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### **Kimberley Tailings Re-treatment Operation Restructured**

Dwyka Resources Limited (“**Dwyka**” or “the **Company**”) operates a diamond tailings re-treatment plant in Kimberley, South Africa, through its 70% owned South African subsidiary Superkolong (Pty) Ltd (“**Superkolong**”). The remaining 30% of Superkolong is owned by Kolong Investment Holdings (Pty) Ltd, Dwyka’s Black Economic Empowerment (“**BEE**”) partner.

The tailings treated through Superkolong’s plant are supplied by De Beers from nearby tailings dumps which have resulted from historic operations of De Beers in the Kimberley area. Superkolong was awarded a contract to construct a plant to reprocess the tailings material, initially at a rate of 50,000 tonnes per month. Under the terms of the contract, Superkolong has been processing on the following basis:

- De Beers were responsible for delivery of feed to the plant, at their expense;
- De Beers paid a fixed toll treating charge for material processed; and
- the proceeds of diamond sales were to be shared between Superkolong and De Beers under a two-tiered profit sharing system based on the grades of diamonds sold.

De Beers have been paying Superkolong in accordance with the toll treating arrangements, however the recovered grades have been lower than expected and De Beers have notified Superkolong of their intention to sell the dumps which supply feed to the Superkolong plant. Superkolong, together with other similar operators on those dumps, have been invited to submit a tender to purchase the dumps. A joint bid to purchase the dumps has been submitted to De Beers. The outcome of this bid is expected in the near term.

As an interim arrangement, De Beers have implemented certain amendments to the existing contract which will result in the following changes:

- removal of the initial contract supply limit of 50,000 tonnes per month – De Beers will now supply to Superkolong as many tonnes of tailings feed material as the plant can process in a particular month; and

- Superkolong will now bear all operating costs (including ore reclamation and delivery), but will be entitled to 100% of revenue from the sales of diamonds produced by the Superkolong plant.

The revised contractual terms take immediate effect and will operate for the period during which the purchase of the dumps is negotiated.

For further information please contact:

In Australia  
Melissa Sturgess/ Adrian Griffin  
Dwyka Resources Limited  
(+618) 9324 2955

In United Kingdom  
Richard Brown  
Ambrian Partners Limited  
(+44) 20 7776 6417

Or visit: <http://www.dwyresources.com>