Market Abuse Regulation (MAR) Disclosure
Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

30 June 2017

BlueRock Diamonds PLC
("BlueRock" or the "Company" or "BRD")

Final Results for the Year Ended 31st December 2016

BlueRock Diamonds PLC (AIM: BRD), a diamond mining company with activities in the Kimberley region of South Africa, announces the publication of its financial results for the year ended 31 December 2016 today.

The full annual report is being sent to shareholders later today, Friday 30 June 2017, and can also be found on the Company's website: http://www.bluerockdiamonds.co.uk/

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About BlueRock Diamonds plc (AIM: BRD)

BlueRock is a diamond mining company with activities in the Kimberley region of South Africa. BlueRock own a diamond processing plant and the mining right over the Kareevlei Tenements in South Africa.

Chairman's Statement

Dear Shareholders,

I am pleased to present our annual report and accounts for the year ended 31 December 2016.

2016 was a year of change for BlueRock Diamonds PLC ("BlueRock"). Our first step was to change the management of BlueRock starting with the appointment of Adam Waugh as chief executive officer (CEO). He was given the task of conducting a top to bottom operational review following the disappointing results obtained at the end of 2015 and the beginning of 2016. As a result of the review, we appointed an experienced mine manager, appointed a new metallurgist to advise on the plant set up, changed our drilling & blasting and loading & hauling sub-contractors, constructed a new primary crushing circuit, completely overhauled our plant and begun to exploit the pit in a sustainable way. Our management changes were completed towards the end of the year when our previous CEO and CTO left the Company.

I'm pleased to report that early indications are that our new team have established a plant at Kareevlei that is capable of operating profitably. It was always our intention to use Kareevlei as a first asset before growing BlueRock into a multi asset company and we are exploring other opportunities now that we are nearing a steady state operation at our existing facilities.

Mining

We have continued to concentrate on exploiting and developing KV2, which covers an area of 1.1 ha and has an inferred grade of 4.5 cpht. We now have a coherent plan for exploiting the whole of the pit in the most efficient way. In the next month we will have removed all of the overburden at KV2 and will begin the process of benching to enable us to exploit the lower areas of the pit.

Grades have continued to be variable, as is expected whilst mining at levels up to 20m, in part due to the presence of calcrete at this level. Results to date suggest that we can expect more consistent and higher grades as we start exploiting the 20m to 30m level later this year.

Production

Production in the first half of 2016 was limited due to plant failure and intermittent water shortage. There was very limited production in the second half of 2016 due to the forced closure of the mine by the Department of Mineral Resources ("DMR") and the subsequent remedial work required to bring all aspects up to satisfactory levels. The review of production costs and methods continued during this period and a new lower cost operation was planned and implemented towards the end of 2016. The updated plant together with the new primary crushing circuit, was completed in January 2017 as planned. The extreme levels of rainfall in January, February and March 2017 hindered our efforts to recommence operating at targeted production levels but I am glad to say that since the weather returned to a more normal pattern our plant has proved capable of operating at the levels that we require to be profitable at the grades we expect to achieve over the long term operation of the mine as indicated by the Company's CPR.

Despite proving the plant capable of operating at expected levels we have suffered from a lack of consistency resulting primarily from an over reliance on old capital goods both owned and rented. In particular, our generators, which we own, and the front-end loaders, which we rent, are old, unreliable and inefficient and, as a result, frequently break down causing unnecessary delays. We are in the final stages of negotiation with Mark Poole, one of our largest shareholders, to provide asset finance to acquire a new generator and front end loader. Not only will this reduce our costs of production, it will also enable us to operate increasingly continuously leading to higher production levels and increases in efficiency.

As part of the operational review, we changed our drilling and blasting contractor and our loading and hauling contractor resulting in significant cost reductions. The decision was also taken to discontinue the sub-contracting agreement with Diacar in part because their equipment was not able to meet DMR standards but equally because the terms upon which it had been agreed proved to be disadvantageous for the Company.

Management

Johan Milho's appointment as mine manager has helped to transform our production process and we are now compliant with the Department of Mineral Resources regulations. Under our previous management this had not been the case which resulted in the Section 54 notice in July 2016. The recent visit from the DMR resulted in a small number of advisory notices which were dealt with in a couple of days. Such advisory notices are normal following such a visit.

Future Developments

Now that we are close to operating Kareevlei at expected levels, we are beginning to consider how best to develop new projects. We continue to seek to enhance our expertise and are looking to appoint an experienced industry professional to assist in identifying and developing new projects. We hope to provide more news on this shortly.

As part of our expansion plans, in addition to surveying our existing 3000 ha license area, we have entered into an agreement to mine a 1.5 ha kimberlite pipe known as Jubilee, in the Windsorton area, 40km to the North of Kimberley in the Northern Cape region of South Africa. In order to evaluate the commercial viability of Jubilee, the first step will be to take a bulk sample of up to 2,500 tonnes. This work is expected to take place within six months following the recent successful granting of a Prospecting Right. Evaluation will be cost-effective as we will be able to process the bulk sample through our plant at Kareevlei.

The Group has entered into an agreement with Koedonza Olives CC ("Koedonza") to mine a 1.5 ha Kimberlite Pipe known as Jubilee, in the Windsorton area, 40km to the North of Kimberley in the Northern Cape region of South Africa (the "Mining Agreement").

Recovery, grades and value per carat

Our recovery grades remain variable although we expect the variability to reduce as our production levels increase and as we go further down into the pit. Nevertheless, since we have restarted production in 2017, we have evidence of a significant upward shift in the size frequency distribution of our diamonds. Despite production levels remaining modest we have produced our two largest diamonds in the last two months; a 11.7 carat diamond and a 9.5 carat diamond. Average values per carat achieved remains in excess of USD300.

Fundraising

In 2016 we undertook two fund raisings, raising £700k in April 2016 and a further £750k in November 2016. The April fund raising was designed to enable us to assess the problems facing the Group and the November fund raising was intended to provide funding through to being fully operational in the first quarter of 2017. Sadly, this was not achieved, in large part because of the extreme rainfall this year, but also because of our unreliable equipment. The rainfall is now over (for this year) and by acquiring a new generator and front end loader, we hope that the most significant operational delays will cease.

Our operations continue to improve and I remain pleased with the quality and value of our stones and expect that the purchase of the front end loader and new generator will improve considerably our monthly production levels.

I would like to thank our shareholders, old and new, for their continued support of the Group.

I would also like to thank everyone at BlueRock for their continued efforts and I look forward to updating you on our progress in due course.

Paul Beck

Non-Executive Chairman
Chief Executive Officer's Review

2016 was a year of change for the Group.

I was appointed as CEO in April 2016 and my first task was to conduct an operational review of all operations and personnel at the Kareevlei Mine in order to try to establish the reasons for the problems that we had faced towards the end of 2015 and early 2016.

Operational Review of Kareevlei Mine

The review focussed on three main areas: the composition and design of our processing plant; our cost base and the suitability of our team. The objective of the review was to be able to establish a plant and a team that could together process 80 tonnes per hour, a level at which we expect to be profitable based on the findings of the Competent Persons Report produced at the time of our IPO on AIM in September 2013.

Mine manager

The first conclusion of the review was the need to appoint an experienced mine manager. After an extensive search we appointed Johan Milho, who had most recently been working at Petra Diamonds. Johan's appointment has been a very positive step for the Company bringing experience in many aspects of diamond mining.

Once Johan was appointed we went on to finalise the plans for the redesign of our plant using our own experienced team along with Kurt Petersen, an expert metallurgist.

Changes to the plant

The main change to the plant was the introduction of a static primary crushing and screening unit. Previously we had been contracting out the crushing and screening to a third party. This arrangement was prohibitively expensive and produced inconsistent material. Our new static plant has ample capacity to produce good quality material at 80 tph for significantly less cost. The new crushing and screening unit has been designed to be able to run independently of the processing plant. This is more cost effective and allows a more flexible approach to operations.

The processing plant was also thoroughly overhauled. The first area of liberation within our plant, beyond primary and secondary crushing, is feeding material through a scrubber and pans. Both these components were dismantled, refurbished and repositioned within the processing circuit and the faults that were identified have now been rectified.

All primary areas of liberation within the plant are now regularly assessed and checked for efficiency.

Operating costs

A detailed review was undertaken in relation to the all of our subcontractors and competing quotes obtained. As a result, our loading and hauling costs have significantly reduced. Not only are our new subcontractors cheaper than before, but as they operate newer equipment and equipment better suited to our operations they operate far more efficiently than our previous subcontractor whose equipment was old and did not meet DMR standards.

Operational results

We processed 56,439 tonnes in 2016 using our own plant and Diacar's (our then mining subcontractor) plant. This lower than expected tonnage was as a result of the failure of the plant in the first half of the year followed by being closed by the DMR in July 2016 as a result of systematic failings by the previous management to comply with the myriad of DMR regulations. Following closure, a decision was taken to not recommence operations until all of the changes that had been identified were implemented.

The modifications to the processing plant and commissioning of the new crushing and screening unit was completed as planned in early 2017. Recommencement of operations was hampered by the extraordinary levels of rainfall which continued through until March 2017. During this three month period, twice the recent annual average volume of rain fell which is not expected to be repeated. The rainfall prevented our contractors from extracting ore from the pit and also drenched our kimberlite stockpiles. Blasted Kimberlite contains more than 50% of very fine material which when wet solidifies into a state which cannot be fed through the plant. At times this meant that our plant was unable to operate and we are investigating ways of limiting the impact of rainfall in the future . In any event, provided that we do not experience similar levels of rainfall in the future we do not expect this to have a significant impact upon our ability to process in the rainy season.

During 2017 our plant has proved capable of operating at levels in excess of our target of 1,250 tonnes a day. We have not, however, been able to reach these levels consistently. There have been a number of reasons for this but following the abatement of the unprecedented rainfall all have been related to equipment failures through the over reliance on aging equipment.

