

Cape Diamonds Plc (the "Company")

Progress Update

31 October 2007

Announcement of a production update to shareholders of Cape Diamonds Plc (AIM: CAPE), the diamond mining company with diamond assets in the Republic of South Africa:

In its last update to shareholders the Company announced that the DMS plant would be fully operational, and commencement of this operation would occur before the end of October 2007.

Difficulties experienced with commissioning in regard to the Eskom electricity supply have now been dealt with. We are pleased to announce the DMS plant started up on Monday 29th October 2007. Although the DMS plant is now operational it will remain in the commissioning phase for the next 3 to 6 months. The Company is expected to become cash positive when full production has been reached.

We look forward to reporting the progress of the DMS plant as it moves towards full production in the near future.

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