

First Quarter Report



September 30, 2007 and 2006

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DIAMOND FIELDS INTERNATIONAL LTD.

Management's Discussion and Analysis of Financial Condition and Results of Operations

(All amounts are expressed in U.S. dollars except where otherwise indicated)

INTRODUCTION

This management discussion and analysis of financial position and results of operations ("MD&A") of Diamond Fields International Ltd. ("Diamond Fields", or "the Company") should be read in conjunction with the unaudited consolidated financial statements of Diamond Fields International Ltd. and the notes thereto for the three months ended September 30, 2007 and with the audited annual consolidated financial statements and the notes thereto for the year ended June 30, 2007 (effective date of the MD&A accompanying these statements was September 27, 2007). The quarterly financial statements at September 30, 2007 are unaudited and have not been reviewed by the Company's external auditor. The effective date of this MD&A is November 12, 2007. Additional information about Diamond Fields, including its annual information form, is available on SEDAR at www.sedar.com

FORWARD-LOOKING STATEMENTS

Certain statements contained herein are forward-looking, and are based on the opinions and estimates of management, or on opinions and estimates provided and accepted by management. These opinions and estimates include those that relate to geological and mining factors, commodity prices and marketing parameters used by management.

Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ, possibly significantly. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "intent", "may", "potential", "should", and similar expressions are forward-looking statements. Although Diamond Fields believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Readers are therefore cautioned not to place undue reliance on any forward-looking statements.

OVERVIEW

Diamond Fields is a Canadian public company listed on the Toronto Stock Exchange ("TSX"). The Company is active in diamond mining and mineral exploration.

International exploration activities during the quarter ended September 30, 2007 focused on the Company's diamond and gold properties in Liberia, a nickel prospect in Madagascar and a zinc copper prospect in Zambia. Diamond production from Diamond Fields' Namibian marine concessions continued throughout the quarter ended September 30, 2007. A total of 3,927 carats were produced by the Company's vessel during the quarter of which 3,728 carats were sold (average price received per carat \$234).

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RESULTS OF OPERATIONS

Mining Activities

Mining Vessel DF Discoverer

Joint operations mining in terms of the previously disclosed Joint Operations ("JO") Agreement with Bonaparte Diamond Mines NL ("Bonaparte") utilising the Company's vessel M.V. DF Discoverer was continuous throughout the quarter ended September 30, 2007. Details of the JO Agreement were disclosed in detail in the 2007 AIF and in the MD&A accompanying the audited annual consolidated financial statements for the year ended June 30, 2007.

A total of 3,927 carats of diamonds was produced by the vessel during the quarter ended September 30, 2007 of which 3,728 carats were sold and realised proceeds of \$872,813 (average sales price of \$234.16 per carat). Pursuant to the JO agreement, Bonaparte is entitled to 30% of the proceeds from this production but is obligated to pay 30% of agreed operating and sales costs.

As disclosed in news releases dated August 1, 2007, September 6, 2007 and October 9, 2007, unusually severe winter weather conditions and resultant technical problems affected operations and reduced production in through the quarter. Monthly production during this period was July 1,434cts, August 874 carats and September 1,618 carats. As a result of the impact of poor weather on the equipment mining was confined to a single airlift operation for extended periods during the quarter. Though production capability is reduced with only one airlift operating, working costs are reduced as a result of lower fuel consumption.

Average stone size and diamond quality throughout this period remained good with average size maintaining 0.41 carats/stone.

Marine Sampling Programme

The Company announced on October 9, 2007 that the resource development sampling programme announced in a news release dated September 6, 2007 was scheduled to commence in late October. The programme started as scheduled and is currently in progress. The sampling vessel MV Douglas Bay, chartered by Bonaparte from De Beers Marine (Pty) Ltd, was mobilised in Cape Town. This vessel was used successfully in 2006 to define the initial JO mining resource of 63,000 carats. The sampling programme will run for a period of 35-50 days depending on results. This is again incorporating an intensive programme of grid-based sampling which will be focused on substantially increasing the mining resource adjacent to current mining areas in ML111.

