ANNUAL INFORMATION FORM

For the year ended June 30, 2010

DIAMOND FIELDS INTERNATIONAL LTD.

Suite 303, 595 Howe Street
Vancouver, British Columbia, V6C 2T5
Telephone: (604) 685-9911
Facsimile: (604) 718-2808
Website: www.diamondfields.com

Dated September 24, 2010

TABLE OF CONTENTS

PRELIMINARY NOTES

In this Annual Information Form ("AIF"), Diamond Fields International Ltd. is referred to as "Diamond Fields" or "DFI" or the "Company". The information contained herein is as at September 24, 2010, unless otherwise specified. Diamond Fields is a public company listed on the Toronto Stock Exchange (the "Toronto Exchange") under the trading symbol "DFI".

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this AIF respecting reserves, resources, plans, objectives and future performance of the Company's business are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", or "continue" or the negative thereof or variations thereon or similar terminology. These forward-looking statements involve risks and uncertainties relating to, among other things, financing, changes in commodity prices, unanticipated reserve and resource grades, geological, processing, transportation, infrastructure and other problems, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of governmental approvals, political risk and related economic risk, actual performance of plant, equipment, and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those set forth herein under "Risk Factors". Forward-looking statements speak only as of the date hereof. The Company disclaims any intent or obligation to update the forward-looking statements contained herein, except as required by applicable law. Readers are cautioned not to place undue reliance on any forward-looking statements.

Incorporation of Other Information

This AIF is and will be supplemented by the following documents relating to the Company which are available on the website: www.sedar.com., which documents are incorporated by reference as part of this AIF: (i) the Company's consolidated annual financial statements and Management's Discussion and Analysis ("MD&A") for the fiscal year ended June 30, 2010, together with the auditor's report thereon (ii) Technical Report entitled "Resources for Diaz Prospect 1, Namibia" dated December 2006, as prepared by SRK Consulting Engineers & Scientists, which was SEDAR filed January 4, 2007; (iii) Technical Report dated November 11, 2002, as prepared by R.H. De Decker of Marine & Coastal Geoscience (Pty) Ltd. ("MCG"), which was SEDAR filed November 19, 2002; (iv) updated Technical Report dated March 30, 2006, as prepared by R.H. De Decker of De Decker and Associates Consulting Services, entitled "The Marine Alluvial Diamond Properties ML 111, EPL 1607 A&B and ML 32, Luderitz, Namibia" which was SEDAR filed April 18, 2006; (v) the most recent management proxy information circular of the Company; and (vi) all documents, including prospectuses, material change reports and quarterly financial statements as filed with the BC Commission, the Ontario

Commission and the Saskatchewan Commission in accordance with the requirements of the BC Act, the Ontario Act and the Saskatchewan Act, respectively. All financial information in this AIF is prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). This AIF relates to the Company's fiscal year ended June 30, 2010.

Currency

This Annual Information Form contains references to both United States dollars and Canadian dollars. United States dollars are referred to as "$" and Canadian dollars are referred to as "Cdn$".

GLOSSARY OF TECHNICAL TERMS

In this Annual Information Form, the following technical terms have the following meanings:

Abrasive Jetting: water assisted jetting of sized pebbles from the processing stream on board, via hoses and jetting nozzles attached to the mining head back to the seabed. The pebbles provide an abrasive blast to the seabed during mining. Abrasive jetting has been proven to increase recoveries of diamonds by improving the cleaning of footwall irregularities and breaking up semi-consolidated diamond trapping sediments like clay and beachrock.

Aeolian: descriptive term indicating wind generated deposits or wind generated features like sub aerial deflation basins.

Airlift: a method of creating suction underwater. Compressed air is pumped down to the seabed and released into the open end of a pipe suspended from a vessel. The air rises and expands inside the pipe back to the surface. The expansion of the air as it rises creates suction and seabed material is "sucked up" into the pipe. Airlift is effective to depths greater than approximately 10m. A rule of thumb is that the airlift method can lift seabed material up to 10% of the depth at which it is operating, above sea level. For example, suspending a pipe to the seabed and releasing compressed air into it at 30m of water depth will result in a lifting of material from the seabed to a point 3m above sea level for delivery to a plant.

Bathymetric soundings: measurement of depth of the water above the sea floor, normalized to tidal variations.

Beachrock: semi consolidated to consolidated sand layer cemented with a precipitated salt (calcite or dolomite). Beachrock forms in the intertidal zone in arid climates. The cementing action of the precipitating salt cements everything in the vicinity together including shells, pebbles, coarse and fine sand and diamonds.

Biotite: platy mineral characteristic of Lüderitz area gneissic rocks along with quartz and feldspar.

Carat: one-fifth of a gram.

cts/m^2: carats per square metre.

"**CIM**" Canadian Institute of Mining, Metallurgy and Petroleum.

Dense Media Separation ("DMS"): the process by which heavy components of the sediments recovered from the sea floor are concentrated and separated from the light materials by mixing material in dense mediums (ferrosilicon and water).

Diamondiferous: diamond bearing.

"**Dore**" A compound containing gold and silver metal and various impurities.

Dual Airlift: deploying one airlift hose off each side of the vessel. This is intended to improve recoveries by applying a second pass of mining immediately behind the first as the vessel is moved from side to side of a mining block.

Dyke (Dike): tabular bodies of intrusive rock that cut across existing structures in host rock. Can occur as single bodies or in "swarms" of similar trending bodies.

Ferrosilicon: an alloy of iron and silicon used to increase density and operate the DMS process.

Fluvial: transported by rivers.

Footwall: the surface on which the diamond bearing (mineral ore) is located.

Force (applied to wind speed): from the Beaufort scale of wind speeds ranges from Force 0 (calm) to Force 12 (hurricane).

Gneissic: having a texture characterized by linear to undulose mineral fabric and a range of constituent mineral crystal sizes contributing to the generally coarse, well foliated texture.

Grade: carats per cubic meter.

Granite: A plutonic rock or igneous body composed primarily of alkali feldspar and quartz. Also a lightly coloured coarse grained igneous rock.

Granitic: having a texture or mineralogy characteristic of granite.

ha: hectare.

harzurgite protolite: a dark coloured crystalline rock rich in iron and magnesium, bearing minerals which comprised the pre-cuser rock prior to alteration by weathering processes.

Isobaths: lines joining points of equal water depth, analogous to isobars in weather reporting and elevation contours on topographic maps.

Kimberlite: rock type having texture and mineralogy characteristic of diamond bearing intrusive “pipes” in Kimberly, South Africa, the type locality for this rock.

km: kilometre.

Km^2: square kilometre.

Lamproite: generally dike or sill-like bodies of composition similar to kimberlite but often finer grained. May be diamond bearing.

Laterite: Tropical soil, reddish in colour, leached of soluble minerals and silicates but rich in hydroxides of aluminium and iron and formed under conditions of good drainage. The product of intense weathering of ultramafic rocks at the surface of the earth in humid climactic conditions.

Lateritic Nickel Deposit: Nickel enrichment in parts of the weathering profile of a laterite by incorporation of free nickel in newly formed stable minerals or into the alteration products of primary minerals during breakdown of an ultramafic volcanic rock to laterite.

m: metre.

m^2: square metre.

mm: millimetre.

"**NI 43-101**" National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*. An instrument developed by the Canadian Securities Administrators (an umbrella group of Canada's provincial and territorial securities regulators) that governs public disclosure by mining and mineral exploration issuers. The instrument establishes certain standards for all public disclosure of scientific and technical information concerning mineral projects.

Ploymetallic: a description of a substance defining the presence of more than one different type of metal.

"**Qualified Person**" Conforms to that definition under NI 43-101 for an individual: (a) to be an engineer or geoscientist with at least five years' experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; (b) with experience relevant to the subject matter of the mineral project and the technical report; and (c) is a member in good standing of a professional association that, among other things, is self-regulatory, has been given authority by statute, admits members based on their qualifications and experience, requires compliance with professional standards of competence and ethics and has disciplinary powers to suspend or expel a member.

Schist: a rock texture characterized by a parallel alignment of platy minerals like biotite, forming a shear plane within a rock. Schistose texture creates a parting plane along which rock can be cleaved, as in slate or shale deposits.

Side-Scan Sonar: images produced by sonic reflection from sea bed surface features.

Sphaleritic palaeokarst: An ancient cavity formed by the dissolution of rock which has subsequently been infilled by minerals predominantly containing the metal zinc in the mineral form of Sphalerite.

Sqm: square metre(s).

"**tpd**" Tonnes per day. One metric tonne equals 1.10231 short tons.

"**TSX"** The Toronto Stock Exchange.

Ultramafic: Volcanic and intrusive volcanic rocks having less than 45% silica and composed of ferromagnesian silicates, metallic oxides and sulphides and native (free) metals.

Ventifacts: pebble to boulder-sized rocks found in Aeolian transport corridors. Ventifacts have characteristic smooth weathering patterns that are created by the sand blasting of finer particles in transport, blown by focused, high-velocity winds.

Vibracores: drill samples gathered by vibrating a sample tube through unconsolidated sediments.

Conversion Factors

To Convert From	To	Multiply By
Feet	Meters	0.305
Meters	Feet	3.281
Miles	Kilometres ("**km**")	1.609
Kilometres	Miles	0.6214
Acres	Hectares ("**ha**")	0.405
Hectares	Acres	2.471

To Convert From	To	Multiply By
Grams	Ounces (Troy)	0.03215
Grams/Tonnes	Ounces (Troy)/Short Ton	0.02917
Tonnes (metric)	Pounds	2,205
Tonnes (metric)	Short Tons	1.1023

Mineral Elements

Ag – Silver	Au – Gold
Pb – Lead	Zn – Zinc

NI 43-101 Definitions

"**Mineral resource**" Refers to a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

The terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" used in this Annual Information Form are Canadian mining terms as defined in accordance with NI 43-101 under the guidelines set out in the CIM Standards.

"**Measured mineral resource**" Refers to that part of a mineral resource for which quantity grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

"**Indicated mineral resource**" Refers to that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable

	exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
"**Inferred mineral resource**"	Refers to that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
"**Mineral reserve**"	Refers to the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. The study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that might occur when the material is mined. Mineral reserves are categorized as proven mineral reserves or probable mineral reserves as follows on the basis of the degree of confidence in the estimate of the quantity and grade of the deposit.
"**Proven mineral reserve**"	Means, in accordance with CIM Standards, for the part of a deposit which is being mined, or which is being developed and for which there is a detailed mining plan, the estimated quantity and grade or quality of that part of a measured mineral resource for which the size, configuration and grade or quality and distribution of values are so well established, and for which economic viability has been demonstrated by adequate information on engineering, operating, economic and other relevant factors, that there is the highest degree of confidence in the estimate.
"**Probable mineral reserve**"	Means, in accordance with CIM Standards, the estimated quantity and grade or quality of that part of an indicated mineral resource for which economic viability has been demonstrated by adequate information on engineering, operating, economic and other relevant factors, at a confidence level which would serve as a basis for decisions on major expenditures.

