

30 September 2014

BLUEROCK DIAMONDS PLC

("BlueRock" or the "Company")

Interim results for the six months ended 30 June 2014

Introduction

BlueRock Diamonds (AIM: BRD) is pleased to announce its interim results for the six months ended 30 June 2014. The interims will be available today for download from www.bluerockdiamonds.co.uk.

Chairman's Statement

Introduction

I am pleased to report considerable progress has been made by BlueRock and the Group over the period. In particular, we have made good progress with trial mining of the kimberlite pipes at the Kareevlei Tenements, and we have completed the transfer of the mining right over the Kareevlei Tenements to our subsidiary, Kareevlei Mining (Pty) Limited ("Kareevlei Mining"). Our production to date supports the mineral resource estimates set out in our initial competent person's report ("CPR") and indicates that, at this early stage, both the predicted grade and US\$ per carat value are higher than initially anticipated.

Now that we have reached the end of our trial mining period, and we are ready to move on to commercial production, the Board has decided to invest in new plant and equipment to upgrade the existing facility at a total cost of approximately £400,000, including working capital requirements. The Company intends to finance this equipment, and its installation, through the issue of convertible loan notes and in respect of which it has entered into heads of terms, which are described below.

Operational Review

In the six months to 30 June 2014, following the initial refurbishment and commissioning of the plant in December 2013, the Company continued to modify the trial mining plant in order for it to operate as efficiently as possible. Having taken independent external advice from Frontier Mining (Pty) Ltd. ("Frontier"), a company specialising in mineral processing plants, the Board is of the view that the original trial mining plant is now running at capacity of less than 20 tonnes an hour and that to increase production will require further investment to improve material flow and volume throughput. The Board estimates that this will cost approximately £400,000 and, based on the advice from Frontier, will increase production to 80 tonnes an hour which is approximately 14,000 tonnes per month based on a single shift per day.

To date, we have only scratched the surface of the Kareevlei Tenements. We have removed only 10m of kimberlite from approximately 10% of the combined area of the adjacent K1 and K2 pipes. No work has been carried out on pipes K3, K4 and K5. Since the progress update announced on 5 March 2014, the Company has continued to recover diamonds and as at 30 June 2014 and 15 September 2014, the Company had 138.69 and 379.17 carats on hand, respectively. On 15 September 2014, we put all of our diamond inventory on hand as at 31 August 2014 of 327.3 carats for sale by tender. The parcels contained 1102 stones ranging in size up to 6.23 carats, with the majority of stones in the +5 sieve class. The diamonds were offered for sale in a number of parcels, and attracted offers of US\$77,571 in total, resulting in an average price US\$237/carat. The Company accepted tender offers amounting to US\$58,305 and will re-offer the remaining stones, primarily the smaller stones, together with those produced in September, at a future tender.

The Board is pleased with this tender, which supports the latest revenue per carat estimate provided by Z Star Mineral Resource Consultants (Pty) Ltd ("Z Star") of US\$242/carat. However, it should be noted that the size of the parcels tendered remains comparatively small and we will get greater certainty as to the overall quality of the diamonds recovered from the Kareevlei Tenements once a total of 1,000 carats have been recovered and sold.

Completion of Mining Right Transfer

I am also pleased to confirm that following receipt of the requisite Ministerial Consent in terms of section 11(1) of the South African Mineral and Petroleum Resources Development Act, 2002 ("MPRDA") on 24 June 2014, the mining right over the Kareevlei Tenements has now been registered in the name of Kareevlei Mining in the Mining Titles Office. Following transfer of the mining right to Kareevlei Mining, no further commission on diamonds sales will be payable to Diamond Resources.

Updated Diamond Revenue Estimate

Subsequent to the period, the Group commissioned an updated diamond revenue estimate from Dr John Andrew Grills of Z Star, the author of the CPR published in BlueRock's Admission Document dated 19 August 2013. The revised estimate was based on remodelling both the size frequency distribution and the US\$ per carat per sieve class of the diamonds recovered by Kareevlei Mining to 31 July 2014. The study resulted in an increase in the revenue estimate to US\$242 per carat, representing a 32% increase on the initial CPR valuation of US\$183 per carat. This revenue estimate covers pipes K1, K2 and K3 and is considered to be more accurate than that calculated in the CPR given that the diamonds were recovered using the current plant treatment process at the Kareevlei Tenements and the valuation is at current day prices.

Financials

In the six months to 30 June 2014, the Group recorded an operating loss and total comprehensive loss of £321,850 (2013: £539,724, 14 months ended 31 December 2013: £590,100).

Issue of Convertible Loan Note

As referred to above, and in order to fund the proposed processing plant redesign and equipment purchase, BlueRock has agreed heads of terms ("HoT") in respect of the issue of up to £450,000 of convertible loan notes (the "Convertible Loan Notes") to Mark Poole (the "Fundraising").

