

Second Quarter Report



December 31, 2008 and 2007

Table of Contents

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

2. Financial Statements

Consolidated Balance Sheets at December 31, 2008 (unaudited - prepared by management) and June 30, 2008

Consolidated Statements of Loss and Deficit for the three months ended December 31, 2008 and 2007 (unaudited - prepared by management)

Consolidated Statements of Cash Flows for the three months ended December 31, 2008 and 2007 (unaudited - prepared by management)

Notes to the Consolidated Financial Statements (unaudited - prepared by management)

DIAMOND FIELDS INTERNATIONAL LTD.

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

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

INTRODUCTION

This management discussion and analysis of financial position and results of operations ("MD&A") of Diamond Fields International Ltd. ("Diamond Fields", "DFI", or "the Company") should be read in conjunction with the unaudited consolidated financial statements of Diamond Fields International Ltd. and the notes thereto for the three and six months ended December 31, 2008, and with the audited annual consolidated financial statements and the notes thereto for the year ended June 30, 2008. The quarterly financial statements at December 31, 2008 are unaudited and have not been reviewed by the Company's external auditor. The effective date of this MD&A is February 16, 2009. Additional information about Diamond Fields, including its annual information form, is available on SEDAR at www.sedar.com

FORWARD-LOOKING STATEMENTS

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

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

OVERVIEW

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

International exploration activities during the quarter ended December 31, 2008 focused on the Company's diamond and gold properties in Liberia, a nickel prospect in Madagascar and a zinc copper prospect in Zambia. Diamond mining from Diamond Fields' Namibian marine concessions was suspended on December 12, 2008. A total of 2,983 carats were produced by the Company's vessel during the second quarter ended 31 December 2008, all of which were held in stock as at the end of the quarter. There were no sales during the second quarter and total stock

DIAMOND FIELDS INTERNATIONAL LTD.

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

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

OVERVIEW (Continued)

held as at December 31, 2008 amounted to 3,817 carats and included opening stock of 834 carats as at September 1, 2008. In addition, a further amount of 45 carats were produced during the second quarter by a joint shallow water operation with Letu Diamonds, which is entitled to 30% of the net proceeds. No sales occurred and the 45 carats remained in stock at the end of the quarter.

RESULTS OF OPERATIONS

Mining Activities

Mining Vessel DF Discoverer

Mining operations were carried out by DFI using its mining vessel DF Discoverer during July and August 2008 until the vessel was dry docked in September 2008 in Walvis Bay, Namibia for its statutory 5 year inspection and class certification. Engineering and refit were undertaken. The work was completed at the end of September 2008 on schedule and within budget. For the first three weeks of October 2008, the vessel conducted geophysical operations in NW Marshall Forks, Conical Beach and Dingus Bay. From late October to mid-December 2008 the vessel conducted mining operations. Even with only one of two airlifts available (piping for the second airlift having arrived late from the supplier), the vessel nevertheless recovered a total of 2,983.43 carats of diamonds during the quarter ended December 31, 2008. Production for the month of October was 1,068.41 carats, 1,339.65 carats in November, and 575.37 carats the first two weeks of December. Stone size and diamond quality was above average with overall average size at 0.43 carats/stone and 0.5 carats/stone for November and December 2008. Operations were suspended on December 12, 2008 (see DFI press release of December 19, 2008).

Joint Venture Operations with Bonaparte Diamond Mines NL

Details of the DFI/Bonaparte Diamond Mines NL JO Agreement and previous mining activities thereunder were disclosed in the 2008 AIF and in the MD&A accompanying the audited annual consolidated financial statements for the year ended June 30, 2008. Joint activities ended in May 2008. On November 5, 2008, the Company acquired all of Bonaparte's interests in DFI's ML 111 and ML 139 Namibian marine diamond concessions, giving DFI 100% ownership in those concessions. Bonaparte also paid DFI US\$ 275,000 to settle balances owed to DFI. The arrangement concluded all joint venture arrangements between DFI and Bonaparte.

DIAMOND FIELDS INTERNATIONAL LTD.

