



AFRICAN DIAMONDS

Interim Statement

1 July 2004 - 31 December 2004

Chairman's Statement

African Diamonds plc is an active mining explorer in Botswana, Sierra Leone and Guinea with the principal focus on Botswana where there has been considerable activity on the company's joint venture with De Beers. Results to date are positive with kimberlite AK 6 in the Orapa area being confirmed as 9.5 hectares in size, containing indicative diamond grades of 25 carats per hundred tonnes (cph). The diamonds recovered to date have a modeled value of US \$138 per carat. In addition, a new kimberlite pipe has been discovered on our ground near the Orapa mine. Results from bulk sampling pipes AK10, AK9 and BK 11 have produced diamonds with indicative grades at 6 cph or less. Results from bulk samples from 4 other kimberlites will be known in the near future.

In Sierra Leone we continue to produce small quantities of diamonds from kimberlite pipe 3 near Koidu. The future development of the pipe is being evaluated. We are actively sampling the 16 kms of kimberlite dykes on the licences around Koidu.

In Guinea we have commenced small scale alluvial production. The purpose of this trial mining is to evaluate diamond quality and recoveries.

Botswana

Botswana is the top gem quality diamond producer in the world accounting for 28 per cent of world diamond production by value. Botswana has four producing mines including Jwaneng, the richest diamond mine in the world and Orapa, the world's second largest diamond mine.

The highlights of activity are:

- Size of AK6 confirmed at between 9 and 9.5 hectares
- Extraction of a 1,800 tonne large diameter drill (LDDH) bulk sample of AK6 scheduled to commence Q2 2005
- An ongoing drill sampling programme to test each of the 30 known kimberlites within the existing JV licence areas
- New kimberlite AK24 discovered at Orapa
- Xcalibur airborne magnetic survey of 100% owned African Diamonds Mmashoro licence underway.

The joint venture company, Boteti Exploration, which is conducting our exploration, is owned 49% by African Diamonds and 51% by De Beers Prospecting Botswana (Debot). The operator is Debot. The joint venture covers eleven prospecting licences in Botswana and one area under application. Six licences are in the Orapa area, four in Serowe and one in the Shashe area. There is a high level of exploration activity on the licences, involving detailed airborne and ground geophysical surveying, follow-up exploration drilling, and the collection of bulk samples from kimberlites using large diameter drilling.

Kimberlite AK 6, Orapa

In December 2004, African Diamonds reported that kimberlite AK 6 in the Orapa area had an approximate size of 10 hectares, containing an estimated grade of 25 carats per hundred tonnes, with a modelled value of US \$138 per carat. A detailed evaluation of this kimberlite is underway. A programme of ground geophysics and delineation drilling has now provided a refined size estimate for AK6 of between 9 and 9.5 hectares.

In order to yield a meaningful estimate of grade distribution and diamond quality for AK6, a bulk sample of approximately 1,800 tonnes or more will be collected by large diameter drilling

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(LDDH) scheduled to commence during Q2 2005. A mobile sample treatment plant comprising scrubbing, wet screening and DMS concentration modules is being deployed to the area to expedite future sampling processing and concentration. Diamond recovery will continue to be carried out at the secure De Beers laboratory facility in Johannesburg. It is anticipated that this work programme will yield a further 450 carats of diamonds for more detailed revenue analysis. A more extensive programme of LDDH sampling is scheduled for the latter part of 2005.

Orapa exploration – new kimberlite AK24 discovered

The Orapa block of licences is the main focus. The 199 targets identified from airborne geophysical data are being investigated on the ground, in order to rate them for follow-up drilling. A small number of these targets have been drilled to date and a new kimberlite, designated AK24, has been discovered. The estimated size from detailed ground geophysics is 1 hectare.

The intention is to ground-survey, drill, and test each of the 30 known kimberlites on the existing JV concessions in the Orapa area. To date, results have been received from nominal 100 tonne LDDH samples from AK6, AK9, AK10 and BK11. Similar sized samples from AK8, AK17, AK18 and AK19 are being processed at De Beers facilities in Kimberley and Johannesburg, South Africa.

