

8 January 2009

Cape Diamonds Plc ("Cape Diamonds" or the "Company")

Result of General Meeting and Shareholder Agreement

The Board of Cape Diamonds is pleased to announce that the resolutions proposed at the General Meeting held yesterday afternoon were duly passed.

As a result of the passing of these Resolutions, the 100,000,000 new ordinary shares to be issued as a result of Conversion of the Convertible Loan Facility have been allotted and issued and are expected to be admitted to trading on AIM today.

Keysha Investments 194 (Pty) Limited holds interests in 100,000,000 ordinary shares of the Company representing 69.16 per cent of the Enlarged Share Capital.

In addition, Golden Hope Limited ("Golden Hope") and Forreton Limited ("Forreton") (together the "Optionholders") have been granted the option to invest up to 500,000 in the Company by way of a subscription for new ordinary shares of 1p each at a price of 1 pence per ordinary share for a period of 9 months commencing on 7 January 2009. Golden Hope and Forreton currently hold, in aggregate, 11,690,000 Ordinary Shares representing 8.08 per cent. of the Enlarged Share Capital.

The Directors consider, having consulted with W. H. Ireland, the Company's Nominated Adviser, that the terms of the transaction are fair and reasonable insofar as its Shareholders are concerned.

All definitions in this announcement bear the same meaning as those in the circular dated 28 November 2008, unless stated otherwise.

Cape Diamonds Plc

Dr Anna Mokgokong, Chairperson

Tel: +27 1234 84295

W. H. Ireland Limited

Tim Cofman-Nicoresti

Tel: 0121 265 6330