"**Preliminary Assessment**" **or** "**Scoping Study**"	The term "preliminary assessment" or "preliminary economic assessment" commonly referred to as a scoping study, means a study that includes an economic analysis of the potential viability of mineral resources taken at an early stage of the project prior to the completion of a preliminary feasibility study.
"**Pre-feasibility Study**" **or** "**preliminary feasibility study**"	Refer to a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and include a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated on March 8, 1996 as an International Business Company under the laws of the British Virgin Islands. On January 16, 1998 the Company was extra-provincially registered in British Columbia pursuant to the *Company Act* (British Columbia) (now called the *Business Corporations Act* (B.C.) (the "BCA")). In May 1998, the Company amended its articles of incorporation by consolidating its issued and unissued share capital on the basis of four pre-consolidated common shares for one post-consolidated common share. In June 1998, the Company was continued under the *Business Corporations Act* (Yukon). On March 27, 2007, the Company was continued under the BCA and is currently domiciled in British Columbia and is governed by the BCA.

On September 25, 2008, the Company consolidated its issued and unissued share capital on the basis of five pre-consolidated common shares for one post-consolidated common share.

The Company's principal, registered and records office is located at Suite 303, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5. The Company's subsidiary, Diamond Fields (South Africa) (Pty) Ltd. has an office in South Africa at Unit 15 Point Business Park, Cnr Koeberg and Marinus Street, Milnerton, South Africa. The Company's subsidiary, Diamond Fields (Namibia) (Pty) Limited has offices at 76 Plato Street, Academia, Windhoek, Namibia, and at 649 Vogelsang Strasse, Luderitz, Namibia.

The Company is a reporting issuer under the *Securities Act* (BC) (the "BC Act"), the *Securities Act* (Ontario) (the "Ontario Act"), and the *Securities Act* (Saskatchewan) (the "Saskatchewan Act") and, as such, is required to make filings on a continuous basis thereunder. Such material is available for inspection under DFI's profile on the SEDAR website at www.sedar.com.

Intercorporate Relationships

The Company has two material subsidiaries, being: Kimberly Overseas, a Cayman Islands company incorporated in 1994 ("Kimberly"); and Diamond Tenders, a Belgian company of which the Company owns 24% ("DTB"), which is controlled by a company that is in turn controlled by a significant shareholder of the Company. Kimberly has several wholly owned subsidiaries, the primary ones of which hold the Company's Namibian, Madagascar and Zambian project assets, DTB is a diamond broker that sells DFI's Namibian sea diamonds and other diamonds through a tender process in Belgium. The Company also owns Diamond Fields Saudi Arabia Ltd., a British Virgin Islands Company incorporated in 2009 ("DFSA) through which the Company will hold and develop its interests in the Atlantis II Red Sea deeps project.

Unless the context otherwise requires, all references herein to "Diamond Fields", "the

Company" or "DFI" includes the Subsidiaries.

The Company's organization chart setting out the name and jurisdiction of incorporation or continuance of each of the subsidiaries of the Company is attached hereto as Schedule "B".

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Conversion of Debt

In June 2007, Diamond Fields received minority shareholder approval at an extraordinary general meeting held to permit the conversion of the principal amount of debt owing to Spirit Resources SARL ("Spirit") under a credit facility with Spirit into common shares of the Company, on the basis of one common share for each $0.15 of principal. Spirit is controlled by Mr. Jean-Raymond Boulle, the Company's largest shareholder. In July 2007, Spirit converted the outstanding debt in the principal amount of $3,901,110.53 into 26,007,403 common shares of DFI.

Conversion and Renewal of EPL1607A and EPL1607B Exploration Licenses to Mining Licenses and renewal of Mining License ML 32

Exploration licenses EPL1607A and EPL1607B were successful renewed by the Namibian authorities in November 2007 as mining licenses ML138 and ML139 respectively. The two licenses encompass a surface area of 9,200 and 13,600 hectares of prospective marine diamond mid water deposits off the west coast of Namibia. ML138 has an initial tenure of 12 years, and ML139 has an initial tenure of 22 years (refer to DFI News Release dated November 13, 2007). The Company's application for renewal of Mining License ML 32 is pending with the Government of Namibia.

Change of Management

In December 2007, Roger Daniel stepped down as CEO and President of the Company, and Wayne Malouf was appointed as President and CEO. On January 17, 2008, Mr. Malouf was also appointed Chairman of the Board of the Company. In April 2008, Waldo Pienaar stepped down as CFO and Secretary of DFI, and Gooroodeo (Mahen) Sookun was appointed as CFO on May 1, 2008. In October 2007, Ian Ransome was appointed as Chief Operating Officer of the Company. Reference is made to DFI's News Releases dated December 24, 2007, January 22, 2008 and May 1, 2008. In July 2010, Wayne Malouf resigned as President and CEO, and Mr. Ransome was appointed CEO, a position he currently holds. As of the date of this AIF the officers of Diamond Fields are comprised of the following:

- Ian Ransome – President, Interim CEO, and COO
- Gooroodeo (Mahen) Sookun – CFO, Secretary and Director

Change of Directors

In October 2007, Roger Daniel resigned as a director of the Company, and R. Edward Flood and John B. Sisay were appointed as directors. In December 2007, Edward Wayne Malouf was appointed as a director, as well as President and CEO. In July 2008 Mr. R. Edward Flood resigned from the Board of Directors, and in February 2009, Mr. John Sisay resigned from the Board. In December 2009, Mr. Craig McLean was appointed as a director. The Board is currently comprised of six (6) directors: Norman Roderick Baker, Earl Young, Gregg Sedun, Gooroodeo (Mahen) Sookun, Edward Wayne Malouf, and Craig McLean.

Move of Head Office

In April 2008, the Company's head office returned to Vancouver, British Columbia from South Africa. Reference is made to DFI's News Release dated April 25, 2008.

Change of Auditor in 2008

In May 2008 BDO Canada LLP, Chartered Accountants with office in Vancouver, B.C. was appointed as the Company's Auditor, taking the place of PricewaterhouseCoopers LLP, who resigned in April 2008. PricewaterhouseCoopers LLP was Auditor of the Company from June 2006 to April 2008.

5:1 Consolidation

At Diamond Fields' Annual General Meeting held December 3, 2007, shareholders approved the consolidation of the Company's share capital on the basis of one (1) post-consolidated share for every five (5) pre-consolidated shares. The consolidation was effected September 25, 2008.

Joint Operations with Bonaparte Diamond Mines NL

On November 5, 2008 the Company entered into a termination agreement with Bonaparte Diamond Mines NL ("Bonaparte") to end a joint venture that had commenced in January 2007. Reference is made to DFI's News Release dated December 1, 2008. Mining under the joint operating agreement (the "JO Agreement") with Bonaparte commenced on January 27, 2007. On May 26, 2008 the Company and Bonaparte Diamond Mines NL jointly announced that they completed joint mining operations in Dias Reef.

Marine Diamond Mining

The Company's mining vessel, the *mv DF Discoverer*, operated within DFI's marine diamond Mining License 111 near Luderitz, Namibia until December 2008, when the Company suspended vessel operations due to a drop in world diamond prices. All diamonds produced by the *mv DF Discoverer* during the fiscal year ended June 30, 2009

were either sold or held in inventory. Annual diamond production for the year ending June 30, 2009 on Diamond Fields' Namibian marine concessions was 4,120 carats of which 121 carats were produced by a joint shallow water operation with Letu Diamonds, which is entitled to 30% of the net proceeds from the sale of those 121 carats. A total of 2,861 carats were sold during the 2009 financial year (average price received per carat $246.21. Revenue generated in the 2009 financial year amounted to $701,038. Operating costs during the 2009 financial year were $2,846,508 resulting in an operating loss of $2,145,470.

A total of 3,940 carats were held in stock on July 1, 2009. Subsequently, during July 2009, a total of 3,878 carats were sold at an average price of $206.04 per carat. A total of 180.9 carats were produced during the current financial year by a joint shallow water operation with Letu Diamonds, which is entitled to 30% of the net proceeds. At the end of the financial year, on June 30, 2010, a total of 242.9 carats were held in stock. Diamonds revenue generated during the financial year ended June 30, 2010 amounted to $799,009 (net of amounts attributable to our joint operations partner). Operating costs during the financial year ended June 30, 2010 were $1,218,417 resulting in an operating loss of $419,418.

Cdn$500,000 Private Placement

In April 2010, DFI issued 7,692,000 units at Cdn$0.065 per unit pursuant to a private placement for gross proceeds of Cdn$499,980 (US$501,443). Each unit was comprised of one share and one warrant, each warrant being exercisable into one share at Cdn$0.10 per share from April 29, 2010 until March 31, 2012. Share issue costs incurred in relation to the private placement totalled $8,235. At the request of the TSX, the Warrants may not be exercised until receipt of "Disinterested" shareholder approval, which will be sought at the Company's next Shareholders' Meeting. If Disinterested Shareholder approval is not received, the Warrants will be cancelled. Proceeds were applied toward advancing the Company's exploration projects and for general working capital.

Exclusive License Granted: Atlantis II Deeps, Red Sea, Saudi Arabia

In June 2010, DFI's joint venture partner, Manafa International Trade Company of Saudi Arabia ("Manafa") was granted an exclusive mining license for a 30 year period, extending over the Atlantis II Deeps, widely acknowledged as the largest known poly-metallic marine SEDEX deposit in the world., located within the Red Sea. Pursuant to the terms of a joint venture agreement, DFI owns 50.1% of the venture, and Manafa owns 49.9%. The project will be developed in defined stages, commencing with a Scoping Study designed to test the accuracy of the huge volume of historic data available on the deposit. Reference is made to DFI's News Released dated June 4, 2010 for further information.

Impairment of Mineral Properties

In view of the present world economic downturn and challenging markets, management

has written off the carrying value of the mineral properties. Such impairments, as detailed in the audited financial statements, were reflected in the financial years ended June 30, 2009 and June 30, 2010.

Non-Material Projects and Acquisitions from 2007 to 2010

Liberia

In July 2004, DFI entered into an option agreement with Ducor Minerals Inc. pursuant to which DFI earned a minimum 70% interest in two Mineral Exploration Agreements between Ducor and the Republic of Liberia (the "Grand Cape" and "Grand Gedeh" Properties), covering a total area of 1813.72 km^2, which are prospective for diamonds and gold, respectively. Reference is made to DFI's News Release dated August 12, 2004 for particulars. In September 2008, DFI acquired a 70% stake holding in the Liberian properties. The license for both the Grand Cape and Grand Gedeh Properties were subject for renewal in June 2009. The Government of Liberia renewed the Grand Gedeh property for one additional year but not the Grand Cape property. Following further review of the economic potential of the Grand Gedeh property, the Company opted not to renew its exploration lease on the Grand Gedeh property in 2010. Pursuant to the Grand Cape property, DFI has notified the Government of its intent to refer the matter to arbitration. The Company is currently assessing its options.

