

## Regulatory Announcement

**Company** [Pangea DiamondFields PLC](#)  
**TIDM** PDF  
**Headline** Interim Results  
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Pangea DiamondFields PLC  
13 September 2007

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

#### **Interim Results for the six months ended 30 June 2007 and Review of Operations**

Pangea DiamondFields plc (AIM: PDF), the mid-tier diamond producer and exploration company is pleased to announce its results for the six months to 30 June 2007 and provide an update of its activities to date. The Company's portfolio now consists of ten alluvial projects located in the Central African Republic ("CAR"), Democratic Republic of the Congo ("DRC"), Angola and South Africa.

#### **HIGHLIGHTS**

- **CAR** – Two mining development agreements executed over the Dimbi and Etoile areas; bulk sampling at Dimbi well-advanced where recovered grades are in excess of 0.4 carats per cubic metre in the Paleo-Kotto River and a first parcel of approximately 3 000ct has been successfully exported from the CAR and sales avenues are currently being explored.
- **DRC** – Bulk sampling mine site at Longatshimo River Project established. Plant and mining equipment expected on site by end September via a ground-breaking 4700 km overland convoy currently in Angola.
- **Angola** – Pilot Mining project cash flow positive after improvements in production, grades and sales values.
- **South Africa** – Large diameter "Bauer" drilling program for sample generation completed at Patsema. Material being processed through on-site DMS.
- Conditional offer to acquire stake in Lesotho Diamond Corporation plc ("LDC") – On 2 May 2007, PDF announced that it had made a conditional offer to acquire a strategic equity stake in LDC, and on 31 July 2007, PDF announced the withdrawal of its offer to LDC acquisition shareholders after deciding that the risks of proceeding without adequate due diligence and becoming a captive minority outweigh the upside returns.

Chief Executive Officer, Rob Still stated, "This period has been one of significant progress for PDF. The challenges of commissioning the plant and the commencement of bulk sampling at Dimbi in the CAR have been rewarded with excellent results to date; the improved production levels and sales values in Angola are pleasing, and the momentum being achieved at establishing our DRC projects are all very satisfying. In South Africa the evaluation of the Patsema project has progressed steadily and early results are encouraging. In the period ahead to Q1 of 2008 we intend progressing the evaluation of these projects with the objective of being in a position to make commercial mining go-ahead decisions in H1 2008.

With much of the bulk-sampling capital expenditure already incurred for the Dimbi, Cassanguidi and Longatshimo River projects and diamond revenue starting to offset evaluation costs the company burn rate should decline in the period ahead as planned.

We are disappointed that our efforts to become strategically involved in the Kao Project in Lesotho were not welcomed by the LDC board. We remain convinced that PDF is an ideal vehicle with the requisite skills to progress the Kao project to the benefit of all stakeholders and remain interested.

PDF shall continue to focus its energies on progressing existing projects while being receptive to other value opportunities. ”

## SUMMARY OF RESULTS

	6 months to 30 June 2007	6 months to 30 June 2006	12 months to 31 December 2006
	US\$	US\$	US\$
Net exploration expenditure	5,562,689	2,876,452	9,470,944
Loss for the period	7,652,271	3,453,577	14,854,837
Loss per share (US cents)	6.32	4.04	15.63
Cash in bank (period end)	15,796,672	2,143,835	26,093,698

The period under review was characterized by accelerated exploration activity and capital expenditure in the CAR and DRC respectively.

Exploration and capital expenditure for the periods under review was comprised as follows:

	Total	Angola	DRC	CAR	South Africa
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
6 Months to June 2007					
Exploration expenditure	8.7	3.0	1.4	3.2	1.1
Capital expenditure	3.6	0.1	2.8	0.6	0.1
6 Months to June 2006					
Exploration expenditure	3.0	1.4*	0.6	0.6	0.4
Capital expenditure	0.5*	0.5*	–	–	–

\* Includes expenditure attributable to Project Lumuanza

In April 2007, the Group sold its shareholding in Sociedade Mineira do Lumuanza (“Somilu”) for an amount of \$41 000, which has already been received and Somilu agreed to repay the Group \$1.4 million in quarterly installments over two years in full and final settlement of loans to it by the Group. This repayment will be accounted for on a cash receipts basis due to the uncertainty of its receipt. There have been no repayments to date.

Further Information:

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## **REVIEW OF OPERATIONS**

### **CAR**

During the period, PDF successfully executed mining development agreements with the CAR government over two concession areas: Dimbi and Etoile.

