

## Regulatory Announcement

**Company** [Pangea DiamondFields](#)  
**TIDM** PDF  
**Headline** Offer of Shares  
**Released** 07:00 20-Nov-08  
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Pangea DiamondFields PLC  
20 November 2008

This announcement is not an offer for any securities or a prospectus. Investors should not subscribe for or purchase any securities referred to in this announcement except on the basis of information in the Circular expected to be issued by the Company today in connection with the proposed Open Offer. Copies of the Circular will, following publication, be available from the Company's registered office and its website. This announcement is not an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction.

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20 November 2008

AIM: PDF

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

**Open Offer of up to 2,007,745,770 new Ordinary Shares of US\$0.005 each**  
**at a price of 0.5 pence per share**  
**on the basis of**  
**15 Offer Shares for every Existing Ordinary Share**  
**with an excess application facility,**  
**to raise up to US\$15 million**

Pangea DiamondFields plc (AIM: PDF), the diamond producer and exploration company is pleased to announce that it proposes to raise up to US\$15 million (before expenses) to provide working capital for the Company by way of an Open Offer.

### Highlights

- The Open Offer will be on the basis of 15 Offer Shares for every Existing Share and will allow all existing Shareholders the opportunity to participate *pro rata* in the fundraising.

- Qualifying Shareholders may also subscribe for shares above their basic entitlement under the Open Offer if they so wish under an excess application facility.
- The Company has received irrevocable undertakings from Shareholders to exercise their rights under the Open Offer and make excess applications such that in aggregate, these shareholders are committed to make applications to subscribe for 1,608,579,081 Offer Shares, thus **providing a minimum of US\$12 million of new funding for the Company through the Open Offer**. These commitments are subject to reduction in respect of the excess applications according to the level of valid applications made by other existing Shareholders.
- The Company has also received irrevocable undertakings from shareholders representing in aggregate 58.7% of the Company's issued share capital to vote in favour of the Resolutions to effect the Open Offer.
- The net proceeds of the Open Offer are expected to be a minimum of US\$11.7 million (based upon the currency exchange rate of £1:US\$1.492) and will strengthen the Company's balance sheet, enable the Group to move forward on its current business plan, and provide general working capital for the Group.

Commenting on the Open Offer, CEO Brett Thompson said, "Given the current difficult market conditions, it is extremely gratifying that the Company has received sufficient support from existing shareholders for this open offer, to effectively raise \$12 million in new capital. We are optimistic that those shareholders who have not been approached prior to this announcement, will also see the value and support the Company in potentially raising up to the \$15 million targeted in this process. The proceeds of this fundraising exercise will enable the Company to pursue its business plans more fully detailed later in this announcement."

This summary should be read in conjunction with the detailed announcement which follows. Defined terms used in this announcement have the meaning set out in the Appendix.

For more information on Pangea DiamondFields plc, please visit: [www.pangeadiamondfields.com/](http://www.pangeadiamondfields.com/)

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The Directors of Pangea and the Company accept responsibility, both collectively and individually, for the information contained in this announcement. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

A circular to shareholders containing both the Notice of the Extraordinary General Meeting and further details relating to the Open Offer (the 'Circular') is expected to be dispatched today.

This announcement does not constitute an offer for sale or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, Offer Shares in any jurisdiction where such an offer or solicitation is unlawful and, subject to certain exceptions is not for distribution in or into the United States, Canada, Japan or Australia. The Offer Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia or Japan, nor has any prospectus in relation to the Offer Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this announcement to a jurisdiction outside the UK or the Isle of Man should seek appropriate advice before taking any action.

