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Headline Strategic Equity Stake in LDC
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Pangea DiamondFields plc

(“PDF” or “the Company”)

Conditional Offer to Acquire a Strategic Equity Stake in Lesotho Diamond Corporation plc (“LDC”)

Key Highlights

- Approach made to PDF by key LDC shareholders holding in excess of 40% of LDC’s share capital to acquire a strategic equity stake
- PDF has received irrevocable acceptances from these shareholders, and shareholders have agreed a cash payment of 8p per LDC share and one PDF warrant for every 3.75 LDC shares subject to certain terms and conditions
- PDF will extend a conditional offer to all remaining shareholders on essentially equivalent terms and conditions
- LDC has an effective 93% interest in the Kao diamond project, located in Lesotho
- Published data on the Kao Project include:
 - bulk sampling expected to commence in June 2007
 - proven and probable reserves of 147mt at a grade of 6.9 carats per hundred tonnes
 - Net Present Value of £129 million assuming US\$240/carats and a 12% discount rate
- Kao will complement PDF’s existing portfolio of alluvial diamond projects located in four African countries
- Consideration payable in two tranches to minimise risk and dilution to PDF shareholders

Rob Still, chief executive of PDF, comments: “The LDC/Kao transaction is an exciting opportunity for PDF and it will be rigorously pursued. The transaction has been carefully designed to maximise PDF’s upside whilst minimizing and protecting the downside.

At the same time the transaction is highly attractive to LDC shareholders, who get up-front cash, access to a publicly listed entity, a spread of projects and a proven management team.

PDF looks forward to working constructively with the LDC board to add value through the successful evaluation and development of the Kao Project. Shareholders should, however, be aware that this transaction may not ultimately be successfully consummated and should therefore exercise caution in dealing in PDF shares.”

1 Introduction

LDC indirectly owns 93% of the rights to exploit the Kao kimberlite pipe in the Kingdom of Lesotho, Southern Africa ("Lesotho"), one of the largest unexploited diamond resources in the world.

PDF announces that it has been approached by a number of key shareholders of LDC, including founders and persons closely associated with its Kao diamond project (the "Initiating Shareholders") to play a key role in the future development and exploitation of the Kao kimberlite pipe (the "Kao Project" or "Kao").

Following discussions, PDF made a conditional offer (the "PDF Offer") to the Initiating Shareholders to acquire, subject to certain conditions precedent noted below, all the LDC shares held by them (amounting to more than 40% of the undiluted issued share capital of LDC) for the following consideration:

- a cash payment of 8p per LDC share on registration of the transfer of the LDC shares to PDF, and
- one warrant for every 3.75 LDC shares entitling the holder to subscribe for one ordinary PDF share of US\$0.005 exercisable within three months of a decision to proceed with commercial production ("Phase 2") of the development of the Kao mine in Lesotho (the "Warrants").

PDF is pleased to announce that it has, to date, received irrevocable acceptances from Initiating Shareholders who together own or control more than 40% of the undiluted issued share capital of LDC ("The Accepted Offers"). Further acceptances are anticipated under the PDF Offer.

PDF will shortly extend a conditional offer to all remaining LDC shareholders ("The Extended PDF Offer") on essentially equivalent terms to those contained in the PDF Offer. The PDF Offer and the Extended PDF Offer are together the "Offers".

Although PDF anticipates that there will be acceptances of the Extended PDF Offer, PDF does not currently consider that majority control is an essential requirement for it to play a key role in the development of the LDC and the Kao Project. Indeed, PDF believes that with the strategic shareholding that it already controls under the Accepted Offers, it will be able to work constructively with the board and management of LDC to the benefit of all stakeholders of this exciting project.

On 23 April 2007, River Diamonds plc ("River Diamonds"), a company traded on AIM, announced that it had entered into an agreement to purchase 1,212,121 new ordinary shares in LDC for £400,000 (representing approximately 0.5% of the enlarged capital of LDC) and that the agreement contains options allowing River Diamonds to subscribe for further shares in LDC (the "River Diamonds Announcement"). PDF looks forward to finding out more detail about the proposed transaction between River Diamonds and LDC when the shareholder circular referred to in the River Diamonds Announcement is published. In the meantime, PDF's intention to proceed with the Offers is not affected by the River Diamonds Announcement.

