

27 September 2013

BLUEROCK DIAMONDS PLC
(“BlueRock” or the “Company”)
(AIM: BRD)

Unaudited consolidated interim accounts for the period ended 30 June 2013

Chairman’s Statement

Introduction

This inaugural Chairman’s statement accompanies the unaudited consolidated accounts relating to the period from the Company’s incorporation on 11 October 2012 to 30 June 2013.

I am pleased to report that we have been very active since incorporation and in September 2013, we acquired our first asset and moved from the ISDX Growth Market to AIM.

Acquisition

Since incorporation, the Company has been focussed on evaluating investments in the diamond mining sector in and around Kimberley, the historic centre of diamond mining in South Africa. This process culminated in September 2013, when the Group acquired a 74% stake in the Kareevei Tenements, which comprises a mining licence and certain plant (together “KT”) for a total of ZAR 4 million; the other 26% is owned by our Black Empowerment Partner. The transfer of the mining licence is subject to approval from the Department of Mineral Resources in South Africa (“DMR”) and we hope to get such approval in the first half of 2014. In the meantime, under our agreement with the seller of KT, we are in the process of site establishment prior to commencing mining operations.

KT consists of five diamondiferous kimberlite pipes located approximately 100km from Kimberley, which have an inferred mineral resource of 359,000 carats and which will be mined on an open cast basis. The plant that we have acquired is sufficient to process 25 tonnes per hour and this has the potential to be increased to 100 tonnes per an hour with some limited capital expenditure. It is our intention to begin mining operations on the K1 pipe, which has the highest estimated grade (per our Competent Person’s Report), but we hope to evaluate further the other pipes once mining operations are under way.

Fundraising

In order to fund the evaluation of potential targets, the Company was admitted to trading on the ISDX Growth Market in March 2013, having raised £510,000. In September 2013, the Company raised a further £1.3 million in order to acquire KT and to fund plant upgrade, plant refurbishment and mine set up costs, develop pipe K1 and provide working capital. At the same time, the Company was admitted to AIM and withdrew from the ISDX Growth Market. I am pleased to report that the fundraising and admission to AIM in September was not only supported by existing shareholders but, also, attracted new shareholders to the Company.

Board of Directors

In recognition of our growth and our imminent move into production, we have created a balanced Board to guide us through our next stage of growth. In addition to myself and Jonathan Quirk, our senior non-executive director, both of whom have been directors since incorporation, we have added four new directors.

Our Chief Executive Officer is Riaan Visser, a chartered accountant, who joined the Board in December 2012, initially as Chief Financial Officer. In addition to his duties as CEO, Riaan will continue to be responsible for the finance function of the Group and we will benefit from his many years of experience in the diamond mining industry. In July 2013, John Kilham joined the Board as Chief Technical Officer. John is a geologist and has experience of operating open cast diamond mines for De Beers. Andre Markgraaff, who joined the Board in January 2013 as a non-executive director, is a well known businessman in the Northern Cape who provides invaluable insight into the local business community. Tim Leslie joined the board as a non-executive director on Admission to AIM and he has many years of experience in the financial markets; Tim is also a substantial shareholder in the Company.

Black Empowerment Partner

BlueRock's Black Empowerment Partner is Ghaap Mining which is wholly owned by Willie van Wyk. He is an experienced diamond mining plant engineer with 26 years service with De Beers. He will be an active member of the team and will be responsible for the operation of the plant.

Financial Results

The accounts for the period to 30 June 2013 show an operating loss of £241,000.

I am delighted with the progress the Company has made in its short history and look forward to bringing the Kareevlei mine into production.

Paul Beck

Chairman

26 September 2013

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UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 2013

Consolidated Statement of Comprehensive Income for the period 11 October 2012 to 30 June 2013

£ '000

Other expenses (241)

Operating loss and loss before tax for the period (241)

Tax expense -

Loss and total comprehensive income for the period (241)

There were no other items of other comprehensive income during the period.

Loss per share (pence)

Basic and diluted (Note 8) (2.40)p

**Consolidated Statement of Changes in Equity for the period 11 October 2012 to 30 June 2013
(unaudited)**

	Share capital	Share premium	Retained earnings /(losses)	Total equity
	£ '000	£ '000	£'000	£' 000
Balance at 11 October 2012	-	-	-	-
Issue of ordinary share capital in the period (note 4)	1	509	-	510
Share issue costs	-	(34)	-	(34)
Transactions with owners	1	475	-	476
Loss and total comprehensive income for the period	-	-	(241)	(241)
Balance at 30 June 2013	1	475	(241)	235

Consolidated Statement of Financial Position as at 30 June 2013 (unaudited)

£ '000

ASSETS

Current assets

Financial assets (Note 6)	11
Trade and other receivables (Note 7)	109
Cash and cash equivalents (Note 3b)	<u>260</u>
	<u>380</u>

TOTAL ASSETS

380

EQUITY AND LIABILITIES

Equity

Share capital (Note 4)	1
Share premium (Note 4)	475
Retained loss	<u>(241)</u>
Total equity	<u>235</u>

Current liabilities

Trade and other payables (Note 5)	<u>145</u>
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TOTAL EQUITY AND LIABILITIES

380

Consolidated Statement of Cash Flows for the period 11 October 2012 to 30 June 2013 (unaudited)

£ '000

Operating activities

Loss before tax for the period (241)

Movements in working capital:

Increase in trade and other payables 145

Increase in financial assets (11)

Increase in other current assets (109)

Net cash outflow from operating activities **(216)**

Financing activities

Proceeds from issue of share capital (Note 4) 510

Share issue costs (34)

Net cash inflow from financing activities **476**

Net increase in cash and cash equivalents 260

Cash and cash equivalents at beginning of period -

Cash and cash equivalents at end of period **260**

Notes to the Consolidated Interim Results

1. General information

The Company was incorporated as BlueRock Diamonds plc and registered in England and Wales on 11 October 2012 as a public limited company, limited by shares. The registered number of the Company is 8248437 and the Company's registered office is 39 St James's Street, London, SW1A 1JD.

On 7 March 2013 the Company's ordinary shares were admitted to trading on the ISDX Growth Market.

During the period from incorporation to 30 June 2013, the Company commenced its search for suitable investment and/or acquisition targets and held discussions with a number of parties.

Kareevlei Tenement Option to Purchase Agreement

On 23 April 2013, the Company entered into an Option to Purchase Agreement under which for a cash consideration of R150,000 (one hundred and fifty thousand rand) paid by the Company to Diamond Resources (Pty) Limited ("Diamond Resources"). Diamond Resources granted to the Company the option to purchase the Mining Rights known as the Kareevlei Tenement, for the sum of R1,000,000 (one million rand) (plus South African VAT) and the plant and equipment used by Diamond Resources (for R3,000,000 (three million rand) (plus South African VAT)). The Option was exercisable for a period of six months expiring on 22 October 2013. On exercising the Option, Diamond Resources and the Company would enter into (a) a Sale and Purchase Agreement in respect of the Mining Rights, completion of which is to be conditional, inter alia, on consent from the Department of Mineral Resources of South Africa under the Mineral and Petroleum Resources Development Act 28 of 2002 (South Africa); and (b) a Sales Agreement in respect of the Mining Equipment, which is to be completed on execution contains restrictions on Diamond Resources (Pty) Limited's ability to conduct mining activity or to use the Mining Equipment.

Formation of subsidiary

On 14 May 2013 the Company incorporated Kareevlei Mining (Pty) Limited ("Kareevlei Mining") to act as a special purpose vehicle for its proposed acquisition of the Kareevlei Tenement Mining Rights and Mining Equipment. Pursuant to Black Economic Empowerment legislation, a Kimberley based company, Ghaap Mining (Pty) Limited, owns 26% of the issued shares of Kareevlei Mining while the Company owns the remaining 74%. Ghaap Mining (Pty) Limited is a South African private limited company wholly owned by Mr. William Alexander Van Wyk who, in terms of South African legislation, qualifies as a Black Empowerment Partner.

2. Basis of preparation

The Group's directors are responsible for the preparation of the consolidated interim results.

The financial information for the period ended 30 June 2013 included in this condensed interim report comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows and the related notes.

These consolidated interim financial statements have not been audited nor have they been reviewed by the auditors under ISRE 2410 of the Auditing Practices Board. The financial information set out in this report does not constitute statutory accounts as defined by the Companies Act 2006.

The interim financial statements have been prepared on the basis of the accounting policies set out in these financial statements and on a going concern basis. They are presented in sterling which is also the functional currency of the parent company. They do not include all of the information required in annual financial statements in accordance with IFRS.

3. Accounting policies

(a) Use of Accounting Estimates and Judgements

The Directors consider that in the proper preparation of the interim results there were no critical nor significant areas which required the use of accounting estimates and exercise of judgement by management while applying the Company's accounting policies.

(b) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid instruments, such as bank deposits, certificates of deposit, time deposits, treasury notes and other money market instruments, which generally have maturities of less than three months.

(c) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(d) Equity and reserves

Shares are classified as equity where there is no obligation to transfer cash and other assets. The Company's capital is represented by Ordinary Shares of £0.0001 par value and share premium. Each Ordinary Share carries one vote and is entitled to dividends when declared. The relevant movements on capital will be shown in the statement of changes in equity.

Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on the issue of share capital. Any transaction costs directly associated with the issuing of shares are deducted from share premium.

The other component of equity is retained losses. Retained losses include all current period retained losses.

(e) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service on an accruals basis.

(f) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(g) Trade and other payables

Trade and other payables are not interest bearing and are recognised initially at fair value. Subsequently they are carried at amortised cost.

(h) Financial assets

Financial assets are held at fair value.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

4. Called up share capital and share premium account

		30 June 2013
	Number	£ '000
Ordinary Shares allotted, issued and fully paid		
At beginning of period	-	-
Share issues in period	<u>12,789,338</u>	<u>1</u>
At end of period	<u>12,789,338</u>	<u>1</u>

On incorporation, three Ordinary shares of £0.0001 par value were issued, one Ordinary Share to each of the three Directors in office on incorporation, being Paul Beck, Jonathan Quirk and Paul Munday. These Ordinary Shares are fully paid.

On 8 November 2012, 8,339,997 Ordinary Shares of £0.0001 par value were issued to certain investors (including Directors) and are fully paid.

On 18 December 2012, 1,500,000 Ordinary Shares of £0.0001 par value were issued at £0.10 (a premium of £0.0999) to certain investors and are fully paid.

On 8 January 2013, 800,000 Ordinary Shares of £0.0001 par value were issued at £0.10 (a premium of £0.0999) to certain investors (including entities related to the Company by virtue of a common director) and are fully paid.

On 7 March 2013, 2,149,338 Ordinary Shares of £0.0001 par value were issued at £0.13 (a premium of £0.1299) on admission to trading on the ISDX Growth Market to certain investors and are fully paid.

Share premium

Proceeds received in addition to the nominal value of the shares issued during the period have been included in share premium, less transaction costs directly associated with the issuing of the shares. Costs of issuing new shares charged to equity amounted to £34,000.

5. Trade and other payables

	30 June 2013
	£ '000
Trade payables	63
Accrued expenses	<u>82</u>
	<u>145</u>

The accrued expenses related primarily to obligated costs in respect of professional costs related to the admission to the AIM Market.

6. Financial assets

	30 June 2013
	£ '000
Option fee	<u>11</u>

The option fee relates to the conditional acquisition of the mining right over Kareevlei Tenements more fully explained in note 1.

7. Trade and other receivables

	30 June 2013
	£ '000
Prepayments and other receivables	81
VAT refund receivable	<u>28</u>
	<u>109</u>

8. EPS

The calculation of earnings per share for the period from incorporation to 30 June 2013 is based on the loss attributable to equity shareholders of £241,000 divided by the weighted average number of shares in issue during the period which was 10,041,533.

9. Directors' remuneration

None of the Company's Directors received, or were entitled to receive, any remuneration from the Company for their services during the period from incorporation to 30 June 2013.

