

BLUEROCK DIAMONDS

Annual Report & Accounts
for the period ending 31 December 2014



Directors and advisers

Country of incorporation and domicile	England and Wales
Nature of business and principal activities	Diamond mining
Directors	PJ Beck (Chairman) CB Visser JLC Kilham TG Leslie AT Markgraaff JS Quirk
Registered office	4th Floor Reading Bridge House George Street Reading Berkshire RG1 8LS
Nominated adviser and Broker	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP
Bankers	Arbuthnot Latham & Co., Limited
Independent auditor	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Secretary	DA Facey
Company registration number	08248437

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The reports and statements set out below comprise the annual report and accounts presented to the shareholders:

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Strategic Report

Chairman's Statement

Dear Shareholders,

I am pleased to report that our new plant is now fully operational and we are in commercial production processing at a rate of approximately 80 tonnes of kimberlite per hour. This is the culmination of almost 18 months of hard work during which we have completed our trial mining and constructed our new processing plant.

We were pleased with the results of the trial mining from which we recovered 575 carats. These were sold at an average price of US\$248, some 36% higher than anticipated in the Competent Person's Report published at the time of our admission to AIM ("CPR"). Whilst we will have a more accurate picture once we have been operating the new plant for a couple of months, evidence to date suggests that recovery grades will be in line with, if not higher than, those set out in the CPR.

Following the success of the trial mining, we took the decision in the summer of 2014 to upgrade the original plant, which while serviceable, was unable to process sufficient volume in order for the Company to reach commercial production.

The new plant was financed through a non-interest bearing convertible loan from one of our shareholders of £450,000. The total cost of the equipment purchased and constructed was approximately £300,000 and the remainder of the funds have provided the working capital required during the period of construction of the new plant. We have kept the costs to a minimum in large part through the judicious purchase of nearly new equipment and the expertise of our local team.

We have designed our new plant in accordance with current industry practice in consultation with experienced mining and production engineers. Our new configuration is based on tried and tested pan technology that is being used successfully by other diamond miners in the region and elsewhere. We do not anticipate major processing issues going forward.

Initially we will operate one shift a day during which we will fine tune the plant. After this period we intend to move to two shifts a day, as is normal in the industry. Whilst doubling our capacity and revenue potential, a second shift will only require a 30% increase in our workforce.

During the construction period we have been preparing for production by continuing with our mining activities. We have a current stockpile of around 50,000 tonnes of kimberlite ready to be processed. This stockpile has been excavated from pipes K1 and K2 only and to date we have dug down to a depth of around 22 metres on a portion of these pipes.

We have not yet begun to mine pipes K3, K4 or K5. Following the introduction of a second shift, we will evaluate further how best to exploit the three undeveloped pipes.

I would like to thank everyone at BlueRock and, in particular, Willy van Wyk our partner in Kimberley and his team in the Northern Cape for all their efforts and I look forward to updating you on our progress in the near future.

Paul Beck

Non-executive Chairman



Strategic Report

Chief Executive Officer's Review

This year has been an exciting year for the Group as we marked completion of trial mining at our Kareevlei property in South Africa and the start of construction of a much larger processing plant. Ministerial consent to transfer the mining right to Kareevlei Mining Pty Limited ("Kareevlei Mining"), our 74% owned subsidiary, was also granted during the year and the right was registered in Kareevlei Mining's name in September 2014.

Financial review

Revenue and profitability

In 2014, the Group made a loss of £430,000 (2013: £537,000) on turnover of £65,000 (2013: Nil). The loss in 2014 effectively reflects the cost to the Group of the trial mining phase that was completed during the year. The turnover reflects the sale of 462 carats at an average price of US\$223 per carat.

Cash flows

Investments

During the year we invested approximately £300,000 in the purchase of plant and equipment and £134,000 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. The balance relates largely to equipment required for the operation of the trial mining plant.

Financing

The investment in the new plant was financed through the issue of a convertible loan of which £400,000 was drawdown during the period.

Cash position

At the end of the period the Group cash balance was £248,000. Since the year end, we have drawn down a further £50,000 of the convertible loan and have sold the remainder of the diamonds that we had on hand. Now that we have restarted production we are revenue generating again and expect to make our first sales, since commissioning of the new plant, in the June auction.

Trial mining

The objectives of the trial mining phase were to verify the reliability of the historic sampling data and to establish the revenue per carat based on current prices. We have concentrated on the K1 and K2 pipes and I am pleased to say that the grades achieved equalled or slightly exceeded the expected grades. All 575.79 carats of diamonds recovered during trial mining were sold on tender through a Johannesburg based tender house and we achieved an average price of US\$248 per carat, 36% above prices anticipated in the CPR. The highest price of US\$2,455 per carat was received for a 3.8 carat stone with a number of stones realising prices above US\$1,500 per carat. This adds further weight to our belief that Kareevlei will be a high value diamond producer. After achieving our trial mining objectives, the Board took the decision to upgrade and enlarge the effective capacity of the existing processing plant from 25 tonnes per hour to 80 tonnes per hour.