No person has been authorised to give any information or make any representations other than those contained in this announcement and, if given or made, such information or representations must not be relied on as having been so authorised. Neither the delivery of this announcement, the Circular nor any subscription made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this announcement or that the information is correct as of any subsequent time. This announcement contains forward-looking statements, which are based on the Board's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to, *inter alia*, the risk factors described in the Circular. It is believed that expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially, including, but not limited to, the Group's ability to obtain capital/additional finance; a reduction in demand for and/or the price of, diamonds produced by the Group; the limitations of the Group's internal financial reporting controls; and, legislative, fiscal and regulatory developments, including, but not limited to licencing, royalties, currency and interest rate fluctuations. Each forward-looking statement speaks only as of the date of the particular statement. Except, as required by the Market Abuse Rules, the AIM Rules for Companies, the London Stock Exchange or by law, the Company disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Ambrian Partners Limited (which is regulated in the UK by the Financial Services Authority) is acting exclusively for Pangea as nominated adviser and broker and no one else (including the recipients of this announcement) in connection with the arrangements described in this announcement or the Circular and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Ambrian Partners Limited or for advising any other person in connection with the arrangements described in this announcement or the Circular. Ambrian Partners Limited makes no representation, express or implied, with respect to the accuracy or completeness of any information contained in this announcement or the Circular and accepts no responsibility for, nor does it authorise, the contents of, or the issue of this announcement or the Circular, or any other statement made or purported to be made by the Company, or on its behalf, in connection with the Company, the Open Offer, Admission, or any or the other arrangements described in this announcement or the Circular, and accordingly disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have in respect of this announcement or any other statement.

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

**Open Offer of up to 2,007,745,770 new Ordinary Shares of US\$0.005 each**

**at a price of 0.5 pence per share**

**on the basis of 15 Offer Shares for every Existing Ordinary Share with an excess application facility,**

**to raise up to US\$15 million**

Pangea DiamondFields plc (AIM: PDF), the diamond producer and exploration company is pleased to announce that it proposes to raise up to US\$15 million (before expenses) to provide working capital for the Company by way of an Open Offer.

The Open Offer will be on the basis on the basis of 15 Offer Shares for every Existing Share and will allow all existing Shareholders the opportunity to participate *pro rata* in the fundraising.

Qualifying Shareholders may also subscribe for shares above their basic entitlement under the Open Offer if they so wish under an excess application facility.

The Company has received irrevocable undertakings from Shareholders to exercise their rights under the Open Offer and make excess applications such that in aggregate, these shareholders are committed to make applications to subscribe for 1,608,579,081 Offer Shares, providing a minimum of US\$12 million

of new funding for the Company through the Open Offer. These commitments are subject to reduction in respect of the excess applications according to the level of valid applications made by other existing Shareholders.

The Company has also received irrevocable undertakings from shareholders representing in aggregate 58.7% of the Company's issued share capital to vote in favour of the Resolutions to effect the Open Offer.

The net proceeds of the Open Offer are expected to be a minimum of US\$11.7 million (based upon the currency exchange rate of £1:US\$1.492) and will strengthen the Company's balance sheet, enable the Group to move forward on its current business plan, and provide general working capital for the Group.

The Open Offer is conditional, *inter alia*, upon Shareholders passing the Resolutions set out in a Notice convening the Extraordinary General Meeting, which is included within a Circular sent to Shareholders today, and upon Admission.

### **Background to and rationale for the Open Offer**

Your Company has an exciting portfolio of eight alluvial diamond projects located in the CAR, DRC, Angola and South Africa. For a long time it has been our stated objective to have three projects developed to commercial production status and to be cash flow positive by the end of 2009 subject to the results of bulk sampling. The expansion of the Cassanguidi project in Angola to commercial status is ongoing at present and in addition, a number of other projects (Bakerville, Longatshimo and Dimbi) could be ready for development to commercial production status during the course of 2009. However, the Company recognises that the scarcity of funding available may cause this objective to be reviewed. The decision to proceed with the development of projects additional to Cassanguidi and Bakerville will be wholly dependent on sufficient funding being available, over and above the proceeds of the Open Offer.

A detailed description of the current status and development strategy for each of the Company's projects is set out in the Circular.

To date Pangea has been funded predominantly by issues of equity to institutional and other investors. At the time of the Company's AIM IPO in October 2006 we raised £15.9 million at a price of 60p per ordinary share and a further fundraising was completed in February 2008 raising £7.6 million at a price of 46p per ordinary share. This funding has allowed the Company to progress steadily toward the objectives stated above.

However, in the Company's interim results published on 30 September 2008, we disclosed that the Company had a cash balance of US\$1.82 million as at 25 September 2008. Your Board also noted at that time it was investigating opportunities to raise the funding required for the Company to continue to operate as a going concern and ultimately, to fund the development of its projects to a point where the Company is cash generative. Prior to and since the publication of the interim results, your Board has investigated various ways to obtain the funding required to achieve the Company's objectives and other options to maximise value for Shareholders, however it has been unsuccessful.

