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MWANA FUNDS GRAVITY DIAMONDS' SEARCH IN DRC FOR A 14.99 PER CENT SHAREHOLDING

- For two AIM companies, “A meeting of minds as much as a A\$5 million investment”
 - Funds will allow completion of next phase DRC and Australian exploration
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Gravity Diamonds Limited has raised A\$5.02 million principally to fund drilling and exploration in the Democratic Republic of Congo (“DRC”) by a placement to another AIM-listed company, Mwana Africa Plc, which, through a recent acquisition, owns 20 per cent of one of the DRC’s largest diamond producers.

The financing will largely be directed at the continued exploration in the Kasai Shield, one of the world’s most under-explored diamond areas and in which Gravity has access to a large landholding.

The funding is to be achieved through a placement of 20.08 million ordinary shares at A\$0.25 each.

“The way this has been done should please most people,” commented Gravity’s managing director, Phil Harman.

“Mwana’s investment represents not only faith in our exploration programme but is also a meeting of minds on the potential within the DRC. We have been engaged in discussions for some time about matters of mutual interest in regard to the Kasai Shield and Mwana has now agreed to back Gravity during the next exciting phase of its program as well as to expand our technical liaison.”

Mwana, which has a portfolio of assets across Africa, signalled its entry into the DRC diamond industry by acquiring Sibeka SA, which has a 20 per cent shareholding in Societe Miniere de Bakwanga (MIBA), a leading producer averaging six million carats of diamonds output per year over the past five years.

Gravity, by funding exploration over the past two years under its arrangement with BHP Billiton and through a variety of local partnerships, has earned a 100 per cent interest in the Kasai diamond project. BHP Billiton retains a right to buy back 60 per cent of the available equity in any discovery for four times Gravity’s project expenditure and to carry it through to pre-feasibility.

ABN 72 009 178 689

Level 7 Exchange Tower
530 Little Collins Street
Melbourne Victoria 3000
GPO Box 4690
Melbourne Victoria 3001
Tel +61 3 9909 7655 Fax +61 3 9909 7585
grninfo@gravitydiamonds.com.au
www.gravitydiamonds.com.au

“Several specific areas have been identified for more detailed follow-up and targeting. The progress made by our Kasai field team and the knowledge it has gained, both technically and operationally, has been outstanding”.

A portion of the placement monies will also be applied to Gravity's exploration in Australia where, in particular, further evaluation is taking place of a diamondiferous kimberlite pipe at its Abner Range prospect.

The shares will be issued on Monday, 7 August 2006.

For further details please contact:

Phil Harman or Elisa Bartlett

Tel: (03) 9909 7655

E-mail: phil.harman@gravitydiamonds.com.au or elisa.bartlett@gravitydiamonds.com.au

or visit our Website at: www.gravitydiamonds.com.au