In December 2014, we halted processing of kimberlite through the existing plant to allow construction of the new plant to commence, which included the addition of rotary pans to the existing DMS plant and an enlarged and more efficient crushing circuit. We are confident that the new plant will enable us to profitably produce sufficient diamonds at a lower operating cost per tonne in 2015.

We are yet to explore the remainder of the Kareevlei property but based on the sampling data received from the previous owners, particularly the K5 pipe, we believe that it still offers excellent medium to long term growth opportunities for the Company.

Post balance sheet

The construction of the new plant has now been completed and the vertical shaft impact (“VSI”) crusher has now been commissioned. The plant is now designed to process approximately 14,000 tonnes per month, based on an 8 hour shift, which we expect, based on grades seen to date, will significantly increase our diamond recoveries. We look forward to updating you on our progress throughout the year.

The outlook for the diamond market remains very positive and we expect that prices for quality diamonds, as produced by Kareevlei, will further increase in 2015.

As mentioned in my 2013 report, there has been a marked increase in prospecting activities in the Northern Cape during 2014 and we expect that new opportunities for the Company will flow from it.

I wish to thank our South African partner and our employees for their effort this year and look forward to working with them in 2015.

Riaan Visser

Chief Executive Officer



Strategic Report

Operational Review

During the period, the Company successfully completed the trial mining phase using material excavated from the K1 and K2 pipes by opencast mining methods and treatment through the existing DMS processing plant. During the trial period, a total of approximately 13,000 tonnes of kimberlite was processed to DMS concentrate with final diamond recovery conducted at the Company's secure recovery plant in Kimberley.

Once the upper 10m levels of the pipes, consisting of diluted calcretised kimberlite, had been removed to an overburden stockpile, mining has been focussed on the weathered kimberlite levels to approximately 22m from surface in a portion (approximately 35%) of the pit. The kimberlite was drilled, blasted, and excavated to pre-headfeed stockpiles. Dry screening and crushing into acceptable plant feed size fractions proved beneficial to the treatment process, and these methods will be adopted for the newly upgraded plant configuration.



The contracted mining and infield crushing and screening activities continued during the first months of 2015. Surface stockpiles of sized kimberlite ready for processing in the upgraded plant are sufficient for a 3 to 4 month treatment period at the increased throughput rate.

During the trial mining, all diamond resource variables for K1 and K2 that were evaluated in the sampling data acquired from the previous owners have now been tested. These include the estimated kimberlite pipe morphology, vertical rock type variability, and weathering penetration recorded during the early evaluation phases. In addition, the grade, density, and revenue estimates have also been analysed during this trial period. Of significance is the consistently higher price per carat revenues realised at the five tender sales of the Kareevlei diamond parcels as compared with the estimate set out in the CPR produced at the time of the IPO.

The recently upgraded Kareevlei processing plant will provide us with greater flexibility of processing options. These include primary and secondary crushing, scrubbing and sizing, rotary pan pre-concentration, followed by final concentration in the DMS. In addition, a vertical shaft impact crusher has been installed in a tertiary re-crush role to liberate diamonds trapped in uncrushed kimberlite pieces, which we expect will increase recovery rates.

John Kilham

Chief Technical Officer

Strategic Report

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
- Economic 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 Company has mitigated this risk by undertaking trial mining designed 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 Company monitors its mining operations constantly to ensure that mining risks are minimised. In addition, the Company's 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 Company may suffer adverse financial consequences. We have mitigated this risk by ensuring that our security team is present at all times.

Economic 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 Company 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 Company to operate. The Company's 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 24 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 Company which may cause the Company to incur unforeseen additional costs or losses.

Key Performance indicators

Given the early stage nature of the Group's activities the Directors are of the opinion that analysis using financial KPI's is not appropriate for an understanding of the development, performance or position of the business at this time. The Directors constantly review the expenditure and general operating costs to ensure that cash resources are available prior to commitment to this expenditure. In addition to the above, non-financial factors such as compliance with environmental, rehabilitation and other legislation within the Group's area of operation are also considered.

The Strategic Report has been approved

By order of the board

Riaan Visser – Director
18 May 2015

Board of Directors

Paul Beck – Non Executive Chairman, aged 69

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.

Christiaan (“Riaan”) Visser – Chief Executive Officer, aged 55

Riaan Visser is a Chartered Accountant based in Kimberley, and is responsible for the day to day running of the Company and the finance function. Riaan has been involved in diamond mining and tailings retreatment projects in the Kimberley area since 1995. He holds a Bachelor’s Degree in Accounting Science from the University of South Africa and is a member of the South African Institute of Chartered Accountants.

John Kilham – Chief Technical Officer, aged 59

John Kilham is a geologist with 33 years of experience, 27 of which he spent with De Beers and most recently was responsible for resource evaluation projects in Kimberley. He has particular experience in resource estimation, open cast diamond mining, tailings retreatment and diamond recovery plant and machinery. He 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 Masters degree in Geology, and assumes technical responsibility for the implementation of the Group’s mining plan.

Andries Markgraaff – Non-Executive Director, aged 58

Andries 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.