The Convertible Loan Notes will have a five year term. The Convertible Loan Notes carry a zero coupon and they will not be listed. The Convertible Loan Notes will benefit from a charge over the Company's interest in Kareevlei Mining. If the Company disposes of its interest in Kareevlei Mining then the charge will be released subject to early repayment of the Convertible Loan Notes at a premium of 20%.

The Convertible Loan Notes will be convertible:

- (i) at the holder's option at any time up to the end of the term into ordinary shares of 1 pence each in the capital of the Company ("Ordinary Shares") at a conversion price (the "Conversion Price") of 11 pence (a premium of 2.3% to the mid market closing price of 10.75 pence on 26 September 2014, being the latest practicable date prior to agreeing the HoT); and
- (ii) at the Company's option after the second anniversary of initial subscription provided that the one month volume weighted average price of the Company's Ordinary Shares is in excess of 120% of the Conversion Price and that the closing mid-market price on the date prior to the Company opting to convert exceeds 120% of the Conversion Price.

The Company expects to finalise the documentation relating to the Convertible Loan Notes within two weeks of this announcement.

Related Party Transaction

Mark Poole is a substantial shareholder in BlueRock (as defined by the AIM Rules) and holds 5,285,714 Ordinary Shares representing 16.8 per cent of the issued share capital and voting rights of the Company and as such is considered to be a related party of the Company under the AIM Rules. Therefore the issue of the Convertible Loan Notes, constitute a related party transaction pursuant to AIM Rule 13. The Directors, having consulted with the Company's nominated adviser, SP Angel Corporate Finance LLP, consider that the terms of the Convertible Loan Notes are fair and reasonable insofar as the Company's shareholders are concerned.

I would like to thank the executive team for their efforts in proving that the Kareevlei Tenements are capable of producing diamonds of a quality and grade higher than originally anticipated and for minimal cost.

The Board is confident that the current plans will enable us to reach commercial, profitable production and will over time enable us to commence production of the other pipes at the Kareevlei Tenements.

The Board would like to thank shareholders for their continued support and we look forward to updating shareholders in the near future.

Paul Beck
Non-executive Chairman

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John Kilham, Chief Technical Officer of BlueRock Diamonds plc, has reviewed this announcement and the information contained herein for the purposes of the Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in June 2009. Mr Kilham is a member of the Geological Society of South Africa, a certified professional of the South African Council for Natural Scientific Professions (SACNASP) and is qualified as a competent person. He holds a Master's degree in Geology, has dual South African and British nationality and is based in Kimberley, South Africa.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2014

Consolidated Statement of Financial Position

Figures in Pounds	Note	6 months ended 30 June 2014 <i>Unaudited</i>	6 months ended 30 June 2013 <i>Unaudited</i>	12 months ended 31 December 2013 <i>Audited</i>
Assets				
Non-current assets				
Property, plant and equipment	6	371,273	10,968	265,918
Mining right		80,070	-	-
		451,343	10,968	265,918
Current assets				
Inventories	7	21,124	-	-
Trade and other receivables	8	107,631	108,774	129,336
Cash and cash equivalents	9	175,450	260,298	674,574
		304,205	369,072	803,910
Total assets		755,548	380,040	1,069,828
Equity and liabilities				
Equity				
Share capital and share premium	11	1,561,184	476,434	1,561,184
Retained earnings		(772,508)	(241,305)	(536,512)
Equity attributable to owners of the parent		788,676	235,129	1,024,672
Non-controlling interest		(139,442)	-	(53,588)
		649,234	235,129	971,084
Liabilities				
Current liabilities				
Trade and other payables	12	86,390	124,066	77,899
Provisions	13	19,924	20,845	20,845
		106,314	144,911	98,744
Total equity and liabilities		755,548	380,040	1,069,828

Consolidated Statement of Comprehensive Income

Figures in Pounds	Note	6 months ended 30 June 2014 <i>Unaudited</i>	6 months ended 30 June 2013 <i>Unaudited</i>	12 months ended 31 December 2013 <i>Audited</i>
Revenue		22,242	-	-
Other income		-	-	14,985
Other expenses		(344,092)	(190,929)	(554,709)
Operating loss		(321,850)	(190,929)	(539,724)
Total comprehensive loss, net of tax		(321,850)	(190,929)	(539,724)
Total comprehensive loss, net of tax attributable to:				
Owners of the parent		(235,996)	(190,929)	(486,136)
Non-controlling interest		(85,854)	-	(53,588)
		(321,850)	(190,929)	(539,724)
Earnings per share – from continuing activities				
Basic and diluted	14	(0.01)	(0.02)	(0.03)

