

African Diamonds plc

**AFD is developing the world class
AK06 diamond mine in Botswana in
Joint Venture with De Beers &
exploring highly prospective diamond
ground in Botswana and the DRC**

June 2009

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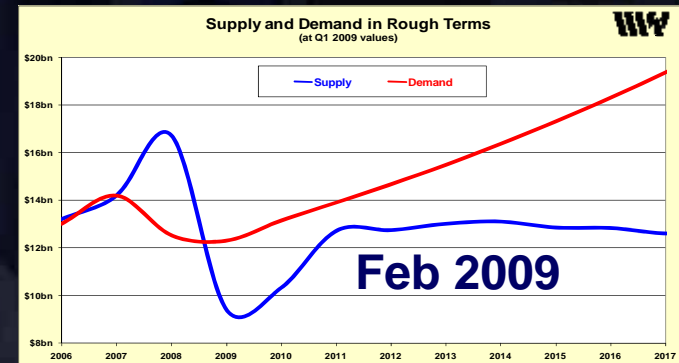
Highlights



- ◆ Mining License granted for world-class AK6 hard rock diamond mine, in Joint Venture with De Beers
- ◆ High quality diamonds and low operating costs
- ◆ Production due to commence April 2011
- ◆ Wholly owned prime exploration ground in Botswana, with discoveries in AK8 and AK9
- ◆ Investment in Bugeco (35%) which has wholly owned prime exploration ground in the DRC containing newly discovered kimberlites

Diamond Market

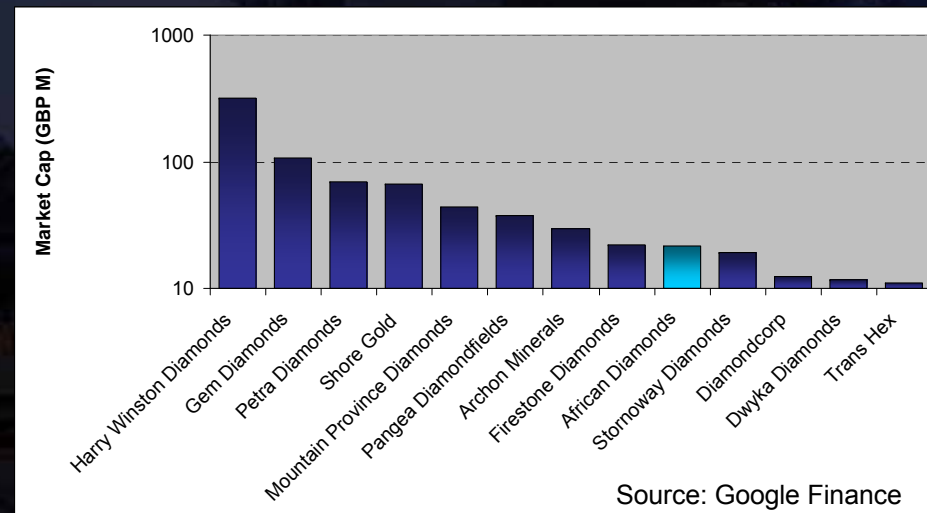
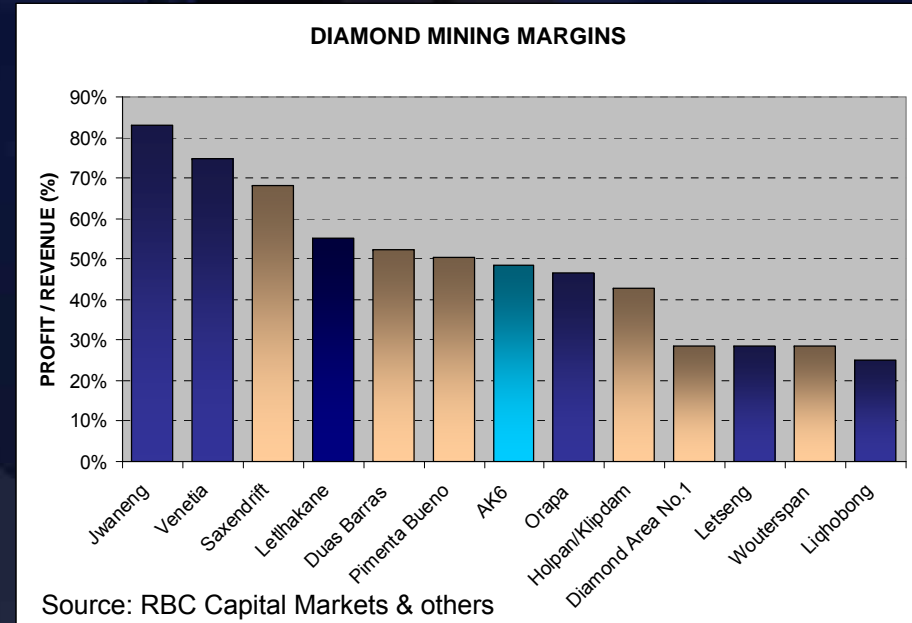
- ◆ Fundamental change in world economy since Q4 2008
- ◆ Dramatic short to medium term impact on diamond industry
 - Mine closures & production cutbacks
 - Long term fundamentals of industry still very good
 - No new discoveries forecast to come on stream
 - Very little current exploration spend
- ◆ Early signs of recovery:
 - Rough prices increased by 20-30% since Q1 2009 low
 - De Beers has just announced a ramping-up of production