Jonathan Quirk – Non Executive Director, aged 63

Jonathan Quirk qualified as a Chartered Accountant and has worked in the financial services sector since 1974 for, among others, Morgan Grenfell and Deutsche Bank in their capital markets divisions. In 1997 he became a founding director of Cairnsea Investments Ltd, an investment company, where for the last 15 years he has specialised in investing in quoted and unquoted smaller companies, particularly in the financial and more recently the natural resources sector.

Tim Leslie – Non-Executive Director, aged 49

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. However, 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, Andries Markgraaff and Jonathan Quirk, being non-executive members of the Board, with Jonathan Quirk 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, Andries Markgraaff and Jonathan Quirk, is chaired by Jonathan Quirk, 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, Andries Markgraaff and Jonathan Quirk, is chaired by Jonathan Quirk, 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 32.

Directors' Report

The Directors submit their report and financial statements for the year ended 31 December 2014.

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 18.

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

Going concern

We draw attention to the fact that as at 31 December 2014, the Group had accumulated losses of £976,919 (2013: £536,512) and that the Group's total assets exceed its liabilities by £537,601 (2013: £971,084).

The Group's consolidated cash balance at 31 December 2014 was £247,986 (2013: £674,574) which in addition to the £50,000 convertible loan is sufficient to meet the Group working capital requirements, administrative and operational expenses for at least 12 months from the date of approval of the Annual Report and Accounts.

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.

Events after the reporting period

Further to the issue in October 2014 of £450,000 convertible loan notes of which £400,000 was drawn down immediately, the Company exercised its option to draw down the remaining £50,000 for general working capital purposes. This was completed on 27 April 2015.

Directors

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

Name	Nationality	Appointment Date
PJ Beck (Non-executive Chairman)	British	11 October 2012
CB Visser (Chief Executive Officer)	South African	26 November 2012
JLC Kilham (Chief Technical Officer)	South African and British	1 July 2013
TG Leslie (Non-executive Director)	British	4 September 2013
AT Markgraaff (Non-executive Director)	South African	11 January 2013
JS Quirk (Non-executive Director)	British	11 October 2012

Secretary

The secretary of the Company is DA Facey of:

Business and postal address 35 – 39 Maddox Street
London
W1S 2PP

Directors' interests

The holdings of the Directors and their related parties in the share capital of the Company as at 15 May 2015 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
PJ Beck*	1,583,000	5.02	472,876	1.5%
CB Visser	200,000	0.63	1,891,502	6.0%
JLC Kilham	300,000	0.95	472,876	1.5%
AT Markgraaff	600,000	1.90	472,876	1.5%
TG Leslie**	5,285,714	16.77	472,876	1.5%
JS Quirk	914,071	2.90	945,750	3.0%

*Including 410,000 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.

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

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 Company taken as a whole and which was effected by the Company 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 Company 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 24.

Significant shareholders as at 15 May 2015

Other than as set out below, the Company is not aware of any holding (within the meaning of the AIM Rules) in the Company's ordinary share capital which amounts to 3 per cent or more of the Company's issued share capital:

Name	Number of ordinary shares	Percentage of share capital
Mark Poole	5,285,714	16.8
Timothy Leslie	5,285,714	16.8
WB Nominees Limited*	3,375,132	10.71
Vidacos Nominees Limited	2,291,207	7.27
Tamla Limited	2,000,000	6.34
Sedor Investment Holdings Limited	1,900,000	6.03
Paul Beck	1,583,000	5.02
Wildcrest Global Incorporated	1,060,000	3.36
David Abromowitz**	957,000	3.04

*WB Nominees Limited holds 3,375,132 ordinary shares of which 914,070 ordinary shares are held on behalf of Jonathan Quirk and his SIPP, 250,000 ordinary shares are held on behalf of Touch Rugby International Limited and 2,211,062 ordinary shares are held on behalf of others.

**David Abromowitz holds 832,000 ordinary shares has a beneficial interest in an additional 125,000 ordinary shares held by WB Nominees Limited on behalf of Touch Rugby International Limited.

Auditor

Grant Thornton UK LLP was appointed as auditor for the year ended 31 December 2014 and a resolution proposing their re-appointment as auditor to the Company will be put to the forthcoming Annual General Meeting.

Annual General Meeting

The annual general meeting will take place on 25 June 2015 at 10.00a.m. (BST) at the offices of SP Angel, Prince Frederick House, 35-39 Maddox Street, London W1S 2PP.

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 £24,000

JS Quirk – Received fees of £6,000

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

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 are required 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 Company 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 Company'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 Company'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

Riaan Visser
Director
18 May 2015

Independent auditor's report to the members of BlueRock Diamonds Plc

For the year ended 31 December 2014

We have audited the financial statements of BlueRock Diamonds Plc for the year ended 31 December 2014 which comprise the consolidated and company statement of financial position, the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flow, 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 page 15, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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; and
- 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 matter prescribed by the Companies Act 2006

- In our opinion 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.

