



A.C.N. 060 938 552

QUARTERLY REPORT 30 JUNE 2009

DWYKA RESOURCES LIMITED (ASX:DWY.AX; AIM:DWY.L)

Highlights during the Quarter

Corporate

- Takeover offer made for AIM-listed Minerva Resources Plc (“**Minerva**”) on the basis of 1 Dwyka share for every 5 Minerva shares
- Offer for Minerva declared wholly unconditional on 14 July 2009 with 80.9% acceptances
- Cash balance at 30 June 2009 GBP6.3 million (AUD12.8 million)

Muremera Nickel Project in Burundi

- Drilling commences at 3 highest priority targets near Kabanga
- Renewal of Muremera project licence secured

TAKEOVER OFFER FOR MINERVA

On 23 June 2009, Dwyka announced the making of a takeover offer to acquire all of the issued and to be issued share capital of Minerva, on the basis of offering one Dwyka share for every five Minerva shares (the “**Offer**”). The Offer was recommended by the Board of Minerva and valued the entire issued capital of Minerva at approximately GBP1.8 million and each Minerva share at approximately 1.2 pence.

Minerva’s principal assets are a portfolio of gold and platinum licences located in Ethiopia, although it also has other mineral interests in Sierra Leone. Having considered in excess of 40 potential acquisition opportunities in the preceding 18 months, the Dwyka Directors believed that the acquisition of Minerva, together with the combination of Minerva’s assets, Dwyka’s in-house experience and Dwyka’s financial resources, had strong commercial logic, and strategic drivers, including the following:

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- Gold represents a resource commodity that is likely to remain in high demand and retain mid to long-term pricing. A further investment in gold would fit with Dwyka's other assets.
- The acquisition of Minerva would increase Dwyka's gold exposure on the African continent and provide a means of raising the profile and prospects for Dwyka's existing gold assets. Additionally the Minerva assets would shift the Company's primary focus from being an explorer to becoming a developer.
- Dwyka believed the acquisition of Minerva would represent an opportunity to define a JORC resource in the near term based on the work performed by Minerva to date and thereafter to grow the resource through further exploration with the aim of establishing a low cost gold mining operation.
- Minerva's Tula Kapi Prospect and Guji, Gudeya Guji and Dina Prospects had a simple geological structure and metallurgy which would potentially reduce the costs of exploration and future extraction of ore.
- The historical work and the subsequent results achieved by Minerva were sufficiently far advanced to provide Dwyka with an opportunity to accelerate scoping and feasibility studies with a view to developing a producing gold mine.
- The legislative environment in Ethiopia was recognised as being one of more conducive in Africa towards foreign investment and mining operations.
- The acquisition of Minerva would potentially provide a significantly shorter lead time to first gold production for Dwyka and a share-based takeover offer represented the most effective route for Dwyka to achieve this, preserving Dwyka's cash reserves.

Since the end of the Quarter, Dwyka announced on 15 July 2009 that it had received acceptances in respect of 80.9% of the Minerva issued share capital ("**Minerva Shares**") and that it had declared the Offer wholly unconditional. Following that announcement, the previous Board of Minerva resigned and was replaced with a Board comprised wholly of Dwyka appointees. At this point in time, the Offer remains open for acceptance until 28 July 2009 and, should



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Dwyka receive acceptances in respect of a total of 90% of the Minerva Shares, it will be entitled to compulsorily acquire the outstanding Minerva Shares so as to become the 100% owner of Minerva. As Dwyka is now the owner of more than 75% of the Minerva Shares, Minerva will be de-listed from AIM in accordance with the AIM Rules. It is expected that this de-listing will occur on 23 July 2009.

Subsequent to the end of the quarter, Dwyka management has worked to finalise and commence a work programme for the Minerva assets. Details of this work programme will be announced shortly.

MUREMERA PROJECT

During the previous Quarter, Dwyka announced that it had secured 100% ownership of the Muremera Nickel Project ("**Project**") through its wholly owned subsidiary Danyland Limited and that it had identified the three highest priority targets in its exploration programme for drilling. Those targets, located approximately 10km from the Barrick/Xstrata Kabanga Project ("**Kabanga**"), currently the world's largest undeveloped nickel sulphide project, were identified from the intensive VTEM surveys undertaken to date and were generated from VTEM signatures consistent with massive sulphide bodies that may have a nickel signature. Drilling commenced during the quarter.