Our generators which are the sole means of powering the operation have been increasingly unreliable and need replacing. We have also been let down by failures in the hired front end loaders which are used to feed the plant. These two elements are by far the biggest reason for the downtime suffered in 2017. As noted previously we are looking to agree a loan of approximately £310,000 to finance the acquisition of a new front-end loader and a generator, which we expect will significantly reduce the number of stoppages and reduce costs.

Recoveries

Our average recovery grade for 2017 is 1.7 carats per hundred tonnes. Whilst this is lower than pit grade this is not unexpected whilst we are still mining calcretized kimberlite. Previous drill results show that the calcretized material will be prominent up to a level of 15m to 20m below surface after which higher grade pure kimberlite will be prominent. In addition, variability is expected from the test results that we inherited from Tawana, which indicate a significant variability within the pit itself; as is common. We have taken the decision to exploit the pit in a systematic fashion in order to maximise the life of the mine and it is inevitable, particularly at the higher levels, that this will lead to periods where grades are lower than desired. On the other hand, we expect that in certain areas off the pit we will recover at levels significantly in excess of the expected pit grade of 4.5.

Size frequency distribution

Our recovery in 2017 indicates an upward shift in the size frequency distribution graph. Notably, we have recovered our two largest stones in 2017; a 9.5 carat stone and a 11.7 carat stone, both of good quality. Hitherto, our previous largest stone recovered and sold was 6.6 carats. Whilst we do not rely upon recovering these larger higher value stones, it is encouraging that we are finding them with increased frequency.

Values

The value per carat continues to be significantly above the expectations; currently average value per carat for the entirety of our production this year to date is USD300.44 some 29% above the value included in the CPR. The average value per carat for our production this year was USD319.82.

Outlook

Our primary focus continues to be to establish KVM as a self-sufficient unit. We believe that we are close to achieving this aim which will be helped by the acquisition of a new generator and front-end loader.

We have started to implement our strategy of turning BlueRock into a multi-asset company. Our first step in this regard is the evaluation of Jubilee. We have the advantage of being able to undertake this evaluation in a cost-efficient manner by utilising our existing operations and team. We are seeking to appoint a new board member with extensive experience in diamond mining in South Africa to assist with this process.

In general, diamond mining in South Africa is conducted either by large companies which are primarily interested in the largest deposits and small family style operations which concentrate largely on alluvial deposits. BlueRock is one of the few exceptions to this rule.

Accordingly, we are well placed to exploit the numerous deposits that have been identified by the larger operators, in particular De Beers, but deemed to be too “small” for them as they have decided only to operate the largest mines. Whilst too small for the larger companies they represent a good opportunity for a smaller operator like BlueRock which has access to capital and expertise.

Financial review

Revenue and profitability

In 2016, the Group made a loss before tax of £495,493 (2015: £1,053,699) on turnover of £239,646 (2015: £264,372). The loss in 2016 reflects the challenges faced by the group in the transition from trial mining to full operation reaching its internal target of Combined Production albeit with a much reduced recovery rate.

In 2016 there has been a significant movement in foreign exchange during the year, a gain of £869,608 (2015: loss of £406,807). This has contributed to reducing the loss before tax shown in the Consolidated Statement of Comprehensive Income during the current year.

Cash flows

Investments

During the year we invested £328,316 in the purchase of plant and equipment and £21,944 in non- current assets being the mining right and rehabilitation costs. The majority of the plant and equipment acquired relates to the construction of the new plant.

During the year we acquired Diamond Resources Limited for £32,826 (ZAR0.7m) from Tawana Resources NL, the previous owner of the mining right in respect of the Kareevlei Tenements and as a result we now hold the rehabilitation guarantee required by the DMR directly.

Financing

We undertook two fund raisings in the year raising £700,000 in April 2016 and £750,000 in November 2016, which included an increase in convertible loan of £75,000.

Cash position

At the end of the period the Group cash balance was £291,555. Since the year end the Company has raised an additional £366,000 via issue of new ordinary shares in June 2017 to both new and existing shareholders.

Adam Waugh

Chief Executive Officer

Risk Management

Principal risks and uncertainties

Introduction

The principal risks that relate to the Group have been set out below, categorised as follows:

- Operational risks
  - Risks relating to the Group's operations including mining

- Market risks
  - Risks associated with changes in the markets in which the Group operates

- Country risks
  - Specific risks relating to the Group's main country of operation, South Africa

- Other risks
  - Other significant risks

Operational risks

Reliability of mineral resource and reliance on historic data

The calculation of a mineral resource involves significant assumptions and estimates that may prove inaccurate, including assumptions of diamond prices. In calculating the Inferred Mineral Resource at the Kareevlei tenements, reliance was placed upon measurements and data collected by Diamond Resources (the vendor of the Kareevlei tenements) and other parties. There can be no guarantee that predicted grades will continue to materialise or that the resource will be economically viable. The Group mitigates this risk by continually assessing its production assets in order to provide further evidence to support the mineral resource estimates set out in the CPR prior to expanding our production facilities.

Exposure to mining hazards

Whilst the Group's exposure is reduced due to the open cast mining technique, the Group remains exposed to a number of risks and hazards associated with mining including pit wall failure, adverse weather and mechanical breakdown. The Group monitors its mining operations constantly to ensure that mining risks are minimised. In addition, the Group production team has extensive experience operating and maintaining similar production facilities.

Security risks

Whilst the Group has implemented security procedures, there can be no guarantee that theft of plant, machinery or diamonds will not occur. Should any theft occur, the Group may suffer adverse financial consequences. We have mitigated this risk by ensuring that our security team is present at all times.

Market risks

Market risks Exposure to a decrease in rough diamond prices

As the Group has commenced diamond sales, the profitability of mining operations is directly related to the prevailing diamond price. Historically, diamond prices have been volatile and are affected by numerous factors which the Group is unable to control or predict, including world production levels, international economic trends, industrial and consumer demand, currency exchange fluctuations, seasonality, speculative activity and political events.

Exposure to strengthening of the South African Rand and weakening of the US Dollar

The Group realises US Dollars for its diamond sales, and reports its results in Pounds Sterling. Should the South African Rand strengthen against the Pound, the costs of the Group's mining operations, which are largely denominated in South African Rand, may be adversely affected. Should the US Dollar weaken against the Pound, the Group's revenues may be reduced.

Exposure to movements in the prices of raw materials, equipment and services

Should market prices for raw materials, services and equipment, such as diesel or mining equipment increase, the Group's results may be adversely affected. The Group seeks to obtain the best rate for each product or service, taking into account price, service quality and reliability.

Country risks

Operations in South Africa

The Group's main country of operation is South Africa. Whilst the Directors intend that the Group will carry out its activities in accordance with all applicable laws, rules and regulations, it is possible that new laws, rules or regulations may be enacted or that the interpretation of current laws, rules or regulations may change, either of which may limit the ability of the Group to operate. The Group activities and profitability may also be adversely affected by economic or political factors outside its control.

Financial Risk Management

Details of the Group's financial risk management policies are set out in Note 27 of the Financial Statements

Other risks

Status of Kareevlei Mining's BEE partner

Under South African law, it is a requirement that any mining asset is at least 26 per cent. owned by a BEE partner. Kareevlei Mining's BEE partner, Ghaap Mining, holds 26 per cent. of the shares in Kareevlei Mining. Ghaap Mining 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 a historically disadvantaged South African ("HDSA"). Should Mr. Van Wyk cease to or be deemed not to qualify as an HDSA, there is a risk that the BEE partner may not meet its obligations to the Group which may cause the Group to incur unforeseen additional costs or losses.

Key Performance indicators

As a management team we monitor a variety of performance indicators. During the first half of 2016 we concentrated on increasing production throughput and, therefore, our main KPI was production volumes as measured by average monthly throughput calculated by reference to those months that we were in production. During 2015, average monthly production was 7,000 tonnes (2014 trial mining 1,700 tonnes). During 2016 our average monthly production was 9,406 tonnes and up to May 2017 our average monthly production is 10,727 tonnes with June expected to be over 15,000 tonnes.

Other factors that we review include cost per tonne. During 2016 this amounted to USD 12 per tonne. As a result of commissioning our own primary crushing and screening plant this year our cost per tonnes has dropped by approximately $3/tonne to 9$/tonne. We expect to make further reductions to our cost per tonne during the second half of 2017. As the business grows we will continue to assess which are the most appropriate KPIs to monitor in order to most effectively manage the business.

The Strategic Report has been approved

By order of the board

Adam Waugh – Chief Executive Officer
29 June 2017

Board of Directors

Paul Beck - Non Executive Chairman, aged 71
Paul Beck is a member of a well-known South African mining family and has experience in the real estate and natural resource sectors, in the UK, US and South Africa. He was a founding Director and Chairman of Firstland Oil & Gas, which owned oil exploration assets in the Falklands and oil and gas producing wells in the US. Mr Beck has undertaken projects with black economic empowerment partners in South Africa, and has worked on tailings retreatment projects in the region.

Adam Waugh – Chief Executive Officer, aged 53
Adam Waugh was the Head of Sales and Trading at Brewin Dolphin Plc until 2008 and is currently a Non-Executive Director of Atlas Cloud Ltd, a cloud computer service provider and Chairman of the Northern Counties Children's Benevolent Society.

André Markgraaff – Non-Executive Director, aged 60
André Markgraaff started his business career in 1987 following a successful career playing rugby and is now based in Kimberley and Stellenbosch, South Africa. He has been awarded Northern Cape Business Man of the year, and in 2005, he was awarded first place overall in the category "Northern Cape leaders and achievers – Outstanding service and contribution to the Northern Cape economy by a business person" by Professional Management Review (PMR), a business publication which issues annual awards for achievement in business in South Africa.

Tim Leslie – Non-Executive Director, aged 51
Tim Leslie has worked in the financial markets for over 25 years. He joined Paribas in 1986 and since has worked for JPMorgan, HSBC and then at Donaldson Lufkin & Jenrette ("DLJ"). In 2000, DLJ was bought by Credit Suisse and Tim left to join the hedge fund Moore Capital Management LLC as a portfolio manager.