#### **Dimbi Project**

##### Bulk sampling:

At a development cost of \$3.2 million, PDF commenced bulk sampling at Dimbi. Mining equipment and a bulk sampling plant were transported to Dimbi, constructed on site, and commissioned in January 2007. One of the primary objectives of the bulk sampling exercise was to produce and sell a sufficiently large parcel of diamonds to determine expected future carat prices and quality.

Bulk sampling activities are now well-advanced with diamond recoveries improving towards the development of sale parcels for valuation purposes. The initial diamond valuation parcel of approximately 3,000 ct has been successfully exported from the CAR and marketing options for the optimal sale of diamonds from Dimbi are currently being investigated.

As recently announced, sampling results confirm expected diamond grades in trench BS3, currently being excavated to the east of and perpendicular to the Mbia River (Paleo-Kotto River). Over 1 500 carats were recovered from the unconsolidated gravels in July alone. In particular, sampling blocks traversing a major paleo channel feature, have yielded recovered grades in excess of 0.4 carats per cubic metre, despite excessive mining dilution. This dilution will improve with corresponding grade improvement once optimal mining equipment and methods are implemented on the commencement of commercial scale mining operations. This channel continues further to the east of current sampling with similar gravels being observed in the trench face as the excavation continues. Similar gravels and grades were encountered in the pitting operations some 1.5km to the south of BS3 and work is planned to test diamond grade continuity between these points. Gravel continuity has already been indicated by the extensive auger drilling completed.

The objectives of the next period will be to continue bulk sampling to establish the requisite data and confidence to design, plan and install future mining operations on a commercial scale.

##### Ongoing exploration

Exploration continues on the 1,000 km<sup>2</sup> Dimbi Diamond Project using the tractor-mounted auger drill as well as local labour to assist in pitting activities further afield from the bulk sampling activities.

Near-surface and highly weathered samples taken from a discovery in the south of the concession in December 2006, have been analysed by independent laboratories as "mantle-derived" source rocks, believed to be a lamprophyre. These apparently "mantle-derived" source rocks are considered highly prospective and will be further evaluated once the wet season has subsided.

#### **Etoile Project**

Field camps in new licence areas are currently being established and reconnaissance exploration has commenced with newly recruited geological staff.

### **DRC**

The Tshikapa project in particular has grown significantly with the acquisition from various parties of five new licence areas contiguous with the existing ones along the Tshikapa and Longatshimo Rivers. The Group now holds ten licence areas in the DRC. The new licences were selected due to their location and excellent resource potential. Pangea has economic interests in excess of eighty per cent and full management control in these new licence areas. Negotiations are underway to acquire more properties adjacent to existing exploration areas held. Due to this expansion and increase in activities,

the Tshikapa Project has reached such a critical mass that it has now been split into two projects, the Tshikapa River Project and the Longatshimo River Project.

### **Tshikapa River Project**

This project includes five licence areas along the Tshikapa River from 20km south of the town of Tshikapa. Exploration has concentrated on the Mvula Milenge area of the project area where more than 120 small pits and 25 large pits have been dug by hand to determine vertical and lateral gravel distribution and diamond grade. The recent arrival on site of a tractor mounted auger will significantly enhance and accelerate the evaluation process.

### **Longatshimo River Project**

Exploration has continued throughout 2007 confirming resources previously announced. The project now includes five licence areas and exploration has commenced on the two newly acquired properties. More than 150 small pits have been dug at 100m x 50m intervals over areas identified for bulk sampling in order to acquire a better understanding of geology and grade distribution over selected optimal sites. The recent arrival of earthmoving equipment on site will now result in the excavation of large samples prior to the arrival of bulk sampling equipment.

Following the decision to commence bulk sampling activities in the Longatshimo River Project, all procurement of plant and equipment for the bulk sampling operation is complete. A decision was made to develop an overland route from South Africa to the project area and to facilitate this, a lead truck was dispatched to test the routing and logistical difficulties. This lead truck delivered its load to the project site early in July and despite the challenges, this represents the opening up of a new route to supply equipment from South Africa to the company's southern DRC project areas, significantly reducing lead time and expense.

The main convoy of 16 trucks is currently en route to the DRC and is expected to be on site by October for commissioning in Q4 2007. The operational team has been recruited and is now on site preparing the plant site as well as the rehabilitation of access roads from Dundo in Angola to the project site in the DRC in order to facilitate the access of heavy equipment to site on lowbed trucks. Capital expenditure for the six months to June 2007 is \$ 2.5 million.

