19 September 2017

BLUEROCK DIAMONDS PLC

(“BlueRock” or the “Company”)

Interim results for the six months ended 30 June 2017

Introduction

BlueRock Diamonds, the AIM listed diamond mining company, which owns and operates the Kareevlei Diamond Mine in the Kimberley region of South Africa, is pleased to announce its interim results for the six months ended 30 June 2017. The interims will be available today for download from www.bluerockdiamonds.co.uk

Operational Highlights

- Monthly production is now in excess of 20,000 tonnes per month and is nearing the target of 25,000 tonnes per month
- Average grade continues to increase; average for the period was 1.59cpht. Post period end the average grade has increased to 2.41cpht and the grade sold in the September tender reached 3.01cpht
- Average value per carat achieved for the first 6 months of 2017 was USD 320, post period end the average price achieved rose to USD 343
- In August 2017, raised £860,000 (gross) through a placing and subscription

Chairman’s Statement

The Company has made great strides during the first half of 2017.

Our new management team continues to improve existing mining activities at Kareevlei; production is nearing target levels, value per carat remains high and our recovered grade continues to improve. As a consequence, our Kareevlei operations are nearing breakeven.

We are now looking to expand our operations either through developing our existing mining right at Kareevlei or by acquiring rights to mine other areas. We intend to do this in a cost-effective way, using our current facilities where possible to assess other potential opportunities.

Production volumes

Production volumes have increased significantly since recommencement of operations in March 2017.

2017	March	April	May	June	July	August
Production volume (tonnes)	9,051	7,098	9,661	14,427	20,209	20,929

Following the end of the extreme rainfall in the first 10 weeks of 2017, production recommenced in March 2017. During March, April and May, production levels remained below expectation due to the usual teething problems associated with the commissioning of a new plant, the processing of wet kimberlite in March and an unwelcome number of breakdowns caused by an over reliance on old equipment.

Having identified these issues, management replaced the equipment that was causing the breakdowns, leading to significant increase in production volume in June and then July. Uptime in March to May averaged approximately 6.4 hours per day and is now running at approximately 16 hours per day. We currently operate two shifts per day (over a five day week) and will be moving to three shifts per day in early 2018, which is expected to further increase our daily uptime. Our target monthly production volume remains at 25,000 tonnes.

Grade

The average pit grade for K2 as determined by Zstar (our competent person) is 4.5 carats per hundred tonnes (“cpht”). We have been concentrating on developing the K2 pit for the long term and have, therefore, been drilling, blasting and processing the remaining Level 1 kimberlite approximately 7m to 17m below the surface, before commencing to the lower levels. The Level 1 kimberlite contains a significant amount of calcrete and, accordingly, we expected grades from this ground to be lower than average pit grade. Our average grade for the first 6 months of 2017 was 1.59cpht. Since the end of the half year, the average grade for 2017 has have improved to 2.40cpht with the grade for the parcel sent to the September tender being 3.01cpht. The Company expects to commence blasting of the Level 2 kimberlite later this month.

Pit development

We have now completed the remedial work required to ensure K2's long-term production. The last of the calcretised Level 1 kimberlite will be processed by mid-October 2017 after which we will begin to mine the Level 2 kimberlite, which consists of pure kimberlite. We expect that the Level 2 kimberlite will produce a significantly higher grade than Level 1, although it should be noted that it is expected that different areas of the pit are likely to produce differing recovered grades.

Value per carat

The value per carat continues to significantly exceed the estimate provided by Zstar; the average for the first 6 months of 2017 was USD320 per carat compared with the Zstar estimate of USD232. The higher value reflects the quality of our diamonds and the coarseness of our production. As our production continues to grow, so does our reputation for producing high quality diamonds.

The recent introduction of our tertiary crusher into the circuit is designed as a further method of liberation and is expected to result in an increase in grade. It may, however, have an impact on the average value per carat due to the increase in smaller diamonds. We are in the process of assessing whether the likely increased grade from the tertiary crusher outweighs the costs of its operation.

Costs of production

The new management team have concentrated on reducing costs of production in order to reduce the breakeven point and hence to improve the long-term profitability of the mine.

