BlueRock Diamonds plc

Preliminary results for the period ended 31 December 2013

5 June 2014

Strategic Report

Chairman's Statement

I am pleased to present the first Chairman's report for the Company for the period from its incorporation on 11 October 2012 to 31 December 2013.

Following admission to AIM on 4 September 2013, your Company has made considerable progress during this period:

September 2013	The Company agreed to purchase the mining right over the Kareevlei Tenements
October 2013	Excavation work commenced
December 2013	Commissioning of plant and initial upgrade
March 2014	First diamond recovery
April 2014	Further upgrade of plant
May 2014	Plant in full production

We have achieved this at a relatively minimal cost to the Company; the total cost of reaching production has been approximately £700,000. This is in large part due to the efforts of our team in Kimberley and our BEE partner, Willy van Wyk who has been responsible for the commissioning and upgrade of the plant.

In October 2013, immediately following the acquisition of the Kareevlei Tenements, excavation commenced using a contractor. Once the overburden of part of K1 and K2 (to a depth of approximately 10 metres) was removed, the contractor then excavated further to a depth of 20 metres. There is now a stockpile of weathered kimberlite at Kareevlei which is sufficient for at least 3 month's production. The contractor will be re-engaged for further excavation to replenish the stockpile when required.

Post the balance sheet date, following the initial refurbishment and commissioning of the plant in December 2013, over the last few months the Company has resolved initial teething problems and upgraded the plant and final recovery section where required. A decision was taken to purchase and install a cone crusher which has increased the efficiency of the dense medium separation plant ("DMS") and increased the recovery rate. Since the end of May 2014, the plant has been fully operational and is currently processing approximately 200 tonnes per day. We are now more than pleased with how the plant is operating.

The Company has recovered further diamonds since the announcement made on 5 March 2014. We are pleased with the results to date but we continue to assess recovery rates, grade and values per carat and once a sufficient parcel of diamonds is recovered, the Board will report its findings.

Rough diamond pricing improved during 2013, with rough and polished demand rising to levels last seen before the 2008 crisis and this has continued into 2014 where increases of 5 to 7% have been reported. Demand from China and India continued to grow, while demand from the US and Japan rose on the back of accelerating GDP growth. De Beers' and Alrosa's 1H13 results further demonstrate the recent increase in rough diamond prices. With demand forecast to grow further over the next decade, I believe BlueRock is well placed to take advantage of the improving market conditions.

BlueRock is committed to maintaining high health and safety, social and environmental standards. I am pleased to report that there were no accidents at Kareevlei during the period. The Company has actively engaged with the regional municipality and local community based 125km north-west of Kimberley and within 20km of the mine, from which Kareevlei draws its labour. In addition, our Social and Labour Plan has been submitted to the Department of Mineral Resources and Riaan Visser, Chief Executive Officer, has been appointed as a trustee of the Northern Cape Premiers' Education Trust.

I would like to thank Willy van Wyk our BEE partner for his hard work, commitment and expertise in commissioning and upgrading the plant. I am very pleased with progress to date. In less than a year since the acquisition of Kareevlei, thanks to our dedicated team in the Northern Cape, we are fully operational and producing diamonds.

We look forward to updating shareholders in the future.

I would like to thank our shareholders for their continued support.

Paul Beck

Chief Executive Officer's Review

During March 2013, the Company was admitted to trading on the ISDX Growth Market as an investment company and announced its investment strategy of acquiring underperforming or dormant diamond mines in South Africa and or sub Saharan Africa. I am pleased to update you on the significant progress made by BlueRock during 2013 in achieving this goal.

In April 2013, we acquired an option to purchase the Kareevlei assets from Diamond Resources, a subsidiary of ASX listed Tawana Resources NL. The Kareevlei assets are situated in the Northern Cape Province of South Africa and included the mining right over a known cluster of 5 kimberlite pipes and mining plant and equipment. The agreement provided for a six month option period to enable BlueRock to conduct due diligence on the Kareevlei assets. We appointed Z Star Mineral Resource Consultants ("Z Star") to assist us in evaluating the Kareevlei assets and after receiving their preliminary report decided to proceed with the acquisition and commissioned a Competent Person's Report ("CPR") on the assets.

The acquisition of the Kareevlei assets, together with BlueRock's application for admission to AIM as a trading company, capital restructuring, placing and withdrawal from the ISDX Growth Market, was put before and approved by shareholders at a general meeting on 3 September 2013. Following the successful capital restructuring and placing, the Company was admitted to trading on AIM on 4 September 2013.