2 Background

2.1 LDC

LDC is a private company, incorporated in Gibraltar. LDC owns 100% of Lesotho Diamond Mining ("LDM Mauritius"), a company incorporated in Mauritius, which in turn owns 93% of the equity in Kao Diamond Mining (Pty) Ltd ("KDM"), a company incorporated in Lesotho, and which company has the rights to exploit the Kao kimberlite pipe. The balance of the equity in KDM is held by the Lesotho Government, which has the right to increase its share of the company and project to 20% by subscribing for additional equity in KDM.

Based on available information, LDC has approximately 219 million shares in issue, excluding warrants, options and convertible notes. The shareholders of LDC comprise approximately 80 entities. These include founding shareholders, international investors, persons associated with the company and one UK Investment Fund. Family trusts and entities for which Mr Alan Bond reportedly acts as a consultant are reported to own some 40% of LDC. Mr Bond is also reported to be a consultant to the board of LDC. Neither Mr Bond nor any other entities associated with him are amongst the Initiating Shareholders.

2.2 *The Kao Project*

The Kao Project represents potentially one of the largest unexploited diamond resources in the world. Kao is a plus 100 Mt (possibly 200 Mt) resource kimberlite diamond pipe located in the Maluti Mountains in Lesotho, with an outcrop area of 20.8ha. Considerable evaluative work has been carried out on this project over many years by LDC and its predecessors, and the pipe is considered likely to be economic, with upside potential.

Published summation data on the Kao Project, as reportedly extracted from the Kao Diamond Project Competent Persons Report ("CPR"), carried out by SRK Consulting ("SRK") dated 26 November 2006 (and referred to in the River Diamonds Announcement), include:

- the Project evaluation is advanced with bulk sampling operations expected to commence in June;
- proven and probable reserves of 147 mt at a grade of 6.9 carats per hundred tonnes (estimated according to the South African Code for the reporting of Mineral Resource and Mineral Reserves or "SAMREC");
- *subject to the bulk sampling results corroborating current project assumptions*, SRK has calculated the Net Present Value of Kao to be £129million, assuming a base case of US\$ 240/carats and a 12% discount rate. This rises to £219 million should the base case of US\$ 240/carats increase modestly to US\$300/carats; and
- subject to successful completion of the bulk sampling evaluation phase, production is planned to build up to 740,000 carats per year with a mine life exceeding 23 years.

As stated, the Kao Project is currently embarking upon a bulk sampling programme to mine, recover and market a statistically representative sample to determine and confirm the expected grades and, more importantly, the average carat value. Much will depend upon the distribution and quality of larger, high-value diamonds within the resource. Historic Kao data and published results from nearby operations at Letseng (Gem Diamonds) and Liphobong (European Diamonds) suggest that this distribution may be acceptable, resulting in a viable project.

3 **The PDF Offer and the Extended PDF Offer**

PDF has offered, subject to certain conditions, to acquire all the LDC shares held by the Initiating Shareholders, for the following consideration, and on the following terms:

- a cash payment of 8p per LDC share on registration of the transfer of the LDC shares to PDF; plus
- one Warrant per 3.75 LDC shares entitling the holder to subscribe for one ordinary PDF share of US\$0.005, exercisable within three months of a decision to proceed with Phase 2 of the development of the Kao mine in Lesotho. Phase 2 is properly defined as the decision to proceed with, and funding of, a commercial-scale mine at Kao with a processing capacity exceeding four hundred tons per hour, although current planning is apparently for a considerably larger scale operation;

- should a decision to proceed with Phase 2 not be made within 2 years of issue of the Warrants (or, if later, six months after completion of the bulk sample), all accepting shareholders will be granted a Call Option to repurchase the LDC shares sold to Pangea for 1p per share; and
- pending satisfaction of the conditions, PDF has been granted irrevocable proxies to exercise all voting and other rights attaching to the LDC shares which are part of the Accepted Offers.

The Extended PDF Offer will shortly be made to LDC Shareholders other than the Initiating Shareholders on essentially equivalent terms to those contained in the PDF Offer.

4 Rationale for the PDF Offer and the Extended PDF Offer

The Initiating Shareholders have stated a belief to PDF that it has the managerial, technical and financial resources to play a key role in the future development of the Kao Project. These parties furthermore believe that the track record, experience and location of the PDF team, as well as the strength and reputation of its key shareholders and PDF's AIM status will facilitate future access to optimal project and equity finance for Kao.