In the first 6 months of 2017, we reduced the costs of loading/hauling significantly by appointing a new contractor on significantly better terms than hitherto. Since the end of the interim period, we have reduced these costs further by leasing the loading and hauling equipment directly and operating them ourselves. We have also replaced ageing key pieces of equipment with new equipment, which has reduced operating costs, while increasing reliability. It has improved the plant's ability to process continuously, resulting in a significant positive impact on production volumes.

New opportunities

During the first half of 2017, we reached an agreement with Koedonza Olives CC to mine a 1.5 hectare kimberlite pipe located in Windsorton, approximately 40km north of Kimberley in the Northern Cape known as Jubilee. Whilst there is no empirical data for the pipe, there is evidence of diamonds being found near the surface by alluvial mining operators. We intend to carry out a bulk sample of up to 2,500 tonnes in the next month, which will be processed at our Kareevlei facility for minimal cost. A decision as to how to proceed with Jubilee will be made once the results of this limited bulk sample have been analysed.

We continue to assess how best to exploit the 3,000 hectares covered by our existing mining right across the Kareevlei Mining Area, on which there are 5 known kimberlite pipes in existence. Of the 5 pipes, K5 is the least known about, although the data that does exist suggests that the coarseness of the diamonds in pipe 5 could be significantly greater than the other pipes. Similarly to Jubilee, we intend to carry out a bulk sample of K5 in order to provide further evidence as to whether K5 is an economically viable pit to mine, despite its relatively small size of 0.25ha. Test work on Pipe 5 and Jubilee is expected to be completed within the next four weeks.

Financing

In May 2017, we raised £360,000 at 3p a share, which was used to fund working capital.

Further to this raise, in July 2017 a loan agreement was entered into with Mark Poole, a significant BlueRock shareholder, of up to £315,000 in order to fund some of the required replacement equipment. We have drawn down £251,000 of this amount and we do not intend to draw down any further funds under this facility.

In July 2017, the term of the unsecured loans provided by Tim Leslie and Paul Beck (both directors) and Mark Poole was extended to 31 December 2017. Tim Leslie and Paul Beck agreed to advance a further £20,000 each under the same facility. We intend to repay these amounts prior to maturity, subject to the normal cashflow considerations.

In August 2017, we raised a further £860,000 (gross of expenses) through a placing and subscription at 1.25p, of which Adam Waugh, Chief Executive Officer of the Company agreed to subscribe for 4,000,000 new shares. These funds are expected to provide sufficient working capital in order to reach break-even based on our current internal forecasts.

Issue of new share options

On the 10 August 2017, BlueRock Diamonds plc announced that it granted the following new share options to Adam Waugh (the Company's CEO), Johan Milho, (the Company's mine manager) and Paul Beck (the Company's non-executive Chairman). The details of the issue are noted below:

Individual	**Tranche A No. of New Share Options**	**Tranche B No. of New Share Options**
Adam Waugh	3,417,740	3,417,740
Johan Milho	683,548	683,548
Paul Beck	992,096	992,096

Tranche A options have an exercise price of 1.25p, and Tranche B options have an exercise price of 2.25p.

Further details of the financings in June, July and August are set out in the announcements made via the London Stock Exchange's RNS system on 1 June 2017, 20 July 2017 and 10 August 2017.

Diamond sales and production update

Since the period end, the number of carats sent and average grade of the parcel sold at the monthly tender has continued to increase and the average value per carat remains significantly above expectations.

2017	**Carats recovered (cpht)**	**Average price/carat (USD)**	**Average Grade**
July	329.66	396	1.82
August	400.06	330	2.08
September	545.63	323	3.01

In July, August and September, we sold 1,275 carats at tender and achieved grades ranging from 1.82cpht to 3.01cpht. The average price achieved for our goods over this period was USD 343.

Production has continued to improve with July producing 20,200 tonnes representing an increase of 40% on production achieved in June 2017. The total tonnage for August showed an increase of 3.5% to 20,929 tonnes. Production throughout September continues to move towards our target of 25,000 tonnes.