In 2003 Tim launched a new fund at Moore Capital, the Moore Credit Fund, for which he was the Chief Investment Officer. Tim left Moore Capital in 2008 and launched James Caird Asset Management LLP with assets under management of USD3.6bn as at launch. In 2011, Tim founded JCAM investments Ltd to run a family office and make longer term investments

Corporate Governance

The Company is not required to comply with the UK Corporate Governance Code or the Corporate Governance Code for Small and Mid-Sized Quoted Companies 2013, as published by the Quoted Companies Alliance and it does not. The Company aims to develop its corporate governance structure and culture to the full extent which is considered appropriate for the size and stage of maturity of the Company. The Directors recognise the importance of sound corporate governance and the Board intends, so far as is practicable for a company of its size, to implement certain corporate governance recommendations. Details are provided below:

The Company holds regular board meetings throughout the year at which reports relating to the Group's operations, together with financial reports are considered. The Board is responsible for formulating, approving and reviewing the Group's strategy, budgets, major items of expenditure and senior personnel appointments.

Audit Committee

The Company has established an audit committee, which comprises Paul Beck, André Markgraaff and Tim Leslie, being non-executive members of the Board, with Tim Leslie appointed as chairman. The audit committee's main functions include, inter alia, reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim accounts and audit reports, making recommendations to the Board in relation to the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications.

Remuneration Committee

The Company has established a remuneration committee, which comprises Paul Beck and Tim Leslie, is chaired by Tim Leslie and meets as often as required to enable the remuneration committee to fulfil its obligations to the Company. The remuneration committee will be responsible for reviewing the performance of the Chairman and the executive directors and for setting the scale and structure of their remuneration, paying due regard to the interests of Shareholders as a whole and the performance of the Group. The remuneration committee will also approve the design of and determine targets for any performance-related pay schemes operated by the Company.

Nominations Committee

The Company has established a Nominations Committee which comprises Paul Beck, André Markgraaff and Tim Leslie, is chaired by Tim Leslie and meets when required. The Nominations Committee will consider the selection and re-appointment of board members. It will identify and nominate candidates to fill board vacancies and review regularly the structure, size and composition (including the skills, knowledge and experience) of the board and make recommendations to the board with regard to any changes.

Share dealing code and AIM Rule compliance policy

The Company has adopted a model code for share dealings in ordinary shares which is appropriate for an AIM company, including compliance with Rule 21 of the AIM Rules for Companies relating to the Board's and employees' dealings in ordinary shares. The Company also adopted an AIM Rules compliance policy with effect from admission to trading on AIM.

Independence of Non-executive Directors

The Company has departed from certain aspects of the guidelines set out in the UK Corporate Governance Code and the QCA Guidelines in that non-executive directors have been granted share options. Share options granted to the Board are not subject to performance criteria. Details of the share options granted to the Directors are set out on page 15.

Directors Report

The Directors submit their report and financial statements for the year ended 31 December 2016.

Review of activities

Principal activities

The Group is engaged in diamond mining in the Kimberley region of South Africa.

Results and dividends

The Consolidated Statement of Comprehensive Income for the year is set out on page 23.

No dividends were declared or paid to shareholders during the year.

Going concern

We draw attention to the fact that as at 31 December 2016, the Group had accumulated losses of £1,828,598 (2015: £1,859,800)

The Group's consolidated cash balance at 31 December 2016 was £291,555 (2015: £175,755). The Group's capital management policy is to raise sufficient funding to finance the Group's near term expansionary operational and development activities. In June 2017 an additional £366,000 (before expenses) was raised through a share issue to new and existing shareholders and in June 2017, secured a new loan facility. Management believe that this will be sufficient to meet the Group working capital requirements for the 12 months from the date of approval of the Annual Report and Accounts.

On that basis the Directors have adopted the going concern basis in preparing this Annual Report and Accounts which does 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.

Management has reviewed the forecast of cash flows for 12 months from the date of approval. While management is confident that the Group will meet its obligations through its operations, we have obtained confirmation from a significant shareholder to provide financial support should the projections not hold.

Events after the reporting period

Adam Waugh was granted 1,670,387 new share options with an exercise price of 5p in January 2017. These are exercisable after a 5 year period from the date of issue. The total number of ordinary shares subject to share options for Adam Waugh after the new share options is 2,446,478.

In November 2016, the company has received claims totalling ZAR 3,783,486 from Riaan Visser, who left the board in September 2016. We have been advised by our South African lawyers that based on currently available information the claims are without merit.

The Group has agreed an unsecured loan facility of £150,000 with Tim Leslie, Paul Beck and Mark Poole. Tim Leslie and Paul Beck are Directors and Mark Pool is a major shareholder. The loan is to provide extra working capital as a result of unusually high rainfalls causing delays. Tim Leslie and Mark Poole's maximum contribution is £62,500 and for Segar Properties (Hyde Park) Limited, wholly owned by Paul Beck, is £25,000. All contributions have a six month term and a coupon of 10% per annum payable at the end of the term.

The Group has entered into an agreement with Koedonza Olives CC ("Koedonza") to mine a 1.5 ha Kimberlite Pipe known as Jubilee, in the Windsorton area, 40km to the North of Kimberley in the Northern Cape region of South Africa.

The convertible loan note facility was increased to £925K in November 2016. A debtor balance of £75K was recognised at the year-end which was due from Mark Poole on convertible loan note. This has since been drawn down and received in February 2017.

On 1 June 2017 the Group successfully raised an aggregate of £366,000 (before expenses) via the issue of 12,200,000 new ordinary shares of 1 pence each in the capital of the Group at a price of 3 pence per New Share. The proceeds of the fundraising will be used to continue with the development of Kareevlei Mine as well as funding the Group's strategy of adding to its current portfolio of diamond mining assets.

Directors

The Directors of the Group in office during the year, and up to the date of signing this report, are as follows:

Name	Nationality	Appointment Date	Resignation Date
PJ Beck (Non-executive Chairman)	British	11 October 2012	
Adam Waugh (Chief Executive Officer)	British	7 December 2015	
CB Visser (Chief Executive Officer KVM)	South African	26 November 2012	19 September 2016
JLC Kilham (Chief Technical Officer)	South African and British	1 July 2013	19 October 2016
TG Leslie (Non-executive Director)	British	4 September 2013	
AT Markgraaff (Non-executive Director)	South African	11 January 2013	

Secretary

The secretary of the Group is DA Facey of:

Business and postal address 4th Floor Reading Bridge House,
George Street,
Reading, Berkshire
RG1 8LS

Directors' interests

The holdings of the Directors and their related parties in the share capital of the Group as at 31 December 2016 are as follows:

Name	Number of ordinary shares	Percentage of share capital	Number of ordinary shares subject to share options	Percentage of share capital subject to share options
TG Leslie*	10,072,077	18.09%	472,876	0.57%
P Beck**	2,217,898	3.98%	315,251	0.67%
A Waugh	852,273	1.31%	776,091	0.85%
AT Markgraaff	700,000	1.26%	372,876	1.39%

*Including 1,000,000 ordinary shares held by Timothy Leslie's wife, Sarah Leslie.

**Including 455,455 ordinary shares held by Front Square Securities. Mr Beck and his wife own 100% of the share capital in Front Square Securities Limited and Mr Beck is also a director.

Other than as disclosed above, none of the Directors, nor any persons connected with them, is interested in any related financial product (as defined in the AIM Rules) whose value in whole or in part is determined directly or indirectly by reference to the price of the ordinary shares, including a contract for difference or a fixed odds bet.

There are no outstanding loans granted or guarantees provided by any member of the Group to or for the benefit of any of the Directors, nor are there any outstanding loans or guarantees provided by the Directors to or for the benefit of the Group.

Other than as disclosed in this Annual Report and Accounts, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole and which was effected by the Group during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

In the case of those Directors or key managers who have roles as directors of companies which are not a part of the Group, although there are no current conflicts of interest, it is possible that the fiduciary duties owed by those Directors to companies of which they are directors from time to time may give rise to conflicts of interest with the duties owed to the Group. Except as expressly referred to in this Annual Report and Accounts, there are no potential conflicts of interest between the duties owed by the Directors to the Group and their private duties or duties to third parties.

Financial Risk Management

Details of the Group's financial risk management is set out in note 27.

Significant shareholders as at 31 December 2016

Other than as set out below, the Group is not aware of any holding in the Group's ordinary share capital which amounts to 3 per cent or more of the Group's issued share capital:

Name	Number of ordinary shares	Percentage of share capital	Notes
M Poole	10,072,077	18.09	1
T Leslie	10,072,077	18.09	2
WB Nominees	4,148,970	7.45	
Goldman Sachs Securities Nominees Limited	3,415,909	6.13	3
Vidacos Nominees	3,148,092	5.65	
SVS Nominees	2,651,753	4.76	
P Beck	2,217,898	3.98	4
Huntress (CI) Nominees Limited	2,178,260	3.91	

Note:

1 Mr Poole holds £725,000 of convertible secured loan notes and his daughter, Emma Poole holds a further £200,000.

2 1,000,000 ordinary shares are held by Timothy Leslie's wife, Sarah Leslie.

3 Goldman Sachs Securities Nominees Limited holds 3,415,909 ordinary shares on behalf of Tamla Limited.

4 455,455 ordinary shares are held by Front Square Securities. Mr Beck and his wife own 100% of the share capital in Front Square Securities Limited and Mr Beck is also a director.

Auditor

Grant Thornton UK LLP was appointed as auditor for the year ended 31 December. A resolution proposing their re-appointment as auditor to the Group will be put to the forthcoming Annual General Meeting.

Annual General Meeting

The annual general meeting will take place on 4 August 2017 at 10.00a.m. (BST) at the offices of Yellow Jersey PR Limited, 1st Floor, 30 Stamford Street, London, SE1 9LQ.

Directors' and officers' insurance

The Group maintains insurance cover for all Directors and officers of Group companies against liabilities which may be incurred by them while acting as Directors and officers.

