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

Operational Update

Pangea DiamondFields plc (AIM: PDF), the mid-tier diamond producer and exploration company provides the following update of its activities to 30 June 2009. The Company has a portfolio of seven * projects located in the Central African Republic ("CAR"), Democratic Republic of the Congo ("DRC"), Angola and South Africa.

HIGHLIGHTS

General
- Strategy to develop near-production assets and conserve cash reserves continues
- Cash reserves of US$3.1 million and diamond stock of approximately US$0.5 million as at 30 June 2009

Angola
- Commissioning of Cassanguidi expansion project nears completion

South Africa
- Bakerville Pilot mining continues to produce good results
- Bakerville project Mining Right application well advanced
- Local farm purchased to secure surface rights to Bakerville project

Central African Republic
- Etoile project rights not renewed *

Resource Update
- Updated resources completed for Harts River and Longatshimo River

General

The Company continues to monitor recent trends in the movement of rough diamond prices following the substantial reductions late in 2008. While recent trends reflecting upward movement in rough prices to 65 – 70% of mid-2008 prices relative to the low of around 50% late in 2008 are promising, the Company is still waiting for signs of sustainability in these trends before changing its strategy of focusing on the development of near–production assets and the conservation of cash.

Following the expansion of the Cassanguidi project to a full capacity commercial scale operation, which is expected to be completed during Q3 2009, and provided there is no material worsening in the rough diamond market, the Company expects to generate sufficient cash flow at current diamond prices to satisfy the operating costs of its other projects and central overhead costs.

As at 30 June 2009, shortly after the final payment for the purchase of the Bakerville farm was made, the Company had cash reserves of US$3.1 million and diamond stock of approximately 3,382 carats valued at approximately US$0.5 million, based on current estimated prices.

Angola

Cassanguidi

Prior to the expansion to commercial scale operations currently in progress, the Cassanguidi processing facilities consisted of a single primary concentration facility (Plant 1) located in the south of the project area, from which the concentrate was fed to a recovery unit utilizing vibrating grease tables to facilitate the final recovery of diamonds. The grease process required a significant amount of manual intervention to clean the diamond laden grease from the tables and as such represented a security risk.

The expansion project nearing completion not only provides for increased primary processing capacity but also introduces improvements in recovery technology with the installation of a more efficient and secure, "hands-free" recovery system utilizing X-ray machines following pre-concentration using a Dense Medium Separation plant (DMS). The DMS plant receives concentrate from the existing Plant 1 as well as the new satellite primary processing concentration facilities (Plants 2 and 3) being commissioned at present.

In summary, the expansion project at Cassanguidi involves three separate and incremental phases, as follows:

- Phase 1 – Construction and commissioning of a mobile primary concentration facility (Plant 3)
- Phase 2 – Construction and commissioning of the Centralised Recovery facility comprising DMS re-concentration plant and X-ray recovery facility
- Phase 3 – Construction and commissioning of an additional primary concentration facility in the north of the project area (Plant 2)

As at 30 June 2009, Phases 1 and 2 were completed and fully commissioned. The new Centralised Recovery facility is now being used to process concentrates from both Plant 1 and Plant 3 as well as re-processing concentrate which had been stockpiled from the former grease recovery plant, with excellent results. Phase 3, the new primary concentration facility in the north of the project area was approximately 90% complete at the end of June and is expected to be fully commissioned by the end of July.

With the new processing facilities all but complete the focus is now on ramping up the mining activities to fully utilise this expanded processing capacity. In working the existing earthmoving fleet harder to achieve these objectives, some breakdowns have been encountered, slowing the ramp up to full capacity. Additional resources and external expertise have been applied in fleet maintenance to improve performance of the existing fleet and additional earthmoving equipment is being sourced to supplement the fleet and increase overall mining capacity. While this will have some impact on the ramp up of production, it is expected that the project will still reach full capacity during Q3 2009. Until processing capacity can be fully utilised, the surplus final recovery capacity is being utilised to continue re-processing tailings from the former grease recovery plant.

The final capacity of the new processing facilities is expected to be around 35,000 m3 of in situ gravel per month and producing around 7,500 carats per month, with cash costs expected to be of the order of US$18 per m3 of in situ gravel mined and processed. Recent data from third party sales in the first half of 2009 suggests that in the current market, a price of US$120 per carat can be achieved.