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

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

Marine Sampling Programme

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

Exploration Projects

Liberia Exploration Project

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

The Company undertook an exploration program for gold in the 2008 dry season within these permits. A group 1,500 soil samples have been analyzed by Alex Stewart Assayers in the UK, a NI43-101 compliant laboratory. An initial appraisal of the results indicates significant mineralisation within disceter zones of quartz vienning. On September 3, 2008, the Company exercised its option and now owns 70% of the project. In November 2008 DFI entered into a joint venture agreement with Ducor Minerals, Inc.. In November 2008, the Company entered into a joint venture agreement with Silverhill Enterprises Ltd. ("Silverhill") to further develop DFI's Liberian gold project (refer to the Company's press release dated December 1, 2008). The Bartejaam gold prospect in the Grand Gedah concession is scheduled to be drilled in late February 2009. Planning is at an advanced stage, focussing on evaluating the gold bearing quartz stock work as the initial primary target.

DIAMOND FIELDS INTERNATIONAL LTD.

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

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

Madagascar nickel exploration program

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

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

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

ALS Chemex, a NI43-101 compliant laboratory has completed analysis of 5,144 channel samples collated from a 30 metre pitting grid over the Company's 100% owned Ni-laterite deposit Valozoro in Madagascar. Values of up to 7.94% nickel have been recovered from the sampling program executed by Rawtech, a NI43-101 compliant geological consulting firm. Preliminary data suggest that the historical resource estimate of 65,000 tonnes of insitu nickel may have been conservative.

A ground penetrating radar survey of the deposit was conducted in November 2008 by the NS143-101 compliant Canadian company Ground Radar to provide data for a measured resource estimate. The survey was undertaken at a 30 metre line spacing over the entire deposit, producing approximately 22.4 line kilometres of continuous ground penetrating radar data. The data has been reduced and interpreted and incorporated with the geochemical and stratigraphic data from the pit sampling program to produce a resource model for the deposit, which is expected to be available by the end of February 2009.

Zambia zinc copper project

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

DIAMOND FIELDS INTERNATIONAL LTD.

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

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

Zambia zinc copper project (Continued)

company that is controlled by Mr. Jean-Raymond Boule, the largest shareholder of the Company, has been granted the exclusive right to conduct exploration work for copper, gold, silver, zinc, lead and germanium over a 444 square kilometer property (the "Zambia Property") in the Solwezi district of western Zambia. Management of DFI believe that the Zambia Property has the potential to host extensions to the world-class Kipushi ore-body, located immediately adjacent to the Zambia Property, within the Democratic Republic of Congo. Kipushi is one of the highest grade zinc mines in the world.

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

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

DFI operates the Joint Venture with overall management responsibility for the prospecting operations.

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

DIAMOND FIELDS INTERNATIONAL LTD.

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

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

BOARD CHANGES

On May 1, 2008 the Company announced that Goroodeo (Mahen) Sookun had been appointed as Chief Financial Officer of the Company, succeeding Waldo Pienaar, who resigned effective April 30, 2008, to pursue other business interests. In July 2008, Mr. Ed Flood resigned as a director.

On February 3, 2009, Mr. John Sisay resigned from the Board due to other commitments.

The Board is currently comprised of five (5) directors, being Wayne Malouf, Mahen Sookun, Earl Young, Gregg Sedun, and Rod Baker.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information for the six months ended December 31, 2008 and 2007:

	2008	2007
Total revenues	\$ 704,427	\$ 1,337,102
Net income (loss)	\$ (4,022,926)	\$ (1,865,023)
Net loss per share (basic and diluted)	\$ (0.09)	\$ (0.01)

Net loss for the six months ended December 31, 2008, including an impairment charge of \$ 1,729,323, was \$ 4,022,926 or \$ 0.09 per share, compared with a net loss of \$ 1,865,023 or \$0.01 per share in 2007. All revenues for the six months ended December 31, 2008 resulted from the sale of diamonds held in inventory. Diamond sales during the six months period to December 2008 generated revenue of \$ 704,427, compared to \$ 1,337,102 in the six months ended December 31, 2007. There were no diamond sales during the second quarter. Production, royalty and selling expenses associated with the sale of inventory totaled \$ 2,235,884; whereas, the operating costs for the same period in 2007 were \$ 2,242,118. The lower production level in 2008 resulted from lost mining time associated with the Walvis Bay, Namibia dry docking for maintenance, and upgrade programs and 5 year class certification. The operating costs for the quarter ended December 31, 2008 were higher due to higher maintenance costs, dry docking and replacement of hoses. Mining activities in Namibia were suspended on December 12, 08.