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
18 May 2015

Consolidated and Company Statement of Financial Position

Figures in Pounds	Note(s)	Group	Company	Group	Company
		31 December 2014	31 December 2014	31 December 2013	31 December 2013
Assets					
Non-Current Assets					
Property, plant and equipment	5	485,605	-	265,918	-
Mining rights	6	81,352	-	-	-
Mining rehabilitation	6	53,007	-	-	-
Investment in subsidiary	7	-	5	-	5
		619,964	5	265,918	5
Current Assets					
Inventories	8	23,629	-	-	-
Loan to group company	9	-	1,259,377	-	519,633
Trade and other receivables	10	35,729	139,048	129,336	51,731
Cash and cash equivalents	11	247,986	229,305	674,574	650,296
		307,344	1,627,730	803,910	1,221,660
Total Assets		927,308	1,627,735	1,069,828	1,221,665
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital and share premium	13	1,561,184	1,561,184	1,561,184	1,561,184
Retained earnings		(976,919)	(377,216)	(536,512)	(384,032)
Equity reserve	16	149,600	149,600	-	-
Foreign exchange difference		10,732	-	-	-
		744,597	1,333,568	1,024,672	1,177,152
Non-controlling interest		(206,996)	-	(53,588)	-
		537,601	1,333,568	971,084	1,177,152
Liabilities					
Current Liabilities					
Trade and other payables	15	61,459	38,912	77,899	44,513
Non-Current Liabilities					
Borrowings	16	255,255	255,255	-	-
Provisions	14	72,993	-	20,845	-
		389,707	294,167	98,744	44,513
Total Equity and Liabilities		927,308	1,627,735	1,069,828	1,221,665

The financial statements were approved by the Board of Directors and authorised for issue on 18 May 2015. They were signed on its behalf by:

Riaan Visser – Director

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

Consolidated Statement of Comprehensive Income

	Note(s)	12 months ended 31 December 2014	14 months ended 31 December 2013
Figures in Pounds			
Revenue	3	65,084	-
Other income		-	14,985
Operating expenses	17	(659,726)	(605,085)
Operating loss		(594,642)	(590,100)
Taxation		(2,943)	
Total loss for the year		(597,585)	(590,100)
Other Comprehensive Income			
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		14,502	-
Other comprehensive income for the year net of tax		14,502	-
Total comprehensive income for the year		(583,083)	(590,100)
Total comprehensive income, net of tax attributable to:			
Owners of the parent		(429,675)	(536,512)
Non-controlling interest		(153,408)	(53,588)
		(583,083)	(590,100)
Earnings per share – from continuing activities			
Basic and diluted	22	(0.01)	(0.03)

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

	Equity reserve	Share capital	Share premium	Total share capital	Accumulated loss	Foreign Exchange reserve	Total attributable to equity holders of the Group/ company	Non- controlling interest	Total equity
Figures in Pounds Group									
Balance at 31 December 2013	-	315,250	1,245,934	1,561,184	(536,512)		1,024,672	(53,588)	971,084
Minority interest	-	-	-	-	-		-	-	-
Loss for the year					(440,407)		(440,407)	(157,178)	(597,585)
Foreign exchange difference	-	-	-	-	-	10,732	10,732	3,770	14,502
Total comprehensive loss for the year	-	-	-	-	(440,407)	10,732	(429,675)	(153,408)	(583,083)
Transactions with owners									
Issue of convertible loan notes	149,600	-	-	-	-		149,600	-	149,600
Total changes	149,600	-	-	-	(440,407)	10,732	(280,075)	(153,408)	433,483
Balance at 31 December 2014	149,600	315,250	1,245,934	1,561,184	(976,919)	10,732	(744,597)	(206,996)	537,601
Note		13	13	13					
Company									
Balance at 31 December 2013	-	315,250	1,245,934	1,561,184	(384,032)		1,177,152	-	1,177,152
Profit for the year					6,816		6,816		6,816
Other comprehensive income	-	-	-	-	-		-	-	-
Total comprehensive profit for the year	-	-	-	-	6,816		6,816	-	6,816
Transactions with owners									
Issue of convertible loan notes	149,600	-	-	-	-		149,600	-	149,600
Total changes	149,600	-	-	-	6,816		156,416	-	156,416
Balance at 31 December 2014	149,600	315,250	1,245,934	1,561,184	(377,216)		1,333,568	-	1,333,568
Note		13	13	13					

	Share capital	Share premium	Total share capital	Accumulated loss	Total attributable to equity holders of the Group / company	Non-controlling interest	Total equity
Figures in Pounds Group							
Balance at 11 October 2012	-	-	-	-	-	-	-
Loss for the year				(536,512)	(536,512)	(53,588)	(590,100)
Other comprehensive income							
Total comprehensive loss for the year	-	-	-	(536,512)	(536,512)	(53,588)	(590,100)
Transactions with owners							
Issue of shares	315,250	1,245,934	1,561,184	-	1,561,184	-	1,561,184
Total changes	315,250	1,245,934	1,561,184	(536,512)	1,024,672	(53,588)	971,084
Balance at 31 December 2013	315,250	1,245,934	1,561,184	(536,512)	1,024,672	(53,588)	971,084
Note	13	13	13				
Company							
Balance at 11 October 2012	-	-	-	-	-	-	-
Loss for the year				(384,032)	(384,032)		(384,032)
Other comprehensive income							
Total comprehensive loss for the year	-	-	-	(384,032)	(384,032)	-	(384,032)
Transactions with owners							
Issue of shares	315,250	1,245,934	1,561,184	-	1,561,184	-	1,561,184
Total changes	315,250	1,245,934	1,561,184	(384,032)	1,177,152	-	1,177,152
Balance at 31 December 2013	315,250	1,245,934	1,561,184	(384,032)	1,177,152	-	1,177,152
Note	13	13	13				