South Africa

Bakerville

Pilot mining continues at Bakerville with an initial focus on breaking even economically followed by increasing the resource volume as well as confidence in the resource by upgrading some of the current inferred resource into the indicated category. It is expected that a further resource update incorporating indicated resources will be completed and published after the next sale of Bakerville diamonds expected by the end of August 2009.Independent experts involved in the verification of resources require a minimum cumulative parcel of 2,000 carats of run of mine diamonds to be produced and sold to determine average value, before allowing any resources to be quoted in the indicated category and this is the current objective at Bakerville. Following the most recent Bakerville sale as announced in May 2009, some 1,233 carats have been sold from the Bakerville project to date at a weighted average price of US$449 per carat.

The resource estimate for the Bakerville project published in the Trading Update released 28 January 2009, reflected an Inferred Resource of 3.6 million m3 at an average grade of 3.42 carats per hundred cubic metres.

While the final feasibility study is near completion, it is considered prudent to wait until indicated resources can be independently verified before completing this study. However management are sufficiently satisfied with the results to date to progress the Mining Right application and in order to facilitate this, consultants have been engaged to complete the *Social and Labour Plan* as well as the *Environmental Impact Plan*, both key components of the application process. While the feasibility study is still in progress, the *Mining Plan* currently reflects a scale of operations mining and processing at least 60,000 cubic metres per month and producing around 1,800 carats per month at a cost of around US$4 per cubic metre.

It is expected that the Mining Right application will be finalised and submitted to the relevant governmental authority in South Africa during Q3 2009. At this time, it is not possible to determine when the Mining Right will be approved and as a consequence when commercial scale mining may commence, however PDF will undertake all preparatory work to ensure that the transition to commercial scale operations is not unduly delayed.

Once the feasibility study is completed and the Mining Right application submitted, a decision will be made on whether to maintain Pilot Mining at the current scale to continue with resource development or suspend operations pending the granting of the Mining Right and full commercial scale operations. Ultimately this will be a market and cash flow related decision.

As reported in the January 2009 Trading Update, to expand the project to full commercial scale it will be necessary to purchase the Zamenkomst farm on which the operation is currently situated. The final payment for this purchase of ZAR3.22 million (US$0.39 million) was made in June 2009 and the purchase will be finalised with the final transfer of deeds which is underway at present.

Harts River – Brussels Area

No further work has been undertaken on the ground at Harts River however a resource update has been completed which estimates the Harts River resource at 125,000 carats with an average resource value of US$1,043 per carat from 22.7 million cubic metres at a grade of 0.55 carats per hundred cubic metres. The resource summary is shown in the Resources section below.

Bloemhof

There are currently no plans to undertake additional work on this project. The Company is currently considering the best options to maximise value from the project including a possible sale or joint venture arrangement to further develop the project.

DRC

Longatshimo River

This project is currently on hold and no further work has been undertaken on the ground at Longatshimo River however with the bulk sampling work undertaken to date, a resource update has been completed which reflects increased confidence in the resource base with 0.49 million carats now in the indicated category and a total resource of 3.57 million carats. The resource summary table is reflected in the Resources section below.

Tshikapa River

This project is now on hold and no further work has been undertaken by PDF on the ground at Tshikapa River.

Options to enter into joint venture arrangements with other operators in the DRC to develop these projects jointly are still being considered although limited progress has been made to date.

CAR

Dimbi

This project is now on hold and no further work has been undertaken on the ground at Dimbi. In line with the Company's current strategy the Dimbi project will remain suspended until market conditions change materially or a decision is made on its future. Apart from resuming operations if market conditions are conducive, a number of options are being considered for the future of the project, including if necessary a possible sale or the transfer of the equipment to the Company's DRC projects.

Etoile

As part of the current strategy of reducing costs where possible, the Company has decided not to renew the permits for Etoile, in effect dropping the Etoile project. In making this decision, Management's view was that in current market conditions, the Company was unlikely to pursue the project in the foreseeable future and as a consequence expending further capital to maintain the permits was not considered prudent. Further it is Management's view that in the current climate, it was unlikely that any other company would be in a position to take up these permit areas in the near future.

Resource Update

Given that a number of the Company's projects have been put on hold at present and the general strategy is to reduce unnecessary expense wherever possible, the updating of geological resources is being undertaken on a project by project basis where it is considered there is sufficient new information to warrant an update. To date resources for the Longatshimo River and Harts River projects have been re-evaluated and updated. The results of the updates are reflected in the tables below.