The Importance of AK6

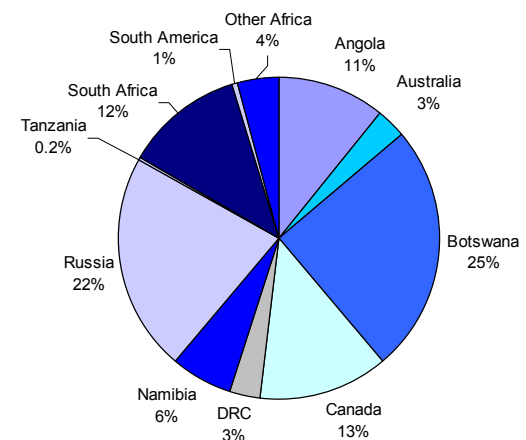
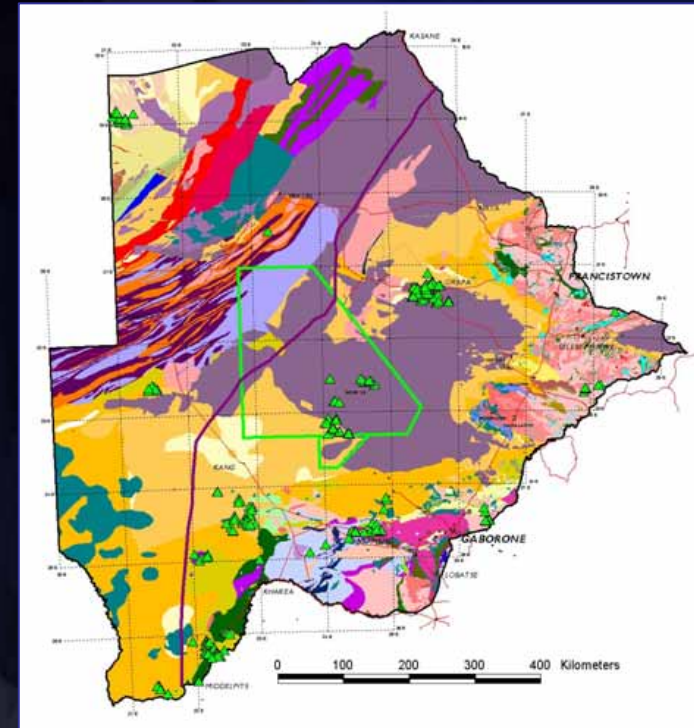


- ◆ Commercial kimberlite discoveries are very rare
 - 6,000 kimberlites of which only 50 have been or are economic
- ◆ 17 hard-rock diamond mines operating now, expected to drop to 12 (or more) by 2012
 - No recent new discoveries apart from AK6
- ◆ AFD will be one of 5 listed hard rock diamond miners
- ◆ AK6 will be in the top 5 hard rock diamond mines in the world when measured by Profit / Revenue ratio



