

## Regulatory Announcement

**Company** [Pangea DiamondFields](#)  
**TIDM** PDF  
**Headline** Operations Update and Resource Estimates  
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Pangea DiamondFields PLC  
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### **Pangea DiamondFields plc ("PDF" or "the Company")**

#### **Operational Update and New Resource Estimates**

Pangea DiamondFields plc (AIM: PDF), the mid-tier diamond producer and exploration company is pleased to provide an update of its operational activities to date. 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 15,859 carats produced in six months to 30 June 2008
- 4,933 carats with an estimated value of US\$0.95 million were in stock at 30 June 2008

##### Resource Estimates

- Resource confidence increased
- Attributable resources of 8.61 million carats including indicated resources of 0.29 million carats as at 31 March 2008

##### CAR

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

##### DRC

- First export and sale planned at Longatshimo River
- Tshikapa River floodplain sampling by dredge underway

## Angola

- Production improving at Cassanguidi project
- Cassanguidi expansion equipment mobilisation planned

## South Africa

- Bakerville first sale achieves average sales revenue of USD1,448/carats
- Harts River (Brussels) mechanised mining trials successfully completed
- Harts River (Pampierstad) bulk sampling confirms presence of diamonds

Chief Executive Officer, Brett Thompson commented, "We are pleased to be able to report this development progress at all of our projects. The transition to Pilot Mining at Dimbi is progressing well and we are also achieving encouraging results from Etoile. The first export and sale from the Longatshimo River project in the DRC will take place in Q3 2008. The improved production levels in Angola are a solid step in the right direction and we are optimistic that the expansion to commercial scale operations will occur by the end of 2008. We are seeing promising results from our South African projects; good grades and an exceptional first sale result from our Bakerville project. Bulk sampling has now confirmed the presence of diamonds at Harts River - Pampierstad. Despite rising input costs for fuel and other consumables, overall costs for our exploration activities have been maintained in line with budgets. We expect to meet our stated objective of having three projects in commercial scale operation and to be cash flow positive by the end of 2009."

## REVIEW OF OPERATIONS

### CAR

#### *Dimbi Project*

##### *Bulk sampling*

Bulk sampling activities were initially focused on the generation of resource volumes in both *Paleo Kotto* and *Tributary* style resource areas during the past quarter. Towards the end of June the focus of activities moved to increasing the confidence and quality of the resource closer to the plant area with a view to commencing the Pilot Mining phase.

To date approximately 6,400 carats have been successfully exported from the Dimbi Project and the next sale is planned for late August 2008. In mid-June an 11.3 carat octahedron diamond was recovered at Dimbi, the largest stone recovered to date.

The process of conversion of the current exploration permit (*Permis de Recherches*) to a mining licence (*Permis d'Exploitation*) is well advanced. However, at this stage it is not possible to determine how long the CAR authorities will take to consider the application or how long it may take to develop sufficient confidence in the resource to make the commitment to invest in commercial scale operations. As a consequence our current forecasts have been adjusted to reflect the potential for full scale production not earlier than mid 2009 rather than by the end of 2008.

### *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. Additional gravel deposits have been located within the Paleo-Kotto River and are the focus of current sampling.

### ***Etoile Project***

The two field camps on the Nzako and Bangana licence areas respectively are progressing well with hand-pitting and jig-treatment of samples. Work at the more advanced Nzako camp is focusing on a newly discovered paleo river channel and the team is already recovering diamonds from this feature. From recoveries to date, the work has confirmed historical information suggesting that the average stone size at Nzako is significantly greater than that seen at Dimbi (>0.6 carats per stone at Nzako compared with around 0.3 carats per stone at Dimbi). This is seen as positive news for potential average diamond revenues which could be in excess of USD300 per carat.

At the Bangana camp, a number of large hand pits are being dug along a 40km stretch of the Bangana River. Six pits have already been completed and gravel is being treated at a jig plant. Diamonds have been recovered from this work but as yet insufficient information is available to estimate grade.

## **DRC**

### ***Tshikapa River Project***

Advanced exploration continues on the Nyanzambi Licence area using the tractor mounted auger drill as well as hand-pitting and jiggling to better define resources. The dredging and pumping equipment delivered to site in Q1 2008 was commissioned and is currently generating washed gravels from the floodplains adjacent to the Tshikapa River. Final processing of these gravels is planned to be undertaken at the Longatshimo plant during Q3 2008.

### ***Longatshimo River Project***

Bulk sampling has started to accelerate in both the Kamonia and Kapopo licence areas and as at 30 June 2008 over 1,000 carats had been recovered. A greater understanding of the factors controlling the resource is being developed, particularly the historic workings close to the rivers and this knowledge is now being used to focus the bulk sampling activities in the unworked and higher grade areas going forward.

Export of the current production from both the Kamonia and Kapopo projects is planned, as is a sale along with the Dimbi goods at a tender scheduled to take place in late August.