Renewal documentation in relation to the Project licence was submitted during the quarter to the Burundi authorities and, subsequent to the end of the quarter, it was confirmed that the renewal had been granted. The Decree which formally grants the renewal is due to be delivered. As a result, the current exploration licence is valid for a further period of two years.

SWAZIGOLD PROJECT

A project review which will allow Dwyka to determine whether Dwyka will continue to sole fund further exploration of the project (to increase its ownership level) or pursue other joint venture mechanisms to progress the project to the next stage is almost complete. A decision regarding future funding of this project should be forthcoming shortly.

Application was made during the quarter for the renewal of the SwaziGold Project licence. The renewal remains pending but is expected to be confirmed shortly.



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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

DWYKA RESOURCES LIMITED

ACN or ARBN

98 060 938 552

Quarter ended ("current quarter")

30 June 2009

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|-------------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | - | 20,617 |
| 1.2 Payments for (a) exploration and evaluation | (483) | (2,950) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (102) | (1,676) |
| 1.3 Dividends received | | |
| 1.4 Interest and items of a similar nature received | 15 | 375 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Other FOREX | | |
| Net Operating Cash Flows | (570) | 16,366 |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a)prospects | | (2,598) |
| (b)equity investments | | |
| (c) other fixed assets | | (2) |
| 1.9 Proceeds from sale of: (a)prospects | | |
| (b)equity investments | | |
| 1.10 Loans to other entities | (1,027) | (1,027) |
| 1.11 Loans repaid by other entities | | |
| 1.12 Other | | |
| Net investing cash flows | (1,027) | (3,627) |
| 1.13 Total operating and investing cash flows (carried forward) | (1,597) | 12,739 |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---|--|---------|--------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1,597) | 12,739 |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 273 | 273 |
| 1.15 | Proceeds from sale of forfeited shares | | |
| 1.16 | Proceeds from borrowings | | |
| 1.17 | Repayment of borrowings | | |
| 1.18 | Dividends paid | | |
| 1.19 | Other – capital raising costs | (2) | (380) |
| | Net financing cash flows | 271 | (107) |
| Net increase (decrease) in cash held | | | |
| | | (1,326) | 12,632 |
| 1.20 | Cash at beginning of quarter/year to date | 14,521 | 472 |
| 1.21 | Exchange rate adjustments to item 1.20 | (362) | (271) |
| 1.22 | Cash at end of quarter | 12,833 | 12,833 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 77 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

| |
|---|
| - |
|---|

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | Nil | Nil |
| 3.2 Credit standby arrangements | Nil | Nil |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 750 |
| 4.2 Development | |
| Total | 750 |

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 257 | 184 |
| 5.2 Deposits at call | 12,544 | 14,307 |
| 5.3 Bank overdraft | | |
| 5.4 Other – rental bonds | 32 | 30 |
| Total: cash at end of quarter (item 1.22) | 12,833 | 14,521 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|--------------------|---|--|----------------------------------|
| 6.1 | | Interests in mining tenements relinquished, reduced or lapsed | | |
| 6.2 | | Interests in mining tenements acquired or increased | | |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) | Amount paid up per security (see note 3) |
|---|--------------------|---------------|---|--|
| 7.1 Preference securities <i>(description)</i> | - | - | | |
| 7.2 Changes during quarter | | | | |
| 7.3 +Ordinary securities | 190,742,254 | 190,742,254 | N/A | N/A |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 2,158,477 | 2,158,477 | 0.09 | 0.09 |
| 7.5 +Convertible debt securities <i>(description)</i> | | - | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | 125,000 500,000 | - - | <i>Exercise price</i> \$0.52 \$0.31 | <i>Expiry date</i> 30/6/2010 30/6/2010 |
| 7.8 Issued during quarter | | | | |
| 7.9 Exercised during quarter | | | <i>Exercise price</i> | <i>Expiry date</i> |
| 7.10 Expired (cancelled) during quarter | 450,000 | | \$0.91 | 30/6/2009 |
| 7.11 Debentures <i>(totals only)</i> | | | | |
| 7.12 Unsecured notes <i>(totals only)</i> | | | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 20 July 2009
Company Secretary
Print name: Michael Langoulant

Notes

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- 1 This quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
 - 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
 - 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
 - 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
 - 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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