Directors' remuneration

Details of the remuneration of the Directors for the financial year are set out below:

CB Visser – Received fees of £6,000 (2015: £24,000)
A Waugh – Received fees of £22,833 (2015: £nil)

None of the other Director's received remuneration during the financial year.

Directors' responsibility statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have chosen to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Adam Waugh
Chief Executive Officer
29 June 2017

Independent Auditor's Report to the Members of BlueRock Diamonds PLC

We have audited the financial statements of BlueRock Diamonds PLC for the year ended 31 December 2016 which comprise the group and parent company statements of financial position, the group statement of comprehensive income, the group and parent company statements of changes in equity, the group and parent company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on pages 18-19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
  the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Christopher Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
29 June 2017

Consolidated and Company Statement of Financial Position

Company Registration Number: 08248437

	Notes	Group 31 December 2016 £	Company 31 December 2016 £	Group 31 December 2015 £	Company 31 December 2015 £
Assets					
Non-Current Assets					
Property, plant and equipment	9	783,314	-	477,735	-
Mining assets	10	216,276	-	141,364	-
Investment in subsidiary	11	-	5	-	5
		999,590	**5**	**619,099**	**5**
Current Assets					
Inventories	12	2,202	-	50,665	-
Trade and other receivables	13	131,997	4,018,478	7,623	1,722,411
Cash and cash equivalents	14	291,555	174,063	175,755	164,267
		425,754	**4,192,541**	**234,043**	**1,886,678**
Total Assets		**1,425,344**	**4,192,546**	**853,142**	**1,886,683**
Equity and Liabilities					
Equity Attributable to Equity Holders of Parent					
Share capital	16	556,796	556,796	321,604	321,604
Share premium	16	2,443,826	2,443,826	1,335,952	1,335,952
Retained (losses)/ earnings		(1,828,598)	165,483	(1,859,800)	(688,557)
Equity reserve	18	-	-	293,818	293,818
Foreign exchange difference		(332,160)	-	185,866	-
		839,864	3,166,105	277,440	1,262,817
Non-controlling interest		(817,386)	-	(346,273)	-
		22,478	**3,166,105**	**(68,833)**	**1,262,817**
Liabilities					
Current Liabilities					
Trade and other payables	17	413,682	150,054	244,134	27,743
Non-Current Liabilities					
Embedded derivative	18	292,839	292,839	-	-
Borrowings	18	583,548	583,548	596,123	596,123
Provisions	19	112,798	-	81,718	-
		1,402,867	**1,026,441**	**921,975**	**623,866**
Total Equity and Liabilities		**1,425,344**	**4,192,546**	**853,142**	**1,886,683**

The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2017. They were signed on its behalf by:

Adam Waugh – Chief Executive Officer

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Revenue	4	239,646	264,372
Other income		500	231
Operating expenses		(1,545,018)	(874,624)
Operating loss	5	(1,304,872)	(610,021)
Finance charges	6	(60,229)	(36,871)
Foreign exchange movement		869,608	(406,807)
Loss before taxation		**(495,493)**	**(1,053,699)**
Taxation		(90,566)	971
Total loss for the period		**(586,059)**	**(1,052,728)**
Other Comprehensive Income:			
Exchange differences on translating foreign operations		(700,035)	236,664
Total comprehensive income for the period		**(1,286,094)**	**(816,064)**
Total comprehensive income, net of tax attributable to:			
Owners of the parent		(814,981)	(676,787)
Non-controlling interest		(471,113)	(139,277)
		(1,286,094)	**(816,064)**
Earnings per share – from continuing activities			
Basic and diluted	25	(0.02)	(0.02)

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements

Consolidated and Company Statement of Changes in Equity

	Convertible loan note reserve	Share capital	Share premium	Retained losses	Foreign exchange reserve	Attributable to equity holders of the Group / Company	Non-controlling interest	Total equity
	£	£	£	£	£	£	£	£
Consolidated								
Balance at 1 January 2016	293,818	321,604	1,335,952	(1,859,800)	185,866	277,440	(346,273)	(68,833)
Loss for year	-	-	-	(296,955)	-	(296,955)	(289,104)	(586,059)
Other comprehensive income:								
Foreign exchange movements	-	-	-	-	(518,026)	(518,026)	(182,009)	(700,035)
Total comprehensive loss	-	-	-	(296,955)	(518,026)	(814,981)	(471,113)	(1,286,094)
Transactions with shareholders:								
Extinguish convertible loan note reserve	(293,818)	-	-	293,818	-	-	-	-
Issue of share capital	-	235,192	1,183,079	-	-	1,343,066	-	1,343,066
Share issue expenses	-	-	(75,205)	-	-	-	-	-
Issue of share options	-	-	-	34,339	-	34,339	-	34,339
Total transaction with shareholders:	(293,818)	235,192	1,107,874	328,157	-	1,377,405	-	1,377,405
Balance at 31 December 2016	-	556,796	2,443,826	(1,828,598)	(332,160)	839,864	(817,386)	22,478
Company								
Balance at 1 January 2016	293,818	321,604	1,335,952	(688,557)	-	1,262,817	-	1,262,817
Profit for year	-	-	-	525,883	-	525,833	-	525,833
Total comprehensive loss	-	-	-	525,883	-	525,833	-	525,833
Transactions with shareholders:								
Extinguish convertible loan note reserve	(293,818)	-	-	293,818	-	-	-	-
Issue of share capital	-	235,192	1,183,079	-	-	1,418,271	-	1,418,271
Share issue expenses	-	-	(75,205)	-	-	(75,205)	-	(75,205)
Issue of share options	-	-	-	34,339	-	34,339	-	34,339
Total transaction with shareholders:	(293,818)	235,192	1,107,874	328,157	-	1,377,405	-	1,377,405
Balance at 31 December 2016	-	556,796	2,443,826	165,483	-	3,166,055	-	3,166,055

Convertible loan note reserve	Share capital	Share premium	Retained losses	Foreign exchange reserve	Total attributable to equity holders of the Group / Company	Non-controlling interest	Total equity

	£	£	£	£	£	£	£	£
Consolidated								
Balance at 1 January 2015	149,600	315,250	1,245,934	(1,007,879)	10,732	713,637	(206,996)	506,641
Loss for period	-	-	-	(851,921)	-	(851,921)	(200,807)	(1,052,728)
Other comprehensive income:								
Foreign exchange movements	-	-	-	-	175,134	175,134	61,530	236,664
Total comprehensive loss	-	-	-	(851,921)	175,134	(676,787)	(139,277)	(816,064)
Transactions with shareholders:								
Issue of convertible loan notes	144,218	-	-	-	-	144,218	-	144,218
Issue of shares	-	6,354	90,018	-	-	96,372	-	96,372
Total transaction with shareholders:	144,218	6,354	90,018	-	-	240,590	-	240,590
Balance at 31 December 2015	293,818	321,604	1,335,952	(1,859,800)	185,866	277,440	(346,273)	(68,833)
Company								
Balance at 1 January 2015	149,600	315,250	1,245,934	(377,216)	-	1,333,568	-	1,333,568
Loss for period	-	-	-	(311,341)	-	(311,341)	-	(311,341)
Total comprehensive profit	-	-	-	(311,341)	-	(311,341)	-	(311,341)
Transaction with shareholders:								
Issue of convertible loan notes	144,218	-	-	-	-	144,218	-	144,218
Issue of shares	-	6,354	90,018	-	-	96,372	-	96,372
Total transaction with shareholders:	144,218	6,354	90,018	-	-	240,590	-	240,590
Balance at 31 December 2015	293,818	321,604	1,335,952	(688,557)	-	1,262,817	-	1,262,817

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements.

Consolidated and Company Statement of Cash Flows

	Notes	Group Year ended 31 December 2016 £	Company Year ended 31 December 2016 £	Group Year ended 31 December 2015 £	Company Year ended 31 December 2015 £
Cash flows from operating activities					
Cash used in operations	21	(223,487)	780,252	(701,522)	(398,371)
Net cash used in operating activities		**(223,487)**	**780,252**	**(701,522)**	**(398,371)**
Investing activities					
Purchase of property, plant and equipment	9	(350,260)	-	(227,543)	-
Acquisition of Diamond Resources pty Limited	7	(32,826)	(32,826)	-	-
Proceeds on disposal of property, plant and equipment		19,113	-	-	-
Purchase of non-current assets		-	-	(7,004)	-
Increase in loan advanced to group company		-	(2,140,925)	-	(243,126)
Net cash used in investing activities		**(363,973)**	**(2,173,751)**	**(234,547)**	**(243,126)**
Financing activities					
Proceeds on share issues	16	1,343,066	1,343,066	91,373	91,373
Proceeds on convertible loan notes issue	18	-	-	450,000	450,000
Finance charge on convertible loan notes	18	60,229	60,229	35,086	35,086
Increase in short term loan		-	-	50,715	-
Net cash from financing activities		**1,403,295**	**1,403,295**	**627,174**	**576,459**
Net change in cash and cash equivalents		**815,835**	**9,796**	**(308,895)**	**(65,038)**
Cash and cash equivalents at the beginning of the year		175,755	164,267	247,986	229,305
Foreign exchange reserve		(700,035)	-	236,664	-
Cash and cash equivalents at the end of the year	14	**291,555**	**174,063**	**175,755**	**164,267**

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements.

Notes to the Consolidated and Company financial statements
1. Presentation of Annual Report and Accounts

The annual report and accounts have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU (IFRS) and the Companies Act 2006 applicable to companies reporting under IFRS. The annual report and accounts have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in British Pounds Sterling (Pounds) which is also the functional currency of the Group.

The consolidated financial statements for the year ended 31 December 2016 were approved and authorised for use by the Board of Directors on 29 June 2017.

BlueRock Diamonds Plc is incorporated in England and Wales with company number 08248437 with registered office, 4th Floor, Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS

1.1 Basis of preparation

Basis of consolidation

The consolidated annual report and accounts incorporate the annual report and accounts of the Group and its operating subsidiaries Kareevlei Mining Pty Ltd and Diamond Resources Pty Ltd which are controlled by the Group.

