

Cape Diamonds Plc

(the "Company")

(Registered and incorporated in England and Wales with Company number 05084775)

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of the Company will be held at 10.30am on 30th December 2009 at the offices of W.H. Ireland Limited, 24 Martin Lane, London EC4R 0DR for the following purposes (copies of the annual accounts for the financial year ended 30 June 2009 will be despatched to shareholders on 9th December 2009):

Ordinary Business

To consider and if thought fit, to pass the following resolutions each of which will be proposed as an Ordinary Resolution:

1. To receive the Company's annual accounts for the financial year ended 30 June 2009 together with the directors' report and auditors' report on those accounts.
2. To re-appoint Deloitte LLP as Auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company and to authorise the Directors to agree their remuneration.

Special Business

To consider and, if thought fit, pass Resolution 3, which will be proposed as an Ordinary Resolution, and Resolutions 4, 5 and 6 which will be proposed as Special Resolutions:

3. That, in accordance with section 551 of the Companies Act 2006 (the "**2006 Act**") the Directors of the Company be and are generally and unconditionally authorised to allot Relevant Securities (as defined in the notes to this resolution):
 - 3.1 up to a maximum nominal amount of £39,291.50 (in pursuance of warrants granted by the Company prior to the date hereof but for no other purpose); and
 - 3.2 in any other case, up to an aggregate nominal value of £3,000,000,

provided that these authorities, unless duly renewed, varied or revoked by the Company, expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted after such expiry and, the Directors may allot Relevant Securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot relevant securities under section 80 of the Companies Act 1985 but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

4. THAT, subject to the passing of Resolution 3, the Directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, pursuant to the authority conferred by Resolution 3, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
 - 4.1 the allotment of equity securities in connection with any invitation made to the holders of ordinary shares to subscribe by way of rights in the same proportions (as nearly as may be) to their respective holdings but subject to such exclusions or other arrangements as the Directors consider necessary or expedient in connection with ordinary shares representing fractional entitlements or on account of either legal or practical problems arising in connection with the laws of any territory or of the requirements of any applicable regulatory body or stock exchange in any territory;
 - 4.2 the allotment (otherwise than pursuant to paragraph 4.1 above) of equity securities pursuant to warrants granted by the Company prior to the date hereof; and
 - 4.3 the allotment (otherwise than pursuant to paragraphs 4.1 and 4.2 above) of equity securities up to an aggregate nominal amount of £3,000,000;

provided that the power granted by this resolution will expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on such date), save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and, the Directors may allot equity securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 89(1) of the Companies Act 1985 did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

5. That:
 - 5.1 the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
 - 5.2 the Articles of Association produced to the meeting and initialled by the chairperson of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.
6. That the name of the Company be changed to "Cape Resources Plc".

Registered office:
c/o Preiskel & Co LLP
5 Fleet Place
London
EC4M 7RD

By order of the Board
Dr Anna Mokgokong
7 December 2009

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
 - 6 p.m. on 28 December 2009; or,
 - if this Meeting is adjourned, at 6 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please refer to the notes on the Form of Proxy.

Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the form, the form must be:

- completed and signed;
- sent or delivered to Neville Registrars Limited, 18 Laurel Lane, Halesowen, West Midlands B63 3BR; and
- received by Neville Registrars no later than 48 hours before the General Meeting i.e. by 10.30 am on 28 December 2009;
- or sent by facsimile transmission to 0121 585 1132 no later than 48 hours before the General Meeting i.e. by 10.30 am on 28 December 2009.

If the appointment of proxy is notified by facsimile transmission, the original appointment in the same form as received by facsimile transmission should be deposited at the place at which the facsimile transmission was received, or the Registered office of the Company, not less than 24 hours before the time appointed for the Meeting or adjourned meeting or the holding of a poll subsequently at which the vote is to be used.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company using the following method:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR

In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR no later than 10.30am on 28 December 2009.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

9. As at 12 noon on 30 November 2009, the Company's issued share capital comprised 144,596,053 ordinary shares of £0.01 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on 30 November 2009 is 144,596,053.

Documents on display

10. The following documents will be available for inspection at the registered office of the Company on any weekday (excluding public holidays) during normal office hours from the date of this Notice until the time of the Meeting and for at least 15 minutes prior to the Meeting and during the Meeting:

- Copies of the service contracts of executive directors of the Company.
- Copies of the letters of appointment of the non-executive directors of the Company.
- A copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed.

Notes to Resolution 3

In Resolution 3 "Relevant Securities" means:

- Shares in the Company other than shares allotted pursuant to:
 - an employee share scheme (as defined by section 1166 of the 2006 Act);
 - a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
 - a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.
- Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.

The notes on the following pages give an explanation of Resolution 5. Resolution 5 is proposed as a special resolution. This means that for the resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 5: Adoption of new articles of association

It is proposed in resolution 5 to adopt new articles of association (the "**New Articles**") in order to update the Company's current articles of association (the "**Current Articles**") primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations") and the implementation of the last parts of the Companies Act 2006.

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 or the Shareholders' Rights Regulations have not been noted below. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 5 of this document.

Principal Changes to the Company's Articles of Association

- **The Company's objects**

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 5 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

- **Articles which duplicate statutory provisions**

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006.

- **Form of resolution**

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective. This provision is being amended as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

- **Variation of class rights**

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have therefore been amended in the New Articles.

- **Convening general meetings and annual general meetings**

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular a general meeting to consider special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

- **Votes of members**

Under the Companies Act 2006 proxies are entitled to vote on a show of hands. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or, in the case of a poll taken more than 48 hours after a meeting, more than 24 hours before the time for taking of a poll, with weekends and bank holidays being excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed. The New Articles reflect these new provisions.

- **Electronic and web communications**

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within a period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

- **Directors' indemnities and loans to fund expenditure**

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company can now indemnify a director against liability incurred in connection with the activities of a company which acts as a trustee of an occupational pension scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The New Articles reflect these wider provisions in the Companies Act 2006.

- **Joint holders**

In order to make the flow of information more efficient between the Company and its shareholders who hold shares jointly, the New Articles are being amended so that where there are joint shareholders, anything agreed or specified with the Company by any one joint shareholder will have been deemed to have been agreed or specified with the Company by all the joint shareholders.

- **Conflicts of interest**

It is also proposed to include in the New Articles provisions covering changes introduced by the Companies Act 2006 on 1 October 2008 relating to directors' conflicts of interest.

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, from 1 October 2008, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position. There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

- **Authorised share capital and unissued shares**

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

- **Redeemable shares**

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

- **Provision for employees on cessation of business**

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power.

- **Use of seals**

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

- **Suspension of registration of share transfers**

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

- **Voting by proxies on a show of hands**

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles have been amended to reflect these changes.

- **Voting by corporate representatives**

The Shareholders' Rights Regulations have amended the Companies Act 2006 in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles remove provisions in the Current Articles dealing with voting by corporate representatives on the basis that they are dealt with in the Companies Act 2006.