11th November 2009

Rapid Botswana Mine Development Following De Beers’ Buyout

- The De Beers’ stake in the AK6 Botswana diamond project has been acquired by Lucara
- African Diamonds has the option, which it intends to exercise, to increase its share in AK6 from 29% to 40% by acquiring a stake from Lucara
- Lucara is a Toronto listed diamond Company, backed by the Lundin Group
- Mine development will commence in 2010 with production on stream in 2011
- AK6 has the potential to become a 1 million carat a year mine
- African Diamonds will have the right to market their share of diamonds

The board of African Diamonds AIM:AFD (the London and Botswana listed company) is delighted to announce that De Beers have disposed of their entire 71% stake in the AK6 diamond project to Lucara, listed on the Toronto Venture exchange. The agreement was brokered by African Diamonds, who have a 120 day option to increase their share in AK6 from 29% to 40% for Stg£4.8 million. The agreement is subject to Botswana government approval.

Studies commissioned by African Diamonds show that it will cost US$63 million to establish the mine at 2 million tonnes a year output, which will produce over 400,000 carats at a modelled grade of 22 carats per hundred tonnes (cpht). A further US$25 million in capital expenditure will double the output of tonnes and carats. African Diamonds management believe that the grade will be at least 25 cpht, giving an output of over 1 million carats. Mine development is expected in mid 2010, with production in late 2011.

The current Life of Mine from the opencast is 12 years, but the deposit contains a further 7 million carats between 372 and 758 metres.

Lucara is part of the Lundin Group of natural resource companies, which in two decades, has been built into a multinational US$10 billion group of 12 oil and mining companies, including Red Back Mining, Lundin Mining, Lundin Petroleum and Africa Oil. Eira Thomas, a member of the discovery team of the Diavik Mine, and John Gurney, the world renowned expert on diamond indicator minerals, are directors of Lucara.

John Teeling, Chairman of African Diamonds plc, commented:

“There are only positives resulting from this development. We believe that AK6 is a world class diamond deposit. It needed to be developed as quickly and efficiently as possible to benefit all stakeholders. This will now happen.

In Lucara, we have found a like-minded partner. The Lundin family, who control Lucara, have in two decades built a worldwide group of oil and mining companies. Having John Gurney and Eira Thomas involved will provide expert guidance and credibility.

For six years, we partnered with De Beers on AK6 and other projects in Botswana. Together we found a diamond mine but, over time, the needs and aims of African Diamonds diverged from those of De Beers. It was a genuine pleasure and privilege to work with De Beers. An amicable separation is a good outcome.

The AK6 mine, with its high value diamonds, including the big, rare and beautiful Type II nitrogen free stones, will come on stream at the right time. The economics are compelling. Prices are rising, demand in the Far East is growing, while supply is at best flat. By 2012, there will be only a few kimberlite diamond mines in the world.
We are delighted with the outcome. Our belief in AK6 led us to a 16 month odyssey to prove to new investors that immediate mine development, using a new mine plan, was the best way forward. We now need to realise the potential.”

This release has been approved by Alex van Zyl, Technical Director African Diamonds. Alex van Zyl (B.Sc. Stellenbosch, B.Sc. Hons. Pretoria) spent a long career in Anglo American in the diamond division, ending up 1990 to 1997 with worldwide responsibility for diamond exploration and evaluation. He was a consultant to De Beers from 1997 to 2002.

Further information:

African Diamonds is an AIM listed company with 79 million shares outstanding. The focus of activity is Botswana. Principal shareholders are Management 15%, Blackrock 10%, JP Morgan 10%, and Investec 12%.

African Diamonds Plc
John Teeling               Tel: +353 1 833 2833
James AH Campbell         Tel: +27 83 457 3724

Finn Cap
Matthew Robinson, Corporate Finance Tel: +44 207 600 1658

College Hill
Nick Elwes                Tel: +44 207 457 2020

wwwafdiamon.com