The option over the Kareevlei assets was exercised on 3 September 2013 through our 74% owned South African subsidiary, Kareevlei Mining (Pty) Ltd. In accordance with South African law our Black Economic Empowerment partner, Ghaap Mining (Pty) Ltd., holds 26% of the shares in Kareevlei Mining. Ghaap Mining is wholly owned by William van Wyk, who is an experienced diamond mining plant engineer.

Transfer of the mining right over the Kareevlei Tenements to our subsidiary, Kareevlei Mining (Pty) Limited, is conditional on consent from the Minister of Mineral Resources in South Africa. We appointed a specialist consultant to assist with the process of transferring of the mining right and our application was lodged with the Department of Mineral Resources (DMR) in October 2013 shortly following Admission. As part of the application process, we developed a new Environmental Management Programme, Mining Works Programme and Social and Labour Plan, which were submitted, as requested, to the Department of Mineral Resources in March 2014. The Board will update shareholders as soon as practicable on progress on the transfer of the Mining Right.

In October 2013, we appointed an earthmoving contractor to begin development of two of the five kimberlite pipes, K1 and K2. We also engaged Kgalagadi Engineering & Mining Supplies (Pty) Limited (a company in which John Kilham (CTO) and Willy van Wyk are both directors and shareholders) as a contractor to refurbish and upgrade the existing mining plant acquired from Diamond Resources.

By early December 2013, the calcrete overburden covering the weathered kimberlite present in K1 and K2 had been removed and refurbishment of the processing plant had been largely completed. Following this, the first kimberlite feed was processed during December 2013.

Post balance sheet

During operation, a number of design flaws in the processing plant were identified and these were corrected during January and February 2014.

Trial mining continued in February 2014, with further processing during March and April 2014 and work to further upgrade the front end screening and crushing circuit was completed in early May 2014. I now expect operational capacity of 8,000 tonnes per month headfeed and 4,500 tonnes per month at the DMS level, using the existing plant.

Further to the announcement made on 5 March 2014, further diamonds have been recovered from processing. The Company will assess its recovery on a continuous basis and will report its findings. I am very satisfied with the quality of the diamonds recovered to date. I wish to thank our BEE partner, his team and the earthmoving contractor for getting the mine into production in such a short time and within the capex budget.

I believe that the Kareevlei tenements offer excellent growth opportunities for the Company, with the largest of the known kimberlite pipes being virtually unexplored. The focus of the Company is now to ensure that the processing plant is functioning optimally and we intend to further upgrade the plant to improve the crushing circuits and increase processing capacity.

In addition, we will continue to assess new investment opportunities as they arise and with two of the directors based in Kimberley, we are well positioned to evaluate opportunities. With new developments in the Southern African diamond industry, for example increased exploration in Botswana and Lesotho, the move of De Beers' marketing operations to Gaberone and the development of previously De Beers owned South African mines, there is increased interest in the diamond mining potential of the Northern Cape.

The outlook for the diamond market is good with an expected increase in demand coming from Asia resulting in demand exceeding supply. Diamond prices have improved in 2013 and I expect a further increase during 2014. I look forward to being able to update you on our progress after the first sale of our diamonds which we expect to occur during 2014.

Finally I would like to thank our Board of Directors, our shareholders and SP Angel for their support.

Riaan Visser

Operations Report

Introduction

The acquisition by BlueRock of the mineral assets included in the Mining Right area of the Kareevlei Tenements in the Northern Cape province of South Africa was completed, subject to DMR approval, on 4 September 2013.

The preceding option agreement with Diamond Resources, gave BlueRock access to a comprehensive set of advanced prospecting information - sufficient to allow a CPR to be produced and for grade, density and revenue estimates to be completed. Following a reasonable prospects for eventual economic extraction ("RPEEE") review, the Competent Person (Dr John Andrew Grills of Z Star Mineral Resource Consultants) was able to calculate an Inferred Mineral Resource in accordance with the SAMREC code for pipes K1, K2 and a portion of K3.

The Kareevlei project includes 5 diamondiferous kimberlite pipes which are in an easily accessible locality within the well known Kimberley diamond producing area of South Africa.