Madagascar

The Valozoro nickel deposit is located 60 km north of the town of Fianarantsoa in south-centre Madagascar, and is reported in the Catalogue des Principaux Gites Mineraux de Madagascar ("Catalogue of Principal Mineral Deposits of Madagascar"). It comprises an "A" type nickel laterite deposit, produced from the weathering of a harzurgite protolith. Diamond Fields holds 100% of the exploration rights which renewable in March 2015

During 1956 and 1957, UGINE completed an extensive prospecting program of sampling pits excavated on 30 by 30 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

DFI completed reconnaissance sampling (see DFI News Release dated March 4, 2004) and pit sampling from 2004 to 2006. For details on work during this time, refer to earlier AIFs. In 2007, the Company undertook an extensive channel sampling program of 425 of the existing prospecting pits with samples taken at half-meter intervals. Sampling and field work was undertaken by Rawtech C.C., South Africa, an NI 43-101 compliant company. A total of 5,142 samples were collated, with 2,551.25 metres of pits logged.

The bulk samples were shipped to the ALS Chemex Group laboratories in South Africa, an accredited institution, and analyzed by the ME-ICP61a method. Values up to 7.94% nickel were returned from a serpentinized zone, whilst the saprolitic zone yielded an average weighted value of 1.75% nickel. In May 2008, DFI commissioned Ground Radar Ltd., a NI43-101 compliant Canadian company to undertake a close spaced (30 metre line interval) ground penetrating radar over the deposit. Initial modeling undertaken by DFI indicate significantly higher resource are present than indicated by UGINE. On the basis of work undertaken by the Company, current inferred resources are estimated by at 10,957,744 tonnes of ore grading at 1.661% nickel.

Zambia

In July 2007 Diamond Fields 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.

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. Regional exploration 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 (La Générale des Carrières et des Mines), 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. A total of 67l holes have been drilled underground by Gecamines along the 1,132msl drill addit following the southwesterly strike of the Kipushi ore body in the Republic of Zambia. These are dispersed in 12 drill fans, drilled at 15 metre intervals sub-perpendicular into the strike of the ore body, which plunges steeply to the northwest. The Gecamines drill data for the Zambian extension to the Kipushi ore body has been modeled using polygonal resource estimates between the 1,200msl and 1,570msl levels. At least two sphaleritic palaeokarst are contained within the 1,200msl to 1,570msl level on the Zambian side of the border. A third sphalerlitic palaeokarst is partially intersected by the international border. Mineralization is open to the southwest on the Zambian side of the border. The Company has not independently verified the Gecamines drill data and thus conservatively treating any resource estimates as "indicated".

Two other areas of potential base metal mineralization interest have also been identified on the property. This includes the Katwishi copper zinc anomaly, located approximately 1 kilometre to the northwest of the Kipushi ore body. The anomaly is genetically similar to the Kipushi deposit, being associated with late stage faulting of the Kakontwe Limestone, and is thought to be related to the same mineralizing episode as the former.

The anomaly was previously drilled by American Mineral Fields to an effective depth of 252 metres, encountering statistically significant copper and zinc mineralization. Evidence derived from modeling the Kipushi ore body by the Company suggest by analogy, that lateral propagation of the mineralizing fluids was the dominant, and economic base metal concentrations may be located within the Katwishi anomaly at depth. The second anomalous area comprises a zone near the village of Yowela, approximately 15 kilometres to the east of Kipushi, of copper clearings and cupriferous gossans developed within the Lower Kundelungu sediments. DFI commenced reconnaissance field work on the property in 2007, with 53 stream sediment samples, 41 soil samples, and 23 grab samples being collected. The original license area covered 444km^2. A renewal application, accompanied by a voluntary retrocession reducing the surface area to 114.5 km^2 was submitted by Lion Fields Limited in October 2008 to the Government of the Republic of Zambia. The license for the current year expired in June 2010 and has not been renewed.

DESCRIPTION OF BUSINESS

General

Diamond Fields is an exploration and mining company pursuing diamond, gold, nickel and zinc/copper opportunities in the Red Sea, Namibia, Madagascar and Zambia. The Company undertakes offshore marine exploration in the Red Sea and exploration and production of diamonds in Namibia. It also has a nickel exploration project in Madagascar and a zinc/copper exploration project in Zambia.

DFI's principal projects are the Atlantis II Red Sea polymetallic project and the sea diamonds project offshore Namibia. The Atlantis II project involves deep-sea mining of polymetallic muds containing zinc, copper, silver, gold and other metals in the Red Sea approximately 115 kilometers west of Jeddah, Saudi Arabia. The Company is analyzing and digitizing significant amounts of data on the deposit and preparing a scoping study in preparation for pre-mining.

The Namibian sea diamonds project involves mining gem-quality diamonds from the Company's diamond concessions off the coast of Lüderitz, Namibia. Operations were suspended in January 2009 due to depressed diamond prices resulting from the global recession. As disclosed under "Three Year History" above, the Company's mining vessel, the *mv DF Discoverer* operated within DFI's marine diamond Mining License 111 near Luderitz, Namibia until December 2008, when the Company suspended vessel operations.

As at the Company's most recently completed year end, Diamond Fields had one (1) consultant in Vancouver, one (1) employee in its Namibian office, three (3) contracted people in relation to its mining vessel operations, two (2) employees and one (1) consultant in Cape Town, South Africa, and three contracted people in Mauritius.

Risk Factors

An investment in the Company's securities involves a significant degree of risk and should be considered speculative due to the nature of the Company's business and the present stage of its development. Prospective investors should carefully review the following factors together with other information contained in this AIF before making an investment decision.

Political Risks

The Company strives to minimize political risk by monitoring events in countries where it operates or considers operating, maintaining a presence with employees and/or local representatives, and by complying with local laws and regulations. Some of the countries in which the Company operates and conducts exploration activities 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 to raise additional financing to continue its exploration activities, maintain its exploration properties, and operate its mining vessel. There can be no assurance as to the success of future financing activities necessary to meet its 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.

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

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 the diamonds and minerals identified. . Even if commercial quantities are discovered, economic recovery is dependent upon a number of factors, including the particular attributes of the deposit, such as terrain, size and grade, commodity 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 mining involves significant risks

The business of offshore 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 marine projects are 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 marine projects which may adversely affect profitability.

The offshore 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. Likewise, geological conditions in the Atlantis II Red Sea concession could adversely affect the ability of the mining tools to recover the amount of material estimated to be recovered from the sea floor. The extent to which this will occur cannot be quantified at this time and will only be known as mining progresses.

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 the 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 British Columbia, 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 as described in this Annual Information Form, 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 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 diamonds and the other material the Company mines

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 jewelry by value. There can be no assurance that an economic recession in the United States, a global recession, increased supplies, or the actions of major players in the market will not adversely affect the prices the Company will receive for its diamonds and its revenues from mining operations. The same is true for any other material mined by the Company.

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 Company's concessions are subject to the laws and regulations of the country in which they are located. Additionally, the Atlantis II Red Sea project is subject to regulation by the Joint Red Sea Commission. 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 laws and regulations or changes in the political and economic status of any particular country.

Operations carried on by the Company 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, labor 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 a project

All aspects of the Company's operations are subject to environmental regulation. Environmental legislation is evolving in a manner which will likely 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. In Namibia, 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. Each of the Company's projects requires environmental responsibility and oversight by government. 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.

Mineral Projects

Sea Diamonds Project

Project Description and Location

The Sea Diamonds Project has been developed to explore and to mine offshore diamond deposits near the coastal town of Lüderitz, Namibia that are contained in the mining concessions held by the Company's wholly-owned subsidiary Diamond Fields Namibia (Proprietary) Limited ("DFNPL"), through marine diamond Mining Licenses 111, 138 and 139 ("ML 111", "ML 138" and "ML 139"). The licenses provide for exclusive rights to mine the properties.

ML 111

The Minister of Mines and Energy for Namibia granted ML 111 to DFNPL in February 2001. The license area, covering 312 km^2, has been granted for an initial period of 15 years, expiring on December 4, 2015 and renewable upon application and acceptable performance. ML 111 incorporates the ocean floor from the border of DFNPL's ML 32, which is approximately 3 km from the shoreline, to a point 12 km seaward and extends for more than 70 km of coastline from Diaz Point in the south to Marshall Rocks in the North. The ML 111 concession area is centered on Lüderitz Bay.

The mining of diamonds on ML 111 is subject to the requirements of the Namibian Minerals (Prospecting and Mining) Act of 1992 and the Diamond Act, 1999. Under these Acts, DFNPL is obligated to pay an annual fee to the Namibian government in order to maintain the property in good standing. DFNPL is also obligated to file periodic reports, expenditure schedules, plans and other reports with respect to its activities on the property with the Namibian government. The Company has implemented an environmental management system in order to address the requirement for an environmental management program in Namibian mining operations.

All diamonds mined from Namibia are subject to a ten percent export tax (royalty) based on the value of diamond production as determined by the Government Diamond Valuator ("GDV") appointed under Namibia's Diamond Act. The GDV valuation process is conducted approximately once every five weeks (ten times per year) in Windhoek. Accordingly, DFNPL must deliver all of its diamond production to Windhoek for a valuation and pay the applicable royalty prior to disposition of their diamonds for international sale.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Sea Diamonds Project concession area for mining purposes is possible only by means of an ocean-going vessel suitably equipped with underwater diamond mining technology and equipment. Port facilities for such vessels exist at Lüderitz, which is the population centre nearest to ML 111. Lüderitz is accessed by an all weather airport, with daily flights from South Africa and Namibian population centers at Windhoek and Walvis Bay. Lüderitz is also connected to Namibia's national highway network via a hard surface link.

Namibia is an arid country dominated by the Namib Desert extending along its Atlantic Coast. The Lüderitz area is surrounded by this desert and its local climate is dominated by strong winds predominantly from the south. The meteorology is driven to a large extent by storms emanating from the high pressure cell that lies over the southern Atlantic Ocean. There is an increased frequency of high winds in the summer, frequently at gale force strength as result of the juxtaposition of the cold Atlantic air mass and the hot Namib Desert air mass. Winds are funneled along the intersection zone at the coast. This wind corridor is also responsible for the transport of considerable amounts of alluvial diamonds, stripped from beach deposits and moved northward by saltation in the

high wind regime.

Wind directly affects all aspects of life in the Lüderitz area. Mining vessels suffer strain on the mooring anchors and cables whilst maintaining position above mine workings on the seabed. Wind indirectly affects the vessel deployment system and mining tool by inducing waves and swells which causes vessel heave. Vessel heave, in turn, affects deployment and tool design as well as the vessel's ability to keep station and thus may affect mining efficiency.

The current in the Lüderitz area is relatively benign. However, swell generated in the Roaring Forties comes from the southwest and can affect mining. The largest swell occurs during the southern winter period between June and September when continuous low pressure cells generate gale force winds which in turn fuel development of heavy seas.

Light diesel and gas oil are available at Lüderitz harbor. However, Lüderitz does not have dry docking or repair facilities. The nearest port with specialized repair and dry dock facilities is Cape Town, South Africa. Lüderitz has a state-run hospital suitable for dealing with minor ailments and injuries. An airport 12km from the town provides services for small aircraft.