Paul Beck
Non-executive Chairman

Market Abuse Regulation (MAR) Disclosure

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

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2017

Consolidated Statement of Financial Position

	Note	As at 30 June 2017 *Unaudited* £	As at 30 June 2016 *Unaudited* £	As at 31 December 2016 *Audited* £
Assets				
Non-current assets				
Property, plant and equipment	5	821,415	517,367	783,314
Mining assets		255,179	164,449	216,276
		1,076,594	**681,816**	**999,590**
Current assets				
Inventories	6	15,930	26,874	2,202
Trade and other receivables	7	44,311	41,953	131,997
Cash and cash equivalents	8	106,347	458,222	291,555
		166,588	**527,049**	**425,754**
Total assets		**1,243,182**	**1,208,865**	**1,425,344**
Equity and liabilities				
Equity Attributable to Equity Holders of the Parent				
Share capital	10	679,096	388,046	556,796
Share premium	10	2,656,728	2,012,781	2,443,826
Retained losses		(2,352,940)	(2,018,022)	(1,828,598)
Convertible loan note reserve	12	-	293,818	-
Foreign exchange reserve		(279,982)	(9,689)	(332,160)
		702,902	666,934	839,864
Non-controlling interest		(1,071,106)	(567,084)	(817,386)
		(368,204)	**99,850**	**22,478**
Liabilities				
Current liabilities				
Trade and other payables	11	632,757	387,716	413,681
Non-current liabilities				
Embedded derivative	12	72,451	-	292,839
Borrowings	12	761,531	626,236	583,548
Provisions	13	144,647	95,063	112,798
		1,611,386	**1,109,015**	**1,402,866**
Total equity and liabilities		**1,243,182**	**1,208,865**	**1,425,344**

Consolidated Statement of Comprehensive Income

	Note	6 months ended 30 June 2017 *Unaudited* £	6 months ended 30 June 2016 *Unaudited* £	12 months ended 31 December 2016 *Audited* £
Revenue		150,551	206,072	239,646
Other income		-	58	500
Operating expenses		(901,660)	(516,454)	(1,545,018)
Operating loss		**(751,109)**	**(310,324)**	**(1,304,872)**
Finance charges		(30,186)	-	(60,229)
Foreign exchange (loss) / gain	3	(85,869)	-	869,608
Loss before taxation		**(867,164)**	**(310,324)**	**(495,493)**
Taxation		(7,134)	-	(90,566)
Total loss for the period		**(874,298)**	**(310,324)**	**(586,059)**
Other Comprehensive Income:				
Exchange differences on translating foreign operations		70,511	(264,264)	(700,035)
Total comprehensive loss, net of tax		**(803,787)**	**(574,588)**	**(1,286,094)**
Total comprehensive loss, net of tax attributable to:				
Owners of the parent		(550,067)	(353,777)	(814,981)
Non-controlling interest		(253,720)	(220,811)	(471,113)
		(803,787)	**(574,588)**	**(1,286,094)**
Earnings per share – from continuing activities				
Basic and diluted	15	(0.01)	(0.01)	(0.02)

