

Regulatory Announcement

Company [Pangea DiamondFields](#)
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Headline Interim Results
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Pangea DiamondFields PLC
30 September 2008

AIM: PDF

Pangea DiamondFields plc ("PDF" or "the Company")

Interim Results for the six months ended 30 June 2008

Pangea DiamondFields plc (AIM: PDF), the diamond producer and exploration company is pleased to announce its interim financial results for the six months to 30 June 2008. The Company's portfolio consists of eight alluvial projects located in the Central African Republic ("CAR"), Democratic Republic of the Congo ("DRC"), Angola and South Africa.

HIGHLIGHTS

Production

- A total of 15,700 carats produced
- Net sales of \$2.21 million realised
- 4,933 carats with an estimated value of US\$0.8 million were in stock at the period end

CAR

- Transition to Pilot Mining at Dimbi
- Newly discovered paleo channel at Etoile - Nzako

DRC

- First export and sale in progress from Longatshimo River Project. DRC authorities have valued this parcel at US\$157/ct for export purposes which is encouraging for a final tender value
- Tshikapa River floodplain sampling by dredge in progress

Angola

- Production improving at Cassanguidi project
- Cassanguidi expansion equipment mobilisation program commenced.

South Africa

- Bakerville's first sale achieves average sale revenue of US\$ 1,448/ carat
- Harts River (Brussels) mechanised mining trials successfully completed
- Harts River (Pampierstad) bulk sampling confirms presence of diamonds

Financial

- Successful fund raising of US\$15 million concluded in February 2008
- The Company has commenced a program to raise the remaining funding needed to complete the commercialisation of the three mines planned.

More detail on these points was provided in the Operational Review and New Resource Estimate announced on 4th August 2008 and available on the Company's website www.pangeadiamondfields.com

Commenting on the results, Chief Executive Brett Thompson stated, "*The financial results are a reflection of Pangea's commitment to "putting money into the ground" in our efforts to explore and develop our project portfolio to the point where the projects are self-sufficient.*"

It has always been our stated objective to have three projects developed to commercial production status and to be cash-positive by the end of 2009. With the expansion of the Cassanguidi project to commercial status ongoing at present, we are well on our way to achieving this objective with two more projects expected to be developed to commercial status during the course of 2009.

Obviously in order to develop these next two projects and continue exploring on our other projects, additional funding will be required. Opportunities are currently being investigated to raise additional funding to support the company throughout the development phase in 2009."

SUMMARY OF RESULTS

	6 months to 30 June 2008	6 months to 30 June 2007	12 months to 31 December 2007
	US\$ millions	US\$ millions	US\$ millions
Net exploration expenditure	5.019	3.850	9.455
Loss for the period	11.241	8.211	19.818
Loss per share (US cents)	8.56	6.32	15.95
Cash in bank (period end)	7.422	15.797	3.871

Net exploration and capital expenditure for the periods under review by geographic location as follows:

	Total	Angola	DRC	CAR	South Africa
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
6 Months to June 2008					
Net Exploration expenditure	5.019	1.269	2.154	1.398	0.198
Capital expenditure	2.100	-	0.344	0.658	1.098
6 Months to June 2007					
Net exploration expenditure	3.850	(0.793)	1.620	2.375	0.648
Capital expenditure	3.596	0.124	2.801	0.628	0.043

FINANCIAL RESULTS

The company expenses all exploration and evaluation costs per project, until the commissioning of commercial-scale production.

The Company incurred a loss before taxation for the six months under review of \$ 11.1 million compared to a loss for the same period last year of \$7.6 million. This loss is in line with the expansion of exploration activities.

Diamond revenue was lower during the period due to reduced production from the Cassanguidi Project (1,727 carats less). However the Company had unsold stock on hand of 4,933 carats of diamonds from its various projects as at 30 June 2008 compared to a negligible amount as at 30 June 2007.

Other operating expenses have increased from \$3.2 million to \$5.5 million due primarily to increases in legal, Investor Relation and travel costs.

Equity-settled share-based payments are lower than in the previous period due to a reduced number of options having been awarded in this period.

In February 2008 the Company raised \$15 million gross through a new issue of shares, with associated share issue expenses of \$1.1 million.