The majority of the Sea Diamond Project's vessel tendering is provided by supply vessels, which transport fuels, lubricants, planned-maintenance spare parts, emergency spare parts, consumables and catering supplies. Lighters also remove waste generated on-board.

History

Please refer to DFI's Annual Information Form dated September 27, 2007 for detailed history prior to 2007. On November 5, 2008 the Company entered into a termination agreement with Bonaparte Diamond Mines NL ("Bonaparte") to end a joint venture that had commenced in January 2007. Reference is made to DFI's News Release dated December 1, 2008. Mining under the joint operating agreement (the "JO Agreement") with Bonaparte commenced on January 27, 2007. On May 26, 2008 the Company and Bonaparte Diamond Mines NL jointly announced that they completed joint mining operations in Dias Reef. The Company's mining vessel, the *mv DF Discoverer*, operated within DFI's marine diamond Mining License 111 near Luderitz, Namibia until December 2008, when the Company suspended vessel operations due to a drop in world diamond prices. All diamonds produced by the *mv DF Discoverer* during the fiscal year ended June 30, 2009 were either sold or held in inventory. Annual diamond production for the year ending June 30, 2009 on Diamond Fields' Namibian marine concessions was 4,120 carats of which 121 carats were produced by a joint shallow water operation with Letu Diamonds, which is entitled to 30% of the net proceeds from the sale of those 121 carats. A total of 2,861 carats were sold during the 2009 financial year (average price received per carat $246.21. Revenue generated in the 2009 financial year amounted to $701,038. Operating costs during the 2009 financial year were $2,846,508 resulting in an

operating loss of $2,145,470.

A total of 3,940 carats were held in stock on July 1, 2009. Subsequently, during July 2009, a total of 3,878 carats were sold at an average price of $206.04 per carat. A total of 180.9 carats were produced during the current financial year by the joint shallow water operation with Letu Diamonds, which is entitled to 30% of the net proceeds. At the end of the financial year, on June 30, 2010, a total of 242.9 carats were held in stock. Diamonds revenue generated during the financial year ended June 30, 2010 amounted to $799,009 (net of amounts attributable to our joint operations partner). Operating costs during the financial year ended June 30, 2010 were $1,218,417 resulting in an operating loss of $419,418.

Geological Setting

Alluvial and beach deposits of diamonds are formed when diamonds eroded from primary kimberlite deposits on land are transported down river systems to the ocean. These stones are trapped in over deepened or widened portions of channels, on river deltas and in ocean sediments such as the storm beach deposits present in Lüderitz Bay. Alluvial stones are generally of gem quality, having survived the turbulence of transport and subsequent action of the surf currents better than lower-quality stones. More than 95% of Namibian sea diamonds are of gem quality.

The current conceptual model for marine diamond deposits of southern Africa is that they were derived from the erosion of diamondiferous kimberlite pipes intruded into bedrock drained by the Orange River in southern Africa. The eroded material was transported as sediment to the coast along westward draining rivers which form the Orange River and its tributaries. The sediment was then circulated northwards along the southern African west coast, principally by means of longshore drift generated by high-energy northeast moving swells.

There are preferred localities where marine sediments have a higher probability of containing diamonds. These include the northern edge of south facing bays, north-facing log-spiral bays, along the southern side of ridges, the seaward end of south-southwest trending gullies and in potholes and bedrock depressions on submerged marine terraces. These recessive areas trap heavy sediments, including diamonds. Sediment transport and deposition has occurred during numerous sea level advances and retreats. Sea level elevations ranging from 200 m above to 500 m below the present day sea level are documented in the geological record. These fluctuations have created strandlines with terrace deposits throughout that range, with the highest mineable deposits occurring 100 m above current sea level and the deepest deposits currently being mined at 130 m below current sea level.

There is a relationship between stone size and distance northward and to a limited extent southward from the Orange River mouth. Previous studies indicate that there is a reduction in recovered average stone size with distance from the Orange River outfall, but that there are local increases in stone size at the mouths of rivers that cut across the

coastal plain and erode raised beach deposits containing diamonds.

Lüderitz Bay forms one of the few major natural sediment depositories along the relatively straight Namibian Coastline north of the Orange River. It acts as a regional sediment "trap site" in itself. The Bay has been filled to greater than 10 m thickness with sand which masks the potential for the presence of extensive diamond deposits not mappable or accessible with current technology. Around the margins of Lüderitz Bay, where overburden is thinner, several diamondiferous geological features, including the Elephant Basin, Diaz Reef, Conical Beach, Marshall Reef, Marshall Fork, Staple Basin and Boat Bay have been discovered.

Mineralization

The following are brief descriptions of the localities where mineral resources have been determined from the sampling programs undertaken between 1994 and 1999 and describe the bathymetric, geological and sedimentological character of each of these areas.

The bathymetry indicates that ML 111 lies almost entirely in water depths between 30 m and 70 m. The largest portion of this area is therefore readily accessible for prospecting and mining from medium sized vessels.

Marshall Reef Prospect

This area lies between Ichabo Island in the north and the southern end of Marshall Reef in the south. It measures 17 km by 14 km and is approximately 190 km^2 in area, including about 50 km^2 in ML 32. Detailed information on the seafloor geology and bathymetry of this prospect is limited to the three prospecting target features that were delineated for the *mv Geomaster* sampling program. Water depth in the Prospect ranges from sea level to about 80 m below sea level.

Marshall Fork

Situated on the southwestern side of Marshall Reef, this feature is formed by a large elongated, sinuous bedrock depression that may be a palaeo-channel lying between 30 and 78 m below sea level. It divides at its southern end to form two branches at water depths below 65 m. The depression lies about 1 m below the surrounding exposed bedrock terrain and has a stepped gradient, terraced at water depths that coincide with recognized sea level still stands. The main channel is about 4 km long and the sediment deposit has an average width of 200 m, widening to 300 m (+) at the southern ends of the two channels. The sediment thickness is generally less than 2 m. Stratigraphically, the deposit consists of mature, exotic gravel and locally derived immature lag gravels with a covering of shelly mud or sand, with occasional clay and dolomite cemented sandstone horizons above the gravel.

Conical Beach

Conical Beach is a south-facing embayment on the leeward eastern side of Marshall Reef. The water depth in the feature varies from 30 m to 56 m below sea level. The sub-bottom bedrock terrain as characterized from the drill-hole results is typically rugged, with ridges and depressions locally developed. The stratigraphy is complex with multiple beachrock and gravel beds, interspersed by fine gravels ("birdseed") and coarse sand layers. Typical green marine clay and saprolitic clay are found in some localities. Gravel was present in most of the holes drilled in sampling programs covering this feature, 50% of which reached bedrock. Both immature and more mature gravels were found, the latter being lower in the sequence and containing a greater percentage of exotics. Mineralization appears to be associated with the mature gravels, although diamonds were also found in the immature sediments. The fine "birdseed" gravels are similar to the coarse rippled sediment that occurs extensively on the seafloor in this part of the Lüderitz Bay region. They are not generally associated with mineralization and pose a geotechnical problem for the sampling tool through sidewall slumping, sediment rushes and high delivered volumes to the plant.

Staple Basin

This shallow-water feature (maximum water depth is 33 m) lies in the lee of Marshall Reef and is separated from Conical Beach by a bedrock ridge. It is about 2.63km^2 in extent. It is a shallow east-west elongated basin with a complicated stratigraphy, consisting of cyclically interbedded units of beach rock, shelly "bird seed" (supermature) gravels or coarse sand layers, fine sand beds and green-grey marine clay and saprolitic clay. The sequence is generally upward coarsening (ie. coarser material lying over finer), and this is well reflected in the 100% occurrence of the "coarse sediment" sonographic facies within the feature. The stratigraphic sequence is very similar to that of Conical Beach. The basin is constrained to the south and west by steeply sloping exposed bedrock. To the north and east sediments cover the gently shoaling sea floor.

Most of the sampling drill holes extended over 3 m into the sediment, with 30% reaching maximum tool extension of 5 metres. The large volumes of "bird seed" gravel caused numerous delays in the processing of the samples collected. Indurated beachrock sequences may present a problem to mining where the mineralization occurs beneath this horizon. Exotics are a common occurrence as are ventifact gravels in the lower sequences, also indicative of aeolian deposits.

Diaz Reef Prospect

This area is situated north of Diaz Point, encompassing Diaz Reef itself. Its dimensions are 10 km by 12 km with an area of approximately 85km^2.

This Prospect ranges in water depth from 10 m to 80 m below sea level. In general, Diaz Reef Prospect possesses a terraced morphology with a prominent 10 to 15 m cliff-line separating the upper and lower terraces. The seafloor consists mostly of large areas with

exposed bedrock and subordinate patches of sediment.

This region was considered a priority prospecting target since the rocky shoal forming Diaz Reef created a variety of potential trap-sites on both sides of the reef. The reef's orientation to the northwest created a low energy trap-site on its leeward side for diamonds being transported northwards along the coast.

Elephant Basin

Elephant Basin is an irregularly shaped basinal feature on the leeward side of Diaz Reef and comprises the largest sediment deposit in Diaz Reef Prospect. In total it measures about 4 km in length and 1.5 km in width and has an aerial extent of 4.6 km^2. The sediment stratigraphy is indicative of alternating marine and aeolian influences. The basin is connected to Lüderitz Bay itself by means of sediment-filled northeast trending bedrock depression. The main basin formed a regional scale low-energy trap site in the lee of Diaz Reef. The narrow, sediment-filled depressions extending from the basin southward would have acted as aeolian transport corridors during lower sea-level stands, feeding sediment and diamonds into the main basin to the north. The sediment thickness is generally less than 1 m in the sediment-filled depressions and comprises a mature to immature basal gravel unit covered by sand and marine clay layers. Thicker sequences display two gravel horizons and ventifacts (vein quartz dreikanters and fluted felsic crystalline basement fragments) are abundant, particularly in the basal gravels. Sediment is more mature in the central basin than around the edges or in the depressions, indicative of extensive reworking within the basin.

Reef Edge

The Reef Edge feature is defined by the approximately 2 km wide by 12 km long onlapping of the Lüderitz Bay sediment deposit along the leeward side of Diaz Reef. Water depths range from 30 m at the southern limited to 65 m at the northern limit. The slope of the backing reef to the west has a relief of up to 10 m, thereby creating an impediment to sediment transport processes. The sediment stratigraphy is highly variable with one or more thin gravel horizons overlying crystalline bedrock or beach rock. Sediment isopachs have not yet been interpreted from the seismic data, but the Bauer holes reached maximum penetration (5m) in most holes. The overburden varies from marine clays in the north, becoming sandier southward. The gravel deposits are mainly marine in character; the presence of ventifacts indicates a cyclicity between subaerial sedimentation during sea-level regressions and marine incursions during high stands.

Sediment thickness increases rapidly from the exposed reef margin to over 5 m eastward, into Lüderitz Bay. In the Diaz Central deposit, laterally discontinuous gravel lenses are found within the sand deposit, along with clays that occur within the sand and on the bedrock, forming a false footwall for gravel deposits.