The Initiating Shareholders have reviewed PDF's current project portfolio and have concluded that Kao makes a near-perfect strategic fit with those currently in PDF, spreading risk and creating shareholder value, a view with which the PDF Board concurs. The Initiating Shareholders are professional investors and/or entities closely associated with the Kao Project with access to the relevant information. PDF is informed that they have carefully considered the alternatives available to themselves and to LDC including the possible consummation of the planned and reported future issue by LDC of new shares to River Diamonds and consider the PDF Offer the most appropriate transaction for them, and indeed all LDC shareholders.

Based on the fairly extensive data on LDC and Kao available in the public domain, PDF agrees with that assessment.

The Kao Project will ideally complement PDF's existing portfolio of 8 advanced alluvial projects in South Africa, the Democratic Republic of the Congo ("DRC"), Angola and the Central African Republic ("CAR") and early stage primary targets in the CAR and the DRC.

PDF believes that with the strategic shareholding that it already controls under the Accepted Offers it will be able to work constructively with the board and management of LDC, and anticipates that it should be able to obtain appropriate board representation and to participate constructively in the management of the Kao Project.

With this initial strategic holding, PDF will also seek to ensure that:

- LDC operates within acceptable standards of corporate governance and minority shareholder protection that PDF applies to its own business; and
- in particular, that LDC resources are exclusively and efficiently applied to the evaluation and future development of the Kao mine and effectively spent "in the ground".

Given its strategic holding in LDC and its substance and AIM status, PDF expects that it will make increasing business sense for those LDC shareholders who do not now accept the Extended PDF Offer to ultimately tender their LDC shares for PDF shares in the future. Any future offers by PDF and share swap ratios will depend upon the results of further evaluation work at Kao, the progress of PDF's current activities, PDF's public listing and access to capital, and agreement between the parties.

5 Conditions Precedent

The PDF Offer includes, inter alia, the following conditions precedent:

- Completion of a due diligence to PDF's satisfaction in relation to LDC and its subsidiary and associated undertakings;
- Registration of the transfer of the LDC shares in respect of the Accepted Offers in the name of PDF or its nominee;
- The passing at an extraordinary general meeting of PDF of resolutions necessary to authorise the issue of the Warrants and such other resolutions as are necessary to approve, implement and effect the Offer; and
- Closing conditions appropriate for a transaction of this sort.

Apart from the condition relating to the PDF shareholder approval, any one or more of the conditions precedent can be waived by PDF. A shareholder meeting of PDF's shareholders will be convened when it is clear that the other conditions precedent are likely to be met.

6 Implications of the Transaction for PDF

As mentioned above, PDF believes that, if successful, the Kao Project will be an ideal complement to PDF's existing portfolio of 8 advanced alluvial projects in South Africa, the DRC, Angola and the CAR and early stage primary targets in the CAR and the DRC.

Importantly, the consideration payable in terms of the Offers has been structured in two stages to minimise risk and dilution to PDF shareholders. Whilst a cash payment of 8p per LDC share is payable initially, the issue of further PDF shares will only take place effectively upon the successful completion of the current bulk sampling phase once the value of the Kao Project is more scientifically known.

7 Funding of cash consideration

PDF has some US\$21 million in cash resources. The PDF directors are confident, based on discussions with existing shareholders and finance providers, that should this initial LDC transaction be successfully concluded, it will be able to raise sufficient additional funds that, together with existing cash resources, will be sufficient to advance both existing projects and to fund the acquisition of LDC shares as contemplated in this announcement.

8 Further Information and Press Releases

PDF will keep shareholders informed of the progress of the Offers and will release more comprehensive data when legally entitled so to do.

Should the due diligence and the Extended PDF Offer process be concluded successfully, PDF shareholders will receive, in due course, a comprehensive circular convening the extraordinary general meeting required to complete the process.

Rob Still

Chief Executive

London

May 2, 2007

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Notes to Editors:

About Pangea DiamondFields PLC

Pangea DiamondFields plc (AIM: PDF) is a mid-tier diamond producer and exploration company with an initial portfolio of eight projects, comprising of 24 distinct resource target areas, located in the Central African Republic, Democratic Republic of the Congo, South Africa and Angola. The company's aim is to minimise risk by diversifying its projects geographically.

PDF's projects are located within highly prospective diamond geological environments.

Exploration results to date remain positive, one project has advanced to pilot mining, three to bulk sampling, with the target of seven by year end. At present the remaining projects are at differing stages of exploration.

PDF listed on AIM in October 2006.

PDF has 117 million shares in issue. With the exception of the conditional Warrants to be issued to Accepting LDC shareholders as set out in this announcement and unvested share options in terms of the Executive Share Option Scheme, PDF has no warrants, convertible notes or options in issue.

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

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