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Exploration Projects

Liberia Exploration

As announced in previous public disclosures, Diamond Fields entered into an option agreement in August 2004 with Liberia based Ducor Minerals Inc. ("Ducor"), pursuant to which it may earn an interest in Ducor's rights held under two mineral exploration agreements between Ducor and the Republic of Liberia. The Gbapolu (Grand Cape) property is a prospective for diamonds and gold, while the Grand Gedeh property is a gold prospective. Both properties are roughly equal in size covering a total area of approximately 1,800km². The Company may earn 70% of Ducor's interest by issuing Ducor 1,000,000 shares in five annual installments of 200,000 shares each (300,000 shares issued to date and the Company has paid \$90,000 in lieu of 300,000 shares), and by spending US\$2,000,000 on exploration before August 2008 (approximately \$1.3 million spent to September 30, 2007). Ducor has the right to request \$30,000 in lieu of one-half of each annual stock issue, and Diamond Fields has the right to pay \$60,000 in lieu of one-half of each annual stock issue. The Company may withdraw from the project at any time.

In a news release dated November 8, 2007 the Company announced the results from their field sampling program of the Henry Town shear zone, situated in the Grand Cape licence. Compilation of these and previous results shows the existence of near continuous anomalous gold mineralisation over a strike length of 5.5 km and total surface area in excess of 3.5km².

The Henry Town area contains a shear zone hosted gold anomaly, which is locally worked by artisanal miners. Soil samples collected from a 20 m by 200 m grid over a strike length of 4 km along the shear zone during the 2007 field season have been analysed for gold by fire assay by Groupe de Laboratoire ALS Mali Sarl., a division of the accredited international laboratory conglomerate ALS Laboratory Group. Sample preparation included coning and splitting the samples, prior to milling at the assay laboratory. A total of 1,370 samples were assayed, of which 100 samples returned gold ("Au") values equal to or greater than 0.1 g/t, 17 samples returned values greater than 0.5g/t Au, and 9 samples returned values greater than 1g/t Au. The highest recorded value returned by the soil samples was 15.06 g/t Au. These data have been combined with a prior soil sampling program sampled on a 200 m by 40 m grid undertaken in 2005 to produce a gold soil sample anomaly map indicating near continuous gold mineralisation over the 5.5 km of strike length of the shear zone sampled using a value of 0.02 g/t Au to define the anomaly limits. The current sampled limits of the anomaly encompass a surface area greater than 3.52 km².

Further mineralisation of the Henry Town shear zone to the west southwest and to the east northeast, beyond the limits of the current sample grid, is indicated by stream sediment samples returning gold anomalies. Just under 50% of the estimated strike length of 11.7 km of the Henry Town shear zone situated within the limits of the Grand Cape permit has now been sampled. A secondary splay shear zone to the Henry Town structure, located 1.5 km to the south near the village of Guyama and which indicated gold mineralisation on the basis of stream sediment sampling undertaken by DFI, is now being worked by artisans crushing weathered schists in the top soil for native gold. The Henry Town prospect appears to comprise a significant zone of quartz vein associated gold.

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The Company is aggressively exploring the Henry Town anomalies by extending the current sample grid to determine the limits of the gold mineralisation of both the Henry Town and Guyama shear zones, as well as undertaking a channel sampling program over the known extents of the gold mineralisation to define drill targets. Drilling on the current anomalies is programmed for beginning of 2008.

Madagascar nickel exploration program

On May 09, 2007, the Company announced that it had exercised its option to acquire the rights to the Valozoro nickel property in Madagascar and now owns 100% of these exploration rights which are valid until May 2011.