### **Other DRC projects**

Reconnaissance exploration on other properties is in progress.

## **ANGOLA**

### **Project Cassanguidi**

Pilot mining operations continue at Project Cassanguidi and production levels continue to improve with better grades being recovered. Exploration activities to increase the gravel resources have been stepped up with the introduction of a tractor-mounted auger drill.

The recently commissioned and site-constructed 16 foot rotary pan has further expanded the processing capacity of the plant enabling the processing of the significant historical tailings resources in addition to the current areas being worked. It is anticipated that some in situ gravel zones will be amenable to treatment directly through the new pan without reliance on scrubbing capacity and this will greatly improve the recovered grade of feed to this pan relative to tailings.

Diamond sale prices through Sodiam (the marketing arm of Endiama, the state-owned diamond company, through which all Angolan diamonds are sold) have been disappointing in the latter part of the prior year and in the beginning of the current year. Discussions to establish more market-related selling arrangements for Cassanguidi production are ongoing, and average sales values have consequently improved thereby increasing our confidence in the longer term potential of this project.

Despite the small scale of the Pilot Mining operations at Cassanguidi, the operation is generating positive cash flows.

Once the Group is comfortable that market-related diamond sales values can be sustainably achieved, consideration will be given to investing the required capital to upgrade this project from pilot to mine status.

## **Project Lumuanza**

In April 2007, the group sold its shareholding in Sociedade Mineira do Lumuanza ("Somilu") for an amount of \$41 000, which has already been received, and Somilu agreed to repay the group \$1.4 million in quarterly installments over two years in full and final settlement of loans to it by the Group. There have been no repayments made to date.

## **SOUTH AFRICA**

### **Bakerville Project areas**

#### **Malmani**

Two large bulk sampling sites within the Malmani area (Driehoek and Stiglingspan) were excavated and the contained gravels processed through the newly acquired mobile 20 ton per hour Dense Medium Separation plant. The results from both bulk sampling sites were disappointing and as a result, bulk sampling activities have ceased. The tenure over the properties in this area of the larger Bakerville Project areas has been relinquished, with exploration capacity now focussed on the Patsema and Geluksdal Projects.

#### **Patsema**

A successful drilling campaign on the farm Zamenkomst has already delineated a number of highly prospective pothole structures on the Patsema property, which lies just to the south of and in a similar geological environment to historical potholes which have yielded significant quantities of diamonds in the past. The next phase in the exploration programme involves generating samples from these pothole structures using a large diameter drill, the Bauer BG36. Drilling of 19, 2.5 metre diameter holes, has been completed and the bulk sampling plant from Malmani has been relocated to the Patsema project to process these samples. The Company expects to announce results of this bulk sampling process by Q4 2007.

#### **Geluksdal**

Phase 1 drilling on the Geluksdal target area indicated the presence of a large pothole structure containing significant gravel resources. Reverse circulation drilling has outlined a large gravel resource. Six large diameter Bauer BG36 2.5 metre diameter holes have been completed and samples are being transported the bulk sampling plant at the Patsema project to process these samples.

#### **Harts River Project**

Phase 2 bulk sampling on the Brussels farm in the Harts River project area recommenced in Q1 2007. The objective of this phase is to confirm a re-interpretation of the geology of the area and identify a higher grade gravel package also containing large stones as recovered in Phase 1. Bulk sampling and the evaluation of the results thereof in the Brussels Block is still in progress. Drilling and trenching has been completed on the Pampierstad Block and a site has been selected for initial bulk sampling to be commenced during the current quarter.

#### **Bloemhof Project**

At the beginning of the year, exploration commenced on the Zoutpan Noord block where 34 boreholes indicating the presence of an extensive paleo-gravel channel beneath a calcrete cap had been drilled. The gravel bed has since been exposed by trenching at shallow depths ranging from 3 to 8m deep. A decision has been taken to continue the bulk sampling, and the final arrangements for a contract miner

to commence the bulk sampling at Zoutpan Noord are in progress. Permission has been obtained from surface owners to commence drilling on the Migdol and Palmietfontein Blocks.

## **CORPORATE ACTIVITY**

Lesotho Diamond Corporation plc (“LDC”)

Early in 2007, PDF was approached by key LDC shareholders, holding a significant percentage of LDC’s share capital, to acquire a strategic equity stake in the company. After a careful review of the Kao Kimberlite Project, held by LDC, PDF considered that a major stake in LDC would be a good strategic fit with PDF’s existing assets.