The Kimberlite intrusions

The five kimberlite pipes (namely K1, K2, K3, K4, and K5) within the Mining Right area range in size from approximately <0.5ha (K4) to <5.6ha (K3) in surface area. The earlier detailed evaluation by Diamond Resources had classified these pipes as diatreme facies although some evidence of possible crater facies rock types is noted in the larger K3 pipe.

The evaluation data reviewed in the CPR concluded that all 5 pipes are diamondiferous and 3D geological models have been created for pipes K1, K2 and K3 to depths of 65m, 125m and 125m respectively, from surface. Should additional funds be raised in future, it is expected that BlueRock may conduct further work on the K3, K4 and K5 kimberlites to refine the existing evaluation models with a particular emphasis on providing a more accurate revenue model.

Based on the CPR (which is reproduced in full in the Company's Admission Document dated 19 August 2013), inferred resources were declared totalling approximately 7.98 million tonnes and containing 359,000 carats in pipes K1, K2 and K3. This declaration is supported by the modelled RPEEE (Reasonable Prospects for Eventual Economic Exploitation) analyses reported in the CPR.

Trial mining of the K1 and K2 Kimberlite Pipes

Trial mining operations have focused on pipes K1 and K2. These 2 pipes are adjacent to each other and are intruded into competent dolomites. Excavation of the ore commenced by conventional open cast methods using a contracted earthmoving company. Following this work, the close proximity of pipes K1 and K2 became more apparent and the Board decided to mine pipes K1 and K2 simultaneously.

Site establishment to support the mining and processing activities took place during the final quarter of 2013; with the first ground being broken on 10 October 2013. The first phase of earthmoving focussed on the removal of the approximately 10 metre thick calcrete capping of the pipes to an overburden stockpile. Thereafter, towards the end of November 2013, by drilling and blasting, the weathered kimberlite was excavated and removed to a depth of approximately 20 metres and transferred to a head feed stockpile adjacent to the test plant.

First Treatment of Kimberlite through the DMS Test Plant

The purchase of mining equipment included an existing small test treatment plant comprising a scrubber, screens and a DMS module. Refurbishment of this facility took place in Q4 2013. BlueRock has used this test plant to commence with the treatment of the mined kimberlite from the initial open pits.

During the engineering refurbishment of this DMS treatment plant, some processing improvement opportunities were identified. The improvements will provide more efficient ground handling as well as enhancements to the liberation of diamonds from the harder kimberlite particles using the cone crusher. These plant modifications were implemented in a phased manner during March to May 2014.

Final Diamond Recovery by X-ray Processing

The recovery equipment was relocated to the Company's secure unit in Kimberley and re-commissioned. The final processing is completed using a two-stage FlowSort™ plant that was purchased together with the other mining equipment and plant.

John L C Kilham
Chief Technical Officer

The report and accounts for the period ended 31 December 2013, including the notice of Annual General Meeting ("AGM"), will be posted to shareholders today and will be available shortly for download from www.bluerockdiamonds.co.uk. The AGM will be held at the offices of SP Angel Corporate Finance LLP at 35-39 Maddox Street, London W1S 2PP on 30 June 2013 at 2.00p.m.

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Consolidated and Company Statement of Financial Position

Figures in Pounds	Note(s)	Group 31 December 2013	Company 31 December 2013
Asset			
Non-Current Asset			
Property, plant and equipment	6	265 918	-
Investment in subsidiary	7	-	5
		265 918	**5**
Current Assets			
Loan to group company	8	-	519 633
Trade and other receivables	9	129 336	51 731
Cash and cash equivalents	10	674 574	650 296
		803 910	**1 221 660**
Total Assets		**1 069 828**	**1 221 665**
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital and share premium	12	1 561 184	1 561 184
Retained earnings		(536 512)	(384 032)
		1 024 672	1 177 152
Non-controlling interest		(53 588)	-
		971 084	**1 177 152**
Liabilities			
Current Liabilities			
Trade and other payables	14	77 899	44 513
Provisions	13	20 845	-
		98 744	**44 513**
Total Equity and Liabilities		**1 069 828**	**1 221 665**

Consolidated Statement of Comprehensive Income

Figures in Pounds	Note(s)	Group 14 months ended 31 December 2013
Revenue		-

	Note	
Other income		14 985
Operating expenses	15	(605 085)
Operating loss		**(590 100)**
Total comprehensive loss, net of tax		**(590 100)**
Total comprehensive loss, net of tax attributable to:		
Owners of the parent		(536 512)
Non-controlling interest		(53 588)
		(590 100)
Earnings per share – from continuing activities		
Basic	20	(0.03)
Diluted	20	(0.03)