Serowe & Shashe exploration

In the Serowe project area the joint venture is pursuing programmes to explore for both kimberlite and alluvial diamond deposits. Twenty four targets have been selected from airborne magnetic data for ground follow-up. The area will also be test-flown with the Spectrem airborne electromagnetic system. Test lines will be flown initially, but the system, should it function in this area, has the potential to detect palaeo-channels hidden beneath the cover of Kalahari sands.

In the Shashe area a stream sampling programme has recently been completed and the results are awaited. The joint venture continues with studies to investigate the Bobonong-01 intrusion, a highly-altered, kimberlite-like rock discovered by African Diamonds' geologists in 2000.

Mmashoro' licence 50/2004

This prospecting licence covers an area of 981km² and is 100 percent owned and operated by African Diamonds. The licence area lies just to the west of the village of Mmashoro and at its closest point lies just 35 kilometres from the Lethakane diamond mine. The area encompasses a broad soil anomaly of high-interest kimberlitic minerals that has yet to be satisfactorily explained.

An ultra low-level, high resolution airborne magnetic survey is currently being flown over the entire area by Xcalibur Airborne Geophysics of South Africa. We believe that this data, which will be available by the start of May 2005, will greatly assist in identifying potential kimberlite intrusions within the basalt country rock, and allow for a rapid progression to drill testing of targets during 2005.

Sierra Leone

Sierra Leone have historically produced some of the finest gem quality diamonds ever found, including the 972 carat Star of Sierra Leone discovered in 1972 in Koidu. All diamond mining was alluvial until the recent start up of the Energem mine on Pipes 1 and 2 in Koidu. This mine is located three kms away from the African Diamond operation.

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Pipe 3 Koidu

African Diamonds has trial mined a bulk sample in excess of 12,000 tonnes. The pipe is about 0.2 hectares in size and has been excavated to a depth of 9.5 metres. Over 700 carats have been recovered from the weathered and decomposed kimberlite with a high proportion of gem quality diamonds and an average value per carat in excess of US\$200. Final clearing and processing of soft weathered kimberlite is almost completed. Hard rock kimberlite is being recovered in this process and is being stockpiled for processing. Porphyritic/pure kimberlite covers about 25% of the surface area of the pipe and kimberlite breccia covers about 70% of the surface area. The future development of the pipe is being actively evaluated at present.

Dyke systems on licences EXPL/8 & EPL/10

So far nine dykes have been identified within EXPL/8 and EPL/10. Over 12 kms of dykes have been measured and mapped on EXPL/8 with a further 4 kms on EPL/10. Dyke widths range from 30cm to 80cm. Preliminary grade indications are positive and compare favourably with grades reported on an adjacent licence, the dykes of which run into our concessions.

Permission has been granted by the Ministry of Mines to take grab samples from dyke systems on both EXPL/8 and EPL/10. Locations have been selected for grab or bulk sampling. Sampling will be drawn along 50-100 metre lengths along the dykes and will be processed in our plant at Pipe 3.

Plant 11 Tailings

The surface area of Plant 11 tailings is measured at 1.2 sq kms. It is estimated to contain 8 million tonnes. The slimes are composed of -1.55mm tailings and a portion of -10mm + 1.55mm material. Samples of the slimes were consigned to Gekko Systems for testing. Results from small samples suggest recoverable gold at around 0.5 grams per tonne. Further sampling and analysis will be necessary to determine diamond grades. Samples were also consigned to Process Research Associates in Vancouver to check for the presence and potential recovery of diamonds, gold and possibly platinum group metals.

Banka drill sampling on a 50 metre grid is proposed over the dump. The resulting samples will be processed and analysed to determine resource and recovery potential.

Prospecting Licence EXPL/11

Geological sampling continues on EXPL/11. Samples were sent in October 2004 to South Africa for analysis. Laboratory results received in February 2005 suggest that many of the ilmenites recovered from these are of interest and warrant follow-up.

Guinea

Guinea, sharing the same geological characteristics as Sierra Leone, is under explored.