More stringent guidelines on the definition of inferred resources relative to the March 2008 resource estimate, have been applied by Venmyn Rand (Pty) Ltd, the independent qualified persons involved in the verification process and as a consequence, some resource areas previously categorized as inferred resources have been excluded. However new areas have also been included where additional sampling at sufficient densities has been undertaken subsequent to the March 2008 Resource Statement.

As additional work is completed and the quality of data improves, this in turn increases the overall confidence in the resource estimate. This is reflected not only in the inclusion of indicated resources for Longatshimo River project, but also in the quality of the inferred resources.

HARTS RIVER RESOURCE STATEMENT - 31 MAY 2009

PROJECT	PROJECT AREA	FARM NAME	FARM NO.	RESOURCE CATEGORY	GRAVEL VOLUME (m^3)	GRADE ($ct/100m^3$)	CARATS	ATTRIBUTABLE CARATS *	DIAMOND VALUE (US$/ct)	BOTTOM SCREEN SIZE CUTOFF (mm)
Harts River	Brussels	Zamenkomst	819 HN	Inferred	2,866,000	0.55	15,704	11,621	1,043	2.00
		Uitenhage	826 HN		2,057,000	0.55	11,282	8,349	1,043	2.00
		Gamabot	733 HN		4,969,000	0.57	28,250	20,905	1,043	2.00
		Zwartkrans	732 HN		6,436,000	0.55	35,300	26,122	1,043	2.00
		Lockerbie	727 HN		6,333,000	0.55	34,735	25,704	1,043	2.00
GRAND TOTAL / AVE HARTS RIVER					**22,661,000**	**0.55**	**125,271**	**92,700**	**1,043**	**2.00**

* Assumes PDF has a 74% interest in the Harts River project after exercise of Panex Option

LONGATSHIMO RIVER RESOURCE STATEMENT - 31 MAY 2009

PROJECT	PROJECT AREA	RESOURCE BLOCK	GRAVEL TYPE	RESOURCE CATEGORY	GRAVEL VOLUME (m^3)	REC. GRADE ($ct/100m^3$)	CARATS	ATTRIBUTABLE CARATS *	DIAMOND VALUE (US$/ct)	BOTTOM SCREEN SIZE CUTOFF (mm)
Longatshimo River	Kapopo	I1	Floodplain / blanket	Indicated	703,800	18.63	131,136	131,136	117	1.60
		TOTAL INDICATED			**703,800**	**18.63**	**131,136**	**131,136**	**117**	**1.60**
		I2	All	Inferred	8,457,000	13.94	1,178,977	1,178,977	117	1.60
		TOTAL INFERRED			**8,457,000**	**13.94**	**1,178,977**	**1,178,977**	**117**	**1.60**
	TOTAL KAPOPO RESOURCES				**9,160,800**	**14.30**	**1,310,114**	**1,310,114**	**117**	**1.60**
	Kamonia	Y1	Floodplain / blanket	Indicated	557,500	32.82	182,963	182,963	117	1.60
		Y2	Palaeo Channel		1,450,900	12.16	176,492	176,492	117	1.60
		TOTAL INDICATED			**2,008,400**	**17.90**	**359,455**	**359,455**	**117**	**1.60**
		Y3	All	Inferred	6,969,000	26.24	1,828,474	1,828,474	117	1.60
		Y4	All		240,000	28.82	69,171	69,171	117	1.60
		TOTAL INFERRED			**7,209,000**	**26.32**	**1,897,645**	**1,897,645**	**117**	**1.60**
	TOTAL KAMONIA RESOURCES				**9,217,400**	**24.49**	**2,257,100**	**2,257,100**	**117**	**1.60**
GRAND TOTAL / AVE LONGATSHIMO RIVER					**18,378,200**	**19.41**	**3,567,214**	**3,567,214**	**117**	**1.60**

Additional resource updates are in progress and will be released as they are completed.

The resource updates have been independently verified by Mrs Catherine Telfer, a qualified person for the purposes of the AIM Guidance Note for Mining, Oil and Gas Companies, and a director of Venmyn Rand (Pty) Ltd. Statements to this effect may be accessed on the Company's website. Mrs Catherine Telfer consents to inclusion of the resource statements in this release in the form and context in which they appear.

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

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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.