Consolidated Statement of Changes in Equity

	Convertible loan note reserve £	Share capital £	Share premium £	Retained losses £	Foreign exchange reserve £	Total attributable to equity holders of the Group £	Non-controlling interest £	Total equity £
Balance at 1 January 2016:	**293,818**	**321,604**	**1,335,952**	**(1,859,800)**	**185,866**	**277,440**	**(346,273)**	**(68,833)**
Loss for the period	-	-	-	(158,222)	-	(158,222)	(152,102)	(310,324)
Other comprehensive income:								
Foreign exchange movements	-	-	-	-	(195,555)	(195,555)	(68,709)	(264,264)
Total comprehensive loss:	-	-	-	(158,222)	(195,555)	(353,777)	(220,811)	(574,588)
Transactions with shareholders:								
Issue of share capital	-	66,442	676,829	-	-	743,271	-	743,271
Total transactions with shareholders:	-	66,442	676,829	-	-	743,271	-	743,271
Balance at 30 June 2016 (unaudited):	**293,818**	**388,046**	**2,012,781**	**(2,018,022)**	**(9,689)**	**666,934**	**(567,084)**	**99,850**
Balance at 1 July 2016:	**293,818**	**388,046**	**2,012,781**	**(2,018,022)**	**(9,689)**	**666,934**	**(567,084)**	**99,850**
Loss for the period	-	-	-	(138,733)	-	(138,733)	(137,002)	(275,735)
Other comprehensive income:								
Foreign exchange movements	-	-	-	-	(322,471)	(322,471)	(113,300)	(435,771)
Total comprehensive loss:	-	-	-	(138,733)	(322,471)	(461,204)	(250,302)	(711,506)
Transaction with shareholders:								
Extinguish convertible loan note reserve	(293,818)	-	-	293,818	-	-	-	-
Issue of share capital	-	168,750	506,250	-	-	675,000	-	675,000
Share issue expenses	-	-	(75,205)	-	-	(75,205)	-	(75,205)
Issue of share options	-	-	-	34,339	-	34,339	-	34,339
Total transactions with shareholders:	**(293,818)**	**168,750**	**431,045**	**328,157**	-	**634,134**		**634,134**
Balance at 31 December 2016 (audited):	**-**	**556,796**	**2,443,826**	**(1,828,598)**	**(332,160)**	**839,864**	**(817,386)**	**22,478**
Balance at 1 January 2017:	**-**	**556,796**	**2,443,826**	**(1,828,598)**	**(332,160)**	**839,864**	**(817,386)**	**22,478**
Loss for the period	-	-	-	(602,245)	-	(602,245)	(272,053)	(874,298)
Other comprehensive income:								
Foreign exchange movements	-	-	-	-	52,178	52,178	18,333	70,511
Total comprehensive loss:	-	-	-	(602,245)	52,178	(550,067)	(253,720)	(803,787)
Transactions with shareholders:								
Issue of share capital	-	122,300	243,700	-	-	366,000	-	366,000
Share issue expenses	-	-	(30,798)	-	-	(30,798)	-	(30,798)
Issue of share options	-	-	-	77,903	-	77,903	-	77,903
Total transactions with shareholders:	-	122,300	212,902	-	-	413,105	-	413,105
Balance at 30 June 2017 (unaudited):	**-**	**679,096**	**2,656,728**	**(2,352,940)**	**(279,982)**	**702,902**	**(1,071,106)**	**(368,204)**

Consolidated Statement of Cash Flows

	Note	6 months ended 30 June 2017 *Unaudited* £	6 months ended 30 June 2016 *Unaudited* £	12 months ended 31 December 2016 *Audited* £
Operating activities				
Cash used in operations	14	(724,344)	(121,493)	(163,258)
Net cash used in operating activities		**(724,344)**	**(121,493)**	**(163,258)**
Investing activities				
Purchase of property, plant and equipment		(210,454)	(51,692)	(350,260)
Acquisition of Diamond Resources (Pty) Limited		-	-	(32,826)
Proceeds on disposal of property, plant and equipment		-	-	19,113
Purchase of non-current assets		-	(23,355)	-
Net cash used in investing activities		**(210,454)**	**(75,047)**	**(363,973)**
Financing activities				
Proceeds on share issue	10	335,202	700,000	1,343,066
Proceeds from borrowings		343,877	-	-
Exercised share options		-	43,270	-
Net cash received from financing activities		**679,079**	**743,270**	**1,343,066**
Net (decrease) / increase in cash and cash equivalents		**(255,719)**	**546,730**	**815,835**
Cash and cash equivalents at the beginning of the period	8	291,555	175,755	175,755
Foreign exchange differences		70,511	(264,263)	(700,035)
Cash and cash equivalents at the end of the period	8	**106,347**	**458,222**	**291,555**

Notes to the Interim Consolidated Financial Statements

1. Accounting policies

1.1 General information and basis of preparation

The condensed interim consolidated financial statements (the “interim financial statements”) are for the six-month period ended 30 June 2017.