Consolidated and Company Statement of Changes in Equity

Figures in Pounds	Share capital	Share premium	Total share capital	Accumulated loss	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Group							
Balance at 11 October 2012	-	-	-	-	-	-	-
Loss for the period				(536 512)	(536 512)	(53 588)	(590 100)
Other comprehensive income							
Total comprehensive loss for the period	-	-	-	(536 512)	(536 512)	(53 588)	(590 100)
Transactions with owners							
Issue of shares	315 250	1 245 934	1 561 184	-	1 561 184	-	1 561 184
Total changes	315 250	1 245 934	1 561 184	(536 512)	1 024 672	(53 588)	971 084
Balance at 31 December 2013	**315 250**	**1 245 934**	**1 561 184**	**(536 512)**	**1 024 672**	**(53 588)**	**971 084**
Note	12	12	12				
Company							
Balance at 11 October 2012	-	-	-	-	-	-	-
Loss for the period				(384 032)	(384 032)		(384 032)
Other comprehensive income							
Total comprehensive loss for the period	-	-	-	(384 032)	(384 032)	-	(384 032)
Transactions with owners							
Issue of shares	315 250	1 245 934	1 561 184	-	1 561 184	-	1 561 184
Total changes	315 250	1 245 934	1 561 184	(384 032)	1 177 152	-	1 177 152
Balance at 31 December 2013	**315 250**	**1 245 934**	**1 561 184**	**(384 032)**	**1 177 152**	**-**	**1 177 152**
Note	12	12	12				

Consolidated and Company Statement of Cash Flows

Figures in Pounds	Note(s)	Group 14 months ended 31 December 2013	Company 14 months ended 31 December 2013
Operating activities			
Cash used in operations	16	(620 155)	(402 622)
Net cash used in operating activities		**(620 155)**	**(402 622)**
Investing activities			
Purchase of property, plant and equipment	6	(266 455)	-
Increase in investment in subsidiary		-	(5)
Loan advanced to group company		-	(519 633)
Interest income		-	11 372
Net cash used in investing activities		**(266 455)**	**(508 266)**
Financing activities			
Proceeds on share issue (net of issue costs)	12	1 561 184	1 561 184
Net cash from financing activities		**1 561 184**	**1 561 184**
Net change in cash and cash equivalents		**674 574**	**650 296**
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period	1	**674 574**	**650 296**

Accounting Policies

1. Publication of non-statutory accounts

In accordance with section 435 of the Companies Act 2006, the Directors advise that the financial information set out in this announcement does not constitute the Group's statutory financial statements for the period ended 31 December 2013 , but is derived from these financial statements. The financial statements for the period ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements for the period ended 31 December 2013 will be forwarded to the Registrar of Companies following the Company's Annual General Meeting. The Auditors have reported on these financial statements; their reports were unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The consolidated statement of financial position at 31 December 2013 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended have been extracted from the Group's financial statements. Those financial statements have not yet been delivered to the Registrar.

1.1 Basis of preparation

The preliminary announcement is extracted from the consolidated financial statements of all the entities within the Group. The financial statements of the subsidiary is prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The preliminary announcement has been prepared under the historical cost convention.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets or liabilities, are eliminated in full.

Going concern

As at 31 December 2013, the Group had accumulated losses of £ (536 512) and that the Group's total assets exceed its liabilities by £ 971 084.

The Group consolidated cash balance at that date is £ 674 574 which is sufficient to meet the Group working capital requirements, administrative and operational expenses for at least 12 months from the date of approval of the Annual Report and Accounts.

In addition, during the period the Group raised £1.5m through two placings and given the positive and encouraging results of the mining operations, the directors believe that the Group will continue to have the ability to access sufficient levels of finance to fund future new developments or exploration projects.

On that basis the directors have adopted the going concern basis in preparing this Annual Report and Accounts which do not include any adjustment to the carrying amount or classification of assets and liabilities that would occur if the Group was unable to continue as a going concern.

1.2 Significant judgements and sources of estimation uncertainty

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below:

In the application of the Group’s accounting policies the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key areas are summarised below:

Provisions

Estimates and assumptions are made in determining the amount attributable to rehabilitation provision. These deal with uncertainties such as legal and regulatory framework, timing and future costs. The carrying value of the rehabilitation provision is disclosed in note 13.

