

Regulatory Announcement

Company [Pangea DiamondFields](#)
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Pangea DiamondFields plc ("PDF" or "the Company")

Pilot Mining at Bakerville

Pangea DiamondFields plc (AIM: PDF), the diamond producer and exploration company is pleased to announce that its Bakerville Project, has progressed to the Pilot Mining phase. The Bakerville Project is situated within the Lichtenburg Diamond Fields approximately 250km west of Johannesburg. The Company's wider portfolio consists of eight alluvial projects located in the Central African Republic ("CAR"), Democratic Republic of the Congo ("DRC"), Angola and South Africa.

The transition to Pilot Mining has been achieved with negligible capital expenditure using existing equipment owned by PDF that has been redeployed to the Bakerville Project. The plant was commissioned late in October and is expected to ramp up to a capacity of up to 60 cubic metres per hour of run of mine gravels, by the end of November 2008 and projected to be cash flow positive from the New Year.

The Company's confidence in the Bakerville Project has been reinforced by a combination of factors described below, including excellent first tender results, encouraging grades recovered to date and a rapidly growing resource base (non-JORC compliant), suggesting a potentially long mine life.

Excellent sale results were achieved from the first tender of diamonds from the project which took place in July this year, with an average per carat value achieved of US\$1,448. While this tender was extremely encouraging, market prices for rough diamonds have generally declined since then and management is currently budgeting for an average per carat value of US\$500, although this has been reduced further to US\$400 for Pilot Mining. During the Pilot Mining phase, management is targeting an average operating cost per cubic metre for the Project of US\$6.

In the Company's latest resource statement, dated 31 March 2008, an Inferred Resource of 2.17 million m³ was declared at an average recovered grade of 3.22 ct/100m³. As a result of bulk sampling work since the last declared resource as well as the significant area as yet unexplored, management expects to be able to develop a significantly increased resource at a grade broadly in line with the current estimate, during the Pilot Mining phase.

A feasibility study to determine the most efficient and cost effective methodology to fully develop the Bakerville project to commercial scale is currently in progress with results expected during the first half of 2009. Information from the Pilot Mining phase, including average per carat sales values achieved on more representative volumes will be used in the feasibility study. Subject to the results of this study, the successful conversion of existing permits to a Mining Right and the availability of funding, the Company anticipates a decision to progress to a full scale commercial operation being made in the second half of 2009.

To expand the project to full commercial scale it will be necessary to purchase the farm on which the operation is currently situated. An agreement is currently in place to effect this purchase for a consideration of approximately US\$650,000 in addition to further capital expenditure requirements which are currently estimated to be approximately \$3 million.

Commenting on this development, Chief Executive Brett Thompson stated, "I am very pleased that we have been able to progress Bakerville from Bulk Sampling to Pilot Mining and am optimistic that subject to funding and permitting, Bakerville can follow Cassanguidi, which is currently being developed, to become one of the Company's next commercial scale operations during 2009. The simple nature of the deposit and its location in South Africa with excellent infrastructure nearby bodes very well for a low-cost operation producing good gem-quality diamonds.

Despite the current challenging market conditions, PDF remains committed to focusing its resources in order to fast-track those projects likely to develop early cash-flows whilst slowing activities on projects that are cash-hungry and further from being cash-flow generative. Bakerville's progression to Pilot Mining is a positive and welcome result of this strategy."

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.

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