

12 June 2007

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

Conditional Placing

Cape Diamonds Plc (AIM: CAPE), the Company with a diamond producing mine in the Republic of South Africa, announces that it has issued 1.6 million new ordinary shares in the Company at £1 per ordinary share to raise £1,520,000 net of expenses, representing 4.62 per cent. of the enlarged share capital.

Receipt of these funds by the Company is conditional on the new ordinary shares being admitted to trading on AIM and therefore the lifting of the Company's suspension by the publication and notification of its results for the year ended 30 June 2006, and notification of its interim results for the six month period ended 31 December 2006. Application of the new ordinary shares to trading on AIM has been made and admission of these ordinary shares should coincide with the lifting of suspension.

Following this issue of ordinary shares, the share capital of the Company will be 34,596,053 ordinary shares of 10 pence each.

Commenting, Masoud Alikhani, Chairman of Cape Diamonds Plc, said:

"We are pleased to receive the support of Golden Hope Limited who have subscribed for 1.6 million new ordinary shares in Cape Diamonds. The installation of the DMS plant at our mine in Kimberley, South Africa continues as planned and full production using the DMS is anticipated to commence in October 2007."

The Directors also would also like to inform shareholders that finalisation of the results for the year to 30 June 2006 and interim results to 31 December 2006 is near completion and it is intended that they will be announced and published in mid-June 2007, along with the appointment of the proposed new directors.

-Ends-

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