Useful lives of property, plant and equipment

Depreciation rates detailed below are considered by management to fairly reflect the expected useful lives of the respective asset categories. The property, plant and equipment accounting policy provides further detail.

Judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management make various judgements that can significantly affect the amounts recognised in the financial statements. The critical judgements are considered to be the following:

Mining, exploration and development costs
During the exploration phase of operations, all exploration costs are expensed in profit or loss as incurred. The mining and exploration and development costs accounting policy provides further detail. The key judgement implicit in this policy is the determination of the date upon which development of the property is judged to be commercially viable and development commenced. During the period to 31 December 2013 exploration of the Kareevlei deposit commenced.

Deferred tax assets
No deferred tax assets are recognised in view of the timing of the ultimate recoverability of such amounts. Note 5 provides further detail. This is a key judgement in that the amounts potentially involved are uncertain of recovery.

Impairment of non-current assets
The outcome of ongoing exploration, and therefore whether the carrying value of the machinery and equipment and funds in trust will ultimately be recovered, is inherently uncertain.

The ability of the Group to realise the carrying values of these assets is contingent upon production or discovery of economically recoverable mineral reserves, the on-going title to the resource properties, the ability of the Group to finance the development of the properties and on the future profitable production or proceeds from the property. The success of the Group's mineral exploration properties is also influenced by significant risks, including legal and political risks and future diamond prices.

The directors make the judgements necessary to implement the Group's policy with respect to capitalisation of these assets and consider them for impairment at least annually with reference to indicators in IAS 36. If an indication exists, an assessment is made of the recoverable amount. The recoverable amount is the higher of value in use (being the net present value of expected future cash flows) and fair value less costs to sell. Value in use is estimated based on operational forecasts for advanced stage projects with key inputs that include diamond resources, diamond prices, production levels including grade and tonnes processed, production costs and capital expenditure. However, because of the above-mentioned uncertainties, actual future cash flows could materially differ from those estimated. The carrying value of property, plant and equipment are set out in note 6.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Motor vehicles	5 years
Mine infrastructure	5 Years
Plant and machinery	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Mining Exploration and Development Costs

During the exploration phase of operations, all costs are expensed in the consolidated statement of comprehensive income as incurred.

A subsequent decision to develop a mine property within an area of interest is based on the exploration results, an assessment of the commercial viability of the property, the availability of financing and the existence of markets for the product. Once the decision to proceed to development is made, development and other expenditures relating to the project are capitalised and carried at cost with the intention that these will be depreciated by charges against earnings from future mining operations over the relevant life of mine on a units of production basis. Expenditure is only capitalised provided it meets the following recognition requirements:

- completion of the project is technically feasible and the Group has the ability to and intends to complete it;
- the project is expected to generate future economic benefits
- there are adequate technical, financial and other resources to complete the project; and
- the expenditure attributable to the development can be measured reliably.

No depreciation is charged against the property until commercial production commences. After a mine property has been brought into commercial production, costs of any additional work on that property are expensed as incurred, except for large development programmes, which will be deferred and depreciated over the remaining life of the related assets.

1.5 Investment in subsidiary

Company annual report and accounts

In the Company's accounts, the investment in subsidiary is carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company.

1.6 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

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.

Management considers that the Group's financial liabilities fall under the 'financial liabilities measured at amortised cost' category.

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.

Financial assets

The Group classifies its financial assets under the definitions provided in International Accounting Standard 39 (IAS 39) Financial Instruments: Recognition and measurement, depending on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Management considers that the Group's financial assets fall under the 'loans and receivables' category.

Loans between group companies

This includes loans between the holding company and its subsidiary which are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

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 Company will not be able to collect all amounts due according to the original terms of the receivables.

1.7 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 have maturities of less than three months.

1.8 Operating expenses

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

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.10 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

1.11 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

1.12 Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Pounds are translated into Pounds upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Pounds at the closing rate at the reporting date. Income and expenses have been translated into Pounds at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

2. New Standards and Interpretations

The following new standards and amendments to standards are mandatory for the first time for the Group for financial period beginning 11 October 2012. The implementation of these standards is not expected to have a material effect on the Group.