Further financial resources are now required to ensure sufficient funding is available to the Company to continue to implement its stated business plan objectives. In current market conditions, it is extremely difficult for a company at Pangea's stage of development to raise material funds through the AIM market, and the equity capital markets generally. Moreover, while the Company's future funding requirements have remained unresolved, the Company's share price has declined significantly such that any new issue of equity to raise the funds required by the Company which did not give existing Shareholders the opportunity to participate would dilute existing Shareholders materially.

It is against this backdrop that the Company sought a working capital loan of US\$2 million from Panex (as announced on 31 October 2008 and that your Board has sought certainty of funding through the structure of this Open Offer.

Pangea has reviewed and will continue to review various options for supporting and funding the Company and its business plan. At present, in the current negative economic climate, the Board considers that it is in Shareholders' best interests to raise funds by way of the Open Offer and to

do so at a discount of 56% to the closing mid market price of the Ordinary Shares on 19 November 2008.

As a result of the irrevocable undertakings described below, the Open Offer will, upon fulfillment of such undertakings, provide the Company with a minimum of US\$12 million and a maximum of \$15 million of new funding (before expenses).

It is a condition of the Open Offer that US\$12 million (based on an exchange rate of £1:US\$1.492), before fees and expenses, is raised by 31 December 2008 (or such later date not being later than 28 February 2009 as decided by the Company). This condition will be satisfied upon fulfillment of irrevocable commitments referred to above. The Open Offer is however not underwritten.

The Directors are of the opinion that having regard to existing cash resources, and in the event that at least US\$12 million is received as proceeds of the Open Offer (less expenses), the Group would have sufficient working capital to bring two projects into commercial production, subject to the results of pilot mining activities.

The current business plan targets commercial production at two projects (Cassanguidi and Bakerville) and for these projects to become cash flow positive within 2009.

### ***Open Offer not completing***

The Open Offer is not underwritten but benefits from the commitments provided for in the irrevocable undertakings as described below.

If the Resolutions are not passed and the Open Offer does not complete, the funds to be received under the Open Offer (including the funds committed by the irrevocable undertakings) will not be available to the Company. In these circumstances, the Company would have an immediate working capital shortfall which would have a materially detrimental impact on its ability to implement its business plan and to repay the Panex Loan.

While the Company would be obliged to engage, as a matter of urgency, in tight working capital management and cessation of all non-essential expenditure in order to create time in which this problem could be addressed, it is likely that any prospect of meeting the Company's future financial expectations would be irreparably compromised.

Efforts to rectify the working capital shortfall may include all, or any combination of, asset disposals, deferral of non-essential expenditure including restructuring costs, a non pre-emptive equity issue and seeking to agree loan or similar facilities.

While the Directors accept that such remedial actions could ultimately be implemented, it is likely that such implementation would take some considerable time, and there can be no certainty that the Group would have the financial reserves or be afforded adequate time to implement such remedial actions.

If the Open Offer is not completed then the Directors believe that new funding could not be raised in the requisite timescales and it would be highly likely that certain companies in the Group, or the Company itself, would be placed in some form of insolvency proceedings immediately thereafter. In such circumstance, no assurance can be given to Shareholders as to the level of distribution that would be made to them (if any).

### **Details of the Open Offer**

Qualifying Shareholders are invited to apply for Offer Shares under the Open Offer at a price of 0.5 pence per Offer Share, payable in full on application and free of all expenses, *pro rata* to their existing shareholdings on the basis of:

#### **15 Offer Shares for every Existing Ordinary Share**

held at the Open Offer Record Date and so in proportion for any other number of Existing Ordinary Shares then held.

The Open Offer has been structured so as to allow Qualifying Shareholders to subscribe for Ordinary Shares at the Open Offer price *pro rata* to their existing holdings. Qualifying Shareholders may, in addition make applications in excess of their *pro rata* initial entitlement.

Once subscriptions under the initial Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part. It is the Company's current intention that to the extent possible and below a total fundraising of US\$12 million, excess applications will be satisfied *pro rata* to existing shareholdings. Thereafter and up to a maximum fundraising of US\$15million it is the Company's current intention that excess applications will be satisfied *pro rata* to excess applications made.

To the extent that Offer Shares are not subscribed for by Qualifying Shareholders, Open Offer entitlements will lapse.