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

		Group	Company	Group	Company
		12 months ended 31 December 2014	12 months ended 31 December 2014	14 months ended 31 December 2013	14 months ended 31 December 2013
Figures in Pounds					
Operating activities					
Cash used in operations	18	(401,748)	(81,247)	(620,155)	(402,622)
Net cash used in operating activities		(401,748)	(81,247)	(620,155)	(402,622)
Investing activities					
Purchase of property, plant and equipment	5	(290,481)	-	(266,455)	-
Purchase of non-current assets		(134,359)	-	-	-
Increase in investment in subsidiary		-	-	-	(5)
Increase in loan advanced to group company		-	(739,744)	-	(519,633)
Interest income		-	-	-	11,372
Net cash used in investing activities		(424,840)	(739,744)	(266,455)	(508,266)
Financing activities					
Proceeds on share issue (net of issue costs)	13	-	-	1,561,184	1,561,184
Proceeds on convertible loan notes issue	16	400,000	400,000	-	-
Net cash from financing activities		400,000	400,000	1,561,184	1,561,184
Net change in cash and cash equivalents		(426,588)	(420,991)	674,574	650,296
Cash and cash equivalents at the beginning of the year		674,574	650,296	-	-
Cash and cash equivalents at the end of the year	11	247,986	229,305	674,574	650,296

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

Accounting Policies

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 Company.

The consolidated financial statements for the year ended 31 December 2014 were approved and authorised for use by the Board of Directors on 18 May 2015.

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 Company and its operating subsidiary Kareevlei Mining Pty Ltd which is controlled by the Company.

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.

Going concern

As at 31 December 2014, the Group had accumulated losses of £976,919 and the Group's total assets exceeded its liabilities by £537,601.

On 7 April 2015, the Company exercised its option to draw down the remaining £50,000 of the £450,000 loan notes issued in October 2014 for general working capital.

The Group's consolidated cash balance as at 31 December 2014 was £247,986 which in addition to the £50,000 convertible loan is sufficient to meet the Group working capital requirements, administrative and operational expenses for at least 12 months from the date of approval of the Annual Report and Accounts.

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.

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 14.

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 5.

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 27).

Judgements in applying the Group's accounting policies

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

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 4 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.

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.

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 subsidiary

Company annual report and accounts

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

The cost of an investment in a subsidiary is the aggregate of the fair value 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.

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 as compound instruments. 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.

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 Company 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 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 new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2014. The implementation of these standards is not expected to have a material effect on the Group.

Standard

- IFRS 10 'Consolidated Financial Statements' (IFRS 10)
IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.
- Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

- IFRS 12 'Disclosure of Interests in Other Entities' (IFRS 12)
IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

2.1 Standards and interpretations not yet effective

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

Standard	Description	Effective date
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2017

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

3. Segmental reporting

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

The Group's operations relate to the exploration for, and development of mineral deposits in the Kimberley region of South Africa and as such the Group has only one reportable segment. The non-current assets in the Kimberley region are £589,004.

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

4. Tax expense

	Company 2014	Company 2013
	£	£
Current tax	2,943	-
Deferred tax	-	-
Income tax expense for the year	2,943	-
Factors affecting the tax charge for the year		
Profit/(loss) before tax	14,613	(384,032)
UK rate of taxation	20%	20%
Profit/(loss) before tax multiplied by the UK rate of taxation	2,923	(76,806)
Effects of:		
Expenses not deductible for tax purposes	20	35,935
Losses brought forward	(40,871)	-
Losses carried forward	40,871	40,871
Tax expense	2,943	-

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

5. Property, plant and equipment

Group

	2014			2013		
	Cost / Valuation	Accumulated depreciation	Carrying Value	Cost / Valuation	Accumulated depreciation	Carrying Value
Mine infrastructure	31,847	(6,002)	25,845	18,529	(537)	17,992
Motor vehicles	6,304	(2,117)	4,187	6,547	-	6,547
Plant and machinery	508,594	(53,021)	455,573	241,379	-	241,379
Total	546,745	(61,140)	485,605	266,455	(537)	265,918

Reconciliation of property, plant and equipment – Group – 2014

	Opening balance	Additions	Depreciation	FX revaluation	Total
Mine infrastructure	17,992	13,990	(5,465)	(672)	25,845
Motor vehicles	6,547	-	(2,117)	(243)	4,187
Plant and machinery	241,379	276,491	(53,021)	(9,276)	455,573
	265,918	290,481	(60,603)	(10,191)	485,605

6. Mining Rights and Mining Rehabilitation

	Opening balance	Additions	Depreciation	FX revaluation	Total
Mining Rights	-	81,352	-	-	81,352
	-	81,352	-	-	81,352

The addition in the year relates to the transfer of the mining right to Kareevlei Mining Pty Limited following receipt of ministerial consent. The mining right was registered in September 2014.