General and administrative expenses before stock-based compensation amounted to \$681,982 during the six months ended December 31, 2008 compared to \$ 1,066,407 during the six months ended December 31, 2007. This reduction was mainly achieved due to corporate structure streamlining and cost cutting undertaken by the Company in 2008. Lapsing of previously issued share options during the period resulted in a credit of \$ 216,066 as compared to a charge \$ 47,301 during the six months ended December 31, 2007. Thus, total general administrative expenses amounted to \$ 465,916 during the six months ended December 31, 2008 compared to \$ 1,113,708 during the six months ended December 31, 2007.

DIAMOND FIELDS INTERNATIONAL LTD.

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

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

SELECTED QUARTERLY DATA

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

	31-Dec-08	30-Sept-08	30-June-08	31-Mar-08	31-Dec-07	30-Sept-07	30-June-07	31-Mar-07
Total Revenues	-	704,427	1,308,599	682,006	726,143	610,959	1,346,497	663,119
Net Earnings (Loss)	(2,846,606)	(1,176,320)	(1,426,609)	(801,840)	(1,024,169)	(840,854)	(1,554,633)	(754,188)
Net Earnings (Loss) per Share (basic and diluted)	(0.06)	(0.03)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

Production using the Company's mining vessel MV Diamond Fields Discoverer commenced in June of 2005. Production was halted from June 2006 to November 2006 due to the Cape Town port of call for statutory dry-docking, maintenance and upgrade programs. A second port of call at Walvis Bay, Namibia for statutory dry docking, maintenance and upgrade in September 2008 halted production for three weeks. On December 19, 2008, the Company suspended operations of its diamond mining vessel, the MV DF Discoverer. The Board of Directors made this decision based on the severity of the global economic downturn and the sudden drop in the price of rough diamonds.

CAPITAL RESOURCES AND LIQUIDITY

At December 31, 2008, the Company had a working capital surplus of \$ 1,708,860 including cash of \$ 1,574,578 compared with a working capital surplus of \$ 6,221,357 including cash of \$ 5,589,635 at December 31, 2007. The decrease in the working capital was primarily a result of losses incurred with the Namibian mining operations, general and administrative costs and exploration activities.

The December 31, 2008 consolidated financial statements for Diamond Fields International Ltd. have been prepared in accordance with generally accepted accounting principles applicable to a going concern which assume that the Company will realize its assets, discharge its liabilities and meet its future obligations in the normal course of business. Accordingly, the accompanying financial statements do not include any adjustments to the recoverability and classification of recording of assets, or the amounts or classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

DIAMOND FIELDS INTERNATIONAL LTD.

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

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

CAPITAL RESOURCES AND LIQUIDITY (Continued)

For the 6 month period ended December 31, 2008, the Company incurred a loss of \$ 2,294,756 before impairment charge (6 months to December 2007: \$ 1,837,278) and had a cash outflow of \$ 2,417,112 (6 months to 2007: \$ 3,405,406) from operations. In 2008, the Company began streamlining its corporate structure. Inactive subsidiaries were, or are in the process of being, dissolved. Furthermore, the Company is continuing to cut cost while pursuing its Liberian Gold project. Alternatively, the Company is dependent on continued support from shareholders to continue its operations in the normal course of business. Available cash is dedicated towards maintaining the Company's mineral concessions and screening mining opportunities, especially existing mining operations with positive cash flow. This includes possible joint ventures for the further development and mining of the Namibian Marine concessions.

CRITICAL ACCOUNTING ESTIMATES

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

Mineral Properties

Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, the estimated indicated resources (probable diamond reserves), and the estimated future operating results and net cash flows from the Company's mineral properties. The estimation of reserves and resources is inherently uncertain and involves subjective judgements about many relevant factors. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgements used in engineering and geological interpretation, which may prove to be unreliable. There can be no assurance that estimates of indicated mineral resources (probable diamond reserves) will be accurate or that such mineral resources can be mined or processed profitably. Estimated indicated resources (probable diamond reserves) for the Company's Namibian marine diamond concessions are based on the September 2000 feasibility study by AGRA Simons Ltd, which contemplated different mining technology than that in use by or available to the Company.