African Diamonds holds the rights to three Exclusive Exploration Licences in the Republic of Guinea, with the following areas:

Fangamadou	290 km ²
Seria	16.9 km ²
Bomboko	11.0 km ²

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Seria & Bomboko

Based on the results of field work carried out, the diamond resource on the Bomboko gravels could be in the range of 25-50,000 carats. The Bomboko river terraces are confirmed diamondiferous in both licence areas. During fieldwork on a grid system over the licence areas, 64 diamonds were recovered weighing 27.59 carats. Diamonds were recovered from every pit.

A semi industrial mining licence was granted in January 2005 covering the licence areas of Seria & Bomboko.

Equipment has been sourced and is on site. Work has started to remove overburden from selected areas. A mobile 12ft pan plant has been purchased in Sierra Leone and after refurbishment will be delivered to Bomboko to wash gravel. The pan plant will work in conjunction with our existing units. Gravel processing commenced mid March 2005.

Fangamadou

Pit sampling on pre-selected locations was undertaken over four locations and concentrate samples (70) collected for analysis.

At Maatongui the gravel layers were located at 1.0-1.5 metres and 1.75-2.25 metres with overburden of 0.75 metres and 1.75 metres respectively. The average thickness of the gravel layer was 0.5 metres approximately. On the other areas, Bamba Melli, Ibema, and Yende Kouya, the gravel layers varied in thickness from 0.3-1.2 metres.

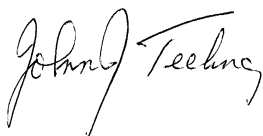
Financial Review

The company has sufficient cash to fund current planned expenditure into 2006. Any new fund raising activity would be likely to support a successful mine development.

Outlook

This is a very good time for African Diamonds. The future for gemstone diamonds is very bright due to rapidly growing demand in China and Europe. We have excellent ground in the most prospective diamond province in the world, Botswana. In De Beers we have the best possible partner. Whilst exploration is only at an early stage we are already experiencing success with AK6 and the new kimberlite pipe AK24.

While our focus is rightly on Botswana, West Africa remains an important part of our portfolio. We have excellent ground in Sierra Leone and very promising indications in the form of big (5+ carat) stones of what might be there to be found. Investors in African Diamonds can look forward to the future with confidence.



John J Teeling
Chairman

30th March 2005

African Diamonds Financial Information (unaudited)

	Six Months ended	
	31 Dec, 2004 £'000	31 Dec, 2003 £'000
Group Profit and Loss		
Turnover	0	0
Operating Costs	(130)	(63)
	<u>(130)</u>	<u>(63)</u>
Operating Loss	(130)	(63)
Interest Receivable	13	1
	<u>(117)</u>	<u>(62)</u>
Loss before Taxation	(117)	(62)
Taxation	0	0
	<u>(117)</u>	<u>(62)</u>
Loss for the period	(117)	(62)
	<u>(0.19p)</u>	<u>(0.11p)</u>
Loss per share	(0.19p)	(0.11p)
	<u>(0.19p)</u>	<u>(0.11p)</u>
	Six Months ended	
	31 Dec 2004 £'000	31 Dec 2003 £'000
Group Balance Sheet		
Fixed Assets	2,291	1,411
	<u>2,291</u>	<u>1,411</u>
Current Assets	1,104	245
Current Liabilities	(57)	(44)
	<u>1,047</u>	<u>201</u>
Current Assets less Current Liabilities	1,047	201
Creditors (amounts falling due after one year)	0	0
	<u>3,338</u>	<u>1,612</u>
Total Assets less Liabilities	3,338	1,612
	<u>3,338</u>	<u>1,612</u>
Share Capital and Reserves	3,338	1,612
	<u>3,338</u>	<u>1,612</u>
	Six Months ended	
	31 Dec 2004 £'000	31 Dec 2003 £'000
Group Cash Flow		
Net Cash Outflow from Operating Activities	(208)	(394)
Returns on Investments and Servicing of Finance	13	1
Capital Expenditure	(418)	(307)
Financing – Issue of Ordinary Share Capital	0	770
	<u>(613)</u>	<u>70</u>
Decrease in Cash	(613)	70
	<u>(613)</u>	<u>70</u>

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)