The Valozoro nickel deposit is located 60 kilometres north of the town of Fianarantsoa in south central Madagascar and is reported in the Catalogue des Principaux Gites Mineraux de Madagascar (Catalogue of Principal Mineral Deposits of Madagascar). Weathering and alteration of a harzburgite protolith has produced a type A Ni-laterite deposit up to 17 metres thick.

During 1956 and 1957, UGINE completed an extensive prospecting program of sampling pits excavated on 20 by 20 metre grid and reported an estimated resource of 3.7 million tons of lateritic ore grading 1.75% nickel containing 65,000 tonnes of contained nickel metal. This is a historical resource estimate and a Qualified Person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves under National Instrument 43-101 ("NI 43-101"). The Company is not treating the historical estimate as current mineral resources or mineral reserves as defined in sections 1.2 and 1.3 of NI 43-101, and accordingly the historical estimate should not be relied upon.

On October 1, 2007, the Company announced that it was currently undertaking a new extensive channel sampling program in more than 400 of the existing prospecting pits with samples being taken at half metre intervals to determine the actual contained value of the orebody in both terms of nickel and secondary products such as cobalt. This programme was completed in early October and more than 8,000 channel samples were collected. The programme was designed to enable the estimation of a measured resource in terms of National Instrument 43-101, and allow the construction and delineation of an orebody model to produce a mine development plan. The samples are currently being shipped to South Africa for analyses. Final analytical and modeling results are projected to be completed by February 2008. Field observations indicate that the majority of the existing pits do not reach the underlying regolith, but terminate in a saprolitic boulder horizon, consistent with findings from a ground penetrating radar study carried out in 2005. By implication the measured resource may be larger than previously estimated.

Zambia zinc copper project

On July 24, 2007 the Company announced that it had entered into a joint venture agreement with Lion Fields Limited ("Lions Field") for mineral exploration in a highly prospective area in western Zambia. Lion Fields, a company that is controlled by Mr. Jean-Raymond Boule, the largest shareholder of the Company, has been granted the exclusive right to conduct exploration work for copper, gold, silver, zinc,

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lead and germanium over a 444 square kilometer property (the "Zambia Property") in the Solwezi district of western Zambia. Management of DFI believe that the Zambia Property has the potential to host extensions to the world-class Kipushi ore-body, located immediately adjacent to the Zambia Property, within the Democratic Republic of Congo. Kipushi is one of the highest grade zinc mines in the world.

Following the acceptance of the Toronto Exchange, Lion Fields and DFI have formed a Joint Venture on an 80% (DFI) to 20% (Lion Fields) basis, for the exploration, valuation and, if justified, the development and mining of any mineral resources discovered on the Zambia Property, upon the terms and conditions set out in the Joint Venture agreement.

Pursuant to the Joint Venture agreement, DFI has reimbursed Lion Fields US\$200,000 against a portion of Lion Fields' total project costs incurred to date.

DFI is appointed operator of the Joint Venture with overall management responsibility for the prospecting operations on the Property and, among other things, will be required to incur minimum exploration expenditures of US\$200,000 over the existing term of the Zambia Property license (which is due to expire in December 2008) and US\$200,000 during each subsequent renewal term of the license, if any, in order to maintain its interest in the Zambia Property.

Board changes

On September 25, 2007 the Company announced that Edward Flood has agreed to join the board of directors.

On October 2, 2007 the Company announced the appointment of John Sisay as a director. Concurrent with this new appointment, Roger Daniel, Diamond Fields' President and CEO stood down as a director of the Company. Mr. Daniel is relocating for personal reasons to Australia from Cape Town, South Africa where the Company is based, and is thus regrettably leaving the Company. He will be staying on as President and CEO until the year end, and thereafter will be available to the Company as a consultant to assist in the handover of responsibilities to the new CEO. The Company is actively seeking his replacement.

