



17 July 2008

Dwyka Resources Limited ('Dwyka' or the 'Company')

Exercise of Daguma Coal Project option

The directors of the Company announce that, following the passing by Dwyka shareholders of all resolutions at the Extraordinary General Meeting of shareholders held on 30 June 2008, Dwyka has today exercised its option ("**ACRL Option**") to acquire all of the issued shares in Asian Coal Resources Limited ("**ACRL**"). In turn, ACRL and its local Philippine partner, MANA Resources Development Corporation ("**MRDC**"), have today exercised the options permitting those companies to acquire an initial collective interest of 30% by 18th January 2009 in each of Daguma Agro-Minerals, Inc. ("**DAMI**") and Bonanza Energy Resources, Inc., ("**BERI**") with the possibility of thereafter increasing that to a maximum of 100%. DAMI and BERI are the holders of the Daguma and Bonanza coal deposits which constitute the Daguma Coal Project ("**Project**").

ACRL is currently a 40% shareholder in MRDC and has options to increase this to a 100% interest in MRDC. ACRL and the MRDC shareholders have entered into a shareholders' agreement between them to ensure that the two entities act with a common purpose in relation to the Project.

As previously announced, the Project is located in southern Mindanao, The Philippines and comprises a total of 10 coal Blocks of approximately 10 square kilometres each (giving a total Project area of approximately 100 square kilometres). Two of the Blocks have been the subject of significant historical drilling (32 holes) and other work, including the completion of a scoping study. The remaining 8 Blocks are also located within the same geological coal basin, termed the Cotabato Basin, and have recently been proven to be coal bearing through a combination of drilling, pitting and trenching. Dwyka considers these Blocks to be highly prospective, with the potential to be of similar size or even exceeding the two main Blocks. The Company is also planning to initiate an extensive grid drilling programme on the remaining 8 Blocks, which will enable resource estimation and classification to occur within the next 12 months.

Analysis of the coal located at the Project suggests that it is of medium calorific value, approximately 5,300 Kcal/kg, making it suitable for both the export market to India and China and for in-country power stations and industrial (cement) purposes. The Philippines has ready demand for coal for power stations and other coal miners in The Philippines are already exporting similar calorific value coal to India, China and Hong Kong.

As a result of the exercise of the ACRL Option, Dwyka will pay US\$1.25M to Tomori Enterprises Limited ("**Tomori**") and will issue a total of 17,494,071 new ordinary shares to Tomori at a deemed price of £0.26 per share, by way of option payments and as consideration for the ongoing provision by Tomori of certain Project-related services pursuant to the services agreement announced by the Company on 20 May 2008. Application has been made for those shares to be admitted to trading on AIM and it is expected that admission will occur on 22 July 2008.

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The technical exploration and mining information contained in the above announcement has been reviewed and approved by Ed Nealon, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is qualified as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Nealon meets the criteria of a qualified person under the AIM Guidance Note for Mining, Oil and Gas Companies. Ed Nealon consents to the inclusion in this announcement of such information in the form and context in which it appears.