10. Subsequent events

Capital restructuring

On 3 September 2013, following shareholder approval, the share capital was restructured in order to increase the nominal value of the issued ordinary shares. On 3 September, the issued share capital of the Company consisted of 12,789,338 ordinary shares of 0.01p each.

Firstly, the Company effected a capitalisation issue, by which a total of £12,661,444.62 credited to the share premium account was applied in paying up 1,266,144,462 ordinary shares of 0.01p each, which were issued to the holders of ordinary shares on the register on 3 September 2013 (the "Record Date") on the basis of 99 new ordinary shares for each one ordinary share registered in the name of each shareholder on the Record Date. The effect of the capitalisation issue was to increase the number of ordinary shares held by each Shareholder as at the close of business on 3 September 2013 by a factor of one hundred. As a result a total of 1,278,933,800 Ordinary Shares were in issue following the capitalisation issue.

The board considered that this number of ordinary shares in issue was unduly high and that it would be helpful to reduce the total number by way of a consolidation. The effect of the consolidation was to reduce the number of ordinary shares held by each shareholder as at the close of business on 3 September 2013 by a factor of one hundred.

The total number of issued ordinary shares following the capitalisation issue and the consolidation was 12,789,338 ordinary shares of 1p each. The value attributed to each member's holding as a proportion of the total issued share capital was not reduced as a result of the capitalisation issue and the consolidation.

Placing

On 4 September 2013, the Company raised £1.31 million before expenses (£0.96 million net of expenses), through a placing of 18,735,703 placing shares, conditional on admission of the ordinary shares to AIM and at a price of 7p per ordinary share, which represented a premium of 6p over their nominal value of 1p each.

The total number of issued ordinary shares following the placing was 31,525,041 ordinary shares of 1p each.

The effect of the capital restructuring and placing on the issued share capital is illustrated below.

	Ordinary Shares of 0.01p each		Ordinary shares of 1p each	
	Number of Ordinary Shares	Amount (£)	Number of Ordinary Shares	Amount (£)
As at 30 June 2013	12,789,338	1,279	-	-
Following capitalisation issue on 3 September 2013	1,278,933,800	127,893	-	-
Following consolidation on 3 September 2013	-	-	12,789,338	127,893
Following placing on 4 September 2013	-	-	31,525,041	315,250

Share Options

On 19 August 2013, conditional on admission to AIM, the Company issued Share Options to the directors over 4,728,756 Ordinary Shares or 15 per cent. of the enlarged share capital on admission. The options, which vested on admission to AIM, were issued in three tranches, at 18p, 40p and 55p, and are exercisable for a period of five years.

Conditional acquisition of mining right over Kareevlei Tenements and acquisition of mining equipment

On 3 August 2013, the Company (1) Diamond Resources (Pty) Limited (2) and Kareevlei Mining (3) entered into a Supplemental Agreement which altered the terms of Kareevlei option agreement, the mining agreement and the equipment agreement to be entered into on the exercise of the Kareevlei option, and nominated Kareevlei Mining as nominee of BlueRock.

On 3 September 2013, the Company exercised the Kareevlei option and the mining agreement and equipment agreement, both as amended by the supplemental agreement, were accepted. Pursuant to these agreements, Kareevlei Mining acquired mining equipment, including a processing plant and final recovery section for R3,000,000 plus South African VAT, and acquired, conditional on consent from the Department of Mineral Resources of South Africa under the Mineral and Petroleum Resources Development Act 28 of 2002 (South Africa) ("Ministerial Consent"), the mining right over the Kareevlei Tenements, for the sum of R1,000,000 (approximately £65,000), net of the R150,000 consideration already paid by the Company for the option. The net consideration for the mining right of R850,000 is held in trust until Ministerial Consent is granted for the transfer of the mining right.

Admission to AIM and withdrawal from ISDX

Following receipt of shareholder approval, the Company withdrew its ordinary shares from trading on the ISDX Growth Market on 3 September 2013. The enlarged share capital of 31,525,041 ordinary shares was admitted to trading on AIM on 4 September 2013.

No other events requiring disclosure have occurred subsequent to 30 June 2013, being the date to which these consolidated interim results have been prepared.