PDF developed an offer to LDC shareholders which it believed provided sufficient upside and hence attraction to LDC shareholders while providing protection to current PDF shareholders. On 2 May 2007, PDF announced that it had made a conditional offer to acquire a strategic stake in LDC.

One of the conditions precedent in terms of the conditional offer was a requirement that PDF conduct a due diligence. This condition precedent was not fulfilled by the deadline date as PDF was not granted access to any of the limited due diligence data requested.

Consequently, PDF decided that the risks of proceeding without due diligence and becoming a captive minority outweighed the upside returns, and on 31 July 2007 announced its withdrawal from the transaction.

## **DIVIDENDS**

No dividends have been paid or proposed (2006 – Nil)

## **SUBSEQUENT EVENTS**

There has not been any matter or circumstance that has arisen since 30 June 2007 which has significantly affected, or may significantly affect the operations or state of affairs of the Group.

These results have been reviewed by KPMG Inc. in terms of IAS 34 : *Interim Financial Reporting*. Their report is available upon request from the Company Secretary.

BY ORDER OF THE BOARD

RG Still  
Chief Executive Officer  
13 September 2007

**Note: The information in this statement has been reviewed by Mr. Brett Thompson, B Eng (Mining), 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 Operating Officer of Pangea DiamondFields plc and has over 20 years experience in mining operations with over 10 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.**

## Consolidated Income Statement

for the six months ended 30 June 2007

	Notes	Reviewed for the 6 months ended 30 June 2007 US \$	Unaudited for the 6 months ended 30 June 2006 US \$	Audited for the year ended 31 December 2006 US \$
Diamond revenue*		(3,141,217)	(78,000)	(3,092,223)
Exploration expenditure		8,703,906	2,954,452	12,563,167
Other operating expenses		1,447,672	612,337	1,567,220
Impairment losses attributable to Project Lumuanza		–	–	2,926,187
Equity-settled share based payments		1,200,626	–	1,286,011
Operating losses		8,210,987	3,488,789	15,250,362
Interest income		(558,716)	(35,212)	(395,525)
Loss before taxation		7,652,271	3,453,577	14,854,837
Taxation		–	–	–
<b>Loss for the period</b>		<b>7,652,271</b>	<b>3,453,577</b>	<b>14,854,837</b>
Attributable to:				
- Equity holders of the parent company		7,399,174	3,293,060	14,283,476
- Minority interests		253,097	160,517	571,361
<b>Loss for the period</b>		<b>7,652,271</b>	<b>3,453,577</b>	<b>14,854,837</b>
<b>Loss per share (US cents)</b>	<b>3</b>	<b>6.32</b>	<b>4.04</b>	<b>15.63</b>

\* net of applicable royalties

## Consolidated Balance Sheet

at 30 June 2007

	Reviewed as at 30 June 2007	Unaudited as at 30 June 2006	Audited as at 31 December 2006
	US \$	US \$	US \$
<b>Assets</b>			
<b>Non-current assets</b>	14,489,571	8,488,664	10,711,152
Mineral properties	3,170,390	3,222,749	3,170,390
Plant and equipment	9,931,780	5,265,915	7,540,762
Investments	1,387,401	—	—
<b>Current assets</b>	17,976,577	2,611,871	26,640,943
Other receivables	2,179,905	468,036	547,245
Bank and cash	15,796,672	2,143,835	26,093,698
<b>Total assets</b>	<b>32,466,148</b>	<b>11,100,535</b>	<b>37,352,095</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>	26,008,217	9,310,483	32,411,387
Share capital	585,415	400,000	585,415
Share premium	48,000,564	14,937,708	48,000,564
Foreign currency translation reserve	(108,055)	(124,412)	(156,530)
Share-based equity reserves	2,486,637	—	1,286,011
Accumulated losses	(25,031,237)	(7,105,767)	(17,632,063)
Total equity attributable to equity holders of the company	25,933,324	8,107,529	32,083,398
Minority interest	74,893	1,202,954	327,990
<b>Non-current liability</b>			
Non-interest bearing loans	4,009,394	418,793	4,009,394
<b>Current liabilities</b>	2,448,537	1,371,259	931,314
Trade and other payables	1,548,007	666,315	727,041
Short term loans	900,530	704,944	204,273
<b>Total equity and liabilities</b>	<b>32,466,148</b>	<b>11,100,535</b>	<b>37,352,095</b>