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

DIAMOND FIELDS INTERNATIONAL LTD.

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

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

Mineral Properties (Continued)

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

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

Stock-based Compensation

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

Income Taxes

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

DIAMOND FIELDS INTERNATIONAL LTD.

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

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

FINANCIAL INSTRUMENTS

The carrying amounts of cash, accounts receivable, accounts payable and loan payable as at December 31, 2008 and June 30, 2008, approximate their fair values. The Company operates internationally and as such is exposed to fluctuations in foreign exchange rates. The Company does not currently use financial instruments to limit its exposure to fluctuations in foreign exchange rates.

RISKS

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

OUTSTANDING SHARE DATA

At the Annual and Special Meeting of Diamond Fields held on December 3, 2007, shareholders of DFI voted in favour of a resolution authorizing the Board of Directors of the Company to implement, by September 30, 2008, a consolidation of DFI's share capital at an exchange ratio of one (1) new DFI Share for each five (5) old DFI Shares. On September 25, 2008, the common shares of DFI commenced trading on a consolidated basis. At December 31, 2008, a total of 46,921,346 common shares of the Company were outstanding. Stock options outstanding at December 31, 2008 totalled 185,000 with exercise prices ranging from Cdn\$ 1.10 to Cdn\$ 1.35 per share and expiry dates between August 31, 2010 to March 18, 2012, respectively.

DIAMOND FIELDS INTERNATIONAL LTD.

Consolidated Balance Sheets

(Expressed in U.S. dollars)

	December 31 2008 (Unaudited)	June 30, 2008
ASSETS		
CURRENT		
Cash	1,574,578	3,991,690
Accounts receivable	63,322	391,248
Prepaid expenses and other	122,056	363,524
Inventories	859,544	631,905
	2,619,500	5,378,367
INVESTMENTS		
MINERAL PROPERTIES (Note 5)	115,262	115,262
PROPERTY, PLANT & EQUIPMENT	7,867,299	9,030,957
	1,007,458	1,402,910
	11,609,519	15,927,496
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	910,640	990,472
FUTURE INCOME TAXES	1,233,254	1,234,407
	2,143,894	2,224,879
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	48,943,596	48,941,596
Authorized - Unlimited number of common shares without par value Issued & outstanding: 46,921,346 (June 30, 2008: 234,506,715)		
Contributed Surplus	2,786,515	3,002,581
Deficit	(41,270,796)	(37,247,870)
Accumulated other comprehensive loss	(993,690)	(993,690)
	9,465,625	13,702,617
	11,609,519	15,927,496

APPROVED BY THE BOARD:

"Wayne Malouf"

Director

"Mahen Sookun"

Director

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

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

	Three months ended December 31,		Six months ended December 31,	
	2008	2007	2008	2007
DIAMOND SALES	-	726,143	704,427	1,337,102
OPERATING COSTS				
Production costs (including depletion)	456,065	1,145,541	2,151,266	2,122,256
Royalties, selling and marketing	60,245	60,685	84,618	119,862
	(516,310)	1,206,226	2,235,884	2,242,118
	(516,310)	(480,083)	(1,531,457)	(905,016)
GENERAL AND ADMINISTRATIVE EXPENSES				
Amortization	27,869	21,488	53,038	34,165
Consulting	12,936	33,100	56,089	63,832
Investor relations	25,087	34,416	30,649	58,824
Maintenance	2,148	5,292	15,080	12,653
Office	72,737	113,795	134,819	178,245
Professional fees	52,202	219,810	66,748	297,356
Regulatory	15,198	28,766	43,915	33,470
Salaries and benefits	121,034	120,560	252,367	309,763
Stock-based compensation	3,529	29,451	(216,066)	47,301
Travel and accommodation	20,830	22,590	29,277	78,099
	353,570	629,268	465,916	1,113,708
OTHER INCOME (EXPENSE)				
Interest and other income	8,958	24,743	20,685	79,896
Interest on loans and note payable		20,359	-	-
Write off of exploration properties	(107,681)	-	(107,681)	-
Other expenses	(7,728)	-	(19,653)	-
Foreign exchange	(140,952)	44,997	(190,734)	101,550
	(247,403)	90,099	(297,383)	181,446
EARNINGS LOSS FOR THE PERIOD BEFORE IMPAIRMENT CHARGE	(1,117,283)	(1,019,252)	(2,294,756)	(1,837,278)
IMPAIRMENT CHARGE (Note 5)	(1,729,323)	-	(1,729,323)	-
EARNINGS LOSS FOR THE PERIOD AFTER IMPAIRMENT CHARGE	(2,846,606)	(1,019,252)	(4,024,079)	(1,837,278)
RECOVERY OF FUTURE INCOME TAXES	-	(4,917)	1,153	(27,745)
NET EARNINGS LOSS FOR THE PERIOD	(2,846,606)	(1,024,169)	(4,022,926)	(1,865,023)
DEFICIT, BEGINNING OF PERIOD	(38,424,190)	(33,995,252)	(37,247,870)	(33,154,398)
DEFICIT, END OF PERIOD	(41,270,796)	(35,019,421)	(41,270,796)	(35,019,241)
BASIC AND DILUTED LOSS PER SHARE	(0.06)	(0.01)	(0.09)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (in 000's)	46,921	231,791	46,921	231,791