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

The results of subsidiaries are included in the consolidated annual report and accounts from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual report and accounts of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interests for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquires and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Going concern

As at 31 December 2016, the Group had accumulated losses of £1,828,598 (2015: £1,859,800).

The Group's consolidated cash balance at 31 December 2016 was £291,555 (2015: £175,755). The Group's capital management policy is to raise sufficient funding to finance the Group's near term expansionary operational and development activities. In June 2017 an additional £360,000 was raised through a share issue to new and existing shareholders and in June 2017, secured a new loan facility of £310,000. Management believe that this will be sufficient to meet the Group working capital requirements for the 12 months from the date of approval of the Annual Report and Accounts.

On that basis the Directors have adopted the going concern basis in preparing this Annual Report and Accounts which does 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.

Management has reviewed the forecast of cash flows for 12 months from the date of approval. While management is confident that the Group will meet its obligations through its operations, it has obtained confirmation from a significant shareholder to provide financial support should the projections not hold.

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 those estimates.

Significant estimates

The estimates and underlying assumptions are reviewed on an on-going 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:

Rehabilitation provision

Estimates and assumptions are made in determining the amount attributable to the 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 19.

Significant judgements and sources of estimation uncertainty (continued)

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.

Impairment of non-current assets
The outcome of on-going 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 values of property, plant and equipment are set out in note 9.

Valuation of assets and liabilities
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date (see note 28).

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:

Deferred tax assets
The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group’s future taxable income against which the deductible temporary differences can be utilised. Note 24 provides further detail. There is a key judgement in that the amounts potentially involved are uncertain of recovery.

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 or 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 (continued)

Mining infrastructure, which includes evaluation and development costs capitalised prior to commencement of production, are depreciated using a unit of production method based on the carats produced over the estimated economically recoverable reserves.

Motor vehicles and plant and machinery 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
Mining infrastructure	Unit of production method
Motor vehicles	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 de-recognition 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 de-recognition 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 Rights

Mining rights are recognised at cost, including any directly attributable transaction costs. The amortisation charge for each period is recognised on a 'units of production' method.

1.5 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 Mining exploration and development costs (continued)

Exploration costs are capitalised as an intangible asset until technical feasibility and commercial viability of extraction of reserves are demonstrable, when the capitalised exploration costs are re-classed to property, plant and equipment. Exploration costs include an allocation of administration and salary costs (including share based payments) as determined by management.

Prior to reclassification to property, plant and equipment, exploration and evaluation assets are assessed for impairment and any impairment loss recognised immediately in the statement of comprehensive income.

1.6 Investment in subsidiaries

Company annual report and accounts

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

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

1.7 Inventories

Inventories, which include rough diamonds, are stated at the lower of cost of production on the weighted average basis or estimated net realisable value. Cost of production includes direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less marketing costs. Net realisable value also incorporates costs of processing in the case of the ore stockpiles. Consumable stores are stated at the lower of cost on the weighted average basis or estimated replacement value. Work in progress is stated at raw material cost including allocated labour and overhead costs.

1.8 Revenue

Revenue is measured at the fair value of consideration receivable.

Revenue comprises net invoiced diamond sales to customers excluding VAT. Diamond sales are made through a competitive tender process and recognised when significant risks and rewards of ownership are transferred to the buyer, costs can be measured reliably and receipt of future economic benefits is probable. This is deemed to be the point at which the tender is awarded.

1.9 Income Taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates and laws that are expected to apply to their respective period of realisation, provided those rates and laws are enacted or substantively enacted by the end of the reporting period.

Income taxes (continued)

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group’s forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

1.10 Mining Rehabilitation asset

The estimated cost of environmental rehabilitation is based on current legal requirements and existing technology. A provision is raised based on the present value of the estimated costs. These costs are included in the cost of the related asset. The capitalised assets are depreciated in accordance with the accounting policy for property, plant and equipment.

1.11 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 comprise trade and other payables.

Convertible loan notes

The convertible loan notes are accounted for under the guidance of IAS 32, Financial Instruments: Presentation. These can either be treated as compound instruments or stand alone instruments with an embedded derivative relating to the conversion feature. When the instrument is treated as a compound instrument. The fair value of the liability portion of the convertible loan notes is determined using a market interest rate on an equivalent non-convertible loan note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan notes. The remainder of the proceeds are allocated to the conversion option, which is recognised and included in shareholders' equity, net of tax effects and is not subsequently re-measured. In cases where the criteria for compound instrument are not met, the host debt contract is valued initially at fair value and the embedded derivative is separately carried at fair value through profit and loss.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Embedded derivatives (continued)

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 month. Other derivatives are presented as current assets or current liabilities.

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

1.12 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 from inception of less than three months.

1.13 Operating expenses

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

1.14 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.

1.15 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.

1.16 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).

1.17 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.

1.18 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following:

- Translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling.
- Retained earnings includes all current and prior period retained profits.
- Equity reserve represents the fair value, of the equity component of the convertible loans, assessed at initial drawdown of the convertible loan.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

1.19 Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair

Share-based employee remuneration (continued)

values. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

2. New Standards and Interpretations

The following relevant new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2016, but had no significant impact on the Group:

Standard	Key requirements	Effective date as adopted by the EU
Amendment to IFRS 11, 'Accounting for Acquisitions of Interests in Joint Operations'	Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to: • apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 • disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an	1 January 2016

	interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).	
Amendments to IAS 16 and IAS 38	Clarifies acceptable methods of depreciation and amortisation.	1 January 2016
Amendments to IAS 27	Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.	1 January 2016
Amendments to IAS 1	Disclosure amendments	1 January 2016

New standards and interpretations (continued)

Standards issued but not yet effective

The following relevant new standards and amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2016, as adopted by the European Union, and have not been early adopted:

Standard	Key requirements	Effective date as adopted by the EU
IFRS 9	Financial Instruments – Replacement to IAS 39 and is built on a single classification and measurement approach for financial assets which reflects both the business model in which they are operated and their cash flow characteristics.	1 January 2018
IFRS 15	Revenue from contracts with customers – Introduces requirements for companies to recognise revenue for the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue.	1 January 2018
IFRS 16	Leases – Introduces a single lessee accounting model and eliminates the previous distinction between an operating and a finance lease.	1 January 2019

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group when the relevant standards and interpretations come into effect. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Actual results may vary from the estimates used to produce these financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

- the cash generating unit that supports the carrying value of property, plant and equipment and mining assets being £1.0m in total; and
- the intercompany receivable from Kareevlei Mining Proprietary Limited of £3.6m

Their recoverable amounts are supported by the potential value of the current portfolio of projects and their value is underpinned by the economic benefit of future cash flows generated from the project portfolio.

The main risks and sensitivities impacting their recoverable amounts relate to the following:

- Decrease in rough diamond prices
- Reliability of mineral resource
- Exposure to movements in the prices of raw materials, equipment and services

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Valuation of embedded derivatives

The convertible bond note has two components and IAS 32 requires that as the number of shares to be converted is not fixed, these be valued separately. IAS 39 requires the calculation of the fair value of the option at recognition and then fair valued at the year end. The embedded derivative has been fair valued using the Black Scholes model which requires critical judgements in order to ascertain the Group share price volatility. At the year end the fair value of the embedded derivative was £292,839. Further details can be found in note 18.

Other areas

Other estimates include but are not limited to the allowance for doubtful accounts; useful lives for depreciation, depletion and amortisation and fair value of financial instruments.

4. 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 £999,590.

All revenue consists of sales of diamonds in South Africa through auctions as is customary in the industry. The Group sells its diamonds through auctions run by Flawless Diamonds.

5. Operating loss

Result from operating activities is stated after charging:	**Group 2016 £**	**Group 2015 £**
Operational and direct costs	680,166	473,137
Depreciation	171,258	110,558
Operating Lease Rentals – Land, Buildings and Equipment	85,039	79,443
Staff costs (note 23)	70,230	82,182
Directors fee	14,873	29,500
Auditors fees (see below)	33,079	30,427
Share option charge	34,339	-
Gain on modification extinguishment of debt	(147,802)	-
Fair value of embedded derivative	292,839	-
Loss on disposal of asset	2,397	-
Fees receivable by the Group auditors:		
Fees – audit of financial statements	23,500	21,500
Fees – audit of accounts of subsidiary of the company	9,579	8,927
	33,079	**30,427**

6. Finance costs

	Group 2016 £	Group 2015 £
Interest on borrowings (note 18)	60,229	35,086
Other interest	-	1,785
	60,229	**36,871**

7. Acquisition of subsidiary

In July 2016, BlueRock Diamonds PLC completed the acquisition of Diamond Resources (Pty) Limited by acquiring 100 per cent of its issued share capital. The transaction is the acquisition of the entire identifiable assets and liabilities of the third party. The following table summarises the consideration paid for the Company, the fair value of the assets acquired, liabilities assumed and the non-controlling interest at the acquisition date:

	Net asset value at acquisition £	Fair value adjustment £	Fair value £
Amounts recognised of identifiable assets acquired and liabilities assumed:			
Rehabilitation deposit	13,925	-	13,925
Inventories	17,068	(8,705)	8,363
Trade and other payables	(497)	-	(497)
Total identifiable assets			21,791
Goodwill			11,035
Total consideration			**32,826**

The inventory acquired totalling £8,363 relating to the Diamond Resources (Pty) Limited is recognised at the fair value at the date of acquisition. There are no non-controlling interests. Please see note 8 for further discussion on the goodwill movements.

At the year end the Group's investment in Diamond Resources (Pty) Limited has been fully impaired, this is due to there being minimal future economic benefits expected to be obtained and is discussed further in note 8.