	Opening balance	Additions	FX revaluation	Total
Mining Rehabilitation	-	52,148	859	53,007
	-	52,148	859	53,007

For further details on the mining rehabilitation provision see note 14.

7. Investment in subsidiary

Name of company	% holding 2014	Carrying amount 2014
Kareevlei Mining Proprietary Limited	74%	5

Name of subsidiary	Location	Net loss after tax (2014) (South African Rand)	Net loss after tax (2014) (Pounds)	Net loss after tax (2013) (South African Rand)	Net loss after tax (2013) (Pounds)
Kareevlei Mining Proprietary Limited	Northern Cape Province in South Africa	(14,337,609)	(795,968)	(3,599,508)	(206,109)

Details of minority

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

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

Summary of Group’s interest in subsidiary

	2014 Rand	Pounds	2013 Rand	Pounds
Total assets	12,472,379	692,418	7,206,149	417,264
Total liabilities	(26,809,888)	(1,488,380)	(10,765,557)	(623,368)
Capital	(100)	(6)	(100)	(5)
Loss	14,337,609	795,968	3,599,508	206,109
	-	-	-	-

8. Inventories

	2014 Group	2013 Group	2014 Company	2013 Company
Diamonds on hand	23,629	-	-	-
	23,629	-	-	-

9. Loan to group company

Subsidiary

	2014 Group	2013 Group	2014 Company	2013 Company
Kareevlei Mining Proprietary Limited	-	-	1,259,377	519,633

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

The net carrying value of the loan to group company is considered a reasonable approximation of the fair value.

10. Trade and other receivables

	2014 Group	2013 Group	2014 Company	2013 Company
Accrued income	-	-	133,462	49,462
Prepayments	1,852	75,585	1,822	1,151
VAT	25,550	53,751	3,764	1,118
Other receivables	8,327	-	-	-
	35,729	129,336	139,048	51,731

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

11. Cash and cash equivalents

Cash and cash equivalents consist of:

	2014 Group	2013 Group	2014 Company	2013 Company
Cash on hand	172	23	-	-
Bank balances	247,814	674,551	229,305	650,296
	247,986	674,574	229,305	650,296

12. Share based payments

As disclosed in the Directors' Report, the Directors were granted share options under share option agreements dated 19 August 2013. On 30 September 2014, the Company amended the conversion terms of the options granted to Riaan Visser and John Kilham such that the option exercise prices were reduced to 14 pence (Tranche 1), 22 pence (Tranche 2) and 40 pence (Tranche 3). No other changes were made to the terms of the share options.

The share options held by each Director and the exercise prices are as follows:

Director	Number of ordinary shares subject to share options	Tranche 1		Tranche 2		Tranche 3	
		Number	Exercise price (pence)	Number	Exercise price (pence)	Number	Exercise price (pence)
P. Beck	472,876	157,625	18	157,625	40	157,626	55
J. Kilham	472,876	157,625	14	157,625	22	157,626	40
T. Leslie	472,876	157,625	18	157,625	40	157,626	55
A. Markgraaff	472,876	157,625	18	157,625	40	157,626	55
J. Quirk	945,750	315,250	18	315,250	40	315,250	55
C. Visser	1,891,502	630,500	14	630,501	22	630,501	40
Total	4,728,756	1,576,250	-	1,576,251	-	1,576,255	-

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
	18p	40p	55p
Share price at Grant (upon admission)	0.07	0.07	0.07
Share under option	1,576,251	1,576,251	1,576,254
Expected volatility	50%	50%	50%
Option life (years)	5	5	5
Interest rate (%)	1.5	1.5	1.5
Dividend yield (%)	-	-	-
Fair Value per option (£)	0.0138	0.0048	0.0028

On 30 September 2014 there was a modification to the share options such that the new terms are as follows:

Date of Modification	30/09/2014	30/09/2014	30/09/2014	30/09/2014	30/09/2014
	14p	18p	22p	40p	55p
Share price on date of modification	0.115	0.115	0.115	0.115	0.115
Share under option	788,125	788,125	788,126	1,576,252	788,128
Expected volatility	50%	50%	50%	50%	50%
Option life (years)	3.9	3.9	3.9	3.9	3.9
Interest rate (%)	1.5	1.5	1.5	1.5	1.5
Dividend yield (%)	-	-	-	-	-
Fair Value per option (£)	0.0386	0.0302	0.0241	0.0105	0.0060

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

No share options were exercised during the year.

There was no charge recorded for the period relating to share based payments including the modification on 30 September 2014 on the grounds of materiality.

