

Date: 11 December 2006  
On behalf of: Cape Diamonds Plc ('Cape Diamonds' or the 'Company')  
Embargoed until: 0700hrs

## **Cape Diamonds Plc** **28 Carat Diamond Sold for \$6,100 per carat**

Cape Diamonds Plc (AIM: CAPE), the diamond producing company with diamond assets in the Republic of South Africa, has sold its first diamond since the phased commissioning of an eight pan plant and crushing and screening system began earlier this year.

A 28 carat gem quality diamond was recovered from the Elandslaagte property in early November, which has now been sold for \$6,100 per carat, a total consideration of \$170,800. The 28 carat diamond was recovered from the Balmoral pipe, where the company has only recently started a drilling and bulk sampling programme. The Company currently has a total inventory of 2,100 carats, recovered mainly from the Leicester pipe, which it anticipates selling by way of a tender in early 2007.

Cape Diamonds' Elandslaagte mine is based on a diamondiferous kimberlite pipe system and consists of three pits – Leicester, Russel and Balmoral. Mining activity is currently concentrated on the Leicester pit, however, exploration programmes are ongoing at all three pits and geological data from the Balmoral pipe is currently being evaluated.

### **Masoud Alikhani, Executive Chairman of Cape Diamonds, commented:**

*"We are delighted to have sold our first diamond to an international buyer since listing on AIM earlier this year. Our current inventory also includes further gem quality diamonds which we will be selling by way of tender in the New Year. This sale underlines our confidence in the ability of Elandslaagte to produce high quality diamonds. Geological delineation and evaluation continues on Balmoral, which has an estimated potential resource of 6.6 million tonnes at a diamond grade of 7.2 carats per hundred tonnes."*

**- Ends -**

### **Enquiries to:**

#### **Cape Diamonds Plc**

Masoud Alikhani - Executive Chairman

020 7408 1181

#### **WH Ireland**

Tim Cofman-Nicoresi

0121 616 2101

#### **Redleaf Communications**

Emma Kane / Samantha Robbins / Duncan McCormick

020 7822 0200

## Notes to Editors:

- Cape Diamonds was established in March 2004 to capitalise upon the opportunity to acquire diamond assets in the RSA
- The Company began trading on AIM in May 2006
- In 2004 the company acquired a 74.4pc stake in the Elandslaagte mine, RSA, an existing mining operation on a diamondiferous kimberlite pipe system
- Since 1896 approximately 30,000 carats of diamonds have been extracted from the Elandslaagte mine
- The Project currently has indicated and inferred diamond resources of 1.25 million carats with considerable upside potential from established kimberlite deposits