Still the Best Address in Diamonds: Botswana

- ◆ Since gaining independence in 1966 it has become one of the richest and most stable African countries. It is called the 'Switzerland of Africa':
- ◆ It is the largest diamond producer by value in the world
- ◆ There are 4 large operating diamond mines in Botswana:
 - The Orapa mine, producing 17M carats a year, is the second largest diamond mine in the world
 - Jwaneng is the richest mine of any type in the world, with a P/R ratio in excess of 80%.
 - The Letlhakane mine producing \$250M a year of gem stones is located close to the AK06 AFD/De Beers discovery.
 - Damtshaa (4 kimberlites), the latest Debswana mine



The AK6 Discovery

- ◆ World class discovery 1970 (revisited 2004) coming on stream early 2011
 - Located close to the Orapa, Lethakane and Damtshaa mines with excellent infrastructure
- ◆ Ownership:
 - AFD: 28.381%
 - De Beers: 66.215%
 - Debwat: 5.404%
- ◆ The AK6 mine is the only significant commercial hard-rock diamond discovery in recent years



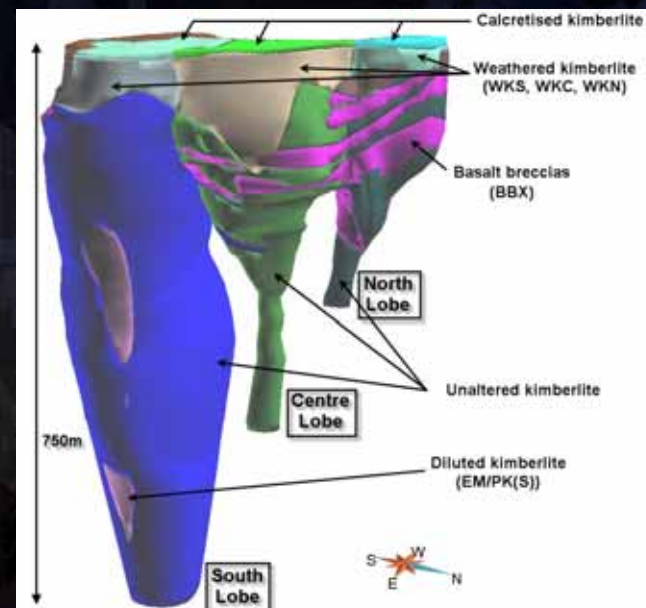
Developing the AK6 Mine



- ◆ Mining License granted for 15-years from 10 October 2008
- ◆ Taxed under the twelfth schedule of the Income Tax Act, including a variable rate of Income tax
- ◆ Can offset withholding taxes against income tax
- ◆ Normal royalty specified in the Botswana Mines and Minerals Act
- ◆ Diamonds sold to the Diamond Trading Company Botswana (on the same terms as Debswana)
- ◆ No government equity in the project
- ◆ Project commences working for profit on 9 April 2011
- ◆ Waiving of road levy on diesel if used for self generation

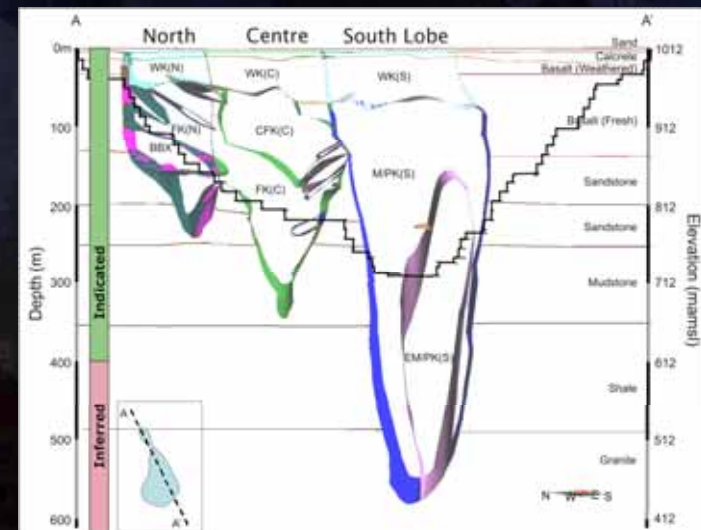
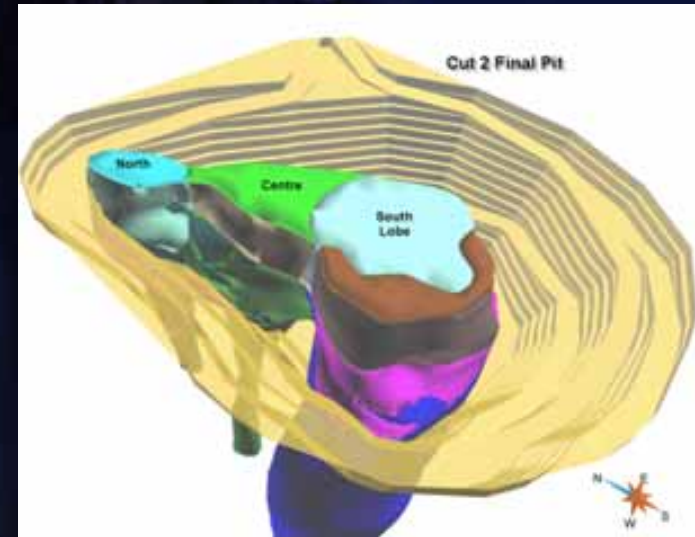
Developing the AK6 Mine