## **ANGOLA**

### ***Cassanguidi Project***

The impact of an improvement in fleet availability was seen late in the quarter with production for the quarter to June 2008 at 6,948 carats. Whilst this is expected to further improve during the third quarter, the project is still reliant on receiving replacement earthmoving equipment and the equipment currently being sourced for the planned expansion programme.

Contractual arrangements are ongoing to complete the purchase of an additional 30% shareholding and 100% of all shareholder loans, in the Angolan subsidiary, Sub Sahara, at an approximate cost of USD450,000. This will give the Company a 58.5% indirect participation interest in the Cassanguidi Project. The Company is confident that these arrangements will be finalised shortly and is progressing with expansion plans on this basis.

Following the previously announced decision to develop the Cassanguidi Project to commercial scale operations, a conditional agreement has been entered into with a third party in Angola to purchase all equipment and spares from an operation which has recently closed down and to move this equipment to Cassanguidi to equip the expanded project. This is seen as a major benefit to the project as it saves significantly on the time and cost required to procure and ship similar equipment to Angola from South Africa. Final negotiations are in progress to commence moving this equipment to site and the Company remains optimistic that the expanded operations can be constructed and commissioned by the end of 2008.

## **SOUTH AFRICA**

### ***Bakerville Project***

#### ***- Patsema Area***

Bulk sampling results from the Patsema area continue to demonstrate encouraging grades and diamond qualities from trenches designed to intersect and delineate the "run" type deposits encountered at Patsema.

The largest diamond found to date in bulk sampling is an impressive 18.4 carat white stone recovered from a prospecting trench in June. This is the second 18+ carat stone recovered from the area which is very encouraging from an average revenue perspective.

The first parcel of 217.3 carats of run of mine production recovered from bulk sampling operations at Patsema was sold on tender in Johannesburg at the end of July. The parcel was sold for an average price of USD1,448 per carat, well in excess of the USD300 per carat which had been budgeted for the project.

The simple nature of these deposits occurring on surface with essentially no overburden make them easily mineable on a large-scale by low-cost mining methods. This feature coupled with grades of 3 - 6 carats per 100 m<sup>3</sup> and the high quality and value diamonds demonstrated by the recent tender results as well as the evolving scale of the resource base, despite only 15% of the area evaluated to date, have improved the economics of this project significantly. As a consequence feasibility studies have commenced with a view to fast-tracking this project to commercial scale operations as soon as possible.

#### ***- Geluksdal Area***

No further progress has been made in the Geluksdal area during the quarter.

### ***Harts River Project***

#### ***- Brussels Area***

The most recent phase of bulk sampling was completed during the quarter on the Brussels project. The main focus of this phase was to trial different mining methods other than the traditional drill and blast approach used in past sampling campaigns. Both a Wirtgen Surface Mining machine as well as a large tracked dozer were used in this phase to liberate material in the pit. The performance of the tracked dozer in breaking the calcretised matrix was impressive and subsequent field visits to mines using this technique in

similar applications reinforced this observation. As a consequence this mining method will be used in the planned feasibility analyses for this project.

#### **- Pampierstad Area**

The objective of the initial phase of bulk sampling at Pampierstad is simply to test for the presence of diamonds in what look like prospective gravels in both the extensively developed paleo-Harts River gravels and the overlying "Rooikoppie" gravels. To date only the Rooikoppie gravels have been processed and positively confirmed to contain gem-quality diamonds. As at 30 June 2008, processing had moved to the paleo-Harts gravels and results for these deeper paleo gravels are expected to be available during Q3 2008.

#### **Bloemhof Project**

Limited progress has been made on the Bloemhof project during the quarter due to a focus of resources on the Harts River project areas.

### **TECHNICAL REPORT AND RESOURCE UPDATE**

The Company commissioned Venmyn Rand (Pty) Ltd to undertake an independent technical report and prepare an updated resource statement for it's projects throughout Africa. Venmyn is an independent advisory company. Its consultants have extensive experience in preparing competent persons', technical advisers' and valuation reports for mining and exploration companies.

The updated resource statement as at 31 March 2008 is appended in the table at the end of this release and the full technical report is available for download from the Company's website, [www.pangeadiamondfields.com/](http://www.pangeadiamondfields.com/).

When comparing the last published resource statement from the CPR dated 01 August 2006 to the most recent statement which appears below, the total attributable resources for all PDF projects has decreased from 10.8 million carats in August 2006 to 8.6 million carats as at 31 March 2008. Resource volumes have increased in all current project areas in line with the ongoing exploration activities. The major factors influencing the overall reduction in resource carats are the termination of the Lumuanza Project in Angola (0.8 million attributable carats) coupled with a reduction in grade in the DRC projects (2.2 million attributable carats). Resource confidence has been increased with some 0.29 million attributable carats in the indicated category in March 2008 compared with only around 15,000 carats in August 2006.