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Accumulated loss	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
Figures in Pounds							
Balance at 1 January 2013							
Loss for the period	984	149,850	150,834	(50,376)	100,458	-	100,458
Other comprehensive income	-	-	-	(190,929)	(190,929)	-	(190,929)
	-	-	-	-	-	-	-
Transactions with owners							
Issue of shares	294	325,306	325,600	-	325,600	-	325,600
Total changes	294	325,306	325,600	(190,929)	134,671	-	134,671
Balance at 30 June 2013 (unaudited)							
Loss for the period	1,278	475,156	476,434	(241,305)	235,129	-	235,129
Other comprehensive income	-	-	-	(295,207)	(295,207)	(53,588)	(348,795)
	-	-	-	-	-	-	-
Transactions with owners							
Issue of shares	313,972	770,778	1,084,750	-	1,084,750	-	1,084,750
Total changes	313,972	770,778	1,084,750	(295,207)	789,543	(53,588)	735,955
Balance at 31 December 2013 (audited)							
Loss for the period	315,250	1,245,934	1,561,184	(536,512)	1,024,672	(53,588)	971,084
Other comprehensive income	-	-	-	(235,996)	(235,996)	(85,854)	(321,850)
	-	-	-	-	-	-	-
Transactions with owners							
Issue of shares	-	-	-	-	-	-	-
Total changes	-	-	-	(235,996)	(235,996)	(85,854)	(321,850)
Balance at 30 June 2014 (unaudited)	315,250	1,245,934	1,561,184	(772,508)	788,676	(139,442)	649,234

Consolidated Statement of Cash Flows

Figures in Pounds	6 months ended 30 June 2014 <i>Unaudited</i>	6 months ended 30 June 2013 <i>Unaudited</i>	12 months ended 31 December 2013 <i>Audited</i>
Operating activities			
Cash used in operations	(297,106)	(205,168)	(620,155)
Net cash used in operating activities	(297,106)	(205,168)	(620,155)
Investing activities			
Purchase of property, plant and equipment	(202,018)	(10,968)	(266,455)
Net cash used in investing activities	(202,018)	(10,968)	(266,455)
Financing activities			
Proceeds on share issue (net of issue costs)	-	325,600	1,410,350
Net cash used in investing activities	-	325,600	1,410,350
Net change in cash and cash equivalents	(499,124)	109,464	523,740
Cash and cash equivalents at the beginning of the period	674,574	150,834	150,834
Cash and cash equivalents at the end of the period	175,450	260,298	674,574

Notes to the Interim Consolidated Financial Statements

1. General information and basis of preparation

The condensed interim consolidated financial statements (the “interim financial statements”) are for the six month period ended 30 June 2014.

These interim financial statements have not been audited nor have they been reviewed by the auditors under ISRE 2410 of the Auditing Practices Board. The financial information set out in this report does not constitute statutory accounts as defined by the Companies Act 2006. The comparative figures for the year ended 31 December 2013 were derived from the statutory accounts for the 14 months period to 31 December 2013 which have been delivered to the Registrar of Companies (as adjusted to reflect the 12 months to December 2013). Those accounts received an unqualified audit report which did not contain statements under sections 498(2) or (3) (accounting records or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations) of the Companies Act 2006.

The interim financial statements have been prepared on the basis of the accounting policies set out in the December 2013 financial statements of BlueRock Diamonds Plc and on a going concern basis. They are presented in sterling which is also the functional currency of the parent company. They do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements of the Group for the period ended 31 December 2013.

BlueRock Diamonds PLC (“BlueRock”) is the Group’s ultimate parent company. The ordinary shares of BlueRock Diamonds PLC are quoted on the AIM Market and the address of the registered office is 4th Floor, Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS.

The interim financial statements have been approved for issue by the Board of Directors on 26th September 2014.

2. Accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group’s most recent annual financial statements for the period ended 31 December 2013 except for the application of new mandatory standards listed below.

The following new standards and amendments to standards are mandatory for the first time for the Group for the financial period beginning 1 January 2014. The implementation of these standards has not had a material effect on the Group.

- IFRS 10: Consolidated Financial Statements
- IFRS 12: Disclosure of Interests in Other Entities
- IAS 27: Separate Financial Statements
- IAS 32: Offsetting Financial Assets and Financial Liabilities

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

- IFRS 9: Financial Instruments (effective date 1 January 2015)

The implementation of this standard is not expected to have a material effect on the Group.

3. Estimates

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

The judgements, estimates and assumptions applied in the interim financial statements including the key sources of estimation uncertainty were the same as those applied in the financial statements for the period ended 31 December 2013.

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

4. Significant events and transactions

On 25 June 2014 the requisite Ministerial Consent in terms of section 11(1) of the South African Mineral and Petroleum Resources Development Act, 2002 was granted for the transfer of the Mining Right over the Kareevlei Tenements from Diamond Resources (Pty) Limited ("Diamond Resources") to Kareevlei Mining (Pty) Limited ("Kareevlei Mining"), BlueRock's 74 per cent. subsidiary. The Mining Right was subsequently registered to Kareevlei Mining in the Mining Titles Office.