- ◆ Indicated Resource to 372m (+1mm):
 - 8.9M carats & 40M tonnes
 - Average grade 22cph
 - Modelled current diamond value ('SSV') \$139/ct
 - Significant quantities of rare, high value, Type II diamonds
- ◆ Deposit from 372-758m
 - 6.2M carats
- ◆ De Beers data



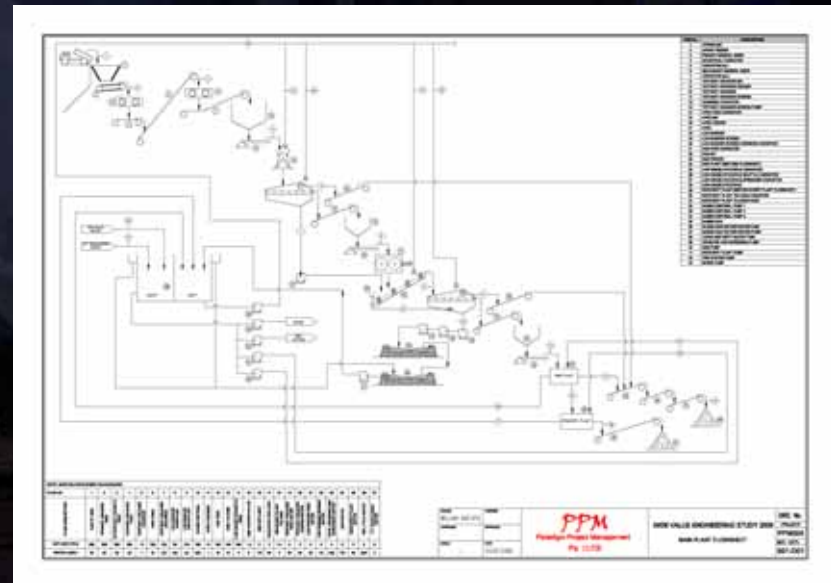
Proposed Development Plan

- ◆ Approved USD320M development option too expensive in current market
- ◆ AFD have proposed a new business plan to Boteti:
 - USD40M capex, 2M tpa operation (= Phase 1) ramping up to 4M tpa with an additional USD40M capex ('LOM')
 - USD9/tonne opex
 - Contract mining & treatment plant operations
- ◆ Updated plan currently being compiled which includes De Beers' input
- ◆ Financial model most sensitive to diamond value and diamond price growth
- ◆ Strong likelihood of funding for mine development