The Open Offer is subject to the satisfaction (or in the case of (ii) and/or (iii) below, waiver by the Company), amongst other matters, of the following conditions on or before 31 December 2008, (or such later date being not later than 28 February 2009, as the Company may decide):

- (i) the approval of all the Resolutions at the Extraordinary General Meeting;
- (ii) not less than US\$12 million in aggregate being raised by under the Open Offer (based on an exchange rate of £1:US\$1.492);
- (iii) Admission of not less than 1,608,579,081 Offer Shares (being such number as is required to satisfy condition (ii) above).

The Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission.

Certain Shareholders have given irrevocable undertakings to take up in full their respective entitlements under the Open Offer, amounting to 998,621,441 Offer Shares, in aggregate and to make excess applications amounting to 609,957,640 Offer Shares in aggregate as described more fully in below.

### ***Dilution of Share Capital upon Completion of the Open Offer***

Following completion of the Open Offer (assuming that all of the Offer Shares have been issued), the Enlarged Issued Share Capital will be 2,141,595,488 Ordinary Shares. On this basis, the Offer Shares will represent approximately 93.8 per cent of the Enlarged Issued Share Capital. Following the completion of the Open Offer and assuming only US\$12 million is raised thereunder (that is, the committed funds), the Enlarged issued share capital will be 1,742,428,799 Ordinary Shares. On this basis, the Offer Shares would represent approximately 92.3 per cent. of the Enlarged Issued Share Capital.

Assuming all Open Offer Entitlements are fully subscribed, a Shareholder who takes up his Open Offer Entitlements in full will maintain his existing percentage shareholding in the Company. The percentage shareholding of a Shareholder who does not exercise his Open Offer Entitlements will be diluted by 93.8 per cent assuming maximum take up under the Open Offer or 92.3 per cent assuming only US\$12 million is raised thereunder.

### ***Settlement and dealings***

Application will be made to the London Stock Exchange for the Offer Shares subscribed for pursuant to the Open Offer to be admitted to trading on AIM. It is expected that such Admission will become effective and that dealings will commence on 16 December 2008.

### ***Overseas Shareholders***

Certain Overseas Shareholders may not be permitted to subscribe for Offer Shares pursuant to the Open Offer and should refer to the Circular for explanation.

## **Current trading and future prospects**

The forward looking statements and plans referred to herein are subject to completion of the Open Offer.

### ***Projects***

In response to the recent downturn in world financial markets and the subsequent difficulty in sourcing capital for junior mining companies, Pangea has adopted a revised strategy which endeavours to conserve scarce funds while focusing on the development of projects which the directors consider have a high probability of rapidly becoming cash generative.

The immediate focus for the Company is the rapid expansion of the Cassanguidi project in Angola to a commercial scale operation producing some 7,000 - 8,000 carats per month and generating positive cash flows. Secondly, the Company has recently expanded the Bakerville project to pilot mining status with a potential capacity of around 600 carats per month. It is intended that, provided the Bakerville project continues to deliver the results seen to date, it will be further developed to commercial status during the second half of 2009. These two projects are expected to be generating positive cash flow in the second calendar quarter of 2009 to support the Company's expenditure on other projects.

In the CAR, the Dimbi project, while still having the potential to develop into an economic project in due course, is likely to consume what is considered an excessive amount of cash resources to get to that point. As a consequence, it will remain on hold until a strategy on how best to progress this project and the funding thereof is determined. In the interim, a much reduced budget has been planned to undertake limited regional exploration activities as well as to maintain the security of infrastructure on site. Advanced exploration activities are planned to continue at the Etoile project until the end of 2008, at which time a decision will be made on that project's future.

In the DRC, bulk sampling activities will continue at the Longatshimo project following positive results achieved to date, however in the absence of funding additional to the proceeds of the Open Offer, there are no current plans for further expansion of the project beyond bulk sampling. Advanced exploration activities are planned to continue at the Tshikapa project including dredging activities currently in progress, with a view to further increasing resources.

All activities on both projects in the DRC are being continued on a reduced budget and with a focus on the recovery of diamonds and hence revenue generation, as well as resource delineation.

Extensive evaluation undertaken at the Harts River project in South Africa to date has inferred the presence of an extremely large and potentially viable resource which appears broadly comparable to diamond mining operations in the Middle Orange River area. Whilst only limited further resource delineation and evaluation work is planned over the next 18 months this project remains an important part of the Company's longer term plans.