Standard

- IFRS 7 (Amendment): Disclosures - Offsetting Financial Assets and Financial Liabilities
- IFRS 13: Fair Value Measurement
- IAS 1: Amendment relating to other comprehensive income

2.1 Standards and interpretations not yet effective

Standards, amendments and interpretations which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

Standard	Description	Effective date
IFRS 9	Financial Instruments	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IAS 27	Separate Financial Statements	1 January 2014
IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014

The implementation of these standards is not expected to have a material effect on the Group.

3. Segmental reporting

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group's operations relate to the exploration for, and development of mineral deposits in the Kimberley region of South Africa and as such the Group has only one reportable segment. The non current assets in the Kimberley region are £265 918.

4. Parent company income statement

As permitted by Section 408 of the Companies Act 2006 the parent company’s income statement has not been presented in these financial statements. The loss after taxation for the parent company for the period ended 31 December 2013 was £384,032.

5. Tax expense

	Company 2013 £
Current tax	-
Deferred tax	-
Income tax expense for the year	-
Factors affecting the tax charge for the year	
Loss before tax	(384 032)
UK rate of taxation	20%
Profit before tax multiplied by the UK rate of taxation	(76 806)

Effects of:

Expenses not deductible for tax purposes	35 935
Losses carried forward	40 871
Tax expense	-

The Group has gross tax losses and temporary differences of £204,357 for which no deferred tax asset has been recognised.

6. Property, plant and equipment

Figures in Pounds

Group

	2013		
	Cost / Valuation	**Accumulated depreciation**	**Carrying value**
Mine infrastructure	18 529	(537)	17 992
Motor vehicles	6 547	-	6 547
Plant and machinery	241 379	-	241 379
Total	**266 455**	**(537)**	**265 918**

	Opening balance	Additions	Depreciation	Total
Mine infrastructure	-	18 529	(537)	17 992
Motor vehicles	-	6 547	-	6 547
Plant and machinery	-	241 379	-	241 379
	-	**266 455**	**(537)**	**265 918**

7. Investment in subsidiary

Figures in Pounds

Name of company	% holding 2013	Carrying amount 2013
Kareevlei Mining Proprietary Limited	74%	5

Name of subsidiary	Location	Net loss after tax (South African Rand)	Net loss after tax (Pounds)
Kareevlei Mining Proprietary Limited	Northern Cape Province in South Africa	(3 559 508)	(206,109)

Details of minority

The most significant element of the Mining Charter is the ownership requirement which stipulates that mines must commit to obtaining 26 per cent effective ownership by Historically Disadvantaged South Africans ("HDSAs") (being the meaningful participation of HDSAs in the ownership, voting rights, economic interest and management control of mining entities) by 2014.

BlueRock's subsidiary, Kareevlei Mining Proprietary Limited, is 26 per cent owned by Ghaap Mining Proprietary Limited, a Kimberley based company. Ghaap Mining Proprietary Limited is a South African private company wholly owned by Mr. William Alexander van Wyk who, in terms of South African legislation is considered to qualify as an HDSA.

Summary of Group's interest in subsidiary (31 December 2013)

	Rand	**Pounds**
Total assets	7 206 149	417,264
Total liabilities	(10 765 557)	(623,368)
Capital	(100)	(5)
Loss	3 559 508	206,109
	-	**-**

8. Loan to group company

Subsidiary

Kareevlei Mining Proprietary Limited	-	519 633

The loan bears interest at the Nedbank Limited prime overdraft rate or unsecured loans to corporate customers and is repayable on demand.

9. Trade and other receivables

	Group	**Company**
Accrued income	-	49 462
Prepayments	75 585	1 151
VAT	53 751	1 118
	129 336	**51 731**

The carrying value of all trade and other receivables is considered a reasonable approximation of fair value.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group	**Company**
Cash on hand	23	-
Bank balances	674 551	650 296
	674 574	**650 296**

11. Share based payments

As disclosed in the Directors report, The Directors have been granted the following Share Options under the Share Option Agreements dated 19 August 2013, conditional upon Admission.

The Share Options are divided into three equal portions of Ordinary Shares, each amounting to one third of the total number of Share Options, to which differing exercise prices are applied. For the first portion of the Share Options the exercise price is 18p per share. For the second portion of the Share Options the exercise price is 40p per share. For the third portion of the Share Options the exercise price is 55p per share.