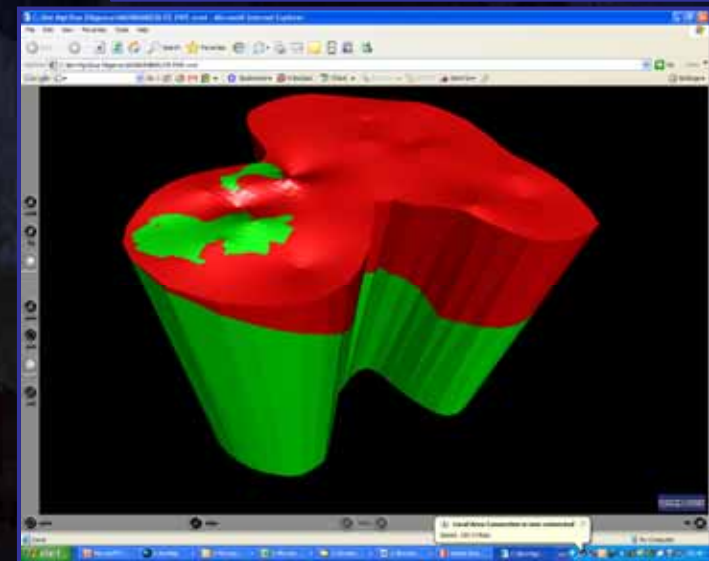
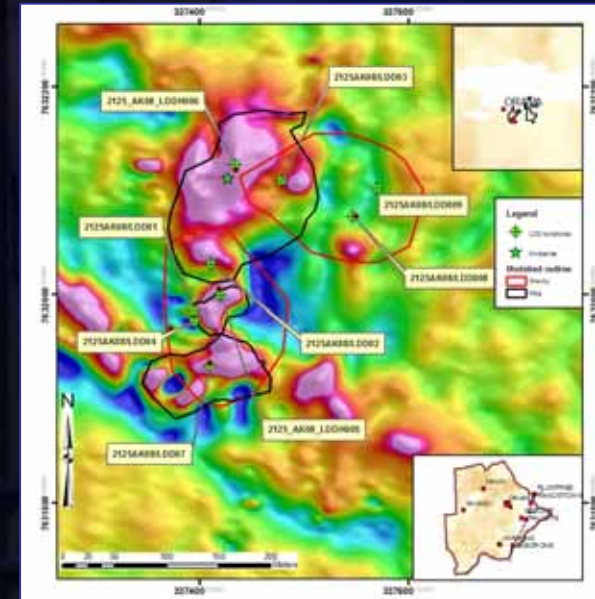
Why is our option so different from De Beers?

- ◆ Chiefly contractual operations:
 - Mining
 - Plant
- ◆ Plant:
 - No recycle loads
 - Simple, effective unit processes
- ◆ Minimal infrastructure
- ◆ No compromises concerning diamond control & security
- ◆ Mineral Resource, Geology & Geotechnical the same as De Beers
- ◆ Now working on two follow-up options:
 - So-called 'de-risked' plant
 - Autogenous Milling option*
- ◆ AFD Team (all experts in their fields):
 - Jeremy Clarke (PPM)
 - Dr Kurt Petersen (MetalDog)
 - Ian Wilbore (PPM)
 - Mark Gallagher (MSG Cons)



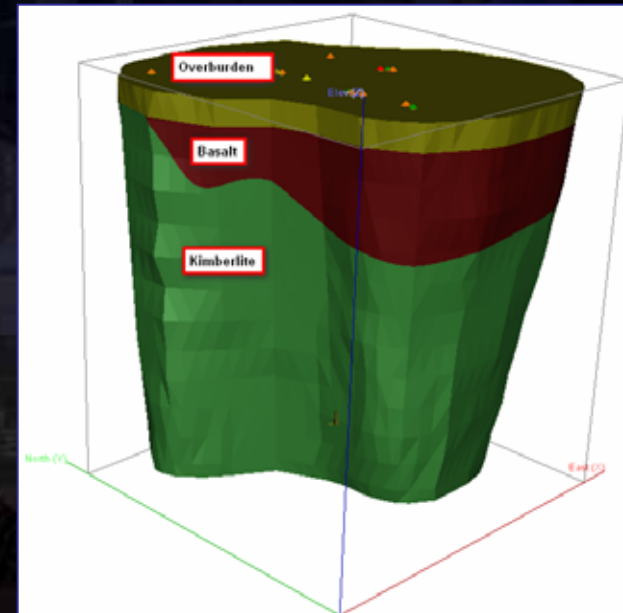
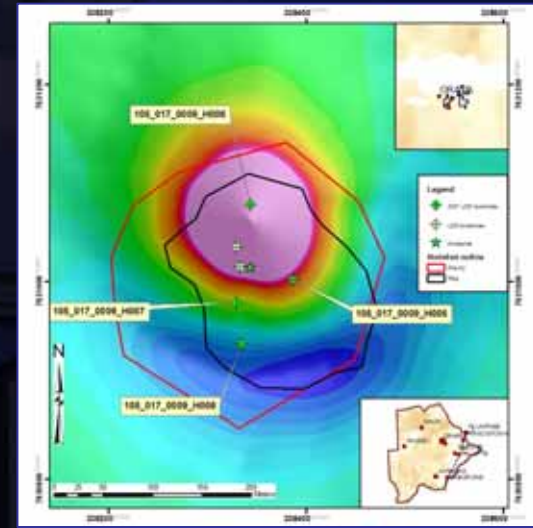
The AK8 Kimberlite Discovery

