

23 November 2011



Namakwa Diamonds Limited

Correction to RNS 8352S, released at 1142h today

The voting numbers in the table under 'Result of Special General Meeting' have now been corrected. As originally reported, all resolutions to approve the Capitalisation were passed by shareholders.

Refinancing Approval, Kao Commissioning Ramp-up & Trading Update

Namakwa Diamonds Limited ("**Namakwa**" or the "**Company**") today announces:

Key Highlights

- Conversion of US\$16.03m trading debt owed to Jarvirne Limited into 66,791,667 new ordinary shares, approved by shareholders (the "**Capitalisation**").
- Capitalisation results in US\$40m two-year secured term loan, of which US\$23m has been drawn, continuing to remain available to the Company and secures Namakwa's financial requirements to take the Kao Project into commercial production.
- Commissioning of the 500tph DMS plant at Kao underway, with the first kimberlite ore processed and first diamonds recovered. Commercial production expected in the first quarter of 2012.
- Restructuring of the North West Province alluvial mining operations demonstrating results, with a positive cash operating margin (excluding restructuring costs) for the current FY2012 year-to-date.
- Claim against the Company in Lesotho heard in mid-November 2011. Management remain confident in the Company's defence and look forward to the ruling from the Court in due course.

Commenting Edward Haslam, Chairman, said: *"Following a challenging period in Namakwa's evolution, we are pleased to announce that shareholders have approved the capitalisation transaction with financier and shareholder, Jarvirne.*

"The commissioning of the Kao kimberlite project in Lesotho is well underway, with the plant processing its first kimberlite ore this week, thereby de-risking the financial and operational burdens faced by the Company in recent months.

"The Company can now look forward to a period of stability and growth under the stewardship of Richard Collocott, as Namakwa's Chief Executive Officer. We all look forward to a period of accretive growth for shareholder value, as Richard and the management team execute the Company's stated strategy to develop the Kao kimberlite project."

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Capitalisation of US\$16.03m Trading Debt – Approved by Shareholders

At the Special General Meeting of shareholders held today, the Capitalisation of a US\$16.03m trade debt owed to Jarvirne Limited (“**Jarvirne**”) was approved. As a result, an additional 66,791,667 ordinary shares in the capital of the Company will be issued and allotted, fully paid, to Jarvirne at a deemed price of 15p per share, representing a 150% premium to the closing market price of the Company’s shares on 22 November 2011. Application has been made to the UK Listing Authority and the London Stock Exchange for the new shares to be admitted to the Official List and to trading on the London Stock Exchange’s main market for listed securities. Admission is expected to take place at 8.00 a.m. on Monday 28 November 2011. The new shares when issued, will rank pari passu with all other ordinary shares in the capital of the Company.

Following the issue and allotment of the new ordinary shares, Jarvirne will own 98,665,158 shares in the capital of the Company, representing 32.46%. As part of the capitalisation transaction, independent shareholders approved the waiver of a requirement for Jarvirne to make a mandatory bid for the remaining outstanding shares in the Company, having crossed the 30% bid threshold under the Company’s Bye-laws. Jarvirne has entered into a relationship agreement with the Company (conditional only upon admission of the new shares to trading) to manage the conduct of the parties, whilst Jarvirne holds more than 30% of the issued share capital of the Company.

Liberum Capital acted as Sponsor, Financial Advisor, and Sole Broker in respect of the transaction. Further details on the voting statistics for this transaction can be found below.

Kao Project, Lesotho – Commissioning Update

The Company is pleased to announce that as part of the commissioning phase, the 500tph processing plant at the Kao Project has processed its first kimberlite and recovered its first concentrate this week. Storm Mountain Diamonds, the operating company for the project, expects nameplate capacity to be reached in the first quarter of the 2012 calendar year. Thereafter, the project is expected to produce an estimated 200,000 carats in FY2012 from 2.5Mt of kimberlite ore processed.

Remaining capital and operational expenditure to achieve commercial production at Kao is secured by a US\$40m two-year facility entered into with Jarvirne in September 2011, of which the Company has drawn US\$23m to-date. The first sale of diamonds from the ramp-up phase of production is expected to be held in the new year.

