

African Diamonds Financial Information (unaudited)

	Six Months ended	
	31 Dec, 2003 £'000	31 Dec, 2002 £'000
Group Profit and Loss		
Turnover	0	0
Operating Costs	(63)	(11)
Operating Loss	(63)	(11)
Interest Receivable	1	2
Loss before Taxation	(62)	(9)
Taxation	0	0
Loss for the period	(62)	(9)
Loss per share	(0.11p)	(0.02p)

	Six Months ended	
	31 Dec 2003 £'000	31 Dec 2002 £'000
Group Balance Sheet		
Fixed Assets	1,411	902
Current Assets	245	280
Current Liabilities	(44)	(22)
Current Assets less Current Liabilities	201	258
Creditors (amounts falling due after one year)	0	0
Total Assets less Liabilities	1,612	1,160
Share Capital and Reserves	1,612	1,160

Copies of this announcement will be sent to shareholders and will be available for inspection at the Company's registered office at 20-22 Bedford Row, London WC1R 4JS.

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African Diamonds is listed on AIM in London (AFD)



AFRICAN DIAMONDS

Interim Statement

1 July 2003 - 31 December 2003

Chairman's Statement

I am pleased to report on a period which has seen sustained and concentrated activity on a number of our projects. Currently we are active in Botswana, Sierra Leone, Guinea and Lesotho. Within weeks we should be producing diamonds from our pilot mine in Koidu, Sierra Leone, to be followed by production from the projected trial mining project in Kolo, Lesotho. Our exploration work has found diamonds from drilling in Botswana and sampling in Guinea. In both Botswana and Sierra Leone, we have discovered diamond indicator minerals in areas with no known history of kimberlites. Kimberlite is a rare type of volcanic rock in which the vast majority of the world's diamonds are found.

Late Stage Development Projects

In April, in Sierra Leone, we will commence a 10,000 ton pilot mining project on Pipe 3 in Koidu. The plant is ready for assembly and the foundations prepared. I am particularly hopeful for this project. The first hardrock kimberlite mine in Sierra Leone, commenced in January 2004, mining Pipes 1 and 2, less than 3 km from our project. Results from their first two months of operation are very good. Production is in excess of 10,000 carats a month and sales have averaged \$225 U.S. per carat! The industry average price per carat is less than \$20 US.

Some 20 kilometres from Pipe 3, we have obtained a mining licence on ground which contains over seven million tons of diamond bearing material, the tailings from what was for 20 years, one of the worlds largest alluvial diamond processing operations, known as Plant 11. We are conducting a feasibility study to evaluate how best to recover the contained diamonds.

In Lesotho, we are at the final permitting stage in our 55 per cent owned Kolo project. If the permits arrive, we will complete the refurbishment of the existing plant by end June, after which we will commence a 30,000 ton trial mining project. Lesotho is experiencing a major revival in diamond mining with the opening of three new mines.

Exploration Activities

The final results from our kimberlite drilling program around Orapa in Botswana are not yet available. But, as reported, we have recovered good quality gemstone diamonds from three of the four kimberlites drilled. Orapa is the world's second biggest diamond mine with an annual production of some 16 million carats worth in excess of US\$1bn. We have a further seventeen unexplored kimberlites on our licences. We are finalising a work programme for this year which will involve wide diameter drilling, geophysics and possibly, extensive bulk sampling. We are pleased with findings to date.

On our Serowe licence, we have exciting results from our drilling. We set out to search for the lost Orapa alluvials. Alluvial diamonds are diamonds released from kimberlite by erosion over time and concentrated in river channels. The grade and quality of alluvial diamond deposits can be phenomenal. We expected to find ancient river channels, known as palaeo-channels, running South East away from Orapa. Though our analysis is not yet completed, we have found;

- Palaeo-channels,
- Diamond indicators which have travelled.

Our hypothesis that these channels may contain alluvial diamonds derived from the Orapa kimberlite field is being supported, and we are continuing efforts to identify sites of possible diamond concentration.

We are also following up the extensive (>100 km²) soil anomaly of primarily, un-abraded kimberlitic garnets found on this licence, which we believe is related to undiscovered kimberlites within our ground. Intensive geophysical exploration of these areas is planned for 2004.

Chairman's Statement

In Sierra Leone, we have mapped over 12 kilometres of kimberlite dykes on our licences EXPL 10/2002 and EXPL 8/02. The dykes average 1 metre in width. A detailed bulk sampling programme will be undertaken, with the material being processed through our pilot plant at Koidu. We have some evidence of good quality stones in the dykes. Companies operating on licences adjacent to ours have reported similar kimberlite dykes with grades as high as 90 carats per hundred tonnes. We have completed our first stage soil sampling program on a previously unexplored area to the South East of Koidu. Results are very positive indicating the presence of undiscovered kimberlite sources, probably dykes, but possibly pipes. Follow up work is underway.

In Guinea, detailed sampling is underway on our Bomboko / Seria and Fangamadu licences. By mid year, results should allow us to estimate the potential diamond resource which in turn will lead to follow up work and possibly conversion to a mining licence, or licences, in due course.

New Prospecting Projects

We have an ongoing policy of acquiring good ground. In January 2004 we were awarded a licence covering 1,000 square kilometres north of the massive, high-grade, Orapa diamond mine in Botswana. This ground has historically been very difficult to prospect due to salt and sand coverage. Many geologists believe that the ground is highly prospective for kimberlites. New geophysical techniques offer the possibility of seeing through the cover to identify targets. We hope to commence a detailed exploration of this ground in the coming months.

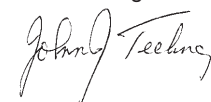
Future Prospects

Our strength is our ground. Results to date exceed our expectations. Other companies have taken notice of our assets and have been in discussions with us concerning ways of co-operation. One such approach, which was reported earlier, involved a joint venture on our Botswana licences. Prior to finalising some outstanding details on this proposal, we investigated alternatives. While I am unable to make a statement at this time, I would hope in the near future to announce a project which will enable us to take advantage of particular opportunities.

In February 2004 we listed our shares on the Botswana Stock Exchange and have recently obtained local Asset status which makes it easier for Botswana investors to buy our shares.

This is a very exciting time for African Diamonds. Since we listed on AIM in July 2003 our share price has performed well. I believe that the price performance is reflecting our discoveries and potential. There is a scarcity of gemstone quality diamonds in the world. Prices are rising while supplies are not. Only a few countries in the world consistently produce large gemstone diamonds. Botswana is the world's leading producer while Sierra Leone was famous for fabulous stones prior to their civil wars. African Diamonds not only has quality ground in both countries, but has found diamonds in each area.

We are moving forward in a way which will maximise shareholder value as well as leading us toward our goal of becoming a gemstone quality diamond miner.



John J Teeling
Chairman

31st March 2004