## Consolidated Statement of Changes in Equity

for the six months ended 30 June 2007

	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 2006	400,000	9,937,708	(107,445)	–	(3,812,707)	(3,920,152)	1,363,471	7,781,027
Shares issued for cash	25,000	4,975,000	–	–	–	–	–	5,000,000
Foreign currency translation reserve adjustment	–	–	(16,967)	–	–	(16,967)	–	(16,967)
Share based equity reserves adjustment	–	–	–	–	–	–	–	–
Net loss for the period	–	–	–	–	(3,293,060)	(3,293,060)	(160,517)	(3,453,577)
<b>Balance at 30 June 2006</b>	<b>425,000</b>	<b>14,912,708</b>	<b>(124,412)</b>	<b>–</b>	<b>(7,105,767)</b>	<b>(7,230,179)</b>	<b>1,202,954</b>	<b>9,310,483</b>
Shares issued for cash	160,415	33,087,856	–	–	–	–	–	33,248,271
Foreign currency translation reserve adjustment	–	–	(32,118)	–	–	(32,118)	–	(32,118)
Acquisition of additional interest in subsidiary	–	–	–	–	464,120	464,120	(464,120)	–
Share based equity reserves adjustment	–	–	–	1,286,011	–	1,286,011	–	1,286,011
Net loss for the period	–	–	–	–	(10,990,416)	(10,990,416)	(410,844)	(11,401,260)
<b>Balance at 31 December 2006</b>	<b>585,415</b>	<b>48,000,564</b>	<b>(156,530)</b>	<b>1,286,011</b>	<b>(17,632,063)</b>	<b>(16,502,582)</b>	<b>327,990</b>	<b>32,411,387</b>
Foreign currency translation reserve adjustment	–	–	48,475	–	–	48,475	–	<b>48,475</b>
Share based equity reserves adjustment	–	–	–	1,200,626	–	1,200,626	–	<b>1,200,626</b>
Net loss for the period	–	–	–	–	(7,399,174)	(7,399,174)	(253,097)	<b>(7,652,271)</b>
<b>Balance at 30 June 2007</b>	<b>585,415</b>	<b>48,000,564</b>	<b>(108,055)</b>	<b>2,486,637</b>	<b>(25,031,237)</b>	<b>22,652,655</b>	<b>74,893</b>	<b>26,008,217</b>

## Consolidated Cash Flow Statement

for the six months ended 30 June 2007

	Notes	Reviewed for the 6 months ended 30 June 2007	Unaudited for the 6 months ended 30 June 2006	Audited for the 12 months ended 31 December 2006
		US \$	US \$	US \$
<b>Cash flows from operating activities</b>				
Cash utilised by operations	4.1	(5,920,187)	(2,595,760)	(9,009,869)
Interest received		558,716	35,212	395,525
<b>Net cash flows from operating activities</b>		<b>(5 361 471)</b>	<b>(2,560,548)</b>	<b>(8,614,344)</b>
<b>Cash flows in investing activities</b>				
Acquisition of plant and equipment		(3,596,629)	(2,457,774)	(5,387,994)
Acquisition of subsidiary net of cash		–	–	(1,985,310)
Investments acquired		(1,387,401)	–	–
<b>Net cash flows in investing activities</b>		<b>(4,984,030)</b>	<b>(2,457,774)</b>	<b>(7,373,304)</b>
<b>Cash flows from financing activities</b>				
Shares issued for cash		–	5,000,000	38,248,271
(Decrease)/Increase in loans payable		–	(191,252)	1,594,362
Decrease in outside shareholders loans		–	54,000	–
<b>Net cash flows from financing activities</b>		<b>–</b>	<b>4,862,748</b>	<b>39,842,633</b>
<b>(Decrease)/Increase in cash and cash equivalents</b>		<b>(10,345,501)</b>	<b>(155,574)</b>	<b>23,854,985</b>
Foreign currency translation adjustment on cash		48,475	(16,967)	(77,663)
Cash and cash equivalents at the beginning of the period		26,093,698	2,316,376	2,316,376
<b>Cash and cash equivalents at the end of the period</b>		<b>15,796,672</b>	<b>2,143,835</b>	<b>26,093,698</b>

## Notes to the Reviewed Interim Financial Information

for the six months ended 30 June 2007

### 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 six months ended 30 June 2007 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 Standard (“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 2006.