### ***Corporate***

The Company will continue to seek to identify and exploit other opportunities to create shareholder value following the Open Offer. In recent months the Company has been in discussions, now terminated, in respect of a merger with a third party. These discussions, or discussions with other parties, may recommence following Pangea's recapitalisation through the Open Offer although there is no certainty that any merger, takeover or other corporate transaction will ultimately occur. Cost control will be a priority whilst the Company considers the utilisation of the proceeds of the Open Offer and prioritisation of operational and capital expenditure. The Company will, inter alia, also review its head office cost base. In accordance with undertakings made to placees at the time of the fundraising completed in February 2008, the Company will retain the trading status of its ordinary shares on AIM until at least August 2009 unless that undertaking is waived. However as there is considerable direct and indirect cost associated with such a status, particularly in the context of the current equity markets this will remain under review and the Company may, if appropriate, seek to de-list from AIM in the future if these costs cannot be justified.

### **Use of proceeds**

The net proceeds of the Open Offer will be used to support the Company's business plan. Subject to funding ongoing working capital requirements and providing the headroom the Company requires to operate with a degree of financial security, the major items of expenditure on which the funds are currently expected to be allocated are as follows:

- Repayment of the Panex Loan (approx US\$2.1 million)
- Capital costs of developing the Cassanguidi project to a commercial scale (approx US\$2.3 million)
- Capital costs of developing the Bakerville project to a commercial scale (approx US\$3.0 million, of which approximately 50% may be separately financed)
- Exercise of the Panex option (at the Company's discretion) to acquire the remaining 26% of PDL that the Company does not already own (US\$2.5 million)

Should the minimum fundraising provided by the Open Offer be exceeded, the additional funds raised would provide the Company with additional headroom to working capital for its current business plan and allow the Company greater flexibility to maximise the value of its assets and take advantage of other opportunities which may arise.

### **Irrevocable undertakings**

The Company has received irrevocable undertakings to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting from Shareholders holding in aggregate, 78,516,746 Existing Ordinary Shares representing approximately 58.7 per cent of the Company's existing issued ordinary share capital.

The Company has received irrevocable undertakings from Shareholders to exercise their pro rata entitlements under the Open Offer in full in aggregate amounting to 998,621,441 Offer Shares representing approximately 49.7 per cent of the Offer Shares to be offered for subscription by the Company pursuant to the Open Offer.

The Company has also received irrevocable undertakings from Shareholders to make excess applications to subscribe for further Offer Shares in aggregate amounting to 609,957,640 Offer Shares representing approximately 30.4 per cent. of the Offer Shares to be offered for subscription by the Company pursuant to the Open Offer.

In aggregate these Shareholders are therefore committed to make applications to subscribe for 1,608,579,081 Offer Shares providing a minimum of US\$12 million of new funding for the Company through the Open Offer. The commitments to make excess applications are subject to reduction according to the level of applications made by other existing Shareholders as described above.

### **City Code**

The City Code applies to companies whose shares are quoted on AIM to the extent that such companies are registered in the UK, Channel Islands and Isle of Man and are also considered by the Panel to have their place of central management and control in the UK, the Channel Islands or the Isle of Man.

Notwithstanding that the Company is registered in the Isle of Man, the Company, having recently consulted the Panel, has been advised that the Panel does not consider the Company's place of central management and control to be in the UK, the Channel Islands or the Isle of Man. The City Code will not therefore apply to the Company.

Consequently, *inter alia*, the City Code provisions on mandatory offers do not apply to the Company so that if a single Shareholder or a new concert party became entitled as a result of the Open Offer to exercise more than 30 per cent. of the votes at a general meeting of the Company, that party would not be required to make a takeover offer to the other Shareholders.

Following completion of the Open Offer the Company will publish, in compliance with its obligations under the AIM Rules, an update to its substantial shareholders as at that date. Taking into account the irrevocable undertakings noted above, if the Open Offer completed with only those shareholder commitments as described therein, Capital International Private Equity Fund IV LP, with whom Ashley Dunster is associated, would hold over 30 per cent of the then issued share capital of the Company.

## **Requirement for shareholder approval**

In order for the Open Offer to be fully implemented it will be necessary for the Company to issue 2,007,745,770 new Ordinary Shares. The Company currently has the authority to issue and allot up to 66,150,282 new Ordinary Shares. An Ordinary Resolution is therefore proposed to increase the authorised share capital to 3,000,000,000 Ordinary Shares.