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SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information for the three months ended September 30, 2007 and 2006:

| | 2007 | 2006 |
|--|------------|-------------|
| Total revenues | \$ 610,959 | \$ 283,561 |
| Net income (loss) | (840,854) | (1,961,422) |
| Net loss per share (basic and diluted) | (0.01) | (0.02) |

Net loss for the three months ended September 30, 2007 was \$840,854 or \$0.01 per share, compared with a net loss of \$1,961,422 or \$0.02 per share in 2006. All revenue for the three months ended September 30, 2007 resulted from the sale of diamonds held in inventory. A total of 3,727.86 carats were sold at an average price of \$234.13 per carat, generating proceeds of \$872,813 of which 30% is attributable to a joint operations partner. Comparatively, the company sold 1563.54 carats in the three months ended September 30 2006 at an average price of \$181 per carat generating, revenue of \$283,561. Production, royalty and selling expenses associated with the sale of inventory totaled \$1,035,892; whereas, the operating costs for the same period in 2006 were \$721,232. The lower sales in 2006 resulted from lost mining time associated with the Cape Town port call for the statutory dry-docking, maintenance and upgrade programs. The Company generated an operating loss of \$424,933 for the quarter ended September 30, 2007 compared with \$437,671 for the quarter ended September 30, 2006.

General and administrative expenses amounted to \$554,440 during the three months ended September 30, 2007 compared to \$338,603 during 2006. Office expense increased due to the costs associated with upgrading the company's computer hardware and software. Travel and accommodation increased due to the pursuit of new exploration projects. Salaries and benefits increased due to hiring of additional administrative and geological staff, as well as an annual salary increase negotiated with staff members employed on the mining vessel DF Discoverer.

No assets were disposed or written off in the quarter ended 30 September 2007, compared to a loss on disposal of assets sold and written off amounting to \$1,177,155

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SELECTED QUARTERLY DATA

The following table sets forth selected financial information for the eight most recently completed quarters:

| | 30-Sept-07 | 30-June-07 | 31-Mar-07 | 31-Dec-06 | 30-Sept-06 | 30-June-06 | 31-Mar-06 | 31-Dec-05 |
|---|------------|-------------|-----------|----------------------|----------------------|-------------|-------------|-------------|
| Total Revenues | 610,959 | 1,346,497 | 663,119 | ¹ 209,853 | ¹ 283,561 | 809,334 | 675,488 | 681,770 |
| Net Earnings (Loss) | (840,854) | (1,554,633) | (754,188) | (813,289) | (1,961,422) | (1,294,097) | (2,001,957) | (1,752,580) |
| Net Earnings (Loss) per Share (basic and diluted) | (0.01) | (0.01) | (0.01) | (0.01) | (0.02) | (0.01) | (0.02) | (0.02) |

1. Production using the Company's mining vessel mv Diamond Fields Discoverer commenced in June of 2005. Production was interrupted from June 2006 to November 2006 due to the Cape Town port call for the statutory dry-docking, maintenance and upgrade programs.

CAPITAL RESOURCES AND LIQUIDITY

At September 30, 2007, the Company had a working capital surplus of \$7,258,426 including cash of \$6,759,089 compared with a working capital surplus of \$8,254,940 including cash of \$8,995,041 at June 30, 2007. The decrease in working capital at September 30, 2007 is primarily a result of costs associated with the Namibian mining operations, general and administrative costs and exploration activities.

The September 30, 2007 consolidated financial statements for Diamond Fields International Ltd. have been prepared in accordance with generally accepted accounting principles applicable to a going concern which assume that the Company will realize its assets, discharge its liabilities and meet its future obligations in the normal course of business. Accordingly, the accompanying financial statements do not include any adjustments to the recoverability and classification of recording of assets, or the amounts or classification of liabilities, that might be necessary should the company be unable to continue as a going concern.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Following the conversion of the Company's total combined debt to Spirit of \$3,901,110.53 into 26,007,403 common shares in July 2007 (see CAPITAL RESOURCES AND LIQUIDITY), the Company no longer has any indebtedness to related parties. Following the conversion, Mr. Boule held directly or indirectly approximately 26.1% of the Company's issued and outstanding common shares (at July 26, 2007).

In December 2006, Spirit purchased two real estate properties in Luderitz, Namibia from the Company's wholly-owned subsidiary Diamond Fields (Namibia) (Proprietary) Limited for aggregate consideration of

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US\$320,000 (for details see Sale of Properties under CAPITAL RESOURCES AND LIQUIDITY).

In July 2007 the Company entered into a joint venture agreement with Lion Fields Limited ("Lions Field") for mineral exploration in a highly prospective area in western Zambia. Lion Fields, a company that is controlled by Mr. Jean-Raymond Boulle, the largest shareholder of the Company, has been granted the exclusive right to conduct exploration work for copper, gold, silver, zinc, lead and germanium over a 444 square kilometer property (the "Zambia Property") in the Solwezi district of western Zambia. Management of DFI believe that the Zambia Property has the potential to host extensions to the world-class Kipushi ore-body, located immediately adjacent to the Zambia Property, within the Democratic Republic of Congo. Kipushi is one of the highest grade zinc mines in the world.

Following the acceptance of the Toronto Exchange, Lion Fields and DFI have formed a Joint Venture on an 80% (DFI) to 20% (Lion Fields) basis, for the exploration, valuation and, if justified, the development and mining of any mineral resources discovered on the Zambia Property, upon the terms and conditions set out in the Joint Venture agreement.

Pursuant to the Joint Venture agreement, DFI has reimbursed Lion Fields US\$200,000 against a portion of Lion Fields' total project costs incurred to date.

DFI is appointed operator of the Joint Venture with overall management responsibility for the prospecting operations on the Property and, among other things, will be required to incur minimum exploration expenditures of US\$200,000 over the existing term of the Zambia Property license (which is due to expire in December 2008) and US\$200,000 during each subsequent renewal term of the license, if any, in order to maintain its interest in the Zambia Property.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in Canada requires companies to establish accounting policies and to make estimates that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgements about matters that are inherently uncertain.

The following policies are considered to be the critical accounting policies as they involve the use of significant estimates:

Mineral Properties

Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, the estimated indicated resources (probable diamond reserves), and the estimated future operating results and net cash flows from the Company's mineral properties. The estimation of reserves and resources is inherently uncertain and involves subjective judgements about many relevant factors. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgements used in engineering and geological interpretation, which may prove to be unreliable. There can be no assurance that estimates of indicated mineral resources (probable diamond

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reserves) will be accurate or that such mineral resources can be mined or processed profitably. Estimated indicated resources (probable diamond reserves) for the Company's Namibian marine diamond concessions are based on the September 2000 feasibility study by AGRA Simons Ltd., which contemplated different mining technology than that in use by or available to the company.

On the commencement of commercial production, the net capitalized costs are charged to operations on a unit-of-production basis, by property, using the estimated indicated resources (probable diamond reserves) as the depletion base.

The Company carries its mineral properties at cost less a provision for impairment. The Company defers exploration and development costs, which are related to specific projects until the commercial feasibility of the project is determinable. Deferred expenditures relating to exploration projects represent costs to be charged to operations in the future and do not necessarily reflect the present or future values of the particular projects. The costs of each property and related expenditures will be amortized over the economic life of the property on a units-of-production basis. Costs are charged to operations when a property is abandoned or when impairment in value that is other than temporary has been determined.

The Company undertakes a review of the carrying values of mineral properties and related expenditures whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and undiscounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable and exceeds their fair value. In undertaking this review, management of the Company is required to make significant estimates of, among other things, geological potential, the estimated indicated resources (probable diamond reserves), future production and sales volume, unit sales prices, future operating and capital costs and reclamation costs to the end of the project's life. These estimates are subject to various risks and uncertainties, which may ultimately have an affect on the expected recoverability of the carrying values of the mining properties and related expenditures.

Stock-based Compensation

The Company accounts for its grants under the Employees' and Directors' Equity Incentive Plan using the fair value based method of accounting for stock-based compensation. Accordingly, the fair value of the options at the date of grant is charged to operations, with an offsetting credit to contributed surplus, on a graded basis over the vesting period. The Company used the Black-Scholes option pricing model to estimate the value of the options granted.

Income Taxes

Future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values, generally using the enacted income tax rates at each balance sheet date. Future income tax assets also result from unused loss carry-forwards and other deductions. The valuation of future income tax assets is reviewed quarterly and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

FINANCIAL INSTRUMENTS

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The carrying amounts of cash, accounts receivable, accounts payable and loan payable as at September 30, 2007 and June 30, 2005, approximate their fair values. The fair value of the financial liability portion of the note payable is not determinable, due to the non-arm's length nature of these transactions.

The Company operates internationally and as such is exposed to fluctuations in foreign exchange rates. The Company does not currently use financial instruments to limit its exposure to fluctuations in foreign exchange rates.

RISKS

The Company's properties and operations are subject to certain risks including but not limited to government regulations related to mining, mineral prices and currency fluctuations, competition, receipts of permits and approval from government authorities, operating hazards and other risks inherent to mineral exploration, development and mining operations.

OUTSTANDING SHARE DATA

At September 30, 2007, a total of 234,506,715 common shares of the Company were outstanding. Stock options outstanding at September 30, 2007 totalled 4,738,000 with exercise prices ranging from Cdn\$0.14 to Cdn\$0.91 per share and expiry dates between January 28, 2008 to March 18, 2012, respectively. Warrants outstanding at September 26, 2007 totalled 36,459,176 with an exercise price of Cdn\$0.40 per share and an expiry date of June 2, 2008. Each such warrant is exercisable at the applicable exercise price to purchase one common share of Diamond Fields on or before the applicable expiry date.

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Consolidated Balance Sheets

(Expressed in U.S. dollars)

| | September 30, 2007 (Unaudited) | June 30, 2007 |
|---|--------------------------------------|------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 6,759,089 | \$ 8,995,041 |
| Accounts receivable | 969,963 | 131,122 |
| Prepaid expenses and other | 34,475 | 51,395 |
| Inventories | 510,123 | 617,025 |
| | 8,273,650 | 9,794,583 |
| INVESTMENTS | 104,219 | 104,219 |
| MINERAL PROPERTIES (Note 2) | 8,652,811 | 8,330,913 |
| PROPERTY, PLANT & EQUIPMENT | 1,949,268 | 2,065,370 |
| | \$ 18,979,948 | \$ 20,295,085 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 1,015,224 | \$ 1,539,643 |
| | 1,015,224 | 1,539,643 |
| NOTE PAYABLE(Note 3) | - | 3,677,034 |
| FUTURE INCOME TAXES | 1,285,017 | 1,262,189 |
| | 2,300,241 | 6,478,866 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (Note 4) | | |
| Authorized - Unlimited number of common shares without par value | | |
| Issued & outstanding: 234,506,715 (June 30, 2007: 208,399,312) | 48,717,521 | 45,031,029 |
| Contributed Surplus | 2,962,172 | 2,669,107 |
| Equity portion of note payable | - | 275,215 |
| Deficit | (33,995,252) | (33,154,398) |
| Cumulative translation adjustments | (1,004,734) | (1,004,734) |
| | 16,679,707 | 13,816,219 |
| | \$ 18,979,948 | \$ 20,295,085 |

APPROVED BY THE BOARD:

"Earl Young"

Director

"Mahen Sookun"

Director

See accompanying Notes to the Consolidated Financial Statements
These interim financial statements have not been reviewed by the Company's external auditors.

DIAMOND FIELDS INTERNATIONAL LTD.
Consolidated Statements of Earnings (Loss) and Deficit

Three months ended September 30, 2007 and 2006

(Unaudited – prepared by management)

(Expressed in U.S. dollars)

| | 2007 | 2006 |
|--|-----------------|-----------------|
| DIAMOND SALES | \$ 610,959 | \$ 283,561 |
| OPERATING COSTS | | |
| Production costs (including depletion) | 976,715 | 711,706 |
| Royalties, selling and marketing | 59,177 | 9,526 |
| | \$ 1,035,892 | \$ 721,232 |
| | (424,933) | (437,671) |
| GENERAL AND ADMINISTRATIVE EXPENSES | | |
| Amortization | 12,677 | 7,121 |
| Consulting | 30,732 | 19,195 |
| Investor relations | 24,408 | 13,606 |
| Maintenance | 7,361 | 4,760 |
| Office | 64,450 | 46,712 |
| Professional fees | 77,546 | 66,671 |
| Regulatory | 4,704 | 5,951 |
| Salaries and benefits | 189,203 | 146,323 |
| Stock-based compensation | 17,850 | 11,601 |
| Travel and accommodation | 55,509 | 16,663 |
| | 484,440 | 338,603 |
| OTHER INCOME (EXPENSE) | | |
| Interest and other income | 55,153 | 1,442 |
| Interest on loans and note payable (Note 3) | (20,359) | (33,646) |
| Loss on Disposal of Property, plant and equipment | - | (1,177,155) |
| Foreign exchange gain (loss) | 56,553 | 24,211 |
| | 91,347 | (1,185,148) |
| EARNINGS (LOSS) BEFORE INCOME TAXES | (88,026) | (1,196,422) |
| RECOVERY OF FUTURE INCOME TAXES | (22,828) | - |
| NET EARNINGS (LOSS) FOR THE PERIOD | (840,854) | (1,961,422) |
| DEFICIT, BEGINNING OF PERIOD | (33,154,398) | (28,070,866) |
| DEFICIT, END OF PERIOD | \$ (33,995,252) | \$ (30,032,288) |
| BASIC AND DILUTED EARNINGS (LOSS) PER SHARE | \$ (0.01) | \$ (0.02) |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (in 000's) | 229,079 | 113,213 |

See accompanying Notes to the Consolidated Financial Statements
These interim financial statements have not been reviewed by the Company's external auditors.

DIAMOND FIELDS INTERNATIONAL LTD.

Consolidated Statements of Cash Flows

Three months ended September 30, 2007 and 2006

(Unaudited – prepared by management)

(Expressed in U.S. dollars)

| | <u>2007</u> | <u>2006</u> |
|---|--------------------|------------------|
| OPERATING ACTIVITIES | | |
| Net Earnings (loss) | \$ (840,854) | \$ (1,961,422) |
| Items not involving use of cash | | |
| Amortization, depreciation and depletion | 268,696 | 57,117 |
| Accrued interest | - | 5,526 |
| Non-cash interest expense | - | 28,120 |
| Recovery of future income taxes | 22,828 | - |
| Stock-based compensation | 17,850 | 11,601 |
| Loss on sale of property, plant and equipment | - | 1,177,155 |
| Net change in non-cash operating working capital items (Note 5) | (1,239,438) | 723,122 |
| | <u>(1,770,918)</u> | <u>41,219</u> |
| FINANCING ACTIVITIES | | |
| Share capital issued, net of issue costs | 3,686,492 | 10,780 |
| Proceeds from loan payable | (3,677,034) | 1,166,756 |
| | <u>9,458</u> | <u>1,177,536</u> |
| INVESTING ACTIVITIES | | |
| Expenditures on mineral properties | (349,356) | (123,883) |
| Expenditures on other property, plant and equipment | (125,136) | (817,250) |
| | <u>(474,492)</u> | <u>(941,133)</u> |
| INCREASE (DECREASE) IN CASH | (2,235,952) | 277,622 |
| CASH, BEGINNING OF PERIOD | 8,995,041 | 286,887 |
| CASH, END OF PERIOD | \$ 6,759,089 | \$ 564,509 |

See accompanying Notes to the Consolidated Financial Statements
These interim financial statements have not been reviewed by the Company's external auditors.

DIAMOND FIELDS INTERNATIONAL LTD.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2007 and 2006

(Unaudited – prepared by management)

(All amounts are expressed in U.S. dollars except where otherwise indicated)

1. BASIS OF PRESENTATION

These interim financial statements do not contain all the information required by Canadian generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the most recent audited annual financial statements of the Company for the year ended June 30, 2007.

These interim financial statements follow the same accounting policies and methods of application as described in Note 1 and Note 3 to the Company's most recent audited annual financial statements.

2. MINERAL PROPERTIES

Details of the Company's mineral properties are described in Note 6 to the Company's most recent audited annual financial statements.

| | September 30, 2007 | June 30, 2007 |
|------------------------------|-----------------------|---------------------|
| Namibian sea concessions | 6,968,090 | \$ 6,995,548 |
| Other exploration properties | 1,684,721 | 1,335,365 |
| | <u>\$ 8,652,811</u> | <u>\$ 8,330,913</u> |

3. NOTE PAYABLE

Details of the note payable are described in Note 8 to the Company's most recent audited annual financial statements.

The company announced on July 26, 2007 that Spirit Resources SARL has converted all of the outstanding debt under its credit facility with the Company into common shares. Details of the conversion are described in Note 17 to the Company's most recent audited annual financial statements.

DIAMOND FIELDS INTERNATIONAL LTD.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2007 and 2006

(Unaudited – prepared by management)

(All amounts are expressed in U.S. dollars except where otherwise indicated)

4. SHARE CAPITAL

During the three months ended September 30, 2007 the following share transactions took place:

100,000 common shares with a fair value of \$9,458 (Cdn\$10,000) were issued as partial compensation for an option to acquire a working interest in certain exploration properties.

26,007,403 common shares with a fair value of \$3,901,111 were issued as settlement for the note payable to Spirit Resources SARL (Note 3).

At September 30, 2007, a total of 234,506,715 common shares of the Company were outstanding. Stock options outstanding at September 30, 2007 totalled 4,738,000 with exercise prices ranging from Cdn\$0.14 to Cdn\$0.91 per share and expiry dates between January 28, 2008 to March 18, 2012, respectively. Warrants outstanding at September 26, 2007 totalled 36,459,176 with an exercise price of Cdn\$0.40 per share and an expiry date of June 2, 2008. Each such warrant is exercisable at the applicable exercise price to purchase one common share of Diamond Fields on or before the applicable expiry date.

5. CASH FLOW INFORMATION

The net change in non-cash operating working capital items is comprised of:

| | September 30, 2007 | June 30, 2007 |
|--|-------------------------------|------------------|
| Accounts receivable | \$ (838,841) | \$ 34,850 |
| Inventory | 106,902 | 373,656 |
| Prepaid expenses | 16,920 | 20,273 |
| (Decrease) increase in: | | |
| Accounts payable and accrued liabilities | (524,419) | 294,343 |
| | \$ (1,239,438) | \$ 723,122 |

DIAMOND FIELDS INTERNATIONAL LTD.

Notes to the Consolidated Financial Statements

Three months ended September 30, 2007 and 2006

(Unaudited – prepared by management)

(All amounts are expressed in U.S. dollars except where otherwise indicated)

6. SEGMENTED INFORMATION

The Company considers its business to consist of one reportable business segment. All of the Company's revenue for the three-month period ended September 30, 2007 and 2006 was earned in Namibia.

7. SUBSEQUENT EVENTS

There are no additional subsequent events to report for this period, apart from those disclosed in Note 17 of the most recent audited annual financial statements.