- ◆ 100% AFD
- ◆ 10km away from AK6 & 10km away from the Orapa Mine. Excellent local infrastructure
- ◆ Resource (+1mm):
 - 5 Hectare kimberlite pipe
 - Southern lobe (2.5Ha): grade c.3-7 cpht (90% confidence)
 - Northern/eastern lobe: grade c.1-2 cpht
 - 20M tonnes to 300m
- ◆ Modelled diamond value of USD35-190/carat (90% confidence limits)
- ◆ Development opportunities being explored
 - Potential small-mine or feeder to AK6



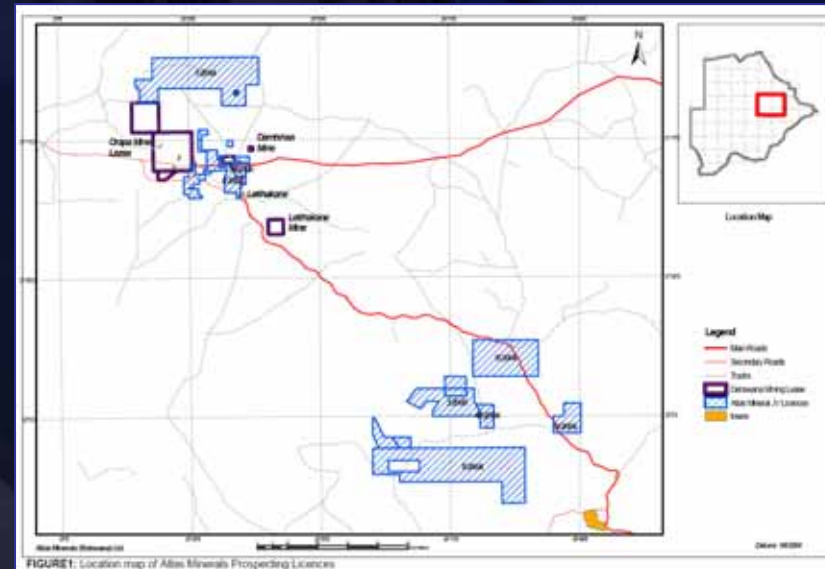
The AK9 Kimberlite Discovery

- ◆ 100% AFD
- ◆ 10km away from AK06 & 20km away from the Orapa Mine. Excellent local infrastructure
- ◆ Resource (+1mm):
 - 3 Hectare kimberlite pipe
 - 2.5 – 3.5cph
 - 11M tonnes to 250m
 - Insufficient carats for a fair diamond valuation
- ◆ Development opportunities being explored
 - Potential small-mine or feeder to AK6



