10 October 2008

**AK06: Terms of Mining Licence Agreed**

The directors of African Diamonds (AIM:AFD) are pleased to announce that agreement has been reached with the Government of Botswana on terms for a Mining Licence to develop the AK06 diamond discovery in Orapa, Botswana.

The principal terms are:

- licence issued 10 October 2008 for 15 years
- production must commence by April 2011
- no government equity in the project
- normal royalty of 10 per cent
- variable tax rate according to the 12th Schedule of the Botswana Income Tax Act
- output sold through the Diamond Trading Company in Botswana
- a government undertaking that power will be supplied from the national grid

**John Teeling, Chairman of African Diamonds commented:**

“This is an important milestone for African Diamonds. A Mining Licence provides certainty for all stakeholders. We believe the agreed terms to be equitable to all parties and we look forward to developing AK06 as quickly and as effectively as possible.”

**Further information:**

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