13. Share capital and share premium

Issued

	2014	2013	2014	2013
	Group	Group	Company	Company
31,525,041 ordinary issued share capital of 1p each	315,250	315,250	315,250	315,250
Share premium	1,245,934	1,245,934	1,245,934	1,245,934
	1,561,184	1,561,184	1,561,184	1,561,184

On incorporation one ordinary share of 0.01p was issued fully paid to each of Jonathan Quirk, Paul 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 ordinary shares of 0.01p were issued to shareholders pro-rata to their shareholding, following which the 1,278,933,800 ordinary shares of 0.01p in issue were consolidated into 12,789,338 ordinary shares of 1p each.

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

Movements in the number of ordinary shares of the Company in issue during the period are summarised in the table below.

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

14. Provisions

Reconciliation of provisions – Group – 2014

	Opening balance	Movement	Total
Provision – Rehabilitation costs	20,845	52,148	72,993

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 14 March 2014.

15. Trade and other payables

	2014 Group	2013 Group	2014 Company	2013 Company
Trade payables	28,820	41,555	15,155	11,643
Corporation tax payables	2,943	-	2,943	-
Accrued expenses	29,696	36,344	20,814	32,870
	61,459	77,899	38,912	44,513

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

16. Borrowings

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

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

The loan note will be convertible:

- at the note holder's option at any time up to the end of the term at a conversion price of 11 pence per ordinary share; and
- 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 the closing mid-market price on the date prior to the Company opting to convert exceeds 120% of the conversion price.

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 three components:

- a loan instrument; held at amortised cost
- an equity component
- an embedded redemption feature (payable on a sale of the Company'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.

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) been valued as the residual of:

- The fair value of the instrument as a whole discounted at a commercially applicable rate of 9.25%;
- The residual amount between the transaction price of the loan and the fair value of the liability has been allocated to an equity reserve.

	2014	2013	2014	2013
	Group	Group	Company	Company
Fair value of consideration	400,000	-	400,000	-
Liability component at date of issue	250,400	-	250,400	-
Finance cost	4,855		4,855	
Liability component at year end	255,255	-	255,255	-
Equity component	149,600	-	149,600	-

17. Operating expenses

Result from operating activities is stated after charging:

	Group	Group
	2014	2013
		537
Depreciation	60,603	
Loss on foreign exchange transactions	45,779	41,138
Rehabilitation costs	703	20,845
Legal and professional fees	65,980	247,286
Finance costs	6,490	-
Operational and direct costs	347,297	135,283
Staff costs	8,326	10,000
Directors fee	29,500	-
Travel costs	17,846	50,183
Sundry	8,714	-
Operating Lease Rentals – Land and Buildings	39,238	5,091
Fees receivable by the Group auditors:		
Fees – audit of financial statements	17,500	23,450
Fees – audit of accounts of subsidiary of the company	5,623	7,000
Fees – other services	6,127	41,873
	659,726	605,085

18. Cash used in operations

	2014 Group	2013 Group	2014 Company	2013 Company (384,032)
(Loss)/profit before taxation	(594,642)	(590,100)	9,758	
Tax adjustments for:				
Depreciation and amortisation	60,603	537	-	(11,372)
Foreign exchange revaluation of fixed assets	10,191	-	-	-
Movements in provisions	52,148	20,845	-	-
Changes in working capital:				
Trade and other receivables	93,607	(129,336)	(87,317)	(51,731)
Trade and other payables	(26)	77,899	(3,688)	44,513
Inventories	(23,629)	-	-	-
	(401,748)	(620,155)	(81,247)	(402,622)

19. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due	2014 Group	2013 Group	2014 Company	2013 Company
– within one year	19,093	18,664	-	-
– in second to fifth year inclusive	85,120	84,467	-	-
– later than five years	-	15,684	-	-
	104,213	118,815	-	-

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

20. Contingent Liabilities

There were no contingent liabilities as at 31 December 2014.

21. Staff numbers and costs

	2014 Group	2014 Company
Directors' fees (see note 24)	29,500	29,500
Staff salaries	8,326	-
	37,826	29,500

During the year the Group comprised of two staff members, consisting of the Chief Executive Officer and Director (2013: two staff members).

22. EPS (Earnings per share)

	Group 2014	Group 2013
	£	£
Profit attributable to ordinary shareholders	(429,675)	(536,512)
Weighted average number of shares	31,525,041	16,167,984
Basic earnings per share	(0.01)	(0.03)
Weighted average number of shares after dilution	36,253,797	17,149,090
Fully diluted earnings per share	(0.01)	(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.

23. Related parties

Relationships

Director and Indirect shareholder – John Kilham (John 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	Kgalagadi Asset Management (Pty) Ltd
	Kgalagadi Engineering & Mining Supplies (Pty) Ltd
Minority Interest – William van Wyk	Ghaap Mining (Pty) Ltd
Members of key management other than directors	William van Wyk

Related party balances

	2014	2013	2014	2013
Loan account – Owing by related party	Group	Group	Company	Company
Kareevlei Mining Proprietary Limited	-	-	1,259,377	519,633
Accrued income	-	-	133,462	49,462

As disclosed in Note 21, details of the remuneration of the Directors for the financial year are set out below:

CB Visser – Received fees of £24,000
Jonathan Quirk – Received fees of £6,000

In addition, during the year Kareevlei Mining engaged Kgalagadi Engineering & Mining Supplies (Pty) Limited (“Kgalagadi”) to refurbish and upgrade the plant and equipment located at the Kareevlei Tenements for £72,634.