8. Goodwill

	£
Cost	
At 1 January 2016	-
Recognised on acquisition of a subsidiary	11,035
At 31 December 2016	11,035
Accumulated impairment losses	
At 1 January 2016	-
Impairment charge	(11,035)
At 31 December 2016	(11,035)
Carrying amount	
At 31 December 2016	-

8. Goodwill (continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. There is only considered to be one CGU in the Group which is the mining of diamonds in the Kimberley region South Africa.

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The Directors assessment during 2016 confirmed there were minimal future economic benefits expected in the near term from Diamond Resources (Pty) Limited. All inventory held in the Group was sold during the second half of 2016, in addition the speculative assets obtained in the Northern Cape do not have sufficient studies completed to confirm the existence of viable projects. Therefore the Directors at this point deem it prudent to impair the goodwill initially recognised on acquisition of the Group.

9. Property, plant and equipment

Group

	2016			2015		
	Cost / Valuation £	Accumulated depreciation £	Carrying Value £	Cost / Valuation £	Accumulated depreciation £	Carrying Value £
Mine infrastructure	67,086	(14,765)	52,321	58,854	(19,038)	39,816
Motor vehicles	17,475	(4,284)	13,191	7,283	(4,337)	2,946
Plant and machinery	869,749	(151,947)	717,802	590,127	(155,154)	434,973
Total	**954,310**	**(170,996)**	**783,314**	**656,264**	**(178,529)**	**477,735**

Reconciliation of property, plant and equipment - Group – 2016

	Opening balance £	Additions £	Cost on disposal £	Depreciation on disposal £	Depreciation £	FX revaluation £	Total £
Mine infrastructure	39,816	10,098	-	-	(14,765)	17,172	52,321
Motor vehicles	2,946	14,380	-	-	(4,284)	149	13,191
Plant and machinery	434,973	303,838	(35,156)	16,043	(152,209)	150,313	717,802
	477,735	**328,316**	**(35,156)**	**16,043**	**(171,258)**	**167,634**	**783,314**

Reconciliation of property, plant and equipment - Group – 2015

	Opening balance £	Additions £	Cost on disposal £	Depreciation on disposal £	Depreciation £	FX revaluation £	Total £
Mine infrastructure	25,845	34,833	-	-	(13,036)	(7,826)	39,816
Motor vehicles	4,187	1,558	-	-	(2,220)	(579)	2,946
Plant and machinery	424,613	191,152	-	-	(95,302)	(85,490)	434,973
	454,645	**227,543**	**-**		**(110,558)**	**(93,895)**	**447,735**

10. Mining Rights and Mining Rehabilitation

	Opening balance £	Additions £	Depreciation £	FX revaluation £	Total £

Mining Rights	63,403	-	-	24,080	87,483
Mining Rehabilitation	77,961	21,944	-	28,888	128,793
	141,364	**21,944**	**-**	**52,968**	**216,276**

For further details on the mining rehabilitation provision see note 19.

11. Investment in subsidiary

Name of company	**Holding 2016**	**Carrying amount 2016**
	%	**£**
Kareevlei Mining Proprietary Limited	74	5
Diamond Resources Pty Limited	100	-

Name of subsidiary	**Location**	**Net gain/(loss) after tax (2016)**	**Net gain/(loss) after tax (2016)**	**Net loss after tax (2015)**	**Net loss after tax (2015)**
		R	**£**	**R**	**£**
Kareevlei Mining Proprietary Limited	Northern Cape Province in South Africa	(22,239,761)	(1,111,940)	(15,881,405)	(772,350)
Diamond Resources Pty Limited	Northern Cape Province in South Africa	3,710	185	-	-

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.

11. Investment in subsidiary (continued)

On 15 June, 2017 the Broad Based Socio-Economic Empowerment Charter for the South African mining and minerals industry, 2017, (the '2017 Charter') was announced and gazetted in South Africa. The 2017 Charter aims to introduce far-reaching, new, and in some cases, radical measures and requirements on the industry.

The Group is compliant with the preceding Charter, and if the 2017 Charter is implemented, certain changes will be required to maintain compliance, primarily in respect of: (i) the increased mandatory Black Economic Empowerment shareholding which is currently set at 26%, but is proposed to be increased to 30%, and (ii) in the required make-up of management demographics. The Chamber of Mines of South Africa has publicly rejected the unilateral development and imposition of the 2017 Charter and plans to take legal action on behalf of the industry to interdict the implementation of the 2017 Charter on a number of grounds.

Summary of Group's interest in subsidiary

	2016		2015	
	R	£	R	£
Total assets	19,566,045	1,168,094	15,753,858	681,628
Total liabilities	(72,222,940)	(4,311,714)	(46,530,992)	(2,013,274)
Capital	30,417,134	2,031,679	14,895,730	559,298
Loss	22,239,761	1,111,941	15,881,404	772,348
	-	-	-	-

12. Inventories

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Diamonds on hand	2,202	50,665	-	-
	2,202	**50,665**	**-**	**-**

13. Trade and other receivables

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Prepayments	2,073	2,016	2,073	2,016
VAT	53,952	5,591	5,995	5,230
Other receivables	75,972	16	366,982	212,662
Intercompany balances	-	-	3,643,428	1,502,503
	131,997	**7,623**	**4,018,478**	**1,722,411**

The intercompany balance is a loan to Kareevlei Mining Proprietary Limited that bears interest at the Nedbank Limited prime variable overdraft rate or unsecured loans to corporate customers and is repayable on demand.

The carrying value of all trade and other receivables including the loan to group company is considered a reasonable approximation of fair value.

The other receivables consist of amount due from Mark Poole.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Cash on hand	7	442	-	-
Bank balances	291,548	175,313	174,063	164,267
	291,555	**175,755**	**174,063**	**164,267**

15. Share based payments

The share options held by each Director and the exercise prices at 31 December 2016 are as follows:

Director	Number of ordinary	Tranche 1	Tranche 2	Tranche 3	Tranche 4

	shares subject to share options	Number	Exercise price (pence)	Number	Exercise price (pence)	Number	Exercise price (pence)	Number	Exercise price (pence)
P. Beck	315,251	-	-	157,625	40	157,626	55	-	-
T. Leslie	372,876	57,625	18	157,625	40	157,626	55	-	-
A. Markgraaff	372,876	57,625	18	157,625	40	157,626	55	-	-
A. Waugh	776,091	-	-	-	-	-	-	776,091	11
Total	**1,837,094**	**115,250**		**472,875**		**472,878**		**776,091**	

The following share options were exercised during the year to 31 December 2016:

On 12 January 2016 Andre Markgraaff exercised 100,000 share options at an exercise price of 18 pence per Ordinary Share.

On 12 January 2016 Riaan Visser exercised 180,500 share options at an exercise price of 14 pence per Ordinary Share (the share price of the company on this date was 19p).

The following share options were exercised during the year to 31 December 2015:

On 27 July 2015 Paul Beck exercised 157,625 share options at an exercise price of 18 pence per Ordinary Share.

On 27 July 2015 Riaan Visser exercised 450,000 share options at an exercise price of 14 pence per Ordinary Share (the share price of the company on this date was 26p).

15. Share based payments (continued)

Further details of the share capital and share premium generated from the exercise of share options is seen in note 16.

Movements in the number of share options outstanding and their related weighted average prices are as follows:

	31 December 2016		31 December 2015	
	Average exercise price in pence per share	**Number of options**	**Average exercise price in pence per share**	**Number of options**
Outstanding at the beginning of the year	34	4,121,131	32	4,728,756
Granted	11	776,091	-	-
Lapsed	31	1,261,002	-	-
Exercised	15	280,500	15	607,625
Outstanding at the end of the year	**29.2**	**3,355,720**	**34**	**4,121,131**
Exercisable at the end of the year	**29.2**	**3,355,720**	**34**	**4,121,131**

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:

	Year ended 31 December 2016
Pricing model used	Black-Scholes
Weighted average share price at grant date (pence)	13.5

Weighted average exercise price (pence)	11
Weighted average contractual life (years)	5
Share price volatility (%)	50%
Dividend yield (%)	0%
Risk-free interest rate (%)	0.56%

There were no share options granted in 2015. The total share-based payment expense for the year ended 31 December 2016 was £34,339 (2015: £nil) in relation to share options.

16. Share capital and share premium issued

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
55,679,580 (2015: 32,160,444) ordinary issued share capital of 1p each	556,796	321,604	556,796	321,604
Share premium	2,443,826	1,335,952	2,443,826	1,335,952
	3,000,622	**1,657,556**	**3,000,622**	**1,657,556**

In the year ended 31 December 2016 the following Ordinary share issues occurred:

Date of issue	Details of issue	Number of ordinary shares	Share capital £	Share premium £
At 1 January 2016		32,160,444	321,604	1,335,952
12 January 2016	Exercise of Share Options	280,500	2,805	40,466
28 April 2016	Placing and Equity Issue	6,363,636	63,637	636,363
2 November 2016	Placing and Equity Issue	16,875,000	168,750	506,250
	Issue costs	-	-	(75,205)
At 31 December 2016		**55,679,580**	**556,796**	**2,443,826**

17. Trade and other payables

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Trade payables	260,117	24,657	29,637	2,993
Corporation tax payables	90,566	-	90,566	-
Accrued expenses	37,025	168,762	29,851	24,750
Directors loan account	25,974	50,715	-	-
	413,682	**244,134**	**150,054**	**27,743**

An amount of £192,736 is included within trade payables for amounts claimed as being due to companies related to the former director of the company CB Visser. In 2015, an amount of £139,685 was recorded in accrued expenses for these companies. These amounts are disputed in full by the Company. See note 26 for further details.

The Directors' current account in 2016 of £25,974 (2015: £50,715) relates to amounts claimed by RV but disputed in full by the Company. See note 26 for further details.

18. Borrowings

On 16 October 2014, the Group resolved to create up to £450,000 of convertible loan stock. £400,000 of this was drawn down immediately "Convertible Loan 1".

The remaining £50,000 was drawn down by the Group on the 27 May 2015 "Convertible Loan 2".

On 2 October 2015, the Group resolved to create an additional amount of convertible loan stock of £400,000 of this the full amount was drawn down immediately "Convertible Loan 3".

