

Date: 26 July 2007

On behalf of: Cape Diamonds Plc (“Cape Diamonds” and “the Company”)

Cape Diamonds Plc

AGM Statement

At the Annual General Meeting held today of Cape Diamonds Plc (AIM: CAPE), the diamond producing company with diamond assets in the Republic of South Africa, Masoud Alikhani, Non-Executive Chairman, made the following statement relating to operational progress at Golden Falls Mining, its South African subsidiary:

ELANDSLAAGTE MINE OPERATION

Plant

The diamond rotary pans are still in operation; they will be discontinued once the DMS plant is operational.

Recent improved liberation of ore has shown much improvement in diamond recoveries. It is foreseen that this trend will continue when the new crushing and DMS plant are in operation.

In addition to improved recovery from liberation, it is also of note that the diamond distribution improved i.e. more than 30% of single diamonds that are recovered are 5 carats and larger in size. For the month of July 2007, single diamonds of 1 carat and larger in size totalled 70% of total diamonds recovered.

DMS

The DMS plant is currently in its commissioning phase, all civil works were completed, and it will be fully operational from October 2007. Capacity of the DMS is 200,000 tonnes per month and recovery efficiencies (compared to the pan plant) will improve from 75% to 90%. The final recovery unit will make use of flow-sort and X-rays technology.

The DMS plant has four crushing circuits compared with one circuit available under the current pan system. It also has a better overall recovery rate due to the technology that it employs. The Company therefore believes that once the DMS becomes operational the Company will see a very substantial increase in the level of recovery obtained from the orebody.

Geology, Mine planning and Mining

The Company has carried out further drilling and micro-counts on the existing resources. Once the DMS plant is in production, the Company also plans to carry out bulk sampling, which combined with the information produced by the above and current mining experience, should enable Cape Diamonds to produce a formal reserve valuation of the Leicester pit by January 2008. Thereafter, similar work will be undertaken on the Russel and Balmoral orebodies which is currently planned to be concluded by September 2008 and June 2009, respectively.

Marketing

An agreement with one of the prominent diamond brokers in South Africa - Ernest Blom Diamond Cutting Works (Ernest Blom is the President of the World Diamond Bourse) - is at its final stages to ensure diamond sales will be marketed in the most efficient way. This is particularly significant as export sales and the South African Diamond Buyer conditions could impact on the sales value following from the marketing, handling fees and taxes related thereto. In addition, their assistance and input regarding planned beneficiation of our own product (cutting and polishing) in line with South African Governmental requirements and regulations, will position us well to deal with the legislative changes currently proposed.

Financial

The Company has sufficient cash resources to complete the DMS project and to carry the mine forward until it becomes self-sufficient.

All Resolutions put to the meeting were duly passed.

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