In the Diaz North deposit, diamondiferous gravels cover a false footwall consisting of clay and "beachrock". To the east, the stratigraphy consists mainly of sand with perched

gravels contained within the first few metres. The false footwall here is easily penetrated and over mining could occur if not closely monitored.

Exploration, Sampling and Analysis

See DFI's Annual Information Form dated September 27, 2007 for Exploration, Sampling and Analysis prior to 2007.

Bonaparte, under the previously mentioned joint operations agreement, successfully executed a sampling program during September – October 2006 utilising De Beers Marine's custom sampling vessel *mv Douglas Bay*. The at-sea sampling work in a small designated area of ML111 utilized a combination of Bonaparte's patented BoSS seabed sampling tool in combination with DeBeers patented mega drill technology deployed from *mv Douglas Bay*. The agreement between the respective companies allowed Bonaparte access to Diaz Prospect 1 (DP1), within the Reef Edge marine diamond deposit for the purposes of sampling to define indicated category marine diamond resources. DFI's previous reconnaissance work had identified diamonds in the 1,600,000m^2 area, but sampling density was not sufficient to complete a resource calculation to the indicated category.

In the Bonaparte program a total of 291 gem quality diamonds weighing 135.92 carats (ct) were recovered and the grid-based sampling results show near-continuous diamond mineralization over a substantial cumulative area of approximately 290,000m^2. A total of 577 grid-based samples were taken of which 159 samples were positive and multiple diamond recoveries (more than 1 stone) were made at 56 sites. Based on groups of closely associated positive results, a total of 9 discrete zones of near continuous mineralization covering a cumulative area of approximately 290,000m^2, were identified.

Sampling was undertaken on a grid of approximately 50m x 40m spacing and average sample size was approximately 2.6m^2. This is sufficient density for estimation of NI 43-101 and JORC compliant resources to the "Indicated" category.

Assessment of Sampling Procedure

Please see DFI's Annual Information Form dated September 27, 2007 for assessment of sampling procedure prior to 2006.

Sampling and Production Security

The Company endeavors to ensure the highest security of the diamonds throughout the process from mining to sale in their operations. Management meets regularly to review and re-evaluate the security measures. The physical and procedural security measures are augmented by pre-service and in-service security checks as required by the Namibian Diamond Act and by polygraph tests of personnel.

A number of physical and procedural security systems in place on the Company's mining vessel *DF Discoverer* ensure the integrity of the low and high security risk areas. These include:

- closed-circuit video surveillance with video recording for reviewing;
- physical screening with unique numbered seals of security areas on the plant;
- extensive procedural control relating to crew transfers, access to various areas of the vessel, opening blocked or failed pipes and or pumps in the process circuit, breakage of seals, security incidents, recording and control of product;
- twin locking system for inspection covers and hatches, with keys held separately; and
- entry limited to one-on-one supervision by security official or limited to authorized personnel only, and recorded in an "Occurrence" book.

The sorting, counting and recording of the diamonds recovered during the mining process is undertaken according to the strictest regulations. The processing of the diamonds is undertaken in a glove-box environment, with no direct human access to the recovered diamonds. Recounting of the recovered diamonds and recording of the results ensures timely audits of the recoveries. Recovered diamonds, after weighing, counting, recording and packaging, are transferred to a drop safe located within the glove box until the Protected Resources Unit (PRU) of the Namibian police comes onboard to accompany the consignment to secure storage prior to Government valuation.

The transfer of the diamonds from the vessel to the safe-keeping of a bank in Windhoek is undertaken by an independent security firm, using a chartered vessel and airplane. The process is tracked at all times by satellite and through direct communications with the security firm.

Mineral Resource and Mineral Reserve Estimates

Please see DFI's Annual Information Form dated September 27, 2007 for Mineral Resource and Mineral Reserve Estimates prior to 2007.

Resource Area Reduction

Please see DFI's Annual Information Form dated September 27, 2007 for Resource Area Reduction prior to 2007.

Mining Operations

Mining with mv DF Discoverer

Mining under the JO agreement were continuous from commencement on January 27, 2007 to suspension in December 2008. Joint venture operations stopped on May 26, 2008 (please refer to News Release dated May 26, 2008), after which the Company began operations in its Marshall Forks area, which was not subject to any joint venture

arrangement. In September 2008, mv DF Discoverer underwent a dry dock inspection in Walvis Bay, Namibia in compliance with its 5 year certification requirements.

JO production during the year ending June 30, 2007 totalled 12,317 carats at average stone size of 0.44 carats/stone of which 10,566 carats were sold during that period at an average price received of $214.45. The Company produced an additional 3,336 carats in the Marshall Forks area. Additional sales during the year (100% attributable to DFI) totalled 4,948 carats at an average price of $184.72.

Annual diamond production for the year ending June 30, 2008 on Diamond Fields' Namibian marine concessions yielded 21,235 carats. A total of 20,298 carats were sold during the financial year (average price received per carat $242.15). Of this production, the revenue from 20,246 carats (average price $242.33) was attributable to joint operations under the Company's joint operations with Bonaparte. At year end, 2,657 carats were held in inventory. They were subsequently sold at an average price of $256.02 per carat. Revenue generated in the 2008 financial year amounted to $3,327,707 (net of amounts attributable to joint operations partner). Operating costs during the 2008 financial year were $4,571,713 resulting in an operating loss of $1,244,006.

Annual diamond production for the year ending June 30, 2009 on Diamond Fields' Namibian marine concessions yielded 4,120 carats, of which 121 carats were produced by a joint shallow water operation with Letu Diamonds. Letu Diamonds received 70% of the net proceeds per its contract. A total of 2,861carats were sold during the financial year (average price received per carat $246.21). At year end, 3,940 carats were held in inventory. 3,878 carats were subsequently sold at an average price of $208.37 per carat. 59.72 carats from the joint operation were sold and the 61.75 carats remained in the stock.

Processing Facilities

Marine diamond mining extracts sea-floor diamondiferous sediments using either pumps (*mv Kovambo*) or airlifts (*mv Namakwa, mv Ivan Princep., mv Discoverer*). Airlift technology utilizes compressed air, which is released on the seabed within a tube or pipe. The air, once released, begins to rise and expand. If this rising air is contained in a conduit like a pipe, it creates a suction effect at the open bottom of the pipe (seabed end). The strength of the suction depends on the water depth; however, the greater the depth, the higher the pressure required to force air down to the seabed and the stronger the vacuum effect as this highly compressed air expands and rises rapidly back to the surface. In general, the airlift can lift gravel above the sea surface to a height of 10% of the water depth. For example, if the airlift is deployed in 30 metres of water, gravel can be lifted 3 metres above the sea surface. Pumps simply pressurize the water column via an impeller, forcing sediment from seabed to the surface. The materials processing procedure is similar for most marine diamond mining vessels, with minor variations arising from differing capacities and configurations. Feed slurry is received from the two airlifts directly onto a coarse grizzly which is installed above a series of 5 hoppers across the full width of the stern of the vessel. The grizzly scalps off material greater than 50mm which

discharges directly back into the sea over the stern of the vessel. The hoppers themselves act as settlers and overflow excess water and fines back into the sea. Each hopper is fitted with an underflow suction pipe feeding into a pump. Hoppers 1 & 2 are pumped to the port side primary double screen, and hoppers 3, 4 & 5 are pumped starboard side primary double screen. The top deck of the screen is fitted with 25mm square apertures screen panels. The +25mm material is scalped off and returned overboard. The bottom deck is fitted with 1.4 x 8mm hi-flow screen panels that remove the fines and water, which are drained off overboard.

The –25 + 1.4mm sized gravel discharges into a separate sump at the end of either screen, and is pumped up onto a common final classification double deck screen. This screen's top deck is 12mm. The +12mm material is either returned overboard or used to feed the pebble injection pumps, which in turn feed the jetting pumps to the airlifts. The bottom deck is again 1.4 x 8mm hi-flow panels which drain fines and water overboard. The –12 + 1.4mm sized gravel discharges down onto a small vibrating feeder which feeds the Barmac crusher, which is a vertical impact crusher used primarily to reduce the high volume of shell which is often encountered from the in-situ material. Tests with diamond simulants on the crusher have shown that with the crusher correctly operated, no damage is caused to diamonds in this process. The crusher product discharges down onto a wash screen where the fines that have been generated are washed out. The clean gravel is then fed over another wash screen and directly into the DMS (Dense Media Separation) cyclone mixing box. Here, the gravel is mixed with a slurry of ferrosilicon at a controlled density, and the gravel/ferrosilicon mixture is then pumped into a separation cyclone at a controlled pressure. In the cyclone a density separation takes place which splits the gravel into light and heavy fractions. The light fraction or floats are washed to recover the ferrosilicon and then discarded overboard. The heavier fraction or sinks, is the diamondiferous fraction that now contains the diamonds. The sinks are also washed to recover the ferrosilicon and then pumped into dewatering concentrate bin. From this bin the concentrate gravitates down and is fed at a controlled rate into the x-ray diamond-sorting machine.

The tailings from the x-ray sorter are kept in closed circuit and recycled to the DMS. Concentrate from the x-ray sorter is fed onto a drier. The drier discharges into a small hopper/tube feeder which feeds the material down onto the small sorting conveyor within the sorting cabinet. Final hand sorting of the diamonds takes place within the cabinet by means of specially manufactured gloves. The sorting tailings fall from the end of the conveyor into a secure container. The container is periodically removed and tailings returned into the x-ray tailings sump, thus recycled.

The sorted diamonds are counted and weighed on a daily basis. They are placed into an envelope which is vacuum sealed and this package is then placed into the drop safe from within the cabinet. Sorting takes place on a schedule to match production of stones in order that accurate collation between area mined, and stones recovered can be made to direct further mining and re-mining. The final recovery section, which encompasses from the concentrate bin to the final hand sorting, is totally isolated from the rest of the plant with limited and controlled access to this high security area.

ML32

ML32 is a shallow water concession situated to the west and north of Lüderitz. It measures approximately 176 km^2 in area and extends from the low water mark of the Namibian coastline seawards approximately 2 km to water depths of about 30 metres. ML32 has a term of ten years, expiring in February 2009. The renewal application for the licenses is pending with the Namibian authorities.

Portions of ML32 have been mined on a small-scale contract basis by intermittent land based and, to a lesser extent, by boat based divers between 1987 and the present. Production over this period has approached 40,000 carats, including a highly productive two year period between 1988 and 1999 when land based operations average 1,000 carats/month.

Contract diver mining operations along the whole of the Namibian coastline are typically erratic and intermittent, being hampered in particular by short weather windows when mining can take place, poor visibility, and in recent years, an acute shortage of contractors, vessels, skippers and divers. Recruitment of successful operators from competitor concessions has proved difficult and will continue to be so unless and until some of the early successes of land based units can be replicated by small vessel operators working in deeper water.