The loan term for all convertible loan stock is for 5 years maturing on 16 October 2019 and carries a zero coupon (nil interest).

The Group had in issue 3 convertible loan stocks of £850,000 which were fully drawn down by the end of 2015. On 2 November 2016 a fund rise took place and the convertible loan stocks were materially revised and became “Convertible Loan 4”.

The terms of the convertible loan note have been amended such that the conversion price has been reduced to 5p (2015: 11p) and the term has been extended to 16 October 2021 (2015: 16 October 2019) and it has been agreed that the convertible loan note will not be convertible until 1 November 2017 and for the following 6 months until 1 May 2018 only under an orderly marketing arrangement. The convertible loan note has also been amended to include an anti-dilution clause which provides a mechanism for weighted conversion price revisions should additional funds be raised below the prevailing conversion price.

This option to convert the loan into shares has been treated as a separate financial instrument, as an embedded derivative. This is due to a clause in the updated convertible loan note agreement which will require the Company to issue a variable number of shares if future fundraising over life of the convertible loan note raises additional funds at a price per Ordinary share of less than 5p.

In addition if the Company sells its interest in its subsidiary undertaking before the final repayment date for consideration equivalent to or greater than 120% of the loan note outstanding then the notes will become redeemable and a 20% premium will be payable to the note holder.

Management have carried out an assessment of the terms of the convertible loan and have judged that the instrument consists of two components:

- a loan instrument; held at amortised cost

- an embedded redemption feature (payable on a sale of the Group’s interest for consideration greater than 120% of the loan note value). The embedded derivative should be recognised separately as a derivative financial instrument at fair value through profit and loss (FVTPL). Management have reviewed the terms of the embedded derivative and have determined that the derivative has an insignificant value.

Due to the modification of the convertible loan note agreement, the equity element previously recognised has been extinguished. Subsequently an embedded derivative liability has been recognised as discussed in the accounting treatment above.

A fair value exercise to determine the value of the three components was undertaken by the Directors at the date the convertible loan was initially drawn down.

The fair value of the host loan instrument (including the embedded redemption feature) has been valued as the residual of:

a) The fair value of the first draw down on 16 October 2014 is discounted at a commercially applicable rate of 9.25%. The fair values of the draw downs on 27 May 2016 and 2 October 2016 have been discounted at a commercially applicable rate of 10.5%.
b) The residual amount between the transaction price of the loan and the fair value of the liability has been allocated to an equity reserve.

	31 December 2016 £
Convertible loan	583,548
Embedded derivative	292,839
	876,387

The embedded derivate attached to the convertible loan stock are treated as financial instruments held at fair value through profit and loss. As a result, a gain of £7,664 has been recognised in the income statement as operating costs representing the fair value adjustment. This has been calculated as the difference between the convertible option value at grant date of the convertible loan £300,503 and the fair value of the option at 31 December 2016 of £292,839.

The movement on each loan liability component can be summarised as follows:

	Convertible loan 1 £	Convertible loan 2 £	Convertible loan 3 £	Convertible loan 4 £	Total £
Balance at 1 January 2016	287,256	34,592	274,275	-	596,123
Issued on 2 November 2016	-	-	-	574,352	574,352
Finance charge: unwinding the discount factor	22,916	3,151	24,966	9,196	60,229
Embedded derivative	-	-	-	300,503	300,503
Fair value adjustment to embedded derivative	-	-	-	(7,664)	(7,664)
Extinguished on 2 November 2016	(310,172)	(37,743)	(299,241)	-	(647,156)
Balance at 31 December 2016	**-**	**-**	**-**	**876,387**	**876,387**
Equity component at 1 January 2016	143,000	18,018	132,800	-	293,818
Extinguished on 2 November 2016	(143,000)	(18,018)	(132,800)	-	(293,818)
Equity component at 31 December 2016	**-**	**-**	**-**	**-**	**-**

19. Provisions

Reconciliation of provisions – Group – 2016

	2016 Group £	2015 Group £
Balance at 1 January	81,718	72,993
Movement	31,080	8,725
Balance at 31 December	**112,798**	**81,718**

The provision for environmental rehabilitation closure cost was independently assessed by Ndi Mudau of NDI Geological Consulting Services. The closure cost assessment reports over the Remainder of the Farm No. 113 (Skietfontein), Portion of Portion 2 (Kareeboompan) of the Farm 142, Portion 1 (Westhoek) of the Farm 113, and Portion 2 (Klipvlei) of the Farm 113. The financial provision was calculated in accordance with Regulation 54 of the Minerals and Petroleum Resources Development Act 2002 (Act 28 of 2002) and is dated 12 February 2016.

20. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due	2016 Group £	2015 Group £	2016 Company £	2015 Company £
- within one year	26,960	16,360	-	-
- in second to fifth year inclusive	181,053	51,903	-	-
- later than five years	26,746	-	-	-
	234,759	**68,263**	**-**	**-**

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.

21. Cash used in operations

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
(Loss)/profit before taxation	(495,493)	(1,053,699)	525,883	(311,341)
Adjustments for non-cash items:				
Depreciation and amortisation	171,258	110,558	-	-
Embedded derivative charge	292,839	-	292,839	-
Shares issued in lieu of company debt	-	5,000	-	5,000
Share based payment expense	34,339	-	34,339	-
Impairment on acquisition of Diamond Resources pty Limited	32,826	-	32,826	-
Foreign exchange revaluation of fixed assets	(220,602)	93,894	-	-
Movements in provisions	31,080	8,725	-	-
Changes in working capital:				
(Increase)/decrease in trade and other receivables	(124,374)	28,105	(155,144)	(80,861)
Increase/(decrease) in trade and other payables	6,177	132,931	49,509	(11,169)
Decrease/(increase) in inventories	48,463	(27,036)	-	-
	(223,487)	**(701,522)**	**780,252**	**(398,371)**

22. Contingent Liabilities

There were no contingent liabilities as at 31 December 2016.

23. Staff numbers and costs

	2016 Group £	2016 Company £	2015 Group £	2015 Company £
Directors' fees (see note 26)	28,833	28,833	29,500	29,500
Staff salaries	70,230	-	82,182	-
	99,063	**28,833**	**111,682**	**29,500**

The table above relates to the directors remuneration who are key management personnel of the Group.

Average employee, directors and contractor numbers	2016 Number	2015 Number
Directors	3	2
Administration and production	23	23
	26	**25**

24. Tax expense

	2016 Group £	2015 Group £
Current tax	90,566	(971)
Deferred tax	-	-
Income tax expense / (credit) for the year	90,566	(971)

\Factors affecting the tax charge for the year:
The tax assessed for the year is higher than the UK corporation tax rate of 20% (2015: 20%) as explained below:

	2016 Group £	2015 Group £
(Loss) / profit before tax	(495,493)	(816,064)
UK rate of taxation	20%	20%
(Loss) / profit before tax multiplied by the UK rate of taxation	(99,099)	(163,213)
Effects of:		
Difference in rates (South African tax)	90,699	(36,115)
Expenses not deductible for tax purposes	120,559	179
Unutilised losses	-	163,034
Utilised losses brought forward	(103,155)	-
Other	81,562	35,144
Tax expense / (credit)	90,566	(971)

The Group has gross tax losses and temporary differences of 2016: £nil (2015: £515,775) for which no deferred tax asset has been recognised.

25. EPS (Earnings per share)

	Group 2016 £	Group 2015 £
Profit attributable to ordinary shareholders	(814,981)	(676,787)
Weighted average number of shares	39,466,581	31,787,878
Basic earnings per share	(0.02)	(0.02)
Weighted average number of shares after dilution	39,466,581	31,971,978
Fully diluted earnings per share	(0.02)	(0.02)

Share options granted to directors that have an anti-dilutive effect on the diluted earnings per share calculation have not been included.

26. Related parties

Relationships

Director and Indirect shareholder - John Kilham (John's Kilham's wife is a shareholder)	Kgalagadi Engineering & Mining Supplies (Pty) Ltd
Shareholder and Director – John Kilham	Kgalagadi Geoservices (Pty) Ltd
Shareholder and Director – John Kilham	Kgalagaadi Asset Management (Pty) Ltd
Minority Interest - William van Wyk	Kgalagadi Engineering & Mining Supplies (Pty) Ltd Ghaap Mining (Pty) Ltd
Director – Christiaan Breytenbach Visser	Lexican Holdings (Pty) Ltd Kleinkor Sewentien (Pty) Ltd
Shareholder – Mark Poole	Bluerock Diamond
Shareholder's Daughter – Emma Poole	Bluerock Diamond

Related party balances

Loan account - Owing by related party	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Kareevlei Mining Proprietary Limited	-	-	3,643,428	1,502,503

As disclosed in Note 23, details of the Directors remuneration for the financial year are set out below:

CB Visser – Received fees of £6,000 (2015: £24,000)
A Waugh – Received fees of £22,833 ((2015: £nil)

The Directors' current account 2016: £25,974 (2015: £50,715) is a short term deposit provided to the group to use as working capital see note 17.

The Directors' loan account 2016: £25,974 (2015: £50,715) represent amounts claimed by CB Visser. In addition, included in the accounts are amounts totalling £192,736 claimed by CB Visser as being owed to companies that are related to CB Visser. This amount was included in the financial statements in 2015, but as they had not been disclosed as being related parties at that time, were included in accrued expenses. The Company has taken legal advice and been advised that based on currently available information all claims made by CB Visser are without merit. It is intended to write off these balances.

Further, Kareevlei Mining made consultancy payments of £5,755 (2015: £3,731) to Kgalagadi Geoservices (Pty) Limited ("Kgalagadi Geoservices"). Also, payments totalling £23,185 (2015: £15,680) relating to equipment rental were made to Kgalagadi Geoservices. During the year John Kilham was the Chief Technical Officer of BlueRock, is sole director and shareholder of Kgalagadi Geoservices.