Kareevlei Mining (Pty) Limited engaged Kgalagadi Engineering & Mining Supplies (Pty) Limited on 10 October 2013 for the refurbishment and upgrading of plant and equipment located at the Kareevlei Tenements.

Kgalagadi Engineering & Mining Supplies (Pty) Limited is considered a related party of BlueRock Diamonds PLC as the Chief Technical Officer of BlueRock Diamonds PLC, John Kilham, is a director and shareholder of Kgalagadi Engineering & Mining Supplies (Pty) Limited.

Overall, the Group has sufficient capital and liquidity to service its operational activities. The Group's objectives and policies for managing capital, credit risk and liquidity risk are described in its recent annual financial statements.

5. 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 £451,343.

6. Property, plant and equipment

	Figures in Pounds		
	Cost / Valuation	Accumulated depreciation	Carrying value 30 June 2014
Mine infrastructure	26,376	(3,239)	23,137
Motor vehicles	6,547	(1,331)	5,216
Plant and machinery	353,898	(12,475)	341,423
Office furniture and equipment	1,582	(85)	1,497
Total	388,403	(17,130)	371,273

Reconciliation of property, plant and equipment

	Carrying value 1 January 2014	Additions	Depreciation	Carrying value 30 June 2014
Mine infrastructure	17,992	7,847	(2,702)	23,137
Motor vehicles	6,547	-	(1,331)	5,216
Plant and machinery	241,379	112,519	(12,475)	341,423
Office furniture and equipment	-	1,582	(85)	1,497
	265,918	121,948	(16,593)	371,273

7. Inventories

	30 June 2014 £	30 June 2013 £	31 December 2013 £
Diamonds at independent valuation	21,124	-	-
	21,124	-	-

8. Trade and other receivables

	30 June 2014 £	30 June 2013 £	31 December 2013 £
Prepayments	1,265	80,728	75,585
VAT	106,366	28,046	53,751
	107,631	108,774	129,336

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

9. Cash and cash equivalents

	30 June 2014 £	30 June 2013 £	31 December 2013 £
Cash on hand	337	-	23
Bank balances	175,113	260,298	674,551
	175,450	260,298	674,574

10. Share based payments

The Directors have been granted the following Share Options under the Share Option Agreements dated 19 August 2013, conditional upon admission to AIM.

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

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

Date of Grant	19/08/2013	19/08/2013	19/08/2013
Share price at Grant (upon admission)	0.07	0.07	0.07
Exercise price	18p	40p	55p
Share under option	1,576,252	1,576,252	1,576,252
Expected volatility	20%	20%	20%
Option life (years)	5	5	5
Interest rate (%)	3	3	3
Dividend yield (%)	-	-	-
Fair Value per option (£)	0.0007	0.0000	0.0000

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

No share options were exercised during the period.

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

11. Share capital and share premium

Issued	£
31,525,041 Ordinary issued share capital of 1p each	315,250
Share premium	<u>1,245,934</u>
	<u>1,561,184</u>

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

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

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

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

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

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

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

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

	Ordinary shares of 0.01p issued	Total number of ordinary shares of 0.01p in issue	Ordinary shares of 1p issued	Total number of ordinary shares of 1p in issue
11 October 2012	3	3	-	-
8 November 2012	8,339,997	8,339,997	-	-
18 December 2012	1,500,000	9,840,000	-	-
8 January 2013	800,000	10,640,000	-	-
7 March 2013	2,149,338	12,789,338	-	-
3 September 2013	1,266,144,462	1,278,933,800	-	-
3 September 2013	(1,278,933,800)	-	12,789,338	12,789,338
3 September 2013	-	-	18,735,703	31,525,041
31 December 2013	-	-	-	31,525,041
30 June 2014	-	-	31,525,041	31,525,041

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

12. Trade and other payables

	30 June 2014 £	30 June 2013 £	31 December 2013 £
Trade payables	56,107	62,981	41,555
Accrued expenses	30,283	61,085	36,344
	86,390	124,066	77,899

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

13. Provisions

	30 June 2014 £	30 June 2013 £	31 December 2013 £
Rehabilitation costs	19,924	20,845	20,845
	19,924	20,845	20,845

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

During the period, the subsidiary submitted a new calculation to DMR for approval taking into account the specificities of the Group mining operations.

14. EPS (Earnings per share)

	30 June 2014 £	30 June 2013 £	31 December 2013 £
Profit attributable to ordinary shareholders	(235,996)	(190,929)	(486,136)
Weighted average number of shares	31,525,041	10,041,533	16,167,984
Loss per share basic and diluted	(0.01)	(0.02)	(0.03)

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