These interim financial statements have not been audited, and the financial information set out in this report does not constitute statutory accounts as defined by the Companies Act 2006. The comparative figures for the year ended 31 December 2016 were derived from the statutory accounts for the year to 31 December 2016, which have been delivered to the Registrar of Companies. Those accounts received an unqualified audit report which did not contain statements under sections 498(2) or (3) (accounting records or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations) of the Companies Act 2006.

The interim financial statements have been prepared on the basis of the accounting policies set out in the December 2016 financial statements of BlueRock Diamonds plc and IAS 34 “Interim Financial Reporting” on a going concern basis. They are presented in sterling, which is also the functional currency of the parent company. They do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements of the Group for the period ended 31 December 2016.

The interim financial statements have been approved for issue by the Board of Directors on 18 September 2017.

1.2 Standards issued but not adopted

The following relevant new IFRS standards, amendments to standards and interpretations have been issued by the IASB, but are not effective for the financial year beginning on 1 January 2017 and have been adopted by the EU and have not been early adopted.

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

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

1. Accounting policies (continued)

The following relevant new IFRS standards, amendments to standards and interpretations have been issued by the IASB, but are not effective for the financial year beginning on 1 January 2017 and have not been endorsed by the EU and have not been early adopted:

Standard	Key requirements	Effective date as adopted by the EU
IFRS 16	Leases – Introduces a single lessee accounting model and eliminates the previous distinction between an operating and a finance lease.	1 January 2019

2. Significant judgements and sources of estimation uncertainty

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

The judgements, estimates and assumptions applied in the interim financial statements including the key sources of estimation uncertainty were the same as those applied in the financial statements for the period ended 31 December 2016.

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

3. Foreign exchange (loss) / gain

	6 months ended 30 June 2017	**6 months ended 30 June 2016**	**12 months ended 31 December 2016**
	£	**£**	**£**
	Unaudited	***Unaudited***	***Audited***
Foreign exchange (loss) / gain	(85,869)	-	869,608

The foreign exchanges (loss) / gain relate to translation differences on subsidiary balances that are translated into the reporting currency of the Company at the reporting date and do not constitute a movement through the other comprehensive income reserve.

4. Segmental reporting

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

The Group's operations relate to the exploration for, and development of mineral deposits in the Kimberley region of South Africa and as such the Group has only one reportable segment. The non-current assets in the Kimberley region in June 2017 were £1,043,043 (June 2016: £681,816; December 2016: £999,590)

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 CS Diamonds (Pty) Ltd.

5. Property, plant and equipment

	Cost / Valuation 30 June 2017 £	Accumulated depreciation £	Carrying value 30 June 2017 £ *Unaudited*
Mine infrastructure	55,803	(9,643)	46,160
Motor vehicles	12,435	(2,749)	9,686
Plant and machinery	884,213	(118,644)	765,569
Total	**952,451**	**(131,036)**	**821,415**

Reconciliation of property, plant and equipment

	Carrying value 1 January 2017 £ **Audited**	Additions £	Depreciation £	Disposals £	FX revaluation £	Carrying value 30 June 2017 £ *Unaudited*
Mine infrastructure	52,321	4,057	(9,643)	-	(575)	46,160
Motor vehicles	13,191	-	(2,749)	(618)	(138)	9,686
Plant and machinery	717,802	197,248	(118,644)	(17,579)	(13,258)	765,569
	783,314	201,305	(131,036)	(18,197)	(13,971)	821,415

6. Inventories

	30 June 2017 £ *Unaudited*	30 June 2016 £ *Unaudited*	31 December 2016 £ *Audited*
Diamonds on hand	15,930	26,874	2,202

7. Trade and other receivables

	30 June 2017 £ *Unaudited*	30 June 2016 £ *Unaudited*	31 December 2016 £ *Audited*
Prepayments	6,943	6,690	2,073
VAT	37,356	35,263	53,952
Other receivables	12	-	75,972
	44,311	**41,953**	**131,997**

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

8. Cash and cash equivalents

	30 June 2017 £ *Unaudited*	30 June 2016 £ *Unaudited*	31 December 2016 £ *Audited*
Cash in bank and on hand	106,347	425,396	291,555
Deposit – Diamond Resources	-	32,826	-
	106,347	**458,222**	**291,555**

9. Share Based Payments

The Directors were granted share options under the share option agreements dated 19 August 2013. There were no amendments to the terms of the options granted during the period.