ML138 and ML139

ML138 & ML139 lie adjacent to the northern half of ML32 and measure a total of approximately 228 km^2. They lie in water depths of between 30 metres and 130 metres, extending from their respective inshore boundaries with ML32 to an offshore boundary 12 km from the coastline. Prior to the conversion of the southern half of the original EPL1607 to ML111, it extended along the full length of ML32. The licenses which originally expired on February 2005 were renewed by the Namibian government in November 2007 as two new mining licenses, ML138 and ML139 (refer to News Release November 13th 2007), where the licences EPL1607A and EPL1607B were converted to mining licences ML138 and ML139 and have areas of 9,200 hectares (92 sq.km) and 13,600 hectares (136 sq.km) respectively. ML138 has an initial tenure of 12 years and ML139 is valid for 22 years.

In EPL1607B the Gallovidia rock reef predominates. Aeolian erosion has excised north trending wind channels into the rock of the reef. These channels have a veneer of coarse sediment which may host diamonds. Limited sampling in Gallovidia Reef during Phase 3 indicates that these channels are indeed mineralized and follow up work will further evaluate the potential of this area to host diamondiferous deposits.

Atlantis II Red Sea Project

The Company announced on June 4, 2010 that its joint venture partner Manafa

International, was issued an exploitation license for the Atlantis II Red Sea deeps deposit located in the Atlantis II basin. The Atlantis II basin is located in the Red Sea, approximately 115 km west of Jeddah. It is comprised of four interlinked sub-basins lying approximately 2,000 meters below sea level. Base and precious metal mineralization contained within the sediments have attracted considerable interest since their discovery in 1965. It is estimated that more than US $28 million (in 1970's dollars) was spent exploring the deposit. The historical work has shown the economic potential of the deposit by evidencing extensive and continuous mineralization of zinc, copper, silver, gold, lead, and other metals.

In the mid 1970's, the Saudi-Sudanese Red Sea Commission (RSC) was established with the directive of assessing the economic potential of these resources. Preussag A.G. was commissioned by the RSC to conduct a five-year geological exploration program and technical feasibility study. This process concluded in 1982 with positive results. Together with Manafa, DFI has obtained the records and hard data generated during the study, and have inspected the original sediment cores. DFI is analyzing the data and modeling the deposit using the latest technology and moving forward with the preliminary steps necessary to develop the project.

On average the Preussag coring program sampled only the uppermost 8.5 meters of sediment. The program demonstrated that mineralization is open at depth and extended over an area of approximately 57km^2. Composited one meter core assays showed a variable grade in the top 7-11 meters of sediments, with high grade areas yielding results up to 20.1% zinc, 3.6% copper and 338 ppm silver. The underlying sediments were also shown to be mineralized in all of the samples. The thickness of these underlying sediments is currently unknown, but high resolution seismic studies undertaken by Preussag suggest that it may attain thicknesses of up to 28 meters.

Deep tow seismic data commissioned as part of the Atlantis II investigation indicates that sediments in some parts of the Atlantis basin may attain an even greater thickness. On the basis of the data from the Preussag study, the Company estimates that only a minor portion of infilling sediments contained within the Atlantis II Deeps have been sampled.

A historical resource figure based on 587 core samples taken only from the uppermost unit and the first meter of the underlying sediments (average 8.3 meters thickness) estimated the deposit to contain 89.5 million tonnes of sediment at a grade of 2.06% Zinc, 0.45% Copper and 38.4ppm Silver on a dry salt free basis ("DSF"). The Company has not done sufficient work to classify the historical estimate as current mineral resources. Accordingly the Company is not treating the historical estimate as current mineral resources, and the historical estimate should not be relied upon.

A pre-pilot test mining study undertaken by Preussag successfully demonstrated that the mineralized mud of the Atlantis II Deeps can be continuously mined and concentrated at sea, using conventional flotation techniques. During test mining operations, 15,000 m3 of sea floor sediments and brines from four test sites in the Atlantis II basin were processed. Metal grades derived from this operation proved to be higher than those predicted by the

Preussag resource modeling, with grades varying from 2.51% - 4.91 zinc, 0.47% - 4.91% copper and 59.43 ppm - 111.24 ppm silver (DSF).[1]

Non-Material Projects and Properties

Reference is made to the heading "Three Year History" - Non-Material Projects and Acquisitions" for particulars of certain non-material projects and properties acquired by the Company from 2007 through 2010.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

Diamond Fields has an authorized capital consisting of an unlimited number of common shares without par value (the "Common Shares"). As of the date hereof, being September 24, 2010, 54,813,346 Common Shares are issued and outstanding.

Holders of Common Shares are entitled to one vote per Common Share at all meetings of Shareholders. Holders of Common Shares are entitled to receive a pro rata share of the assets of the Company available for distribution to holders of Common Shares in the event of liquidation, dissolution or winding-up of the Company. No Common Shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights attaching to the Common Shares and no provision for redemption, retraction or purchase for cancellation, surrender or sinking or purchase funds. All Common Shares rank pari passu, each with the other, as to all benefits which might accrue to the holders of Common Shares. Provisions as to the modification, amendment or variation of such rights or provisions are contained in the *Business Corporations Act* (British Columbia) and in DFI's Articles.

---

[1] **Support for the historical geological data comes from the Atlantis II Red Sea data and reports generated by Pressaug AG and from the following sources:**

Blanc, and Anschutz, 1995. New stratification in the hydrothermal brine system of the Atlantis II Deep, Red Sea. Geology.1995; 23: 543-546

Guney M., Nawab Z., and Mahoun N.A., 1984: Atlantis II Deep's Metal Reserves and their Evaluation. OTC 4780, 16th Ann. Offshore Technology Conf. Texas.

Herzig P.M., Holroyd, R. Hardman, M. Osmaston, J. A. Karson, R. S. White and K. Rohr, 1999; Economic Potential of Sea-Floor Massive Sulphide Deposits: Ancient and Modern [and Discussion]. The Royal Society.

Herzig, P.M., Petersen S., and Hannington M.D., 2002: Polymetallic Massive Sulphide deposits at the Sea Floor and their Resource Potential. In Polymetallic Massive Sulphides and Cobalt-Rich Ferromanganese Crust: Status and Prospects. International Seabed Authority Tech. Rep. No. 2.

Dividends

Diamond Fields has not paid dividends on its outstanding common shares since its inception. The declaration of dividends on the shares of the Company is within the discretion of the Company's board of directors and will depend upon its assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Company.

Warrants

In addition, DFI issues Common Share purchase warrants from time to time in connection with private placement financings and issues stock options pursuant to its Equity Incentive Plan. Currently there are warrants outstanding entitling the holders to purchase up to 7,692,000 common shares at $0.10 per share from April 29, 2010 until March 31, 2012. At the request of the TSX, the Warrants may not be exercised until receipt of "Disinterested" shareholder approval, which will be sought at the Company's next Shareholders' Meeting scheduled to be held on December 6, 2010. If Disinterested Shareholder approval is not received, the Warrants will be cancelled. Refer to "Three Year History".

The following table discloses current stock options of the Company outstanding as of the date hereof:

Stock Options

Number of Stock Options (and underlying Common Shares)	Exercise Price (Cdn$)	Expiration Date
Options to purchase 140,000	$1.10	March 18, 2012
Options to purchase 2,535,000(1)	$0.18	August 17, 2015

(1) These options were granted with no vesting provisions on August 18, 2010, 1,900,000 of which were to directors and officers of the Company.

Please refer to the Company's most recent information circular for further information on the Company's Equity Incentive Plan and securities issued thereunder.

MARKET FOR SECURITIES

Trading Price and Volume

The following table sets out the market price range and trading volume of DFI's Common Shares on the Toronto Exchange on a monthly basis, for the fiscal year ended June 30, 2010 and for the subsequent period ending August 31, 2010. The Company's shares last traded on September 24, 2010, at a closing price of Cdn$0.165 per share.

Period	High $	Low $	Close $	Volume #
July 2009	0.08	0.05	0.055	1,300,570
August 2009	0.055	0.045	0.045	401,316
September 2009	0.10	0.04	0.10	2,786,068
October 2009	0.095	0.06	0.085	995,386
November 2009	0.11	0.075	0.08	1,622,904
December 2009	0.085	0.065	0.07	1,255,033
January 2010	0.08	0.06	0.07	2,355,665
February 2010	0.07	0.05	0.055	3,079,605
March 2010	0.11	0.055	0.08	4,998,132
April 2010	0.095	0.075	0.09	992,836
May 2010	0.10	0.08	0.10	829,454
June 2010	0.30	0.095	0.175	5,247,620
July 2010	0.225	0.145	0.16	840,918
August 2010	0.21	0.155	0.16	585,550

Prior Sales

As at June 30, 2010, DFI had 54,613,346 common shares issued and outstanding. The following table sets out DFI share sales during the fiscal year ended June 30, 2010, and to the date hereof:

No. of Common Shares Issued	Total Price (Cdn$)	Reason for Issue & Month Shares Issued
Total Issued Shares as @ June 30, 2010: **54,613,346**	N/A	N/A
7,692,000	$499,980	Private placement of 7,692,000 units at $0.065 per unit, each unit consisting of one share and one Warrant issued on April 29, 2010 (1)
200,000	$36,000 (deemed)	Bonus shares issued on August 18, 2010 from Equity Incentive Plan
Total Issued Shares as of the date of this AIF: **54,813,346**	N/A	N/A

(1) Each Warrant entitles the holder to purchase one common share at $0.10 per share from April 29, 2010 until March 31, 2012. As disclosed under "Three Year History" herein, at the request of the TSX, the Warrants may not be exercised until receipt of Disinterested shareholder, which will be sought at the next Shareholders' Meeting scheduled to be held December 6, 2010. As of the date hereof, no warrants have been exercised.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The name, municipality of residence, positions held with the Company as of the date of this AIF, and principal occupation of each director, officer and executive officer of the Company within the five preceding years is as follows:

NAME AND MUNICIPALITY OF RESIDENCE	POSITION AND PERIOD OF SERVICE	PRINCIPAL OCCUPATION FOR THE LAST FIVE YEARS
Edward Wayne Malouf, BA. MA, JD Dallas, Texas	**Director** (since Dec. 24, 2007) **Chairman** (since Jan.17, 2008) **Former President and CEO** (from Jan.1, 2008 until July 30, 2010)	Attorney. Private practice 1988 to present; Executive Vice-Chairman of Titanium Resources Group Ltd. ("TRG") from 2004 to 2007; Executive Chairman of TRG August 2010 to present.
Ian Ransome London , UK	**Chief Operating Officer** (since October 2007) **Interim President and CEO** (since July 30, 2010)	Independent Geological Consultant since 1995; Qualified professional person Pri, Sci. Nat.
Gooroodeo (Mahen) Sookun Port Louis, Mauritius	**Director** (since May 24, 2007) **CFO and Secretary** (since May 1, 2008)	Fellow of the Association of Chartered Certified Accountants and MBA (finance); Group Finance and Administrative Manager for Titanium Resources Group Ltd., Sierra Leone from October 2005 to Oct 2007.
Gregg J. Sedun, LLB Vancouver, B.C.	**Director** (since November 21, 2002) **Former President and CEO** (June 17, 2003 to December 1, 2005)	Independent Businessman; President of Uracan Resources Ltd., 2007 to present; President of Global Vision Capital Corp., 2007 to present.
Earl Young Dallas, Texas	**Director** (since June 17, 2003)	Independent Business Consultant since 1993; Director of the Corporate Council on Africa, Washington, DC; President of US/Madagascar Business Council.
Norman Roderic Baker, B.Sc., M.Sc., Bath, UK	**Director** (since November 21, 2002)	Consulting Geologist, self-employed for the past 16 years.