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

DIAMOND FIELDS INTERNATIONAL LTD.

Consolidated Statements of Cash Flows

(Un-audited – prepared by management)

(Expressed in U.S. dollars)

Three months ended December 31, Six months ended December 31,

	2008	2007	2008	2007
OPERATING ACTIVITIES				
Net loss	(2,846,606)	(1,024,169)	(4,024,079)	(1,865,023)
Items not involving use of cash:				
Depreciation and depletion	201,772	225,919	419,329	494,615
Exceptional item	1,729,323	-	1,729,323	-
Write off of exploration properties	107,681	-	107,681	-
Recovery of future income taxes	-	4,917	-	27,745
Stock-based compensation	3,529	29,451	(216,066)	47,301
Net change in non-cash operating working capital items (Note 7)	212,730	(132,385)	261,923	(1,371,823)
	(591,571)	(896,267)	(1,721,889)	(2,667,185)
FINANCING ACTIVITIES				
Share capital issued, net of issue costs	-	-	2,000	3,686,492
Proceeds (Repayment) of loan payable	-	-	-	(3,677,034)
	-	-	2,000	9,458
INVESTING ACTIVITIES				
Expenditures on mineral properties	(198,472)	(219,656)	(694,439)	(569,012)
Expenditures on other capital assets	(279)	(53,531)	(2,784)	(178,667)
	(198,751)	(273,187)	(697,223)	(747,679)
INCREASE (DECREASE) IN CASH	(790,322)	(1,169,454)	(2,417,112)	(3,405,406)
CASH, BEGINNING OF PERIOD	2,364,900	6,759,089	3,991,690	8,995,041
CASH, END OF PERIOD	1,574,578	5,589,635	1,574,578	5,589,635

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

DIAMOND FIELDS INTERNATIONAL LTD.

Notes to the Consolidated Financial Statements

Three and six months ended December 31, 2008 and 2007

(Un-audited – prepared by management)

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

1. BASIS OF PRESENTATION

These interim financial statements do not contain all the information required by Canadian generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the most recent audited annual financial statements of the Company for the year ended June 30, 2008.

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

2. NATURE OF OPERATIONS AND GOING CONCERN

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

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

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern which assume that the Company will realize its assets, discharge its liabilities and meet its future obligations in the normal course of business.

For the 6 months period ended December 31, 2008 the company incurred a loss, including impairment, of \$ 4,024,079 (6 months to December 2007:\$ 1,837,278) and had a cash outflow of \$ 2,417,117 (6 months to 2007:\$ 3,405,406) from operations. While these financial statements have been prepared on the basis of accounting principles applicable to a going concern, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

DIAMOND FIELDS INTERNATIONAL LTD.

Notes to the Consolidated Financial Statements

Three and six months ended December 31, 2008 and 2007

(Un-audited – prepared by management)

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

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

Effective July 1, 2008, the Company adopted the following Canadian Institute of Chartered Accountants (“CICA”) accounting standards: (a) Section 1535, *Capital Disclosures*; (b) Section 3862, *Financial Instruments – Disclosures*; (c) Section 3863, *Financial Instruments – Presentation*; and (d) Section 3031, *Inventories*. The main requirements of these new standards and the resulting financial statement impact are described below.

a. *Section 1535, Capital Disclosures:*

This section establishes standards for disclosures about an entity’s capital and how it is managed. Under this standard the Company is required to disclose qualitative information about its objectives, policies and processes for managing capital; to disclose quantitative data about what it regards as capital; and to disclose whether an entity has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance.