Exploration - Botswana

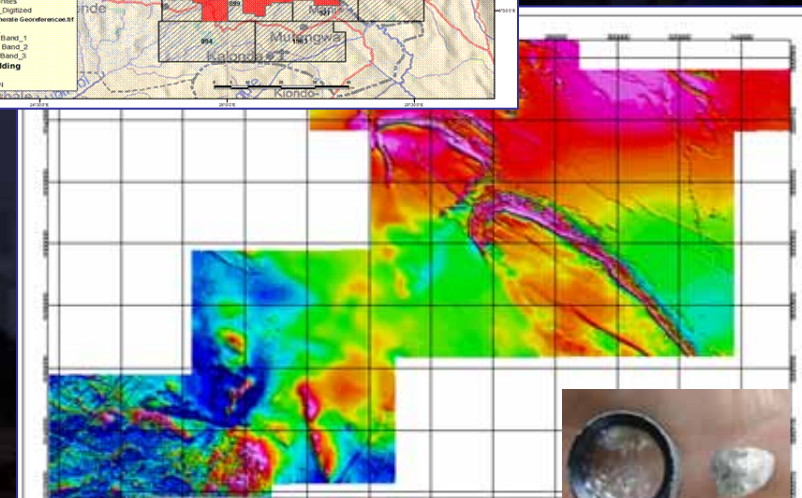
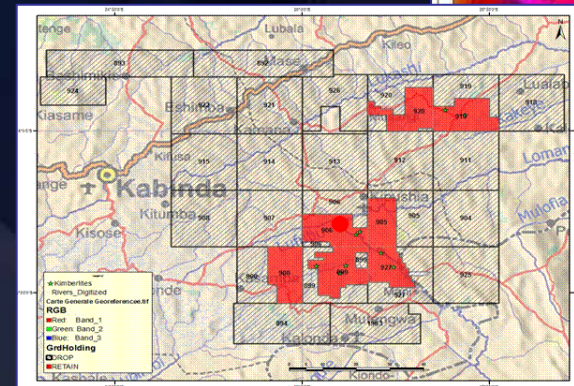
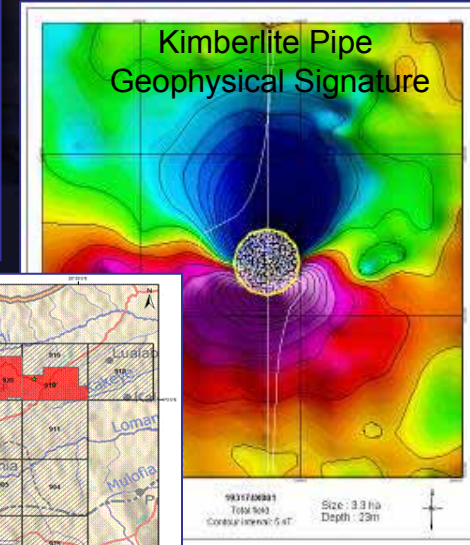
- ◆ Still the 'best diamond address' in the world
- ◆ 100% AFD
- ◆ Prospecting Licenses covering 1,852km² in the Orapa region of Botswana:
 - 33 out of 70 known kimberlites
 - Comprehensive De Beers database covering 3,616km²
- ◆ Prospecting Licenses covering 3,481km² in the Kedia region of Botswana (120-km West of Orapa)
 - High interest garnet anomalies
 - Prospecting commenced
- ◆ New ground applied for



Exploration - DRC



- ◆ The DRC is one of the last places left in the world that has '*elephant hunting*' potential for high-value discoveries
- ◆ AFD owns 35.42% of Bugeco SA, a private Belgian company whose DRC subsidiary owns exploration licences in DRC
 - Comprehensive database now owned by Bugeco arising from JV with De Beers
- ◆ Bugeco is focused on 5 licences in which the kimberlites are located in Kasai Orientale
- ◆ Two high interest kimberlite clusters have been discovered:
 - 9 kimberlite pipes (>35Ha in total size)
 - Good mineral chemistry
 - Existence of micro and macro diamonds
- ◆ Next steps: bulk sampling for macro diamonds