NAME AND MUNICIPALITY OF RESIDENCE	POSITION AND PERIOD OF SERVICE	PRINCIPAL OCCUPATION FOR THE LAST FIVE YEARS
Craig McLean B.Sc., Geol. Surrey, UK	**Director** (since December 22, 2009)	Consulting geologist on a number of base metals, gold and diamond exploration programs in west Africa, central/east Africa, Russia & western Australia, representing companies including America Mineral Fields Inc., Centaur Mining & Exploration Ltd., Aurora Gold Ltd., Gondwana (Investments) BVI, as well as the Company.

As at the date of this AIF, the Company's directors and senior officers as a group beneficially hold a total of 331,932 common shares, directly or indirectly, representing 0.61% of the 54,813,346 common shares of the Company issued and outstanding as at that date.

Committees of the Board

The term of office for the Company's directors, officers and members of the audit committee expires at each annual general meeting. Under the provisions of the *Business Corporations Act* (B.C.), the Company is required to have an audit committee consisting of not less than three directors of whom a majority are not officers or employees of the Company. After each annual general meeting, the board of directors will appoint the Company's officers and the audit committee, which is currently comprised of Earl Young (Chairman), Norman Roderic Baker and Craig McLean.

The Company also has the following Committees:

- Compensation Committee, which is currently comprised of Gregg J. Sedun (Chair), Norman Roderic Baker and Earl Young. The Compensation Committee administers the Company's executive compensation program.

- Disclosure Committee, which is currently comprised of Norman Roderic Baker as Chair, Earl Young, Wayne Malouf and Gooroodeo (Mahen) Sookun. The Disclosure Committee's function is to assist the Company's CEO and CFO in fulfilling their oversight responsibilities with respect to certification of disclosure controls and procedures required under NI 52-109.

- Audit Committee comprised of Earl Young, Roderic Baker and Craig McLean.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially

the control of the Company:

(a) is, as at the date hereof or has been, within the past ten (10) years before the date hereof, a director or executive officer of any company (including the Company), that while that person was acting in that capacity:

(i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

"Order" means a cease trade order, an order similar to a cease trade order, or an order that denied the Company access to any exemption under securities legislation and, in each case, that was in effect for a period of more than 30 consecutive days.

The insiders of the Company were subject to management cease trade orders issued by the British Columbia Securities Commission and the Ontario Securities Commission on September 29, 2006 and October 3, 2006, respectively, in connection with the late filing of the Company's audited annual financial statements for its fiscal year ended June 30, 2006 and the anticipated delay in filing the Company's interim financial statements for the three-months ended September 30, 2006. The directors, executive officers and control person of the Company subject to such management cease trade orders were as follows:

Name	Relationship to Company
Gregg Sedun	Director
Earl Young	Director
Norman Roderic Baker	Director
Jean-Raymond Boulle[(1)]	Over 10% security holder

(1) The management cease trade orders also applied to Gondwana (Investments) SARL and Spirit Resources SARL, each of which is controlled directly or indirectly by Mr. Boulle.

Refer to the Company's Notice of Default in its News Release dated September 29, 2006 (available on SEDAR) for further details, including the reasons for the Company's inability to file the financial statements on time. Pursuant to the Company's application under CSA Staff Notice 57-301, the British Columbia Securities Commission and the Ontario Securities Commission issued management cease trade orders, effective September 29, 2006 and October 3, 2006, respectively, prohibiting trading in the Company's securities by specified insiders of the Company for so long as the financial statements and related annual filings remained outstanding. In its news releases dated October 12 and 26, 2006, the Company filed a prescribed Default Status Report (available on SEDAR) providing updates on the status of the delay in filing its annual financial statements. On October 27, 2006 the Company filed its annual financial statements for its fiscal year ended June 30, 2006 and related management discussion and analysis, and on October 31, 2006 filed its Annual Information Form covering the 2006 fiscal year. The management cease trade orders issued by the B.C. and Ontario Securities Commissions were revoked on November 1 and 2, 2006, respectively.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, that director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company, its promoters, directors, officers or other members of management of the Company as a result of their outside business interests, except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties to the company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. Such directors or officers, in accordance with the *Business Corporations Act* (British Columbia), will disclose all such conflicts and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no legal proceedings to which the Company is a party or, to the best of the Company's knowledge, to which any of the Company's property is or was during the last financial year subject.

Regulatory Actions

There are no: (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the Company's most recently completed financial year and up to the date of this Annual Information Form; (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (c) settlement agreements the Company entered into with a court relating to securities legislation or with a securities regulatory authority during the Company's most recently completed financial year and up to the date of this AIF.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Mr. Jean-Raymond Boulle, the largest shareholder of the Company, currently holds, directly or indirectly, approximately 27.29% of the Company's issued and outstanding common shares as of the date of this AIF. Mr. Boulle, or companies controlled by him, had a material interest, direct or indirect, in the following transactions within the three most recently completed financial years of the Company or during the current financial year which have materially affected or will materially affect the Company:

1. Pursuant to a credit facility agreement (the "Credit Facility Agreement") dated February 20, 2007 between the Company and Spirit, Spirit provided the Company with a loan of $1.5 Million at an interest rate of 10% per annum payable monthly and maturing on February 20, 2009, to assist the Company with its existing and anticipated future working capital requirements. The Credit Facility Agreement also consolidated all of the Company's prior debt to Spirit in the aggregate amount of $2,481,634.12, and provided that all amounts owing under the Credit Facility

Agreement would be secured by all of the Company's and its subsidiaries' property and assets, including a first ship's mortgage over the mining vessel "DF Discoverer" (see the Company's news release dated February 27, 2007). The Company subsequently received shareholder approval at an Extraordinary General Meeting held on June 20, 2007 to the convertibility of all amounts owing to Spirit under the Credit Facility Agreement into Common Shares on the basis of one Common Share for every $0.15 of principal owing (see news releases dated May 3, and June 22, 2007). On July 19, 2007, Spirit converted all of the outstanding debt under the Credit Facility Agreement (being $3,901,110.53) into 26,007,403 Common Shares (issued on the basis of one Common Share for each $0.15 of principal). With the repayment of all amounts owing to Spirit under the Credit Facility Agreement, Spirit released all of its security over the Company's assets and will make the necessary filings to effect the discharge of such security, including a discharge of Spirit's first ship's mortgage over the Company's mining vessel "*DF Discoverer*" (see news release dated July 26, 2007).

2. In July 2007 the Company entered into a joint venture agreement with Lion Fields Limited ("Lion Fields") (a company controlled by Mr. Boulle) relating to the exploration, valuation and, if justified, development and mining of any mineral resources discovered on Lion Fields' exploration license over a property located in the Solwezi district of western Zambia. DFI is operator of the joint venture and has earned an 80% interest (Lion Fields: 20%) in the property and must incur additional exploration expenditures of US$200,000 during each term of the license to maintain its interest in the property (see News Release dated July 24, 2007).

TRANSFER AGENTS AND REGISTRARS

The Company's Registrar and Transfer Agent is Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, B.C., V6C 3B9.

MATERIAL CONTRACTS

There are no material contracts of the Company entered into within the last financial year and up to the date of this AIF, or before the last financial year that are in effect, and that are required to be filed under section 12.2 of National Instrument 51-102 ("NI 51-102") at the time this AIF is filed, or would be required to be filed under section 12.2 of NI 51-102 at the time this AIF is filed but for the fact that it was previously filed.

INTERESTS OF EXPERTS

Names of Experts

There is no person or company named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 *Continuous Disclosure Obligations* by the Company during, or relating to, the Company's most recently completed financial year and whose

profession or business gives authority to the statement, report or valuation made by the person or company, other than:

(a) BDO Canada LLP, Chartered Accountants, in respect of its Auditors' Report dated September 24, 2010 on the consolidated balance sheets of the Company as at June 30, 2010 and the consolidated statements of loss and deficit and cash flows for each of the years then ended;

(b) Mr. Ian Ransome B.Sc. (Hons) Geology, UBO, Pri. Sci. Nat., consultant to Diamond Fields, and its Qualified Person under NI 43-101 of the Canadian Securities Administrators in respect of the scientific and technical information complied and reviewed by him contained in this AIF.

Interests of Experts

BDO Canada LLP, Chartered Accountants, has advised the Company that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Mr. Ian Ransome, the Company's Qualified Person, has also been its Chief Operating Officer since October 2007, and its interim President and Chief Executive Officer since July 30, 2010.

To the Company's knowledge, other than as noted, the experts named in subparagraphs (a) and (b) of the foregoing section did not hold, at the time they prepared or certified such statement, report or valuation, received after such time or will receive any registered or beneficial interest, directly or indirectly, in any securities or other property of the Company or of any associate or affiliate of the Company, and no director, officer or employee of such expert is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

AUDIT COMMITTEE CHARTER

The Audit Committee assists the Board in fulfilling its responsibilities relating to the Company's corporate accounting and reporting practices. The Audit Committee is responsible for ensuring that management has established appropriate processes for monitoring the Company's systems and procedures for financial reporting and controls, reviewing all financial information in disclosure documents; monitoring the performance and fees and expenses of the Company's external auditors and recommending external auditors for appointment by shareholders. The Audit Committee is also responsible for reviewing the Company's quarterly and annual financial statements prior to approval by the Board and release to the public. The Audit Committee also meets periodically in private with the Company's external auditors to discuss and review specific issues as appropriate.

In accordance with National Instrument 52-110 ("NI 52-110"), the Company's Audit Committee established procedures for:

(a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and

(b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

During fiscal 2005 the Company implemented a "Whistleblower" Policy to satisfy the obligations under NI 52-110, as recommended by the Audit Committee. This Policy was distributed to all directors, officers, employees, consultants and contractors of the Company.

The full text of the Company's Audit Committee Charter is attached as Schedule "A" to this Annual Information Form.

Composition, Education and Experience

The following were members of the Audit Committee during the current reporting year:

Earl Young, Chairman	Independent [(1)]	Financially literate [(1)]
Norman Roderic Baker	Independent [(1)]	Financially literate [(1)]
Gregg Sedun [(2)]	Independent [(1)]	Financially literate [(1)]
Craig McLean[(2)]	Independent [(1)]	Financially literate [(1)]

(1) As defined by NI 52-110.
(2) On December 22, 2009 Craig McLean took the place of Gregg Sedun on the Audit Committee.