The adoption of this standard required additional disclosure (Note 34) but had no effect on the consolidated financial statements of the Company.

b. *Section 3862, Financial Instruments – Disclosure, Section:*

This section requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management’s objectives, policies and procedures for managing such risks.

The adoption of this standard required additional disclosure (Note 4) but had no effect on the financial statements of the Company.

c. *Section 3863, Financial Instruments – Presentation:*

This Section establishes standards for presentation of financial instruments and non-financial derivatives.

The adoption of this standard required additional disclosure (Note 4) but had no effect on the consolidated financial statements of the Company.

DIAMOND FIELDS INTERNATIONAL LTD.

Notes to the Consolidated Financial Statements

Three and six months ended December 31, 2008 and 2007

(Un-audited – prepared by management)

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

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

d. *Section 3031, Inventories:*

This Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value.

e. *Other Future Accounting Changes:*

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

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

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

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

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

DIAMOND FIELDS INTERNATIONAL LTD.

Notes to the Consolidated Financial Statements

Three and six months ended December 31, 2008 and 2007

(Un-audited – prepared by management)

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

4. FINANCIAL RISK MANAGEMENT

a. Capital Management:

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

There were no changes in the Company's approach to capital management during the six months ended December 31, 2008 compared to the year ended June 30, 2008. The Company is not subject to externally imposed capital requirements.

b. Financial Risk Factors:

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

Credit Risk

The Company is exposed to credit risk in relation to its cash, accounts receivable and inventories. At 31 December 2008, the Company has no significant concentration of credit risk which has not been adequately provided for

Liquidity Risk

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

Commodity Price Risk

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

DIAMOND FIELDS INTERNATIONAL LTD.

Notes to the Consolidated Financial Statements

Three and six months ended December 31, 2008 and 2007

(Un-audited – prepared by management)

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

4. FINANCIAL RISK MANAGEMENT (Continued)

Foreign Currency Exchange Rate Risk

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

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

5. MINERAL PROPERTIES

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

	December 31, 2008	June 30, 2008
Namibian sea concessions	5,000,000	6,750,417
Other exploration properties	2,867,299	2,280,540
	7,867,299	9,030,957

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

The net book value of Mineral Properties in the Namibian sea concessions as at December 31, 2008 was \$ 5,000,000. Compared with the balance of \$ 6,750,417 as at June 30, 2008, the difference represents a decrease of \$ 1,750,417 which includes an impairment charge of \$ 1,729,323 applied against the carrying value of the Namibian Sea

DIAMOND FIELDS INTERNATIONAL LTD.

Notes to the Consolidated Financial Statements

Three and six months ended December 31, 2008 and 2007

(Un-audited – prepared by management)

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

5. MINERAL PROPERTIES (Continued)

Concessions and a depletion charge of \$ 21,094 during the first quarter ended September 30, 2008 in respect of areas mined.

6. SHARE CAPITAL

At December 31, 2008, a total of 46,921,346 common shares of the Company were outstanding. Stock options outstanding at December 31, 2008 totalled 185,000 with exercise prices ranging from Cdn\$ 1.10 to Cdn\$ 1.35 per share and expiry dates between August 31, 2010 to March 18, 2012, respectively.

7. CASH FLOW INFORMATION

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

	Three months ended December 31,		Six months ended December 31,	
	2008	2007	2008	2007
(Increase) decrease in:				
Accounts Receivable	19,833	(161,223)	327,926	(1,000,064)
Inventory	(256,156)	(170,269)	(227,639)	(63,367)
Prepaid expenses	483,404	3,271	241,468	20,191
(Decrease)increase in:				
Accounts payable and accrued liabilities	(34,351)	195,836	(79,832)	(328,583)
	212,730	(132,385)	261,923	(1,371,823)

8. SEGMENTED INFORMATION

The Company considers its business to consist of one reportable business segment. All of the Company's revenue for the six-month period ended December 30, 2008 and 2007 was earned in Namibia.