As at 30 June 2008 the Company had cash resources of \$7.4 million (2007 - \$15.8 million) and this balance had reduced to US\$ 1.82 million by 25 September 2008 with unsold stock of diamonds in hand valued at approximately US\$ 0.75 million.

GOING CONCERN

The Company is in the process of exploring and evaluating its mineral property interests. Except for the Cassanguidi Project, where expansion to commercial production status is in progress, the Company has not yet formally announced the decision to proceed to commercial production status at its other mineral property interests. The underlying value and recoverability of the amounts shown for mineral property interests and exploration costs are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, and future profitable production or proceeds from the disposition of the mineral property interests.

The Company is planning to raise further funds and should this financing not be obtained, there is material uncertainty which may cast doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its obligations in the normal course of business.

The financial statements have been prepared on the going concern basis, since the directors believe that the Company will be successful in arranging the finance required for the Company to continue to operate as a going concern.

DIVIDENDS

No dividends have been paid or proposed (2007 - nil).

RESULTS REVIEWED

These results have been reviewed by KPMG Inc. in terms of IAS 34: *Interim Financial Reporting* and their modified report contains an emphasis of matter with regard to the going concern basis of preparation. Their report is available upon request from the Company Secretary.

SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since 30 June 2008 which has significantly affected, or may significantly affect the operations or state of affairs of the Company.

For more information on PDF, please visit: <http://www.pangeadiamondfields.com/>

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BY ORDER OF THE BOARD

Brett Thompson

Chief Executive Officer
30 September 2008

Note: The information in this statement has been reviewed by Mr Brett Thompson, B Eng (Mining), Grad Dip Applied Finance & Investment, FSAIMM, MAusIMM and Mr Anton Esterhuizen B Sc (Geology), MSc (Mineral Exploration), FGSSA, MSME who are qualified persons for the purposes of the AIM Guidance Note for Mining, Oil and Gas Companies. Mr Thompson is Chief Executive Officer of Pangea DiamondFields plc and has over 24 years experience in mining operations with some 12 years specifically in diamond mining and exploration. Mr Anton Esterhuizen is Chief Exploration Officer of Pangea DiamondFields plc and has over 30 years experience in exploration activities throughout the world and has been the recipient of numerous awards for his exploration successes.

Pangea DiamondFields plc
Consolidated Income Statement
for the six months ended 30 June 2008

	Notes	Reviewed for the six months ended 30 June 2008 US\$	Reviewed for the six months ended 30 June 2007 US\$	Audited for the twelve months ended 31 December 2007 US\$
Diamond revenue *		2,211,254	3,141,217	4,816,980
Pilot mining operating expenditure		(2,888,410)	(3,030,873)	(5,319,252)
Exploration expenditure		(4,341,742)	(3,960,135)	(8,953,315)
Net exploration expenditure		(5,018,898)	(3,849,791)	(9,455,587)
Other operating expenses		(5,497,910)	(3,160,570)	(7,786,321)
Equity-settled share-based payments		(723,750)	(1,200,626)	(2,576,306)
Operating losses		(11,240,558)	(8,210,987)	(19,818,214)
Interest income		121,174	558,716	799,038
Loss before taxation		(11,119,384)	(7,652,271)	(19,019,176)
Taxation		-	-	-
Loss for the period		(11,119,384)	(7,652,271)	(19,019,176)
Attributable to:				
- Equity shareholders of the parent company		(11,119,384)	(7,399,173)	(18,691,186)
- minority interest		-	(253,098)	(327,990)
		(11,119,384)	(7,652,271)	(19,019,176)
Loss per share (US cents)	3	(8.56)	(6.32)	(15.95)

* net of applicable royalties

Pangea DiamondFields plc
Consolidated Balance Sheet
at 30 June 2008

	Reviewed as at 30 June 2008 US\$	Reviewed as at 30 June 2007 US\$	Audited as at 31 December 2007 US\$
Assets			
Non-current assets	16,027,390	14,489,571	15,722,819
Mineral properties	3,170,390	3,170,390	3,170,390

