

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

Issue of Equity

21 December 2007

Cape Diamonds Plc, the diamond producing company with diamond assets in the Republic of South Africa, announces that it today issued 10,000,000 new ordinary shares in Cape Diamonds to Forrester Limited, a subsidiary of Golden Hope Limited ("Golden Hope") at 30p per share to raise £3,000,000. Golden Hope now beneficially holds 11,690,000 ordinary shares in Cape Diamonds being 26.2 per cent. of the enlarged share capital of the Company.

Following this issue of ordinary shares, the share capital of the Company is 44,596,053 ordinary shares of 10 pence each.

The above figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company.

Application of the new ordinary shares to trading on AIM has been made and admission of these ordinary shares is expected to occur on 31 December 2007.

Manie Silver, the CEO of Cape Diamonds commented:

"Cape Diamonds is now at a very exciting stage. The DMS Plant has been commissioned and the production for the plant to achieve 200,000 ore tonnes per month is expected to be achieved over the next four to five months - December 2007 to May 2008.

Initial results during the early commissioning stages are very promising and the plant is meeting the designed criteria and expectations. Some diamonds of gem quality have already been recovered, but no sales have yet been made.

This additional fund raising gives us the financial security we needed to proceed with the commissioning of the DMS plant in an orderly manner."

Cape Diamonds Plc

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