The Company's Articles of Association provide that unless otherwise approved by ordinary resolution the Company shall not (subject to certain exceptions) allot equity securities unless a pre-emptive offer has been made to each existing Shareholder of the same class to allot on the same or more favourable terms such proportion of those equity securities that is as nearly as practicable equal to the proportion that Shareholder's holding bears to all issued shares of that class, and that offer has been open for 21 clear days.

Although the terms of the Open Offer are such that each Qualifying Shareholder is given the right to take up their *pro rata* share of the Offer Shares, the Open Offer does not in certain technical respects as regards timing, and potentially as regards certain Overseas Shareholders, fall precisely within the terms of the pre-emptive offer described in the Company's Articles of Association. Therefore, an Ordinary Resolution is required to disapply the relevant requirements of the Articles of Association as regards the Open Offer and to ensure that following the making of the Open Offer the Company refreshes the "headroom" to issue Ordinary Shares for cash up to a nominal value of US\$150,000 on a non pre-emptive basis which is currently contained in the Articles of Association.

In light of the large number of Ordinary Shares which will be in issue upon completion of the Open Offer, the Directors will give consideration to a share consolidation in due course.

## **Risk factors**

Shareholders and prospective investors should be aware that an investment in the Company involves a high degree of risk. Prospective investors should consider carefully the risks attaching to an investment in the Company prior to making an investment decision and should read the risk factors set out in the admission document issued by the Company upon its admission to AIM together with information provided by the Company in subsequent announcements. The Group currently has a net cash outflow from its operating activities and is in the process of restructuring its operations. The Company intends to utilise the net proceeds from the Open Offer to implement a plan to take the Group to profitability and positive cash flow. It is not certain when or if this will be achieved and this strategy carries inherent risks which are detailed in the Circular.

## **Extraordinary General Meeting**

Set out at the end of the Circular is the Notice convening the Extraordinary General Meeting to be held at 12:00 p.m. on 15 December 2008 at Falcon Cliff, Palace road, Douglas, Isle of Man, IM2 4LB at which the Resolutions described below will be proposed for the purposes of implementing the Open Offer:

- (i) increasing the Company's authorised share capital from US\$1 million to US\$15 million;
- (ii) authorising the issue of the Offer Shares pursuant to the Open Offer without regard to the strict pre-emption provisions in the Company's Articles of Association and confirming that the existing exceptions to the pre-emption provisions are refreshed.

The second resolution is conditional upon the first being passed.

## **Recommendation**

The Directors consider the Open Offer to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as those Directors holding Existing Ordinary Shares have irrevocably undertaken so to do in respect of their beneficial holdings amounting, in aggregate, to 10,506,000 Existing Ordinary Shares, representing approximately 7.8 per cent of the existing issued share capital of the Company.

## **Expected Timetable of Principal Events**

Open Offer Record Date	Monday 17 November 2008
Dispatch of this document Open Offer	Thursday 20 November 2008
Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders	Friday 21 November 2008
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on Friday 5 December 2008
Latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on Monday 8 December 2008
Latest time for splitting Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on Wednesday 10 December 2008
Latest time and date for receipt of completed Application Forms or CREST Excess Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on Friday 12 December 2008
Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	5.00 p.m. on Friday 12 December 2008
Extraordinary General Meeting	12.00 p.m. on Monday 15 December 2008
Admission effective and dealings commence on AIM	Tuesday 16 December 2008
CREST accounts credited	Tuesday 16 December 2008
Share certificates dispatched by	Monday 22 December 2008

**The dates set out in the expected timetable of principal events above and mentioned throughout this announcement may be adjusted by the Company, in which event the details will be notified to the London Stock Exchange and, where appropriate, to Shareholders.**

## **APPENDIX**

### **DEFINITIONS**

The following definitions apply throughout this announcement unless the context otherwise requires:

"Admission"	admission of the Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules;
"AIM"	the AIM market operated by the London Stock Exchange;
"AIM Rules"	the AIM rules for Companies published by the London Stock Exchange from time to time;
"Application Form"	the application form to be used by Qualifying non-CREST Shareholders in connection with the Open Offer;