Plant and equipment	11,447,941	9,931,780	11,143,370
Unlisted investments	1,409,059	1,387,401	1,409,059
Current assets	8,919,614	17,976,577	4,673,240
Inventory	808,045	1,209,112	272,474
Other receivables	689,958	970,793	529,406
Bank and cash	7,421,611	15,796,672	3,871,360
Total assets	24,947,004	32,466,148	20,396,059
Equity and liabilities			
Capital and reserves	19,904,000	26,008,217	16,114,629
Share capital	669,249	585,415	586,749
Share premium	61,988,226	48,000,564	48,165,897
Foreign currency translation reserve	103,091	(108,055)	(177,085)
Share-based equity reserves	4,586,067	2,486,637	3,862,317
Accumulated losses	(47,442,633)	(25,031,237)	(36,323,249)
Total equity attributable to equity holders of the company	19,904,000	25,933,324	16,114,629
Minority interest	-	74,893	-
Non-current liability			
Loans payable	3,786,601	4,009,394	3,786,601
Current liabilities	1,256,403	2,448,537	494,829
Short-term loans	644,687	900,530	201,316
Trade and other payables	611,716	1,548,007	293,513
Total equity and liabilities	24,947,004	32,466,148	20,396,059

**Pangea
DiamondField
ds plc**

**Consolidated
Statement of
Changes in
Equity**

*for the six months
ended 30 June
2008*

	Share capital	Share premium	Foreign currency translation reserve	Share based equity reserves	Accumulated losses	Total recognised income and expenses	Minority interest	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2007	585,415	48,000,564	(156,530)	1,286,011	(17,632,063)	(16,502,582)	327,990	32,411,387

Shares issued for cash	1,334	165,333	-	-	-	-	-	166,667
Foreign currency translation reserve adjustment	-	-	(20,555)	-	-	(20,555)	-	(20,555)
Share based equity reserves adjustment	-	-	-	2,576,306	-	2,576,306	-	2,576,306
Net loss for the year	-	-	-	-	(18,691,186)	(18,691,186)	(327,990)	(19,019,176)
Balance at 1 January 2008	586,749	48,165,897	(177,085)	3,862,317	(36,323,249)	(32,638,017)	-	16,114,629
Shares issued for cash	82,500	14,917,500	-	-	-	-	-	15,000,000
Share issue costs	-	(1,095,171)	-	-	-	-	-	(1,095,171)
Foreign currency translation reserve adjustment	-	-	280,176	-	-	280,176	-	280,176
Share based equity reserves adjustment	-	-	-	723,750	-	723,750	-	723,750
Net loss for the period	-	-	-	-	(11,119,384)	(11,119,384)	-	(11,119,384)
Balance at 30 June 2008	669,249	61,988,226	103,091	4,586,067	(47,442,633)	(42,753,475)	-	19,904,000

Pangea DiamondFields

plc

Consolidated Cash Flow Statement

for the six months ended 30 June 2008

	Notes	Reviewed for the six months ended 30 June 2008 US\$	Reviewed for the six months ended 30 June 2007 US\$	Audited for the twelve months ended 31 December 2007 US\$
Cash flows from operating activities				
Cash utilised by operations	4	(9,099,789)	(5,920,187)	(15,184,473)
Interest received		121,174	558,716	799,038
Net cash flows from operating activities		(8,978,615)	(5,361,471)	(14,385,435)
Cash flows from investing activities				
Acquisition of plant and		(2,099,510)	(3,596,630)	(6,351,163)

equipment			
Investments acquired	-	(1,387,400)	(1,409,059)
Net cash used in investing activities	(2,099,510)	(4,984,030)	(7,760,222)
Cash flows from financing activities			
Shares issued for cash	13,904,829	-	166,667
Increase/(decrease) in short term loans	443,371	-	(222,793)
Net cash flows from financing activities	14,348,200	-	(56,126)
Increase/(decrease) in cash and cash equivalents	3,270,075	(10,345,501)	(22,201,783)
Foreign currency translation adjustment on cash	280,176	48,475	(20,555)
Cash and cash equivalents at the beginning of the period	3,871,360	26,093,698	26,093,698
Cash and cash equivalents at the end of the period	7,421,611	15,796,672	3,871,360

Pangea DiamondFields plc

Notes to the Reviewed Interim Financial Information

for the six months ended 30 June 2008

1. Accounting policies and Statement of compliance

Pangea DiamondFields plc ("the Company") is a company domiciled in the Isle of Man. The consolidated interim financial information as at and for the period ended 30 June 2008 comprises the Company and its subsidiaries (together referred to as "the Group").

The consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") IAS34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements for the Group as at and for the year ended 31 December 2007.

2. Segment reporting

Geographical segments

The Group currently only has major exploration projects in Africa. The exploration activities are located in Angola, the Democratic Republic of Congo ("DRC"), Central African Republic ("CAR") and South Africa.

In presenting information on the basis of geographical segments, segment assets are based on the geographical location of the assets

at 30 June 2008	Total US\$	Angola US\$	DRC US\$	CAR US\$	South Africa US\$
Total assets	15,003,361	4,372,035	4,089,934	4,191,256	2,350,136
Cash utilised by operating activities	(6,583,340)	(800,687)	(2,422,385)	(2,182,347)	(1,177,921)
Cash utilised by investing activities	(2,099,510)	-	(343,988)	(658,421)	(1,097,101)
Cash generated by financing activities	426,835	39,495	-	-	387,340

Capital expenditure	(2,099,510)	-	(343,988)	(658,421)	(1,097,101)
Revenue	2,211,254	1,619,238	-	592,016	-

at 30 June 2007

Total assets	15,083,669	6,222,020	2,769,287	3,428,241	2,664,121
Cash utilised by operating activities	(5,361,471)	(462,352)	(1,253,323)	(2,932,352)	(713,444)
Cash utilised by investing activities	(3,596,630)	(123,822)	(2,801,168)	(627,669)	(43,970)
Cash generated by financing activities	-	-	-	-	-
Capital expenditure	(3,596,630)	(123,822)	(2,801,168)	(627,669)	(43,970)
Revenue	3,141,217	2,986,857	-	-	154,360

at 31 December 2007

	Total US\$	Angola US\$	DRC US\$	CAR US\$	South Africa US\$
Total assets	14,757,607	5,243,199	3,991,774	3,969,724	1,552,910
Cash utilised by operating activities	(11,297,201)	(241,562)	(3,353,563)	(5,864,575)	(1,837,501)
Cash utilised by investing activities	(6,351,163)	(134,667)	(4,203,593)	(1,600,172)	(412,731)
Cash generated by financing activities	-	-	-	-	-
Capital expenditure	(6,351,163)	(134,667)	(4,203,593)	(1,600,172)	(412,731)
Revenue	4,816,980	4,702,736	-	-	114,244

The following items have not been allocated to any geographical locations as they relate to the corporate head office located in the Isle of Man:

	Reviewed six months to 30 June 2008	Reviewed six months to 30 June 2007	Audited twelve months to 31 December 2007
Total assets	9,943,643	17,382,478	5,638,452
Cash utilised by operating activities	(2,395,275)	-	(3,088,234)
Cash utilised by investing activities	-	1,387,401	(1,409,049)
Cash generated by financing activities	13,921,365	-	(56,126)

3. Loss per share

The basic loss per share for the group has been calculated using the weighted average number of shares in issue during the period. The weighted average number of shares in the period was 129 928 828 (30 June 2007: 117 083 051 and 31 December 2007: 117 199 946) and the loss after tax for the Group was \$11 119 384 (30 June 2007: \$7 399 173 and 31 December 2007: \$18 691 186).

Due to the losses incurred during the period, a diluted loss per share has not been calculated as this would serve to reduce the basic loss per share.

	Reviewed for the six months to 30 June 2008	Reviewed for the six months to 30 June 2007	Audited for the twelve months to 31 December 2007
4. Note to the cash flow statement			
Cash utilised by operations			
Loss before taxation for the period	(11,119,384)	(7,652,271)	(19,019,176)
Adjusted for:			
Depreciation of plant and equipment	1,794,939	1,205,611	2,748,555
Equity-settled share-based transactions	723,750	1,200,626	2,576,306
Interest received	(121,174)	(558,716)	(799,038)
Decrease/(increase) in short term loans	-	696,257	(525,725)
Increase in inventory	(535,571)	(1,209,112)	(272,474)
Increase in trade and other payables	318,203	2,030,078	361,714
Increase in other receivables	(160,552)	(1,632,660)	(254,635)
Cash utilised by operations	<u>(9,099,789)</u>	<u>(5,920,187)</u>	<u>(15,184,473)</u>

This information is provided by RNS
The company news service from the London Stock Exchange

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