The share options held by current and former Directors as at 30 June 2017 and the exercise prices were as follows:

Director	Number of ordinary shares subject to share options	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
		Number and Exercise Price (pence)				
P. Beck	315,251	-	157,625 - 40	157,626 - 55	-	-
T. Leslie	372,876	57,625 - 18	157,625 - 40	157,626 - 55	-	-
A. Markgraaff	372,876	57,625 - 18	157,625 - 40	157,626 - 55	-	-
A. Waugh	2,446,478	-	-	-	776,091 - 11	1,670,387 - 5
Total	**3,507,481**	**115,250**	**472,875**	**472,878**	**776,091**	**1,670,387**

The following share options were granted during the period to 30 June 2017:

On 19 January 2017 1,670,387 share options were granted to Adam Waugh and 556,795 share options were granted to the Company's mine manager, Johan Milho, both issues of share options have an exercise price of 5p per Ordinary Share.

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

	30 June 2017		31 December 2016		30 June 2016	
	Average exercise price in pence per share	Number of options	Average exercise price in pence per share	Number of options	Average exercise price in pence per share	Number of options
Outstanding at the beginning of the period	29.2	3,555,720	34	4,616,722	34	4,121,131
Granted	5	2,227,182	-	-	11	776,091
Lapsed	-	-	31	1,261,002	-	-
Exercised	-	-	-	-	15	280,500
Outstanding at the period / year end	19.55	5,582,902	29.2	3,555,720	30	4,616,722
Exercisable at the period / year end	19.55	5,582,902	29.2	3,555,720	30	4,616,722

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:

	6 months ended 30 June 2017	Year ended 31 December 2016
Pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (pence)	5.75	13.5
Weighted average exercise price (pence)	5	11
Weighted average contractual life (years)	5	5
Share price volatility (%)	50%	50%
Dividend yield (%)	0%	0%
Risk-free interest rate (%)	0.70%	0.56%

The total share-based payment expense for the period ended 30 June 2017 was £77,903 (June 2016: £nil; December 2016: £34,399).

10. Share capital and share premium issued

	30 June 2017 £ *Unaudited*	30 June 2016 £ *Unaudited*	31 December 2016 £ *Audited*
Number of Ordinary shares	67,879,580	38,804,580	55,679,850
Ordinary share capital of 1p per share	679,096	388,046	556,796
Share premium	2,656,728	2,012,781	2,443,826
	3,335,824	**2,400,827**	**3,000,622**

In the period ended 30 June 2017 the following Ordinary share issues occurred:

Date of issue	Details of issue	Number of ordinary shares	Share capital £	Share premium £
At 1 January 2017		55,679,580	556,796	2,443,826
1 June 2017	Placing and equity issue	12,200,000	122,000	243,700
1 June 2017	Placing and equity issue expenses	-	-	(30,798)
1 June 2017	Placing and equity issue SP Angel advisory fees	30,000	300	-
At 30 June 2017		**67,879,580**	**679,096**	**2,656,728**

On 1 June 2017, a placing and subscription raised an aggregate of £335,202 after expenses via the issue of 12,200,000 new ordinary shares of 1 pence each in the capital of the Company at a price of 3 pence per New Share; this transaction is further discussed in Note 16. Additionally 30,000 new shares were issued to SP Angel as payment for advisory work completed in connection with the placing and subscription.

11. Trade and other payables

	30 June 2017 £ *Unaudited*	30 June 2016 £ *Unaudited*	31 December 2016 £ *Audited*
Trade payables	290,801	174,304	260,116
Accrued expenses	24,297	182,460	37,025
Corporation tax payables	97,699	-	90,566
Other payables	219,960	30,952	25,974
	632,757	**387,716**	**413,681**

An amount of £192,376 is included within trade payables for amounts being claimed as being due to companies related to a former director of the Company. This amount is disputed in full by the Company based on legal advice received.

