features are generally associated with high-grade accumulations of diamonds deposited along the coastline. All of the newly identified prospective features are located outside of Namakwa's currently identified resource blocks.

Namakwa recently announced a A\$7 million funding and benefits package with the New Africa Mining Fund which will underwrite development of the Project.

BACKGROUND INFORMATION

Namakwa is exploring and developing the Namakwa Diamond Project, comprising 71 square kilometres of highly prospective ground in four 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, Buffels 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. Namakwa has achieved two diamond sales by tender, achieving average prices of US\$96.63 and US\$103.20 per carat.

Financial studies have shown that the initial Stage 1 operations are capable of producing 80,000 carats per annum over a 5-year mine life, generating A\$60 million in revenue and A\$30 million in surplus pre-tax free cash flow.

The geological information contained in this release has been compiled by Albert George Thamm, M.Sc., FSEG, M.Aus.IMM, who is a Competent Person as defined by the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves ("JORC Code") and is included in this release with his consent.

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