

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

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Toll treatment contract with KMG

The Company is pleased to announce that it has signed a contract with KMG Mining Services ("KMG"), whereby the Company has agreed to toll process the tailings deposit at the Frank Smith Mine on a cost plus basis using the Company's recently installed DMS plant at the Elandslaagte Mine.

KMG will prepare the dump material at the Frank Smith Mine which is based near Kimberley, load and transport this material to the Elandslaagte Mine and place representatives on the Elandslaagte site who shall have access to the whole plant and recovery system and will comply with all operational safety and security requirements at the Elandslaagte Mine.

Cape Diamonds will in turn treat all tailings presented in order to recover the contained diamonds, offer advice or designs to be implemented at Frank Smith with the object of reducing the transportable material and associated costs, and will further provide a modern metallurgical diamond extraction process and management to recover KMG's diamonds with minimal losses.

David Gadd-Claxton, Chief Executive Officer said:

"I am pleased with this arrangement as this contract gives the Company the necessary cash stability whilst allowing the management team the time to carry out a full review of the Elandslaagte project and mine plan with the intention of optimising the mining and processing of the kimberlite resources at Elandslaagte ".

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