Within other payables is a balance due to a major shareholder of the Company, Mark Poole, the total advanced of £194,377 (June and December 2016: £nil), was sent in advance of agreeing the asset finance facility which was agreed on 20 July 2017, see note 17 for further details. In addition, within other payables is an amount of £25,974 which relates to an amount claimed by a former director and which, based on legal advice received by the company, is disputed in full.

12. Borrowings and embedded derivative

	30 June 2017	30 June 2016	31 December 2016
	£	£	£
	Unaudited	*Unaudited*	*Audited*
Convertible loans	612,031	626,236	583,548
Draw down facility	149,500	-	-
	761,531	626,236	583,548

Convertible loans

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

	Convertible loans 1 - 3	Convertible loan 4	Total
	£	£	£
Balance at 1 January 2016	596,123	-	596,123
Finance charge: unwinding the discount factor	30,113	-	30,113
Balance at 30 June 2016	626,236	-	626,236
Issued on 2 November 2016	-	574,352	574,352
Finance charge: unwinding the discount factor	20,920	9,196	30,116
Embedded derivative	-	300,503	300,503
Fair value adjustment to embedded derivative	-	(7,664)	(7,664)
Extinguished on 2 November 2016	(647,156)	-	(647,156)
Balance at 31 December 2016	-	876,387	876,387
Finance charge: unwinding the discount factor	-	28,483	28,483
Fair value adjustment to embedded derivative	-	(220,388)	(220,388)
Balance at 30 June 2017	-	684,482	684,482
Equity component at 1 January 2016 and 30 June 2016	293,818	-	293,818
Extinguished on 2 November 2016	(293,818)	-	(293,818)
Equity component at 31 December 2016 and 30 June 2017	-	-	-

All convertible loan stock is repayable on the 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.

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:

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

12. Borrowings and embedded derivative (continued)

Draw down facility - £150k

On 15 March 2017, BlueRock Diamonds plc agreed an unsecured loan facility of up to £150,000 with Tim Leslie (Director), Mark Poole (Major Shareholder) and Segar Properties (Hyde Park) Limited, a company wholly owned by Paul Beck (Director). The loan term is to 31 December 2017 and carries a coupon of 10% per annum, payable at the end of the term and contains no conversion provisions. The transaction is further discussed in note 16.

13. Provisions

Reconciliation of provisions

Rehabilitation costs

	£
Balance at 1 January 2016	81,718
Unwinding of discount	13,345
Balance at 30 June 2016	**95,063**
Unwinding of discount	17,735
Balance at 31 December 2016	**112,798**
Revaluation of provision	31,849
Balance at 30 June 2017	**144,647**

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 23 June 2017.

14. Cash used in operations

	30 June 2017 £ *Unaudited*	**30 June 2016** £ *Unaudited*	**31 December 2016** £ *Audited*
Loss before taxation	(867,164)	(310,324)	(495,493)
Adjustments for non-cash items:			
Depreciation and amortisation	131,036	79,905	171,258
Loss on disposal of fixed assets	18,197	7,809	-
Embedded derivative charge	(220,388)	-	292,839
Share based payment expense	77,903	-	34,339
Impairment on acquisition of Diamond Resources (Pty) Limited	-	-	32,826
Finance charge on convertible loan notes	28,483	30,113	60,229
Foreign exchange revaluation gain / (loss) on fixed assets	17,768	(75,384)	(220,602)
Movements in provisions	(1,701)	13,345	31,080
Changes in working capital:			
Decrease / (increase) in trade and other receivables	87,686	(34,330)	(124,374)
Increase in trade and other payables	17,564	143,582	6,177
(Increase) / decrease in inventories	(13,728)	23,791	48,463
	(724,344)	**(121,493)**	**(163,258)**

15. EPS (Earnings per share)

	30 June 2017 £ *Unaudited*	30 June 2016 £ *Unaudited*	31 December 2016 £ *Audited*
Loss attributable to ordinary shareholders	(550,067)	(353,777)	(814,981)
Weighted average number of shares	57,645,136	35,009,972	39,466,581
Loss per share basic and diluted	(0.01)	(0.01)	(0.02)
Weighted average number of shares after dilution	57,645,136	35,009,972	39,466,581
Fully diluted earnings per share	(0.01)	(0.01)	(0.02)

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.