"CAR"	Central African Republic;
"certificated form" or "in certificated form"	an ordinary share recorded on a company's share register as being held in certificated form (namely, not in CREST);
"City Code"	the City Code on Takeovers and Mergers, as amended from time to time;
"Company" or "Pangea"	Pangea DiamondFields plc;
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in those regulations);
"CREST Excess Application Form"	the application form to be used by Qualifying CREST Shareholders in connection with applications in excess of their Open Offer Entitlements;
"CREST Service Provider"	Computershare Investor Services (Channel Islands) Limited;
"Directors" or "Board"	the directors of the Company or any duly authorised committee;
"DRC"	The Democratic Republic of the Congo;
"Efidium"	Efidium Ltd, a wholly owned subsidiary of the Company;
"Enlarged Issued Share Capital"	the 2,141,595,488 Ordinary Shares in issue on Admission, assuming full take up of the Open Offer and passing of the Resolutions;
"Excluded Territories"	the United States, Canada, Australia, Japan and any jurisdiction where the extension or availability of the Open Offer would breach any applicable law;
"Existing Ordinary Shares"	the 133,849,718 Ordinary Shares in issue at the date of this announcement, all of which are admitted to trading on AIM;
"Extraordinary General Meeting"	the extraordinary general meeting of the Company to be held at the Company's registered office, Falcon Cliff, Palace Road, Douglas, Isle of Man, IM2 4LB at 12:00 p.m. on 15 December 2008 (or any adjournment thereof);
"Form of Proxy"	the form of proxy for use in connection with the Extraordinary General Meeting which accompanies the Circular;
"Group"	the Company, its existing subsidiaries and subsidiary undertakings;
"London Stock Exchange"	London Stock Exchange plc;
"Money Laundering Regulations"	the Money Laundering Regulations 2007 (SI

2007/2157);

"Notice"	the notice convening the Extraordinary General Meeting which is set out at the end of the Circular;
"Offer Price"	0.5 pence per new Ordinary Share;
"Offer Shares"	the 2,007,745,770 Ordinary Shares which are to be made available for subscription by Qualifying Shareholders under the Open Offer;
"Open Offer"	the conditional offer to Qualifying Shareholders to subscribe for the Offer Shares at the Offer Price, as described in the Circular;
"Open Offer Entitlements"	entitlements to subscribe for Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer;
"Open Offer Record Date"	the close of business on 17 November 2008;
"Ordinary Shares"	ordinary shares of US\$0.005 each in the capital of the Company;
"Overseas Shareholders"	Shareholders resident in, or citizens of, jurisdictions outside the United Kingdom or the Isle of Man;
"Panel"	the Panel on Takeovers and Mergers, established under the City Code;
"Panex"	Pangea Exploration (Proprietary) Limited;
"Panex Loan"	the loan from Panex to PDL as described in paragraph 3.1 of Part IV of the Circular;
"PDL"	Pangea Diamonds (Pty) Ltd;
"Prospectus Rules"	the Prospectus Rules published by the Financial Services Authority;
"Qualifying CREST Shareholders"	Qualifying Shareholders whose Existing Shares on the register of members of the Company on the Open Offer Record Date are held in uncertificated form;
"Qualifying non-CREST Shareholders"	Qualifying Shareholders whose Existing Shares on the register of members of the Company on the Open Offer Record Date are held in certificated form;
"Qualifying Shareholders"	holders of Existing Shares at the Open Offer Record Date;
"Receiving Agent" or "Computershare"	Computershare Investor Services PLC;
Computershare Investor Services PLC;	the resolutions to be proposed at the Extraordinary General Meeting as set out in the Notice;
"Shareholders"	holders of Ordinary Shares;

"United Kingdom"	or "UK" the United Kingdom of Great Britain and Northern Ireland;
"United States" or "US"	the United States of America, each State thereof, its territories and possessions (including the District of Columbia) and all other areas subject to its jurisdiction;
"uncertificated" or "in uncertificated form"	an ordinary share recorded on a company's share register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations 2001, may be transferred by means of CREST;
"US Securities Act"	the United States Securities Act 1933, as amended;
"US\$"	the United States dollar, being the lawful currency for the time being of the United States of America; and
"€"	Euro.

Throughout this announcement, unless otherwise stated: an exchange rate of £1:US\$1.492 has been used, based on the exchange rate as at noon on 17 November 2008, the last practical date prior to publication of this announcement.

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