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

In addition, during the year Kareevlei Mining made consultancy payments of £19,792 to Kgalagadi Geoservices (Pty) Limited (“Kgalagadi Geoservices”). John Kilham, Chief Technical Officer of BlueRock, is sole director and shareholder of Kgalagadi Geoservices.

In addition, during the year Kareevlei Mining made payments on a monthly basis totalling of £3,785 to Kgalagadi Asset Management (Pty) Limited (“Kgalagadi Asset Management”) for office and sorting plant rental. John Kilham, Chief Technical Officer of BlueRock, is sole director and shareholder of Kgalagadi Asset Management.

A convertible loan note for £400,000 was issued in October 2014 to one of the Company’s substantial shareholders (see note 16).

24. 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 16.

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 Company'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 Company as at 31 December 2014 is £1,329,839.

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 2014, 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 £64k lower or £81k higher, 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 – 2014: 18.01, 2013: 17.27

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	Group	Company	Company
	2014	2013	2014	2013
	£	£	£	£
Loans and receivables				
Cash and cash equivalents	247,986	674,574	229,305	650,296
Trade and other receivables	8,327	-	133,462	49,462
	256,313	674,574	362,767	699,758
Financial liabilities held at amortised cost				
Trade and other payables	55,516	77,899	35,969	44,513
Borrowings	255,255	-	-	-
	310,771	77,899	35,969	44,513

25. Events after the reporting period

Further to the issue in October 2014 of £450,000 convertible loan notes of which £400,000 was drawn down immediately, the Company exercised its option to draw down the remaining £50,000 for general working capital purposes. This was completed on 27 April 2015.

The new plant was fully operational and the vertical shaft impact (“VSI”) crusher was commissioned in May 2015.

26. Ultimate controlling party

The company considers that there is no ultimate controlling party.

27. 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.

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:

	2014	2013	2014	2013
	Group	Group	Company	Company
Financial liabilities held at amortised cost				
Convertible loan notes – Level 3	255,255	-	255,255	-
	255,255	-	255,255	-

Measurement of fair value of financial instruments

The Company’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 note 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 the loan at inception of £250,400 is estimated by discounting the contractual cash flows at 9.25%. The discount rate has been determined using the interest rate that the entity would pay to unrelated party, at the reporting date, adjusted to reflect the redemption feature.

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

28. 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 £6,816 (2013: loss after taxation of £384,032).

Notice of Annual General Meeting BlueRock Diamonds plc

(Incorporated in England and Wales under the Companies Act 2006 with registered number 08248437)

Notice is given that the annual general meeting of the members of BlueRock Diamonds plc (the "Company") will be held at the offices of SP Angel Corporate Finance LLP, Prince Frederick House, 35-39 Maddox Street, London W1S 2PP at 10.00a.m. (BST) on 25 June 2015 for the purpose of considering and, if thought fit, passing the following resolutions.

Resolutions 1 to 5 will be proposed as ordinary resolutions and resolution 6 will be proposed as a special resolution.

Ordinary resolutions

1. To receive the report and accounts for the year ended 31 December 2014.
2. To re-elect Paul Beck 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 re-elect Jonathan Quirk 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.
4. To reappoint Grant Thornton UK LLP as auditors of the Company and to authorise the directors to fix their remuneration.
5. 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:
 - 5.1 £47,287.56 in respect of up to 4,728,756 ordinary shares of 1p in the Company relating to options granted to the Directors of the Company;
 - 5.2 £40,909.09 in respect of up to 4,090,909 ordinary shares relating to the convertible loan notes; and
 - 5.3 other shares in the Company and/or Rights up to an aggregate nominal amount of £47,287.56.

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

6. 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 5 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:
 - 6.1 equity securities to be issued in connection with the grant of options to Directors of the Company up to an aggregate nominal amount of £47,287.56;
 - 6.2 equity securities to be issued in connection with any conversion under the convertible loan notes up to an aggregate nominal amount of £40,909.09; and
 - 6.3 other equity securities up to an aggregate nominal amount of £47,287.56;

and 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: 18 May 2015

Notes to the notice of Annual General Meeting

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, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL. 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, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL; and
 - 5.3 received by Share Registrars Limited no later than 10.00 a.m. (BST) on 23 June 2015.
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 10.00 a.m. (BST) on 23 June 2015 or, in the event the meeting is adjourned, in the register of members at 10.00 a.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 10.00 a.m. (BST) on 23 June 2015.
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 10.00 a.m. (BST) on 18 May 2015 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 31,525,041 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 10.00 a.m. (BST) on 18 May 2015 is 31,525,041.

Communication

17. Except as provided above, members who have general queries about the meeting should contact the Company's registrar, Share Registrars Limited, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL.