All members of the Company's Audit Committee are independent and have a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Audit Committee are required to be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership. Earl Young is currently Chair of the Audit Committee. The experience and/or education of each member of the Audit Committee, all of whom understand the principles of estimates, accruals and reserves, as well as internal controls and financial reporting, is as follows:

Earl Young – beginning with accounting studies at a University in the United States, Mr. Young has been involved with accounting matters throughout his 40 year business history, including as it pertains to banking while he was in that business. For over 25 years, Mr. Young was in the Securities/Investment Banking business, which required the review of financial statements of various industries.

Norman Roderick Baker, B.Sc., M.Sc. – Mr. Baker, a self-employed consulting geologist, has been a director of the Company since 2002. He has been a member of the Company's Audit Committee since July 2008, and as such has obtained the experience he requires in order to be considered financially literate.

Craig McLean, B.Sc.Geol. - Mr. McLean is a consulting geologist, having represented several companies, including America Mineral Fields Inc., Centaur Mining & Exploration Ltd., Aurora Gold Ltd., Gondwana (Investments) BVI, as well as the Company, and as such has obtained the experience he requires in order to be considered financially literate.

Reliance on Certain Exemptions

Since the commencement of its most recently completed financial year, the Company has not relied on any of the following exemptions from NI 52-110:

1. the exemption in section 2.4 (De Minimis Non-audit Services);
2. the exemption in section 3.2 (Initial Public Offerings);
3. the exemption in subsection 3.3(2) (Controlled Companies);
4. the exemption in section 3.4 (Events Outside Control of Member);
5. the exemption in section 3.8 (Acquisition of Financial Literacy); or
6. an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Pre-Approval Policies and Procedures

Pursuant to the Company's Audit Committee Charter, the Audit Committee is responsible for reviewing the performance of the external auditors and approving in advance the provision of non-audit services and reviewing the range of services provided by the auditors in the context of all consulting services bought by the Company. In addition, the board of directors of the Company has authorized the Chairman of the Audit Committee to approve any non-audit or additional audit work which the Chairman deems as necessary and to notify the other members of the Audit Committee of such non-audit or additional work.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	*Audit Fees*	*Audit Related Fees*	*Tax Fees*	*All Other Fees*
June 30, 2010	$95,000[(1)]	N/A	N/A	N/A
June 30, 2009	$130,511	N/A	N/A	N/A

(1) Estimated amount, as the Company has not as of the date hereof been billed for the June 30, 2010 audit.

Audit Fees

Audit Fees are the fees billed by the external auditor for audit services.

Audit-Related Fees

Audit-Related Fees are the fees charged by the external auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees".

Tax Fees

Tax Fees are the fees for professional services rendered by the external auditor for tax compliance, tax advice and tax planning.

All Other Fees

All Other Fees are the fees for products and services provided by the external auditor, other than the services reported under "Audit Fees", "Audit-Related Fees" and "Tax Fees" above.

ADDITIONAL INFORMATION

The following documents may be found on SEDAR at www.sedar.com:

(a) comparative financial statements of the Company for its most recently completed financial year ending June 30, 2010, together with the accompanying report of the auditor and management’s discussion and analysis;

(b) interim financial statements of the Company subsequent to the financial statements for its most recently completed financial year, together with management’s discussion and analysis;

(c) information circular of the Company in respect of its most recent annual meeting of shareholders that involve the election of directors.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, is contained in the information circular for any annual general meeting of the Company's shareholders that involves the election of directors. Furthermore, additional financial information is provided in the comparative audited financial statements for the Company's most recently completed fiscal year ending June 30, 2010.

SCHEDULE "A"

DIAMOND FIELDS INTERNATIONAL LTD.

AUDIT COMMITTEE CHARTER

1. Overall Purpose / Objectives

The audit committee will assist the Board in fulfilling its responsibilities. The audit committee will review the financial reporting process, the system on internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships wit the Board of directors, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company's business, operations and risks.

2. Authority

2.1 The Board authorizes the audit committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and to ensure the attendance of company officers at meetings as appropriate.

3. Organization Membership

3.1 The audit committee will be comprised of at least three members, each of which should be an unrelated director.
3.2 The chairman of the audit committee will be nominated by the committee from time to time.
3.3. A quorum for any meeting will be two members.
3.4 The secretary of the audit committee will be the company secretary, or such person as nominated by the Chairman.

Attendance at Meetings:

3.5 The audit committee may invite such other persons (e.g. the CEO) to its meetings, as it deems appropriate.
3.6 Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
3.7 The proceedings of all meetings will be minuted.

4. Roles and Responsibilities

The audit committee will:

4.1 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

4.2 Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.

4.3 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

4.4 Review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with the outside counsel whenever deemed appropriate.

4.5 Review the annual and quarterly financial statements including Management's Discussion and Analysis and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.

4.6 Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.

4.7 Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.

4.8 Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.

4.9 Meet with management and the external auditors to review the annual financial statements and the results of the audit.

4.10 Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:

a) actual financial results for the interim period varied significantly from budgeted or projected results;

b) generally accepted accounting principles have been consistently applied;

c) there are any actual or proposed changes in accounting or financial reporting practices;

d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.

4.11 Review the external auditor's proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.

4.12 Review the performance of the external auditors and approve in advance

provision of services other than auditing. Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Board authorizes the Chairman of the Audit Committee to approve any non-audit or additional audit work which the Chairman deems as necessary and to notify the other members of the Audit Committee of such non-audit or additional work.

4.13 Make recommendations to the Board regarding the reappointment of the external auditors.

4.14 Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

4.15 Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.

4.16 Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel s to permit compliance.

4.17 Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.

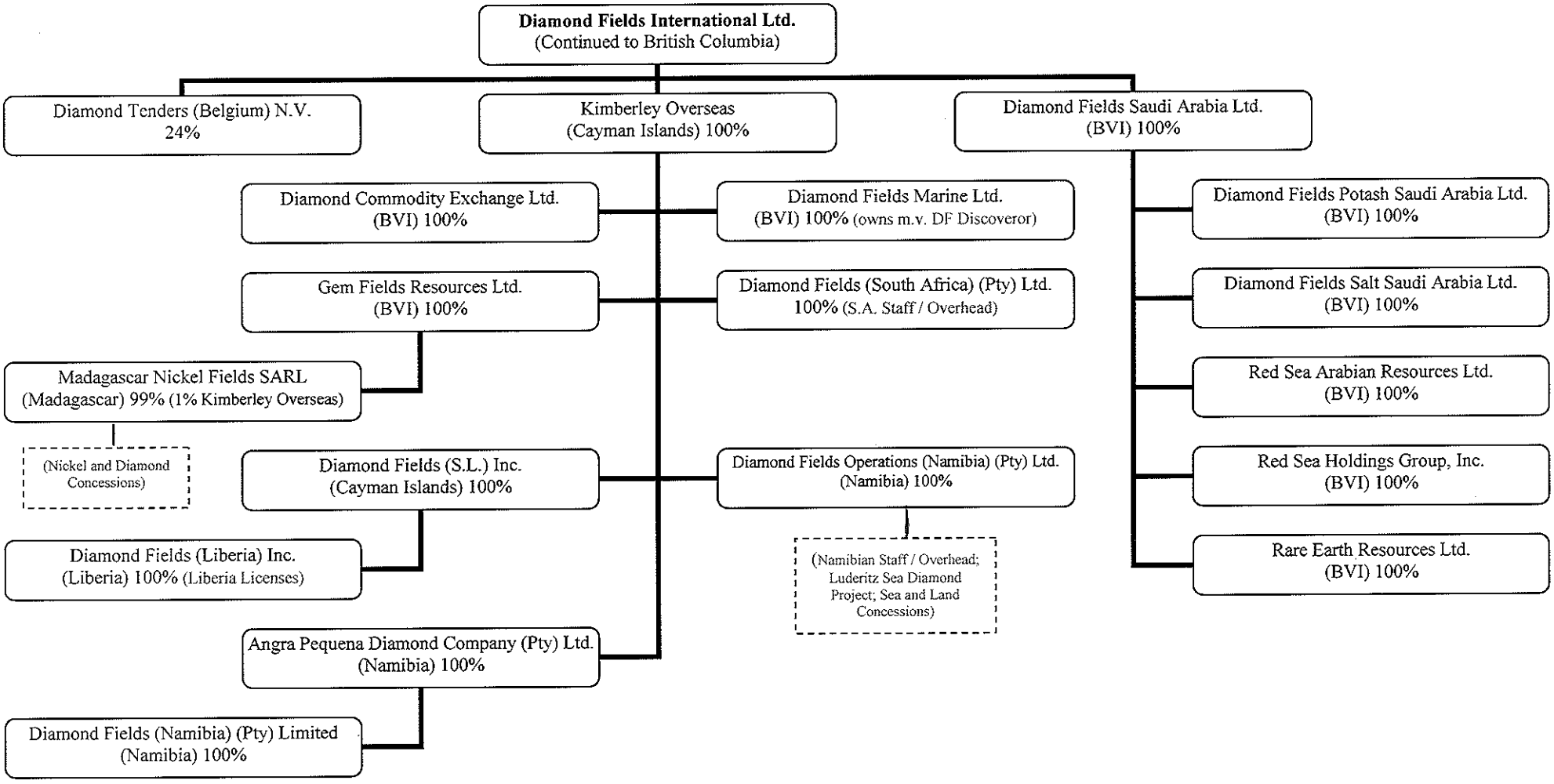
4.18 Perform other functions as requested by the full Board.

4.19 If necessary, institute special investigations and, it appropriate, hire special counsel or experts to assist.

4.20 Review and update the charter; receive approval of changes from the Board.

SCHEDULE “B”

ORGANIZATION CHART


Diamond Fields International Ltd.
(Continued to British Columbia)
Diamond Tenders (Belgium) N.V.
24%
Kimberley Overseas
(Cayman Islands) 100%
Diamond Fields Saudi Arabia Ltd.
(BVI) 100%
Diamond Commodity Exchange Ltd.
(BVI) 100%
Diamond Fields Marine Ltd.
(BVI) 100% (owns m.v. DF Discoveror)
Diamond Fields Potash Saudi Arabia Ltd.
(BVI) 100%
Gem Fields Resources Ltd.
(BVI) 100%
Diamond Fields (South Africa) (Pty) Ltd.
100% (S.A. Staff / Overhead)
Diamond Fields Salt Saudi Arabia Ltd.
(BVI) 100%
Madagascar Nickel Fields SARL
(Madagascar) 99% (1% Kimberley Overseas)
Red Sea Arabian Resources Ltd.
(BVI) 100%
(Nickel and Diamond Concessions)
Diamond Fields (S.L.) Inc.
(Cayman Islands) 100%
Diamond Fields Operations (Namibia) (Pty) Ltd.
(Namibia) 100%
Red Sea Holdings Group, Inc.
(BVI) 100%
Diamond Fields (Liberia) Inc.
(Liberia) 100% (Liberia Licenses)
(Namibian Staff / Overhead; Luderitz Sea Diamond Project; Sea and Land Concessions)
Rare Earth Resources Ltd.
(BVI) 100%
Angra Pequena Diamond Company (Pty) Ltd.
(Namibia) 100%
Diamond Fields (Namibia) (Pty) Limited
(Namibia) 100%