Kareevlei Mining also made payments on a monthly basis totalling of £6,719 (2015: £4,842) to Kgalagadi Asset Management (Pty) Limited ("Kgalagadi Asset Management") for office and sorting plant rental. John Kilham was Chief Technical Officer of BlueRock and is sole director and shareholder of Kgalagadi Asset Management.

As part of the fundraising completed on the 2 November 2016 additional convertible loan notes for £75,000 were issued to one of the Group's substantial shareholders (see note 18).

The Group has agreed to acquire a crusher from Kgalagadi Geoservices (Pty) Limited ("Kgalagadi Geoservices"), a company controlled by Mr Kilham for ZAR630,000 (approximately £36,000) payable in cash in three equal monthly instalments commencing on 1 February 2017. The crusher was previously being rented by the Group. The Group has also agreed to pay Mr Kilham a further sum of ZAR 539,000 (approximately £30,000).
Mr Poole holds £725,000 of convertible secured loan notes and his daughter, Emma Poole holds a further £200,000.

27. Risk management

Capital risk management

The Group's 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.

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. The maximum amount payable under the terms of the convertible loan note is disclosed in note 18.

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.

The credit risk on receivables from subsidiaries is significant and their recoverability is dependent on the discovery and successful development of economic reserves by these subsidiaries undertakings. Given the nature of the Group's business significant amounts are required to be invested in exploration activities. The Directors manage this risk by reviewing expenditure plans and budgets in relation to projects. This review ensures that any expenditure is value-enhancing and as a result the amounts receivable will be recoverable subject to successful discovery and development of economic reserves. The maximum credit exposure of the Group as at 31 December 2016 was £4,010,410 (2015: £1,715,165).

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 2016, if the pound sterling had weakened/strengthened by 12% against the South African Rand with all other variables held constant, post-tax loss for the year would have been £181k lower (2015: £94k) or £142k higher (2015: £74k), mainly as a result of foreign exchange gains or losses on translation of South African Rand denominated trade receivables and intragroup borrowings. The exchange rates used for conversion of foreign monetary items were – 2016: 16.75, 2015: 23.11.

27. Risk management (continued)

Market risk

As the Group has commenced diamond sales, the profitability of mining operations is directly related to the prevailing diamond price. Historically, diamond prices have been volatile and are affected by numerous factors which the Group is unable to control or predict, including world production levels, international economic trends, industrial and consumer demand, currency exchange fluctuations, seasonality, speculative activity and political events.

The Group realises US Dollars for its diamond sales, and reports its results in Pounds Sterling. Should the South African Rand strengthen against the Pound, the costs of the Group's mining operations, which are largely denominated in South African Rand, may be adversely affected. Should the US Dollar weaken against the Pound, the Group's revenues may be reduced.

Should market prices for raw materials, services and equipment, such as diesel or mining equipment increase, the Group's results may be adversely affected. The Group seeks to obtain the best rate for each product or service, taking into account price, service quality and reliability.

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 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Loans and receivables				
Cash and cash equivalents	291,555	175,755	174,063	164,267
Trade and other receivables	75,972	16	366,982	212,662
	367,527	175,771	541,045	376,929
Financial liabilities held at amortised cost				
Trade and other payables	323,115	244,134	59,489	27,743
Borrowings	583,548	646,838	583,548	596,123
	906,663	890,972	643,037	623,866

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial liabilities measured at fair value through profit and loss				
Embedded derivative	292,839	-	292,839	-
	292,839	-	292,839	-

28. Fair value measurement of financial instruments

Financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

28. Fair value measurement of financial instruments (continued)

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at each period end:

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Financial liabilities held at amortised cost				
Convertible loan 1	-	287,256	-	287,256
Convertible loan 2	-	34,592	-	34,592
Convertible loan 3	-	274,275	-	274,275
Convertible loan 4	583,548	**-**	583,548	**-**
	583,548	**596,123**	**583,548**	**596,123**

Measurement of fair value of financial instruments

The Group's management team perform valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Convertible loan notes (Level 3)

The estimated fair value of the convertible loan notes is categorised within Level 3 of the fair value hierarchy. The fair value estimate has been determined using a present value technique. The present value of convertible loan 1 is estimated by discounting the contractual cash flows at 9.25%, convertible loans 2 and 3 at 10.5% and convertible loan 4 at 10%. The discount rate has been determined using the interest rate that the entity would pay an unrelated party at the reporting date, adjusted to reflect the redemption feature.

The most significant input is the discount rate of 9.25% 10% and 10.5%.

29. Events after the reporting period

Director Dealings
Adam Waugh was granted 1,670,387 new share options with an exercise price of 5p in January 2017. These are exercisable after a 5 year period from the date of issue. The total number of ordinary shares subject to share options for Adam Waugh after the new share options is 2,446,478.

Loan facility
The Group has agreed an unsecured loan facility of £150,000 with Tim Leslie, Paul Beck and Mark Poole. Tim Leslie and Paul Beck are Directors and Mark Pool is a major shareholder. The loan is to provide extra working capital as a result of unusually high rainfalls causing delays. Tim Leslie and Mark Poole's maximum contribution is £62,500 and for Segar Properties (Hyde Park) Limited, wholly owned by Paul Beck is £25,000. All contributions have a six month term and a coupon of 10% per annum payable at the end of the term.

29. Events after the reporting period (continued)

Jubilee Agreement
The Group has entered into an agreement with Koedonza Olives CC ("Koedonza") to mine a 1.5 ha Kimberlite Pipe known as Jubilee, in the Windsorton area, 40km to the North of Kimberley in the Northern Cape region of South Africa.

Convertible Loan
The convertible loan note facility was increased to £925K in November 2016. A debtor balance of £75K was recognised at the year-end which was due from Mark Poole on convertible loan note. This has since been drawn down and received in February 2017.

Fundraising
On 1 June 2017 the Group successfully raised an aggregate of £366,000 (before expenses) via the issue of 12,200,000 new ordinary shares of 1 pence each in the capital of the Group at a price of 3 pence per New Share. The proceeds of the fundraising will be used to continue with the development of Kareevlei Mine as well as funding the Group's strategy of adding to its current portfolio of diamond mining assets.

30. Ultimate controlling party

The Group considers that there is no ultimate controlling party.

31. Profit for the year

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The profit after taxation for the financial year for the parent company was £525,883 (2015: loss of £311,341).

Notice of Annual General Meeting

Notice is given that the annual general meeting of the members of BlueRock Diamonds plc (the "Company") will be held at the offices of Yellow Jersey PR Limited, 1st Floor, 30 Stamford Street, London, SE1 9LQ at 10.00a.m. (BST) on 4 August 2017 for the purpose of considering and, if thought fit, passing the following resolutions.

Resolutions 1 to 4 will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution.

Ordinary resolutions

1. To receive the report and accounts for to the year ended 31 December 2016.

2. To re-appoint André Markgraaff as a director, who shall retire from office at the end of the Annual General Meeting and who, being eligible, offers himself for re-election.

3. To reappoint Grant Thornton UK LLP as auditors of the Company and to authorise the directors to fix their remuneration.

4. In addition to all existing authorities granted to the directors of the Company (the "Directors") in respect of the allotment of shares in the Company or the granting of rights to subscribe for or to convert any security into shares in the Company ("Rights") but without prejudice to the proper exercise of such authorities, the Directors be and are generally and unconditionally authorised in accordance with section 551 of the Company Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or grant Rights up to a maximum nominal value of £1,000,000:

   Such authority shall expire at the end of the next annual general meeting of the Company save that the Company may, before such expiry, make an offer or agreement which would, or might, require shares in the Company to be allotted or Rights to be granted after such expiry and the Directors may allot shares in the Company or grant Rights in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

Special resolution

5. In addition to all existing authorities granted to the Directors, the Directors be empowered, in accordance with section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution 6 as if section 561(1) of the Act did not apply to such allotment but without prejudice to the prior exercise of such authorities, provided that this power shall be limited to the allotment of equity securities up to a maximum nominal amount of £1,000,000.

   These shall expire at the end of the next annual general meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which would, or might, require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

By order of the Board

David Facey
Company Secretary

Registered Office:
4th Floor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 30 June 2017

Appointment of proxies

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you must appoint your own choice of proxy (not the chairman) and give your instructions directly to the relevant person.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you must complete a separate proxy form for each proxy and specify against the proxy's name the number of shares over which the proxy has rights. If you are in any doubt as to the procedure to be followed for the purpose of appointing more than one proxy you must contact Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. If you fail to specify the number of shares to which each proxy relates, or specify a number of shares greater than that held by you on the record date, your proxy appointments will be invalid.

4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the meeting.

Appointment of proxy using the proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, it must be:

   5.1 completed and signed;

   5.2 sent or delivered to the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR; and

   5.3 received by Share Registrars Limited no later than 10.00a.m. (BST) on 1 August 2017.

6. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

7. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

8. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (SI 2001/3755) and paragraph 18(c) Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, specifies that only those ordinary shareholders registered in the register of members at 10a.m. (BST) on 1 August 2017 or, in the event the meeting is adjourned, in the register of members at 10a.m. (BST) on the day two days excluding non business days before the date of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of ordinary shares in the capital of the Company registered in their name at that time.

   Changes to entries on the relevant register of securities after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

Appointment of proxy by joint members

9. In the case of joint holders of shares, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder (being the first named holder in respect of the shares in the Company's register of members) will be accepted.

Changing proxy instructions

10. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Share Registrars Limited. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. Note that the cut off time for receipt of proxy forms specified in paragraph 5 also applies in relation to amended instructions. Any amended proxy appointment received after the specified cut off time will be disregarded.

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

12. The revocation notice must be received by the Company no later than 10.00a.m. (BST) on 1 August 2017.

13. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, your proxy appointment will remain valid.

14. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

15. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Total voting rights

16. As at 10.00a.m. (BST) on 30 June 2017 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 67,679,580 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 10.00a.m. (BST) on 30 June 2017 is 67,679,580.

Communication

17. Except as provided above, members who have general queries about the meeting should contact the Company's registrar, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR.