

Third Quarter Report



March 31, 2010 and 2009

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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", "DFI", or "the Company") should be read in conjunction with the un-audited consolidated financial statements of Diamond Fields International Ltd. and the notes thereto for the three and nine months ended March 31, 2010 and with the audited annual consolidated financial statements and the notes thereto for the year ended June 30, 2009. The quarterly financial statements at March 31, 2010 are un-audited and have not been reviewed by the Company's external auditor. The effective date of this MD&A is May 18, 2010. 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. The Company currently holds interests in diamond properties in Namibia, gold prospects in Liberia, a zinc copper prospect in Zambia and the Valozoro nickel prospect in Madagascar.

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RESULTS OF OPERATIONS

Mining Activities

Mining Vessel DF Discoverer

Mining operations were suspended on December 12, 2008 (see DFI press release of December 19, 2008). The vessel currently is docked in Cape Town, South Africa, pending redeployment when market conditions warrant. In addition to evaluating timing to reenter marine operations itself, the Company also has conducted and will continue to conduct discussions with various parties about reactivating marine mining as a joint venture but no agreement has been reached at this time.

Marine Sampling Programme

In July 2008 the Company conducted a geophysical survey over certain areas of its Namibian marine concessions. The work was performed by Underwater Surveys Ltd., a NI43-101 compliant company. The survey comprised 555 line kilometres of multi-beam, high resolution seismic and bathymetry data over the Marshall Forks region of ML111 and the Company's shallow water concession, ML32 using the mv T.B. Davy as the survey platform. The survey confirmed the presence of a defined channel structure approximately 30 metres wide, striking southwards over a traceable length in excess of 1,200 metres. The structure lies within the Marshall Forks resource domain which has historically yielded elevated diamond recoveries, and to which the structure may be related. The survey also covered Conical Bay located approximately 500 meters to the east of Marshall Forks, an area the Company regards as having good potential for developing high-grade lunate strand deposits. Audit surveys of Marshall Forks were also completed to accurately define remaining resources. Survey data from Boat Bay Rocks and Boat Bay North in ML32 were also collated to develop the Company's mid to shallow water assets.

Exploration Projects

Liberia Exploration Project

In July 2004, the Company entered into an option agreement with Ducor Minerals Inc. pursuant to which the Company could earn a minimum 70% working interest in the Gbapolu and Grand Gedeh properties in the Republic of Liberia (the "Properties"). The Properties cover a total area of 1,813.72 km² and are prospective for diamonds and gold, respectively. This transaction was accepted by the Toronto Stock Exchange on August 27, 2004.

The Company undertook an exploration program for gold in the 2008 dry season within these permits. A group 1,500 soil samples have been analyzed by Alex Stewart Assayers in the UK, a

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NI43-101 compliant laboratory. An initial appraisal of the results indicates significant mineralisation within discrete zones of quartz veining. On September 3, 2008, the Company exercised its option and now owns 70% of the project. In November 2008 DFI entered into a joint venture agreement with Ducor Minerals, Inc.. The Company now owns a minimum 77.04% interest in the Bartejaam and Henry Town Exploration Licenses. In June 2009, the Company was informed by the Ministry of Mines that its Henry Town Exploration license would not be renewed. The Company has requested that the Henry Town license be converted to a Mining Development Agreement (MDA) per its right under the Henry Town Exploration Agreement and Liberia law. The Ministry has not acted on the request. The Company informed the Ministry that it is exercising its right to arbitrate the Ministry's actions regarding DFI's Henry Town license.

Site access development work and detailed geological mapping was undertaken and completed on the Bartejaam gold prospect (Grand Gedah) in March 2009. This included the development of 13 km of road, the construction of two bridges and emplacement of cut-lines in preparation for drilling the prospect. Because of delays in delivering drilling equipment and early heavy rains, it was decided to reschedule drilling of the properties to a date after the rainy season. The Company has been granted a one-year extension of the Grand Gedah property by the Government of the Republic of Liberia until June the 6th 2010.

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. ALS Chemex, a NI43-101 compliant laboratory has completed analysis of 5,144 channel samples collated from a 30 metre pitting grid over the Company's 100% owned Ni-laterite deposit Valozoro in Madagascar. Values of up to

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7.94% nickel have been recovered from the sampling program executed by Rawtech, a NI43-101 compliant geological consulting firm.

A ground penetrating radar survey of the deposit was conducted in November 2008 by the NS143-101 complaint Canadian company Ground Radar to provide data for a measured resource estimate. The survey was undertaken at a 30 metre line spacing over the entire deposit, producing approximately 22.4 line kilometres of continuous ground penetrating radar data. The data has been reduced and interpreted and incorporated with the geochemical and stratigraphic data from the pit sampling program, and used to produce a new resource model for the deposit. Current resource models indicate that the later contains an inferred resource of 11,511,865.5 tonnes of ore grading between 1.7094% Ni to 1.6024% Ni.

Zambia zinc copper project

On July 24, 2007, following acceptance by the Toronto Stock Exchange, the Company announced that it had entered into a joint venture agreement with Lion Fields Limited ("Lion Fields") for mineral exploration in a highly prospective area in western Zambia. Lion Fields, a company 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, 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 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 operates the Joint Venture with overall management responsibility for the prospecting operations.

Regional exploration of the Company's joint venture with Lion Fields on the PLLS 311 exploration license in Northern Zambia adjacent to the Kipushi copper zinc mine has been completed. From a review of published core drilling data undertaken by Gecamines, the Company has been able to establish the continuation of the Kipushi ore body into the Republic of Zambia over a minimum strike distance of 180 metres traversing the international border at a depth of approximately 1,000 metres below ground level. Two other areas including the Katwishi anomaly, a defined Cu-Zn target approximately 1,200 metres to the northwest of Kipushi, and a zone of cupriferous gossans developed near the village of Yowela in the centre of the license has been extensively sampled during the current field season, and is currently being

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further evaluated by the Company. In 2009, the Company sought to renew its license over an area of approximately 111 square kilometres and was successful, with the Government of the Republic of Zambia granting Lions Fields a renewal for two years on the exploration lease (see DFI press release of 7th of July 2009).

BOARD CHANGES

On December 22, 2009 the Company announced that Craig Alastair Mclean had been appointed as Director of the Company.

The Board is currently comprised of six (6) directors, being Wayne Malouf, Mahen Sookun, Earl Young, Gregg Sedun, Rod Baker and Craig Alastair Mclean.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information for the nine months ended March 31, 2009 and 2010:

	2010	2009
Total revenues	\$ 802,987	\$ 704,427
Net loss	\$ (1,071,006)	\$ (4,598,396)
Net loss per share (basic and diluted)	\$ (0.02)	\$ (0.09)

Net loss for the nine months ended March 31, 2010 was \$ 1,071,006 or \$ 0.02 per share, compared with a net loss of \$ 4,598,396 or \$0.09 per share in 2009. All revenues for the nine months ended March 31, 2010 resulted from the sale of diamonds held in inventory. Diamond sales during the nine months period to March 2010 generated revenue of \$802,987, compared to \$ 704,427 in the nine months ended March 31, 2009. There were no diamond sales during the second and third quarter. Production, royalty and selling expenses associated with the sale of inventory totaled \$ 1,122,753; whereas, the operating costs for the same period in 2009 were \$2,957,820.

General and administrative expenses amounted to \$ 591,962 during the nine months ended March 31, 2010 compared to \$859,571 during the nine months ended March 31, 2009. This reduction was mainly achieved due to corporate structure streamlining and cost cutting undertaken by the Company in 2009.

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SELECTED QUARTERLY DATA

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

	31-March-10	31-Dec-09	30-Sept-09	30-June-09	31-March-09	31-Dec-08	30-Sept-08	30-June-08
Total Revenues	-	-	802,987	-	-	-	704,427	1,308,599
Net Earnings (Loss)	(290,487)	(463,969)	(316,550)	(3,606,275)	(575,470)	(2,846,606)	(1,176,320)	(1,426,609)
Net Earnings (Loss) per Share (basic and diluted)1.	(0.01)	(0.01)	(0.01)	(0.08)	(0.01)	(0.06)	(0.03)	(0.01)

1. Basic and diluted loss per share has been updated to reflect the 5 for 1 share consolidation, see "Share Transactions"

From September 5, 2008, to September 17, 2008 the mv DF Discoverer was in dry dock for its compulsory five year marine survey. On December 19, 2008, the Company suspended operations of its diamond mining vessel, the mv DF Discoverer. The Board of Directors made this decision based on the severity of the global economic downturn and the sudden drop in the price of rough diamonds

CAPITAL RESOURCES AND LIQUIDITY

At March 31, 2010, the Company had a working capital surplus of \$ 313,586 including cash of \$216,233 compared with a working capital surplus of \$ 1,259,176, including cash of \$ 867,515 at March 31, 2009. The decrease in the working capital was primarily a result of losses incurred with the Namibian mining operations, general and administrative costs and exploration activities. The March 31, 2010 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.

For the nine month period ended March 31, 2010, the Company incurred a loss of \$ 1,071,006 before impairment charge (nine months to March 31, 2009: \$ 2,892,726) and had a cash outflow of \$338,752 (nine months to March 31, 2009: \$ 3,124,176) from operations.

In 2008, the Company began streamlining its corporate structure. Inactive subsidiaries have been dissolved or otherwise deactivated. Furthermore, the Company continues to cut costs.

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Alternatively, the Company is dependent on continued support from shareholders to continue its operations in the normal course of business. Available cash is dedicated towards maintaining the Company's mineral concessions and screening mining opportunities, especially existing mining operations with positive cash flow. This includes possible joint ventures for the further development and mining of the Namibian Marine concessions.

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 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

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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

The carrying amounts of cash, accounts receivable, accounts payable and loan payable as at March 31, 2010 and June 30, 2009, approximate their fair values. 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.

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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.

Political Risks

The Company strives to minimize political risk by monitoring events in countries where it operates or where it considers operating, and by complying with local laws and regulations. The Company operates and conducts exploration activities in countries which have experienced civil unrest and/or civil warfare in recent years. It attempts to minimize the risks inherent in conducting operations and exploration in frontier areas by monitoring local conditions and avoiding high risk areas.

Additional financing Requirement

The Company's ability to continue its activities depends on the Company obtaining additional financing. The Company plans efforts to raise additional financing to meet its debt repayment obligations, continue its exploration activities and maintain its exploration properties. There can be no assurance as to the success of future financing activities necessary to meet its debt obligations and operating requirements.

Estimates of reserves and resources are inherently uncertain

Sea diamond deposits are alluvial deposits located on the ocean floor. These deposits are difficult to sample because of their remote nature, variable terrain and the location of diamonds in irregular gravel beds lying above and within crevices and potholes in the bedrock. As a result, there are no standard sampling tools and resource estimation practices employed for these types of deposits. The sampling programs for the Sea Diamonds Project have used tools not specifically designed for the geological environment found in the concession areas.

There is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being mined or dedicated to future production. Until reserves or resources are actually mined and processed, the quantity of reserves or resources and grades must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on diamond prices, operating costs and mining efficiency. Any material change in the quantity of reserves, resources or grade may affect the economic viability of the Sea Diamonds Project. Mining tools currently available to the Company differ from those used for calculating indicated resources (probable reserves) in the 2000 feasibility study.

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Exploration activities will not necessarily result in the discovery of commercially recoverable quantities of targeted minerals (currently diamonds, zinc, copper, gold and nickel)

Mineral exploration activities involve a high degree of risk and uncertainty. There is no assurance that continued exploration of the Company's concessions will result in any discovery of commercial quantities of diamonds and / or nickel over and above those previously identified. Even if commercial quantities of diamonds and / or nickel are discovered, economic recovery is dependent upon a number of factors, including the particular attributes of the deposit, such as terrain, size and grade, diamond prices and government regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most of these factors are beyond the control of the Company.

Offshore diamond mining involves significant risks

The business of offshore diamond mining is subject to a variety of risks such as accidents, extreme marine and weather conditions, natural disasters, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences, against which the Company cannot, or may elect not to, insure, may result in damage to or destruction of mining equipment and infrastructure, injuries and loss of life, environmental damage, delayed production, increased production costs and possible legal liability to third parties, any or all of which may have a material adverse effect on the Company's financial position. The mining and processing systems and the vessels to be used in the Sea Diamonds Project are to be at sea year round, and weather conditions will inevitably have an effect on operations. Other projects of this type have succeeded, but some have experienced problems during operations and cost overruns.

Technical problems may affect the operations of the Sea Diamonds Project which may adversely affect profitability.

The offshore diamond mining technology selected by the Company may not be as efficient as expected

Geological conditions in those areas of the concession in which sampling activities were carried out contributed to a suspected under sampling bias by the sampling tool and could adversely affect the ability of the mining tool to recover all of the diamonds which are actually present on the sea floor. The extent to which this will occur cannot be quantified at this time and will only be known as mining progresses.

Even if a sampling bias is confirmed, there is no assurance that any additional diamonds can be entirely recovered.

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Although the Company's mining and exploration concessions are in good standing, there can be no assurance that circumstances will not change

The Company has investigated its rights to explore and exploit its concessions and, to the best of its knowledge, those rights are in good standing. However, no assurance can be given that applicable governments will not revoke, or significantly alter the conditions of, the applicable exploration and mining authorizations and that such exploration and mining authorizations will not be challenged or impugned by third parties. Mining and prospecting licenses may be revoked by the applicable government authorities for failure to perform the obligations thereunder. Licenses must be renewed periodically. The renewal process involves a review of the license holder's performance by government authorities.

Directors and officers of the Company may have conflicts of interest

Certain of the directors of the Company are directors or officers of, or have shareholdings in, other mineral resource companies. If, and to the extent that, such other companies participate in business ventures in which the Company also participates, those directors may have a conflict of interest. These other mineral resource companies may also compete with Company for the acquisition of mineral property rights. In the event that any such conflict of interest arises, a director who has such a conflict will disclose the conflict to a meeting of the directors of the Company and will refrain from participating in any Board decisions concerning the matter giving rise to the conflict. In appropriate circumstances, the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

In accordance with the laws of the Yukon Territory, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. The Company's directors and senior officers have advised the Company that they intend to bring forward to the Company in priority to others, new opportunities that become available to them for the acquisition of, or participation in, diamond properties in the countries in which the Company is presently active, for the consideration of the Company's Board of Directors. In such event, the Company will apply the procedures and mechanisms set forth above. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time.

Exchange controls may restrict the Company's ability to repatriate earnings

Namibia is part of the South African Rand Common Monetary Area ("CMA"). Exchange controls in the CMA require that dividends, loans, repayment of loans and payment of all invoices to parties outside the CMA by companies registered in the CMA require prior approval. The controls, as they relate to Namibia, are applied by the Bank of Namibia. There can be no

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assurance that the Company will obtain the requisite approvals in the future to repay loans or pay invoices to parties outside the CMA, including companies within the Company's corporate group not resident in the CMA. Thus exchange controls may restrict the Company from repatriating funds and using those funds for other purposes.

Profitability may be affected by fluctuations in the market price of gem quality diamonds

Diamond production from the Sea Diamonds Project has been, and is anticipated to be, 95% gem quality. There is no assurance that prices received in the market place will be at the same level as the prices used in the financial analyses of the Company's feasibility study of the Sea Diamonds Project. The United States currently accounts for approximately half of worldwide consumption of diamond jewellery by value. There can be no assurance that an economic recession in the United States, a global recession, increased supplies, or the actions of De Beers authorities will not adversely affect the prices the Company will receive for its diamonds and its revenues from mining operations.

In Namibia, a 10% royalty is levied on rough and uncut diamonds mined and sold, exported or otherwise disposed of. The royalty is calculated on the Namibian government valuator's estimate of the market value of the stones.

Diamond prices in international markets may also be affected by concerns of diamond origin. So-called "conflict diamonds" that originate in countries involved in civil war and that are alleged to fund the activities of warring factions in these countries tend to bring the international diamond market into disrepute. Although none of the Company's production includes "conflict diamonds", any proliferation of "conflict diamonds" in international markets could have an adverse effect on demand and prices, thereby hurting the Company's profitability.

Government regulations in foreign countries may limit the Company's activities and harm its business

The concessions comprising the Sea Diamonds Project are located off the coast of Namibia and are subject to the laws and regulations of Namibia. Although mining in Namibia has a long history and has never been adversely impacted by unreasonable or arbitrary government action, there can be no assurance that the Company's business, operations and affairs will not be materially adversely affected by changes to, or arbitrary application of, Namibian laws and regulations or changes in the political and economic status of Namibia.

Operations carried on by the Company in respect of the Sea Diamonds Project will be subject to government legislation, policies and controls relating to prospecting, development, production, importing and exporting of minerals, concession tenure, exchange controls, mining taxes, labour

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standards and environmental protection. There can be no assurance that such legislation, policies and controls will not have a material adverse effect on the business, operations and affairs of the Company.

Complying with environmental regulatory requirements could be costly and could adversely affect the profitability of the Sea Diamonds Project

All aspects of the Company's offshore diamond mining operations are subject to environmental regulation. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Although the Company's environmental management plan for the Sea Diamonds Project has been approved by the Namibian government, there is no assurance that future changes in environmental regulation will not adversely affect the Sea Diamonds Project. Environmental hazards may exist on the Company's concessions which are presently unknown to the Company and which have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

OUTSTANDING SHARE DATA

At March 31, 2010, a total of 46,921,346 common shares of the Company were outstanding. Stock options outstanding at March 31, 2010 totalled 170,000 with exercise prices ranging from Cdn\$1.10 to Cdn\$1.35 per share and expiry dates between August 31, 2010 to March 18, 2012.

On April 29, 2010, the Company issued 7,692,000 units at Cdn\$0.065 per unit, each unit consisting of one share and one transferable warrant, each warrant exercisable into one common share at Cdn\$0.10 per share from April 29, 2010 until March 31, 2012. At April 29, 2010, a total of 54,613,346 common shares were outstanding.

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Consolidated Balance Sheets

(Expressed in U.S. dollars)

	March 31 2010 (Unaudited)	June 30, 2009
ASSETS		
CURRENT		
Cash	216,233	554,985
Prepaid expenses and other	164,435	35,999
Inventories	270,673	972,851
	651,341	1,563,835
INVESTMENTS		
	-	83,696
MINERAL PROPERTIES (Note 5)		
	3,689,986	3,587,880
PROPERTY, PLANT & EQUIPMENT		
	434,983	608,250
	4,776,310	5,843,661
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	337,755	365,665
 SHAREHOLDERS' EQUITY		
Share capital (Note 6)	48,961,596	48,961,596
<p>Authorized - Unlimited number of common shares without par value</p> <p>Issued & outstanding: 46,921,346 (June 30, 2009: 46,921,346)</p>		
Contributed Surplus	3,016,697	3,016,697
Deficit	(46,546,057)	(45,475,041)
Accumulated other comprehensive loss	(993,690)	(1,025,256)
	4,438,555	5,477,996
	4,776,310	5,843,661

APPROVED BY THE BOARD:

“Wayne Malouf”

Director

“Mahen Sookun”

Director

DIAMOND FIELDS INTERNATIONAL LTD.
Consolidated Statements of Earnings (Loss) and Deficit
(Un-audited – prepared by management)
(Expressed in U.S. dollars)

	Three months ended March 31,		Nine months ended March	
	2010	2009	2010	2009
DIAMOND SALES	-	-	802,987	704,427
OPERATING COSTS				
Production costs (including depletion)	112,567	683,358	1,097,769	2,834,624
Royalties, selling and marketing	-	38,578	24,984	123,196
	112,567	721,936	1,122,753	2,957,820
	(112,567)	(721,936)	(319,766)	(2,253,393)
GENERAL AND ADMINISTRATIVE EXPENSES				
Amortization	8,497	20,352	25,008	73,390
Consulting	273	1,158	86,551	57,247
Investor relations	8,708	30,655	12,296	61,304
Maintenance	389	1,634	1,000	16,714
Office	44,125	36,613	125,768	171,432
Professional fees	20,584	7,606	75,790	74,354
Regulatory	10,253	12,685	47,014	56,600
Salaries and benefits	59,120	56,996	182,884	309,363
Stock-based compensation	-	-	-	(216,066)
Travel and accommodation	11,565	9,890	35,651	39,167
	163,514	177,589	591,962	643,505
OTHER INCOME (EXPENSE)				
Interest and other income	4,572	117,034	9,321	137,719
Provision for VAT penalty reversed	-	314,207	-	314,207
Write off of exploration properties	(45,566)	-	(273,175)	(107,681)
Loss or gain on sales of property, plant and equipment	-	20,802	-	20,802
Other expenses	(1,933)	(4,051)	(6,563)	(23,704)
Foreign exchange	60,772	(146,437)	143,390	(337,171)
	(17,845)	301,555	127,027	4,172
EARNINGS LOSS FOR THE PERIOD BEFORE IMPAIRMENT CHARGE	(258,236)	(597,970)	(1,038,755)	(2,892,726)
IMPAIRMENT CHARGE	-	-	-	(1,729,323)
EARNINGS LOSS FOR THE PERIOD AFTER IMPAIRMENT CHARGE	(258,236)	(597,970)	(1,038,755)	(4,622,049)
RECOVERY OF FUTURE INCOME TAXES	-	-	-	1,153
NET EARNINGS LOSS FOR THE PERIOD	(258,236)	(597,970)	(1,038,755)	(4,620,896)
OTHER COMPREHENSIVE INCOME				
Gain on available for sale financial assets	(32,251)	22,500	(32,251)	22,500
COMPREHENSIVE LOSS	(290,487)	(575,470)	(1,071,006)	(4,598,396)
DEFICIT, BEGINNING OF PERIOD	(46,255,560)	(41,270,796)	(45,475,041)	(37,247,870)
DEFICIT, END OF PERIOD	(46,546,047)	(41,846,266)	(46,546,047)	(41,846,266)
BASIC AND DILUTED LOSS PER SHARE	(0.01)	(0.01)	(0.02)	(0.09)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (in 000's)	46,921	46,921	46,921	46,921

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

(Un-audited – prepared by management)

(Expressed in U.S. dollars)

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
OPERATING ACTIVITIES				
Net loss	(290,487)	(575,470)	(1,071,006)	(4,598,396)
Items not involving use of cash:				
Fair value movement in investments	32,251	(22,500)	32,251	(22,500)
Depreciation and depletion	58,494	194,256	174,946	613,586
Exceptional item	-	-	-	1,729,323
Write off of exploration properties	-	-	227,609	107,681
Recovery of future income taxes	-	-	-	(1,153)
Stock-based compensation	-	-	-	(216,066)
(Gain)/loss on sales of PPE	-	(20,802)	-	(20,802)
Net change in non-cash operating working capital items (Note 8)	(178,336)	(257,379)	545,832	4,543
	(378,078)	(681,895)	(90,368)	(2,403,784)
FINANCING ACTIVITIES				
Share capital issued, net of issue costs	-	-	-	2,000
Repayment of loan	-	-	-	-
	-	-	-	2,000
INVESTING ACTIVITIES				
Expenditures on mineral properties	(7,424)	(57,007)	(329,715)	(751,446)
Proceeds from sales of PPE and investments	83,011	31,838	83,011	31,838
Expenditures on other capital assets	(810)	-	(1,680)	(2,784)
	74,777	(25,169)	(248,384)	(722,392)
DECREASE IN CASH	(303,301)	(707,064)	(338,752)	(3,124,176)
CASH, BEGINNING OF PERIOD	519,534	1,574,579	554,985	3,991,691
CASH, END OF PERIOD	216,233	867,515	216,233	867,515

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 and nine months ended March 31, 2010 and 2009

(Un-audited – 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, 2009.

These interim financial statements follow the same accounting policies and methods of application as described in Note 1, Note 2 and Note 3 to the Company's most recent audited annual financial statements.

2. NATURE OF OPERATIONS AND GOING CONCERN

Diamond Fields International Ltd. and its subsidiaries (individually and collectively referred to as the "Company", "Diamond Fields" or "DFI") are engaged primarily in the exploration, development and recovery of gem quality diamonds from its property interests located in Namibia. Mining on the Company's Namibian sea concessions is carried out using a marine mining vessel. On December 19, 2008, the Company suspended operations of its diamond mining vessel, the MV DF Discoverer. The Board of Directors made this decision based on the severity of the global economic downturn and the sudden drop in the price of rough diamonds.

The Company also has international exploration activities, primarily for diamonds and gold in Liberia, as well as exploration rights in Madagascar.

These consolidated financial statements 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.

These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

DIAMOND FIELDS INTERNATIONAL LTD.

Notes to the Consolidated Financial Statements

Three and nine months ended March 31, 2010 and 2009

(Un-audited – prepared by management)

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

3. ADOPTION OF NEW ACCOUNTING STANDARDS & OTHER PROPOSED FUTURE ACCOUNTING CHANGES

The CICA Accounting Standards Board has adopted the following new or amended Handbook Sections:

In February 2008, the CICA issued Section 3064, *Goodwill and intangible assets*, ("Section 3064") replacing Section 3062, *Goodwill and other intangible assets* ("Section 3062") and Section 3450, *Research and development costs*. Various changes have been made to other standards to be consistent with the new Section 3064.

Section 3064 will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning July 1, 2009.

The Company is currently assessing the impact of this new accounting standard on its consolidated financial statements.

The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the Company's financial statements has yet to be determined.

FINANCIAL RISK MANAGEMENT

a. Capital Management:

The Company manages its capital structure to ensure that it will be able to continue as a going concern and makes adjustments to it, based on the funds available to the Company, in order to support its Namibian Sea Concessions and its other exploration properties.

There were no changes in the Company's approach to capital management during the nine months ended March 31, 2010 compared to the year ended June 30, 2009. The Company is not subject to externally imposed capital requirements.

b. Financial Risk Factors:

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, commodity price risk and foreign exchange risk.

Credit Risk

The Company is exposed to credit risk in relation to its cash, accounts receivable and inventories. At 31 March 2010, the company has no significant concentration of credit risk which has not been adequately provided for

DIAMOND FIELDS INTERNATIONAL LTD.

Notes to the Consolidated Financial Statements

Three and nine months ended March 31, 2010 and 2009

(Un-audited – prepared by management)

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

FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Commodity Price Risk

The ability of the Company to continue to mine its Namibia Sea concessions and develop its interests in its other exploration properties is directly related to the market price of diamonds, gold, nickel and zinc. Given the current market prices of diamonds and that the Company's activities on its other exploration properties are currently in the exploration stage and that no minerals reserves have been identified, the Company does not use financial derivatives or physical delivery sales contracts and accordingly, commodity price risk is considered low.

Foreign Currency Exchange Rate Risk

The Company transacts business in, Canada, Namibia and South Africa and purchases goods and services denominated in US, Canadian and Namibia Dollars and South African Rands. As a result, the Company has foreign exchange transaction and translation exposure. Canadian and Namibia dollar and South African Rand denominated transactions are translated into US\$ at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities are translated into United States dollars using the exchange rates in effect at the balance sheet dates. Translation gains and losses are recognized in income in the current period.

The Company primarily advances US dollar denominated funds to its Namibia subsidiaries to the extent necessary to carry out continued mining operations thus monetary asset and liability balances at these subsidiaries are moderate. The Company also advances US dollar denominated funds to its other subsidiaries to the extent necessary to carry out exploration and development activities thus monetary assets and liability balances at these subsidiaries are minimal. As such, the Company has low exposure to foreign currency exchange rate fluctuations at this time.

5. MINERAL PROPERTIES

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

	March 31, 2010	June 30, 2009
Namibian sea concessions	2,524,324	2,524,324
Other exploration properties	1,165,662	1,063,556
	3,689,986	3,587,880

DIAMOND FIELDS INTERNATIONAL LTD.

Notes to the Consolidated Financial Statements

Three and nine months ended March 31, 2010 and 2009

(Un-audited – prepared by management)

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

5. MINERAL PROPERTIES (CONTINUED)

On December 19, 2008, the Company announced that it has suspended the operations of its diamond mining vessel the MV DF Discoverer until further notice. The Board of Directors has made this decision based on the severity of the global economic downturn and the sudden drop in the price of rough diamonds.

6. SHARE CAPITAL

At March 31, 2010, a total of 46,921,346 common shares of the Company were outstanding. Stock options outstanding at March 31, 2010 totalled 170,000 with exercise prices ranging from Cdn\$ 1.10 to Cdn\$ 1.35 per share and expiry dates between August 31, 2010 to March 18, 2012, respectively.

7. CASH FLOW INFORMATION

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

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
(Increase) decrease in:				
Accounts receivable	(52,061)	63,322	(128,436)	391,248
Inventory	(23,039)	334,399	702,178	106,760
Prepaid expenses	-	8,642	-	250,110
(Decrease) increase in:				
Accounts payable and accrued liabilities	(103,236)	(663,742)	(27,910)	(743,575)
	(178,336)	(257,379)	545,832	4,543

9. SEGMENTED INFORMATION

The Company considers its business to consist of one reportable business segment. All of the Company's revenue for the nine-month period ended March 31, 2010 and 2009 was earned in Namibia.