Options are valued at date of grant using the Black-Scholes option pricing model. The fair value per option of options granted during the period and the assumptions used in the calculation are shown below:

Date of Grant	**19/08/2013**	**19/08/2013**	**19/08/2013**
Share price at Grant (upon admission)	0.07	0.07	0.07
Share under option	1,576,251	1,576,251	1,576,254
Expected volatility	20%	20%	20%
Option life (years)	5	5	5
Interest rate (%)	3	3	3
Dividend yield (%)	-	-	-
Fair Value per option (£)	0.0007	0.0000	0.0000

Share options in issue at the year-end under the various schemes are personal to the Option Holder and are not transferable, or assignable. They shall not be exercisable on or after the fifth anniversary of the grant date.

No share options were exercised during the year.

There was no charge recorded for the period relating to share based payments on the grounds of materiality.

12. Share capital and share premium

Issued

	Group	**Company**
31 525 041 Ordinary issued share capital of 1p each	315 250	315 250
Share premium	1 245 934	1 245 934
	1 561 184	**1 561 184**

On incorporation one Ordinary Share of 0.01p was issued fully paid to each of Jonathan Stuart Quirk, Paul John Beck and Paul Munday at nominal value.

On 8 November 2012 the Company issued fully paid for cash consideration 8 339 997 Ordinary Shares of 0.01p each at nominal value.

On 18 December 2012 the Company issued for cash consideration 1 500 000 Ordinary Shares of 0.01p each at an issue price of 10p per share.

On 8 January 2013 the Company issued for cash consideration 800 000 Ordinary Shares of 0.01p each at an issue price of 10p per share.

On 7 March 2013 the Company issued for cash consideration 2 149 338 Ordinary Shares of 0.01p each at 13p per share.

At a general meeting of the Company on 3 September 2013 shareholders approved a capitalisation and consolidation, pursuant to which 1 266 144 462 new Ordinary Shares of 0.01p were issued to shareholders pro-rata to their shareholding, following which the 1 278 933 800 Ordinary Shares of 0.01p in issue were consolidated into 12 789 338 Ordinary Shares of 1p each.

Further to the capitalisation and restructuring on 3 September 2013, the Company issued for cash consideration 18 735 703 Ordinary Shares of 1p each at 7p per share.

Movements in the number of Ordinary Shares of the Company in issue during the period are summarised in the table below.

	Ordinary Shares of 0.01p issued	Total Number of Ordinary Shares of 0.01p in issue	Ordinary Shares of 1p issued	Total number of Ordinary Shares of 1p in issue
11 October 2012	3	3	-	-
8 November 2012	8 339 997	8 339 997	-	-
18 December 2012	1 500 000	9 840 000	-	-
8 January 2013	800 000	10 640 000	-	-
7 March 2013	2 149 338	12 789 338	-	-
3 September 2013	1 266 144 462	1 278 933 800	-	-
3 September 2013	(1 278 933 800)	-	12 789 338	12 789 338
3 September 2013	-	-	18 735 703	31 525 041
31 December 2013	-	-	-	31 525 041
	-			
			31 525 041	**31 525 041**

Pursuant to IAS 32, certain costs attributable to the issuance of new shares, and a portion of costs attributable to the admission to trading on both the ISDX Growth Market and AIM and the issuance of new shares have been deducted from the share premium account. The total amount deducted from the share premium account during the period was £261 860.

13. Provisions

Reconciliation of provisions - Group - 2013

	Opening balance	Additions	Total
Provision - Rehabilitation costs	-	20 845	20 845

The provision was calculated by the surveyor employed by the previous owner of the Kareevlei tenements prior to the Group purchase. This calculation was submitted and accepted by DMR.

Since the end of the period, the subsidiary has submitted a new calculation to take into account the specificities of the Group mining operations. Once the mining rights have been transferred a new provision will have to be submitted to DMR for approval. The resulting new provision is not expected to be significantly different from the provision as at December 31st 2013.

14. Trade and other payables

	Group	Company
Trade payables	41 555	11 643
Accrued expenses	36 344	32 870
	77 899	**44 513**

The carrying value of trade and other payables are considered to be a reasonable approximation of fair value.