Lesotho Litigation – Update

Between the 14th and 18th November 2011, the Company was a party to a hearing in the High Court of Lesotho in respect of the claim by Batla Minerals SA and, its subsidiary, Toro Diamonds (Pty) Ltd against Namakwa for the joint registration of the Company’s 62.5% equity interest in Storm Mountain Diamonds (Pty) Ltd. Management remains confident of the Company’s defence and look forward to the Judge’s ruling. A further update will be provided to the market in due course.

North West Province, South Africa – Phase 1 Restructuring Completed

The Company has completed the first phase of its planned restructuring of operations on the North West Province alluvial project area, with immediate operational cost savings from the retrenchment of c.75% of the workforce. Namakwa's operations have now been scaled back on the South East Node and Northern Node and shift patterns adapted, to facilitate mining operations for 24 hours a day between Monday and Saturday, and scheduled maintenance on the weekends. This departure from the three-shift workforce required for a 24/7 operation, is demonstrating immediate results with positive operating cash margins for the year-to-date.

As at 22 November 2011, the project area had produced 6,094 carats from 835,522 tonnes, at an average grade of 0.73cpt. The production target for this project area for FY2012 remains at 20Kcts.

Results of the Special General Meeting

The Company is pleased to announce the results of its Special General Meeting of Shareholders held at 10am in London on Wednesday 23 November 2011. Resolutions 1 to 4 were proposed as ordinary resolutions and Resolution 5 was proposed as a special resolution. Jarvirne was required to abstain from voting in respect of Resolutions 3 and 4.

Resolution	Votes For	(%)	Votes Against	(%)	Abstain
1. To authorise the increase in the authorised share capital of the Company	109,176,692	75.9	34,673,445	24.1	155,871
2. To authorise the allotment of ordinary shares in connection with the Capitalisation	109,176,692	75.9	34,673,445	24.1	155,871
3. To authorise the Capitalisation and the Waiver and Amendment Letter as related party transactions under the Listing Rules	109,176,692	75.9	34,673,445	24.1	155,871
4. To approve the allotment of the ordinary shares referred to in Resolution 2 as if the Takeover Code applied to the Company and the "whitewash" provisions were available in relation to the Capitalisation	109,176,692	75.9	34,673,445	24.1	155,871
5. To authorise, subject to the passing of Resolution 2, the disapplication of pre-emption rights (as defined in the Company's Bye-laws) in respect of the allotment referred to in Resolution 2	109,176,692	75.9	34,673,445	24.1	155,871

Notes to the disclosure

Any proxy appointments which gave discretion to the Chairman have been included in the "For" total. A vote withheld is not a vote in law and is not counted in the calculation of proportion of votes "For" or "Against" a resolution. Unless the context otherwise requires, terms defined in the combined prospectus and circular published by the Company in respect of the Special General Meeting have the same meaning in this announcement. A certified copy of the above resolutions has been submitted to the National Storage Mechanism and will shortly be available for inspection at www.hemscott.com/nsm.do

Interim Management Statement – Q1'FY2012

The Company expects to release its interim management statement for Q1'FY2012 on Thursday 12 January 2012.

About Namakwa Diamonds Limited

Namakwa is a diamond resource group, which seeks to extract maximum value from the marketing, distribution and sale of Group mined and contracted production through a Trading & Beneficiation platform with access to the international wholesale markets.

The Group's Mining Division is focused on the Kao Project in Lesotho, the 4th largest individual kimberlite pipe in South Africa and Lesotho, anticipated to come into commercial production in the first quarter of the calendar year in 2012, and the only one mining at or near surface. Operated by Storm Mountain Diamonds and its leading hard-rock mining team, with a proven track record in the construction and development of Lesotho's leading kimberlite pipes, the Kao kimberlite project presents a 186Mt resource of c.13m carats (c.4m indicated and c.9m inferred), of which Namakwa holds a 62.5% interest.

The Group also maintains alluvial mining operations in the North West Province of South Africa and a portfolio of exploration and development projects in the Northern Cape Province of South Africa (alluvial) and offshore concessions in Namibia (marine), with a combined resource base of c.7m carats (indicated and inferred).

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