

DIAMOND FIELDS INTERNATIONAL LIMITED

2008 President's Report to Shareholders, as presented at the Annual General Meeting held on December 1, 2009 in Vancouver, B.C.

Legal Note: This President's Report to Shareholders is being presented as a brief summary of the affairs of the Company over the preceding year and is qualified in its entirety by the Company's continuous disclosure filings with Canadian securities regulators available on the SEDAR website, including news releases, material change reports, the Company's most recent annual information form, financial statements and MD&A and applicable technical reports under National Instrument 43-101. Risk factors relating to the Company's business are set forth in its most recent annual information form. A written copy of this President's Report to Shareholders will be filed on the Company's website following the AGM.

Corporate and General

Dear Shareholder:

2008 was a year of challenges and promise for DFI. On the challenging side, rising fuel prices significantly increased the cost of marine operations. Production was down between July and September because a supplier failed to timely deliver fuel (resulting in a brief suspension of operations) and because DFI's vessel, the MV Discoverer, was dry docked for its mandatory 5 year certification. On the promising side, the quality of the diamonds produced improved. Additionally, overhead has been significantly reduced, corporate structure streamlined and outside legal and accounting costs cut. DFI has been actively pursuing new joint venture mining opportunities, some of which will be announced shortly and others which we hope to finalize and announce this coming year.

While I believe that the positives outweigh the negatives and that the Company is better positioned now than last year (even with the new economic realities), cash flow was negative and the share price was down. No one is happy about that, and we are determined to improve it. What follows is a brief discussion of the Company's past and future challenges and the Board's and management's plan to shift direction, achieve positive cash flow, and increase shareholder value.

Namibian Marine Mining Operations

For the fiscal year (July 2007 to end of June 2008), 21,235 carats were recovered at an average size of 0.39 carats. A total of 20,298 carats were sold at an average price of \$242.15 per carat (all amounts in this report are in United States dollars). Despite these successes, the operation lost money in large part because fuel and other operating costs rose faster than the savings achieved through more efficient operations and added revenue through better quality diamonds. A full financial report can be found in the audited annual financial statements posted on the Company's website and on SEDAR.

As I write this report, fuel prices hover around fifty-five dollars per barrel. Last year we all had to deal with significant rises in fuel costs, and Diamond Fields was no exception. In July 2007, fuel for the Discoverer was \$779.86 per metric tonne. By July 2008, it was \$1,405.48 per metric tonne, an 80.22% increase. We were able to partially offset this by increased ship availability, additional efficiency and better quality stones beginning February 2008, just when fuel prices really began to take off. From March to July 2008, the ship's availability, defined as the amount of time within a 30 day period the ship conducted mining operations, averaged about eighty percent, an all time record. We also significantly reduced the amount of time the ship was dry docked for its mandatory 5 year certification and the amount spent for the repairs, updates and inspections that resulted in obtaining the certification. The ship was in dry dock less than three weeks and a total of approximately \$270,000 was spent. By comparison, for the 2 1/2 year certification done in June 2006, the ship was dry docked for 14 weeks and approximately \$1,400,000 was spent.

In October 2008, the Company concluded an agreement with Bonaparte Mines NL whereby Bonaparte paid the Company \$275,000 and transferred all its interests in any of the Company's Namibian Marine concessions to DFI. This agreement concluded the joint venture arrangements between the Company and Bonaparte and gives DFI's subsidiary, Diamond Fields Namibia ("DFN") total control over all its Namibian marine concessions.

The Company is pursuing a strategy of not only operating more cost efficiently, but just as importantly, operating smarter. We plan to do this by developing joint ventures that utilize ships and mining equipment designed to work a particular deposit. The rationale is that if we can increase exploration and mining activity with multiple operations simultaneously, and use equipment best designed to mine a particular deposit (with the greatest degree of efficiency), we should be able to increase diamond recoveries even while we build up our diamond resource inventory. As with any other operation, this will be subject to the economics working.

Liberia Diamonds and Gold

As announced previously, the Company has earned a 70% interest in certain diamond and gold deposits in Liberia. Building on that success, it recently entered into a joint venture with Silverhill Enterprises, Ltd. to drill the gold properties.

The Company undertook an exploration program for gold in the 2008 dry season. Some 1,500 soil samples were analyzed and an initial appraisal of the results indicates significant mineralization within discrete zones of quartz veining. Of those, 100 samples returned gold values equal to or greater than 0.1 g/t, 17 samples returned values greater than 0.5g/t, and 9 samples returned values greater than 1g/t Au. The highest recorded value returned by the soil samples was 15.06 g/t Au. By January 2009 the Company will start an aggressive reverse circulation drilling program to drill its Bartejaam and Henry Town anomalies within the Grand Geddah and Henry Town licenses, respectively. This programme will be funded by Silverhill and is initially

budgeted at up to \$400,000 with provision of up to an additional \$600,000 should results warrant.

Madagascar

In May 2007, DFI announced it acquired the exploration rights to the Valozoro nickel deposit. The Valozoro deposit is located in a very accessible area in south central Madagascar approximately 300 km south of the capital city Antananarivo. Weathering and alteration of bed rock has produced a nickel-laterite deposit up to 17 metres thick. A ground penetrating radar program was completed in November 2008 and we are awaiting the results. Preliminary data suggest that the historical resource estimate of 65,000 tonnes of insitu nickel may have been too conservative.

Zambia

As the Company's November 2008 update noted, regional exploration of the Company's joint venture with Lion Fields (Zambia) Ltd. on the PLLS 311 exploration license in Northern Zambia (adjacent to the world class Kipushi copper zinc mine) has been completed. From a review of published core drilling data undertaken by Gecamines, the Company has established 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 are currently also being further evaluated by the Company. The Company's renewal application for PLLS 311 has been filed and is pending.

Directors & Management

I succeeded Roger Daniel as President and Chief Executive Officer January 1, 2008. On May 1, 2008, Mahen Sookun succeeded Waldo Pienaar as Chief Financial Officer. Ed Flood resigned as a director in July 2008.

The Way Forward

In my view, the way forward for DFI is clear. We must further reduce costs, operate smarter, preserve cash, joint venture the promising projects we have, set project criteria and discard projects that do not meet those criteria and review new acquisitions with world-class potential which capitalize on the expertise DFI has acquired both in marine mining and in the Company's other projects.

While 2009 looks like it will be a difficult year for all mining companies, it also presents opportunities for DFI. At the close of 2008, the Company is in the enviable position of having cash in the bank, being able to meet its obligations, and being debt free.

Management is taking the steps necessary to further streamline the Company, preserve its positive cash position and take advantage of new opportunities as they arise - the goal being to increase shareholder value.

Sincerely,

Edward Wayne Malouf
President and CEO
December 1, 2008

Note: Additional information and detail can be found under DFI's profile on the SEDAR website at www.sedar.com