15. Operating expenses

Result from operating activities is stated after charging:	
Depreciation	537

Loss on foreign exchange transactions	41 138
Operating lease rentals – land and buildings	5 091
Rehabilitation costs	20 845
Legal and professional fees	247 286
Operational and direct costs	135 283
Staff costs	10 000
Travel costs	50 183
Other expenses	22 399
Fees receivable by the Group auditors:	
Fees – audit of financial statements	23 450
Fees – audit of accounts of subsidiary of the company	7 000
Fees – other services	41 873
	605 085

16. Cash used in operations

	Group	**Company**
Loss before taxation	(590 100)	(384 032)
Adjustments for:		
Depreciation and amortisation	537	-
Interest received	-	(11 372)
Movements in provisions	20 845	-
Changes in working capital:		
Trade and other receivables	(129 336)	(51 731)
Trade and other payables	77 899	44 513
	(620 155)	**(402 622)**

17. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	18 664	-
- in second to fifth year inclusive	84 467	-
- later than five years	15 684	-
	118 815	**-**

Operating lease payments represent rentals payable by the Group for certain of its mining properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

18. Contingent Liabilities

There were no contingent liabilities as at 31st December 2013

19. Staff numbers and costs

Salaries	10,000	-

During the year the Group comprised of two staff members, consisting of the Chief Executive Officer and director.

20. EPS (Earnings per share)

	Group 2013 £
Profit attributable to ordinary shareholders	(536,512)
Weighted average number of shares	16,167,984
Basic earnings per share	(0.03)
Weighted average number of shares after dilution	16,167,984
Fully diluted earnings per share	(0.03)

Share options granted to directors could potentially dilute EPS in the future but are not included in a dilutive EPS calculation because they are antidilutive for the period

21. Related parties

Relationships

Shareholder - John Kilham	Kgalagadi Engineering & Mining Supplies (Pty)
Minority Interest - William van Wyk	Kgalagadi Engineering & Mining Supplies (Pty) Ghaap Mining (Pty)
Members of key management other than directors	William van Wyk

Related party balances

Loan account - Owing by related party	**Group**	**Company**
Kareevlei Mining Proprietary Limited	-	519 633
Accrued income	-	49 462

As disclosed in Note 19, during the period the Directors fees amounted to:

CB Visser £8,000

Jonathan Quirk £2,000

Total £10,000

In addition, during the period the Subsidiary engaged Kgalagadi Engineering & Mining Supplies (Pty) Limited ("Kgalagadi") to refurbish and upgrade the plant and equipment located at the Kareevlei Tenements.

John Kilham, Chief Technical Officer of BlueRock, is a director and shareholder of Kgalagadi. William van Wyk, the beneficial owner of BlueRock's Black Economic Empowerment ("BEE") partner Ghaap Mining, is also a director and shareholder of Kgalagadi.

The total value of the services purchased during the period is approximately £16,647(£14,607 excluding VAT).

22. Risk management

Capital risk management

The Group's objectives capital management objectives are:

- to safeguard the Group's ability to continue as a going concern and provide access to adequate funding for its exploration and development project, so that it continues to provide returns and benefits to shareholders;
- to support the Group's growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group including planned exploration work and capital efficiency, projected profitability, projected operating cash flows and projected capital expenditures. Management regards total equity as capital and reserves, for capital management purposes. If additional equity funding should be required, the Group may issue new shares.

There are no externally imposed capital requirements and the Group does not have any external borrowings.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

Liquidity risk

The Group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits and cash equivalents. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Foreign exchange risk

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the may group use forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 December 2013, if the currency had weakened/strengthened by 11% against the South African Rand with all other variables held constant, post-tax profit for the year would have been £ 999 higher/lower, mainly as a result of foreign exchange gains or losses on translation of South African Rand denominated trade receivables and intragroup borrowings.

Summary of assets and liabilities by category

The carrying amounts of the financial assets and liabilities as recognised at the statement of financial position date of the years under review may also be categorised as follows:

	Group	Company
	2013	**2013**
Financial assets	**£**	**£**
Cash and cash equivalents	674 574	650 296
Trade and other receivables	75 585	50 613
	750 159	700 909
Financial liabilities held at amortised cost		
Trade and other payables	77 899	44 513
	77 899	44 513

Exchange rates used for conversion of foreign items were:

GBP:ZAR	17.27	17.27

23. Events after the reporting period

As described in the CEO and operations report, trial mining operations of the subsidiary commenced in December 2013, with further processing during March and April 2014 and work to further upgrade the front end screening and crushing circuit was completed in early May 2014.

Further to the announcement made on 5 March 2014, further diamonds have been recovered from processing. The Group will assess its recovery on a continuous basis and will report its findings.

Other than the above developments regarding the mining operations of the Subsidiary, the directors are not aware of any matter or circumstance arising since the end of the financial period.