

Namakwa Diamonds Ltd - Interim Management Statement

Namakwa Diamonds Limited
11th January 2008

Namakwa Diamonds Limited ("Namakwa" or the "Company") today provides its first interim management statement as required by the UK Listing Authority's Disclosure and Transparency Rules.

As indicated at the time of IPO, Namakwa Diamonds continues to benefit from a favourable pricing environment in higher value diamonds. Prices for both polished and rough high value diamonds have continued to enjoy significant increases towards the end of the calendar year, with prices for high quality stones over 5 carats up over 50% in 2007.

The Company's IPO prospectus in December 2007 included an update on trading conditions for the three month period since the 31 August. This indicated that uncharacteristically high early season rain had impacted production in September and October 2007, but that the effects were significantly offset by higher than average diamond prices over the period. Production in November and December was in line with expectations.

As indicated at IPO, a significant proportion of the US\$185m primary proceeds are to be used to fund capital expenditure on Namakwa's mining production assets in the North West Province of South Africa, and to bring into production selected development projects in Angola, the Democratic Republic of Congo ("DRC") and Namibia. Namakwa has already placed orders for some of the equipment which it intends to deploy in the DRC, and is ahead of schedule in this regard. [Orders have been placed with ADP Metco for four sampling plants for geological exploration. Namakwa has entered into a relationship with ADP Metco, a leader in providing plants in Africa, to supply metallurgical plant and technology for all its operations.](#) The next phase of bulk sampling has been planned as well and orders for two complete bulk sampling plants and earthmoving equipment will be placed shortly.

Namakwa's expansion plans in the North West Province are also on schedule with a total of six new plants with a capacity of 600 tons per hour run of mine each will be installed. [Namakwa's technology partner, ADP Projects, has started the plant design and costing study and this is expected to be complete by mid February from which date construction will start on the first plant. Commissioning of the plants is scheduled with two month intervals with the first plant expected to be in production in the fourth quarter of 2008. The total installed annual capacity for the North West region is planned to be 25 million tons by the end of 2009.](#)

Namakwa's Beneficiation business continued to experience strong trading conditions through to the end of 2007. Following IPO, the Beneficiation business is now in a position to build rough diamond inventory and expand trading and beneficiation activities. Namakwa has decided to polish a large portion of the value of its mining production for October and November 2007 as these high value diamonds (>US\$1,000 per carat) are of such quality that Namakwa believes it can add significant value by selling these diamonds as polished diamonds rather than as rough diamonds. This is further evidence of the benefit of being a vertically integrated diamond resource business

Since IPO, Namakwa has redeemed the convertible bond of US\$6.23 million which was accounted for as a liability on its balance sheet at 31 August 2007. Aside from repaying its other limited debts Namakwa has, for the time being, invested the residual of its cash resources in money market accounts. It should also be noted that all preference shares which were accounted for as a liability on the 31 August 2007 balance sheet were converted into ordinary shares upon IPO.

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