16. Related party transactions

Relationships

Minority Interest - William van Wyk	Kgalagadi Engineering & Mining Supplies (Pty) Ltd
	Ghaap Mining (Pty) Ltd
Shareholder – Mark Poole	BlueRock Diamond
Shareholder's Daughter – Emma Poole	BlueRock Diamond

Placing and Subscription

As part of the £366,000 placing and subscription on 1 June 2017, Paul Beck, Non-Executive Chairman of the Company, has subscribed for 333,333 New Shares, following which he will have a beneficial interest in 2,551,231 Ordinary Shares representing 3.8% of the issued share capital and total voting rights of the Company. Included in Mr Beck's beneficial interest are 455,455 Ordinary Shares held by Front Square Securities Limited, a company wholly owned by Mr Beck and his wife and of which Mr Beck is a director.

Borrowings

On 15 March 2017, the Company agreed the terms of a £150,000 unsecured loan facility with Tim Leslie and Paul Beck, two of its directors, and Mark Poole, one of its major shareholders (the "Loan Facility") in order to provide extra working capital.

The Loan Facility, comprising of a maximum contribution from Tim Leslie and Mark Poole of £62,500 each and Segar Properties (Hyde Park) Limited, a company wholly owned by Paul Beck, £25,000, has a term until 31 December 2017 and a coupon of 10% per annum, payable at the end of the term. At 30 June 2017 the full loan facility had been drawn down and remained outstanding, for further detail see note 12.

Additionally, in June 2017 Mark Poole advanced £194,377 in advance of agreeing the asset finance facility, which was agreed on 20 July 2017, see note 17 for further details.

Transactions with related party companies

Kareevlei Mining made payments of £43,499 (2016: nil) to Kgalagadi Engineering & Mining Supplies (Pty)Ltd for the acquisition of mine equipment and related services. William van Wyk is a shareholder in Kgalagadi Engineering & Mining Supplies (Pty) Ltd.

17. Events after the reporting period

Asset finance facility

On 20 July 2017, BlueRock Diamonds plc and its subsidiary Kareevlei Mining PTY Limited have entered into an asset finance facility of up to £310,000 ("Loan Facility") with Mark Poole, a substantial shareholder in the Company. The Loan Facility will be used to purchase essential equipment for the efficient and cost effective operation of the mine.

The Loan Facility carries an interest rate of 10% over a five-year term, repayable in 19 equal quarterly instalments following an initial three-month interest free period. The Loan Facility is unsecured but it carries the right for the purchase of the capital goods acquired utilising the Loan Facility for ZAR 1 in the event of the Group's default.

Placing and subscription update

On 10 August 2017, the Company raised an aggregate of £860,000 (before expenses) via the issue of 68,800,000 new ordinary shares of 1 pence each in the capital of BlueRock Diamonds plc (the "New Shares") through a placing and subscription at a price of 1.25 pence per New Share.

Adam Waugh, Chief Executive Officer of the Company has agreed to subscribe for 4,000,000 New shares in the Fundraising.

Extension of loan facility

On 10 August 2017, BlueRock Diamonds plc successfully agreed the extension of the maturity date on the six month loan facility of up to £150,000 entered into on 15 March 2017 with Tim Leslie, Mark Poole and Segar Properties (Hyde Park) Limited, a company wholly owned by Paul Beck. The extension from the current maturity date of 15 September 2017 has been agreed to the 31 December 2017. The loan carries a coupon of 10% per annum, payable at the end of the term and contains no conversion provisions.

Issue of new share options

On the 10 August 2017, BlueRock Diamonds plc announced that it has granted the following new share options to Adam Waugh (the Company's CEO), Johan Milho, (the Company's mine manager) and Paul Beck (the Company's non-executive Chairman). The details of the issue are noted below:

Individual	Tranche A No. of New Share Options	Tranche B No. of New Share Options
Adam Waugh	3,417,740	3,417,740
Johan Milho	683,548	683,548
Paul Beck	992,096	992,096

Tranche A options have an exercise price of 1.25p, and Tranche B options have an exercise price of 2.25p.