

Namibian Resources Plc – 2nd Quarter Progress Report

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Namibian Resources Plc
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Progress report for 2nd Quarter period from 1st June 2007 to 31st August 2007.

During the Quarter activities have been primarily focussed on sampling of various deposits and exploration work to enable production to be planned for future periods. In addition mining was divided between completion of mining of the Hannahtal deposit, bedrock sweeping of Hannahtal and northern West Salztal, and reprocessing of tailings. The total production of diamonds from all sources was 454 ct at an average diamond size of 0.53 ct/st, compared to 519 ct at an average 0.59 ct/st. While the average diamond size is considered to be satisfactory, the total production reflects the emphasis on sampling and exploration, and the directors intend production levels to be substantially higher in future.

Mining.

The small Hannahtal deposit was initially prospected in late April and early May 2007 and mining which started in April was completed during the quarter. Total production from this deposit (including in the previous quarter) was 548 ct at an attractive average diamond size of 0.69 ct/st. The mined area is now being rehabilitated.

During the quarter a small amount of production was derived from bedrock sweeping at the northern end of Salztal West. Mining has now ceased in this part of the valley which is distinct from the main deposit along the floor of the West Salztal valley where it is hoped to resume operations in the present quarter.

After the quarter end, mining started on the Salzpfanne deposit which is discussed below.

Sampling.

Sampling has continued to be focussed on the wind-eroded basins in the SW of the Pomona area. Although individual deposits in this part of the mining contract area are small they are notable for their large average diamond sizes. The following separate deposits have been sampled during the quarter.

Salzpfanne. As reported for the previous quarter, it was envisaged that the DMS may be re-positioned to this location as a more central site for future operations. A sample trench was excavated to determine whether the proposed site for the DMS was negative for diamonds. In fact the trench was strongly positive across much of the width of the valley, as was a follow-up trench some 100 m to the north. On the basis of the sample results to date a preliminary non-Reporting Code resource estimate for this deposit is 4,600 ct at an average diamond size of 0.42 ct/st. Prior to re-locating the DMS it is necessary to work out this area and, as noted above, mining has been started adjacent to the first sample line.

Mariamental. Sampling has been completed in this small basin to the NW of Salzpfanne. Three trenches were excavated across the deposit and a diamond concentration with a reasonable prospect of

eventual economic extraction was outlined in the central and eastern part of the lower northern valley slope where the deposits average 40 cm in thickness. An indicated diamond resource of 300 ct is estimated at an average diamond size of 0.51 ct/st.

Hannahtal North. This basin lies to the north of Hannahtal and to the west of northern Annatal. Three sample lines have been completed and all have produced diamonds. More sample lines are required prior to estimation of the diamond resource but the average size of the diamonds recovered to date (0.65 ct/st) is attractive.

Current activities.

Current activities are focussed on the mining of the Salzpfanne deposit. Not only will this result in a significant increase in production for the present quarter relative to the one just passed but it is also important for the longer term plan for re-location of the major items of processing equipment.

The West Salztal deposit remains to be worked out. Operations had to be suspended there because of excess water and flooding of the mining area. Pumping has reduced the water level and it is anticipated that additional production should be derived from this deposit in the present quarter.

Interim Results

Our interim results for the six months ended 31 August 2007 will be announced by the end of October.

A C A Carlton
Chief Executive Officer.

The technical information presented in this report has been reviewed by Dr Donald G Sutherland of Placer Analysis Ltd, technical consultants to Sonnberg Diamonds (Pty) Ltd. Dr Sutherland is a Qualified Person for the purposes of the AIM Guidance Note on Mining Oil and Gas companies dated March 2006. Dr Sutherland has BSc and PhD degrees from Edinburgh University and is a Member of the Institute of Materials, Minerals and Mining. He has over 30 years experience in diamond exploration and mining. References in the report to diamond resources have been made following "The Reporting Code" for reporting of Mineral Exploration Results, Mineral Resources and Mineral Reserves prepared by the Institution of Mining and Metallurgy (now the institute of Materials, Minerals and Mining) Working group on resources and Reserves in Conjunction with the European Federation of Geologists and the institute of Geologists of Ireland.