However, with the changes in progress to increase the Company's participation in the Cassanguidi Project and assuming that the option to increase the stake in South African subsidiary, Pangea Diamonds (Pty) Ltd is exercised in due course, the attributable resource base would increase to 8.90 million carats, including 0.31 million carats in the indicated category.

Efforts have been focused on increasing resource confidence and quality rather than volume.

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 BSc (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.

Notes to Editors:

## About Pangea DiamondFields plc

Pangea DiamondFields plc (AIM: PDF) is a mid-tier diamond producer and exploration company with a portfolio of eight projects each with multiple resource targets, located in the Central African Republic, Democratic Republic of the Congo, South Africa and Angola. The Company's strategy aims to minimise risk by diversifying its projects geographically and using a modular phased approach to project development.

The Company's projects are located within highly prospective diamond geological environments. One project is currently being developed to commercial operations, another is progressing to pilot mining and a further four projects are at bulk sampling stage. PDF's stated objective is to develop three projects to commercial scale operations by the end of 2009. At present the remaining projects are at differing stages of exploration.

PDF listed on AIM in October 2006.

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

## COMPLETE RESOURCE STATEMENT FOR PDF 31st MARCH 2008

### INFERRED RESOURCES

COUNTRY	MINE PROJECT	PROJECT AREA	RESOURCE CLASSIFICATION	GRAVEL VOLUME (m <sup>3</sup> )	RECOVERED GRADE (ct/100m <sup>3</sup> )	CARATS	DIAMOND VALUE (US\$/CT)	BOTTOM SCREEN SIZE (MM)	PDF'S ATTRIBUTABLE INTEREST	PDF'S ATTRIBUTABLE CARATS
CAR	Dimbi	N/A	Inferred	1,063,000	47.94	509,632	166	1.6	100%	509,632
	<b>TOTAL / AVE</b>			<b>1,063,000</b>	<b>47.94</b>	<b>509,632</b>	<b>166</b>	<b>1.6</b>		<b>509,632</b>
DRC	Longatshimo River	Kapopo	Inferred	6,253,000	28.22	1,764,671	180	1.6	80%	1,411,737
		Kamoni a	Inferred	9,399,000	35.13	3,301,681	180	1.6	80%	2,641,345
	Tshikap a River	Mvula Milenge	Inferred	6,594,000	14.98	988,107	180	1.6	100%	988,107
		Nanzambi	Inferred	9,934,000	23.81	2,365,499	180	1.6	100%	2,365,499
	<b>TOTAL / AVE</b>			<b>32,180,000</b>	<b>26.17</b>	<b>8,419,958</b>	<b>180</b>	<b>1.6</b>		
Angola	Cassanguidi	Cassanguidi South	Inferred	186,000	6.24	11,604	160	1.6	33%	3,771
		Cabuaquece	Inferred	2,567,000	23.62	606,366	160	1.6	33%	197,069
		Catchoque	Inferred	775,000	16.15	125,172	160	1.6	33%	40,681
		Cale	Inferred	575,000	27.57	158,523	160	1.6	33%	51,520
	<b>TOTAL / AVE</b>			<b>4,103,000</b>	<b>21.98</b>	<b>901,665</b>	<b>160</b>	<b>1.6</b>		

South Africa	Bakerville	Patsema	Inferred	2,173,000	3.22	69,971	310	1.6	55%	38,484
	Harts River	Brussels	Inferred	22,977,000	0.55	126,374	1,050	2.0	55%	69,505
	<b>TOTAL / AVE</b>			<b>25,150,000</b>	<b>0.78</b>	<b>196,344</b>	<b>786</b>	<b>2.0</b>		<b>107,989</b>
<b>GRAND TOTAL/AVE</b>				<b>62,496,000</b>	<b>16.05</b>	<b>10,027,600</b>	<b>189</b>			<b>8,317,351</b>

**INDICATED RESOURCES**

COUNTRY	MINE / PROJECT	PROJECT AREA	RESOURCE CLASSIFICATION	GRAVEL VOLUME (m <sup>3</sup> )	RECOVERED GRADE (ct/100m <sup>3</sup> )	CARATS	DIAMOND VALUE (US\$/ct)	BOTTOM SCREEN SIZE (mm)	PDF's ATTRIBUTABLE INTEREST	PDF's ATTRIBUTABLE CARATS
CAR	Dimbi	N/A	Indicated	712,575	38.35	273,273	166	1.6	100%	273,273
Angola	Cassanguidi	Cassanguidi South	Indicated	356,394	17.73	63,206	160	1.6	33%	20,542
<b>GRAND TOTAL / AVE</b>				<b>1,068,969</b>	<b>31.48</b>	<b>336,478</b>	<b>165</b>	<b>1.6</b>		<b>293,814</b>

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