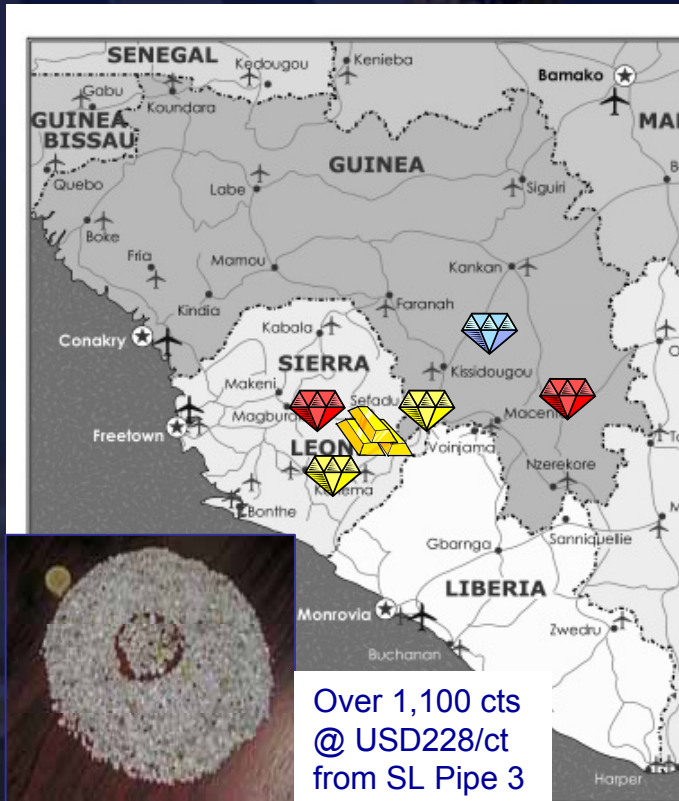


Airborne Geophysics

Exploration & Development – West Africa

West African
DIAMONDS

African
DIAMONDS PLC



- ◆ AFD owns 7.3% of WAD an AIM listed company developing projects in Sierra Leone and Guinea.
- ◆ Development:
 - Bomboko alluvials: >7.5cph and potentially >0.75M carats. Mining commenced April 2009
- ◆ Advanced projects:
 - Droujba kimberlite pipe, >2M cts to 120m (>80cph).
 - Droujba alluvials: 0.3 – 0.5M carats exploration potential
 - Kimberlite 'Pipe 3': grade re-assessment completed: now 20cph.
 - Kimberlite dykes: 14-km of strike mapped
 - Plant 11 Development: 7Mt dump containing gold & diamonds
- ◆ Early stage exploration:
 - EPL11: gold & diamond opportunities

Bomboko Alluvials



Corporate



- ◆ Quoted on AIM (London) since July 2003 and on the Botswana Exchange since March 2004
- ◆ 76.2M shares issued: 79.5M fully diluted
- ◆ Market cap: £24M @ £0.30
 - Range in last 12 months £0.20 - £0.80
- ◆ Directors, family and associates: 25%.
- ◆ Significant institutional investors:
 - Investec Botswana (10%)
 - JP Morgan (10%)
 - Black Rock (5%)
 - De Beers (6%)
- ◆ c.1,500 shareholders (c.300 in Botswana)
- ◆ Broker/Nomad: Finncap
- ◆ Liquid, 9 market makers
- ◆ Debt free



Management



John Teeling (63) - Executive Chairman

- 30 years' resources experience.
- 20 years African management experience.
- Established a number of AIM companies.
- Doctorate from Harvard.



James Finn (50) – Finance Director

- 20 years' experience in exploration companies.
- Currently Director of 5 AIM companies.
- Degrees in Accounting and Management.



James Campbell (45) – Managing Director

- Over 20 years' diamond experience with Anglo American plc & De Beers.
- Had world-wide responsibility for diamond resource delivery in De Beers.
- Previously Personal Assistant to Nicky Oppenheimer.
- Degrees in Geology and Business.



David Horgan (48) – Director

- Holds a Law degree from Cambridge and an MBA from Harvard.
- He is Managing Director of AIM listed Middle East oil explorer Petrel Resources plc and Oil & Gas producer Pan Andean Resources plc.



Alex Van Zyl (65) – Technical Director

- Over 40 years' diamond experience with Anglo American plc and De Beers.
- Had worldwide responsibility for diamond exploration and evaluation.
- Led the discovery of Venetia Mine.



Ribson Gabonowe (54) – CEO Kukama

- Over 25 years' mining industry experience
- 10 years as Director of Mines in Botswana overseeing mining licences administration.
- Degrees in Mining, Economics and an MBA

Summary

- ◆ Mining License granted for world-class AK6 hard rock diamond mine
- ◆ Production still due to commence April 2011
- ◆ Diamond market set to improve from mid 2009
- ◆ Wholly owned prime exploration ground in Botswana
- ◆ Prime exploration ground in the DRC

Any Questions?



- ◆ Please visit:
 - <http://www.afdiamonds.com>