### 2. Segment reporting Geographical segments

The Group currently only has 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.

	<b>Total</b>	<b>Angola</b>	<b>DRC</b>	<b>CAR</b>	<b>South Africa</b>
<b>at 30 June 2007</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
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	3,596,629	123,822	2,801,168	627,669	43,970
Cash generated by financing activities	—	—	—	—	—
Capital expenditure	3,596,629	123,822	2,801,168	627,669	43,970
Diamond Revenue	3,141,217	2,986,857	—	—	154,360
<b>at 30 June 2006</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Total assets	11,092,840	3,459,387	—	—	7,633,453
Cash utilised by operating activities	2,560,548	1,187,555	625,142	576,295	171,556
Cash utilised by investing activities	2,457,774	2,457,774	—	—	—
Cash generated/(utilised) by financing activities	—	—	—	—	—
Capital expenditure	2,457,774	2,457,774	—	—	—
Diamond Revenue	78,000	78,000	—	—	—

## Notes to the Reviewed Interim Financial Information

For the six months ended 30 June 2007 (continued)

### 2. Segment reporting (continued)

at 31 December 2006	Total	Angola	DRC	CAR	South Africa
	US\$	US\$	US\$	US\$	US\$
Total assets	11,425,512	6,008,458	–	3,277,474	2,139,580
Cash utilised by operating activities	5,714,507	519,169	990,390	2,419,818	1,785,130
Cash utilised by investing activities	7,204,017	4,037,056	–	3,166,961	–
Cash generated by financing activities	1,844,362	1,844,362	–	–	–
Capital expenditure	5,218,707	2,051,746	–	3,166,962	–
Diamond Revenue	3,092,223	3,092,223	–	–	–

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 6 months to 30 June 2007	Unaudited 6 months to 30 June 2006	Audited 12 months to 31 December 2006
	US\$	US\$	US\$
Total assets	17,382,478	7,694	25,926,583
Cash utilised by operating activities	–	581,854	3,295,362
Cash utilised by investing activities	1,387,401	–	169,287
Cash generated by financing activities	–	4,862,748	37,998,271

### 3. Loss per share

The 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 117 083 051 (30 June 2006: 81 555 556 and 31 December 2006: 91 403 915) and the loss after tax for the Group was \$7 399 173 (30 June 2006: \$3 293 060 and 31 December 2006: \$14 283 476).

#### Diluted loss per share

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.

## Notes to the Reviewed Interim Financial Information

For the six months ended 30 June 2007 (continued)

	Reviewed 6 months to 30 June 2007	Unaudited 6 months to 30 June 2006	Audited 12 months to 31 December 2006
<b>4. Note to the cash flow statement</b>			
<b>4.1 Cash utilised by operations</b>			
Net loss before taxation	(7,652,271)	(3,453,577)	(14,854,837)
Adjusted for:			
Depreciation	1,205,611	22,281	1,745,960
Equity-settled share-based transactions	1,200,626	–	1,286,011
Impairment losses attributable to Project Lumuanza	–	–	2,926,187
Interest received	(558,716)	(35,212)	(395,525)
<b>Operating loss before working capital changes</b>	<b>(5,804,750)</b>	<b>(3,466,508)</b>	<b>(9,292,204)</b>
<b>Working capital changes</b>	<b>(115,437)</b>	<b>870,748</b>	<b>282,335</b>
Increase in short term loans	696,257	364,587	485,750
Increase/(decrease) in accounts payable	820,966	425,024	(201,357)
(Increase)/decrease in accounts receivable	(1632,660)	81,137	(2,058)
<b>Cash utilised by operations</b>	<b>(5,920,187)</b>	<b>(2,595,760)</b>	<b>(9,009,869)</b>

## 5. Contingent liabilities

The arbitration proceedings between Dayspring Management Services (Proprietary) Limited (“DMS”), a wholly-owned subsidiary of the Group, and Mr. Roberto Santorelli, in terms of which Mr. Santorelli is claiming \$1.25 million, is still ongoing. Chartered Holdings Limited, a company incorporated in Mauritius, and a shareholder of the Company, has indemnified the Company and the Group against any potential losses, expenses, claims or damages of whatsoever nature which may be suffered by the Group arising out of and or in connection with such proceedings.

The directors of DMS, after legal consultation, are of the opinion that the likelihood of the arbitration succeeding against DMS is highly unlikely. Consequently, no provision has been made for this amount.