BLUEROCK DIAMONDS

(Registered number 08248437)

Annual Report and Accounts

for the year ended 31 December 2015

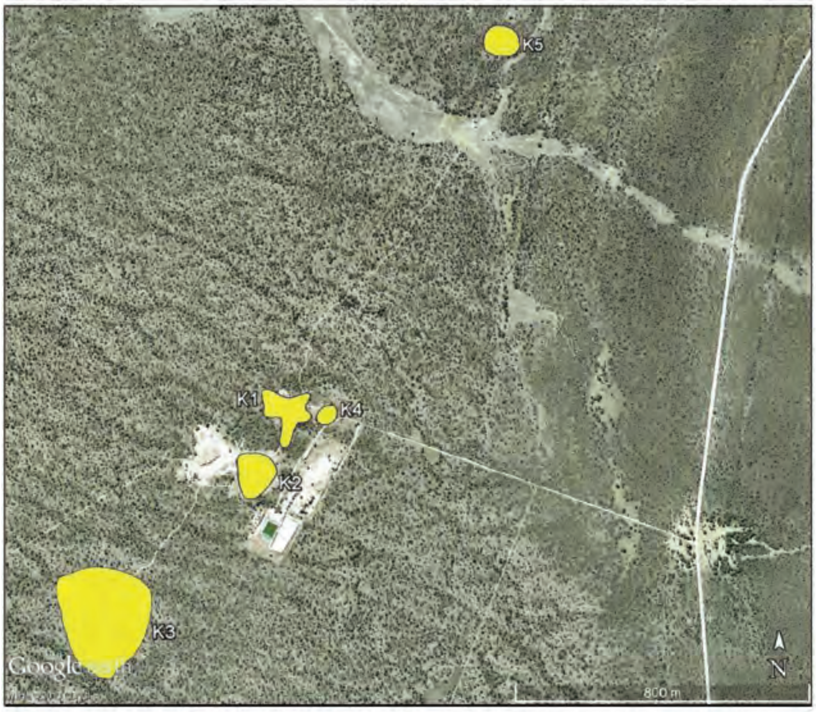
Directors and advisers

Directors	PJ Beck (Chairman) CB Visser A Waugh JLC Kilham TG Leslie AT Markgraaff
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

Contents

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

Map of Kareevlei Tenements



Strategic Report

Chairman's Statement

Dear Shareholders,

I am pleased to present our annual report and accounts for the year ended 31 December 2015.

By the end of the year at a capital cost of less than £3m we have: produced in excess of 2,500 carats; installed facilities that have been proven to be capable of operating at a rate in excess of 20,000 tonnes a month; and evidence that supports the grade estimates contained in the Competent Persons Report prepared at the time of the IPO ("CPR"). Furthermore, the average value per carat that we have achieved of USD261 is significantly in excess of both the original estimate of USD183 per carat and the updated estimate prepared by our Competent Person of USD232 per carat; a direct reflection of the quality and shape of our stones.

Mining

We have continued to concentrate on exploiting and developing KV2, which covers an area of 1.1 ha and has an inferred grade of 4.6 cpht. By the end of the year we had removed the overburden from approximately 40% of the pipe and had reached a maximum mining depth of around 28m in a small area of the pipe. Since the year end, we have begun the process of opening up the whole of the pipe in order to implement the mining plan developed in association with our mine planning consultants, VBKOM, we have produced a preliminary mining schedule and a Life Of Mine (LOM) plan that allows for a consistent supply of kimberlite over the lifetime of KV1, KV2 and KV3 which is currently estimated to be in excess of 19 years at current installed processing capacity.

Production

Although our production volumes were variable over the year, in general we saw a marked increase in throughput and reported that our plant had processed over 9,000 tonnes in November 2015. November was also the first month that Diacar, our subcontractor, began to produce at volume and it processed around 5,000 tonnes in that month.

Following the Christmas shut down, production levels were affected by the severe drought conditions in the Northern Cape during the last quarter of the year. As a result of some rainfall since January this year and an improved water management system, production restarted in February and the combined operations of our plant and the Diacar plant (the "Combined Operations") began to operate at the rate of approximately 25,000 tonnes per month. Unfortunately, it became clear that at this level of production our plant was unable to recover diamonds efficiently and the recovered grade fell to around 2 cpht. This led to our announcement in March 2016 setting out the review of our operations, the appointment of Adam Waugh as CEO and the consequent placing in April 2016.

Management changes

Since the year end, we have made a number of management changes that reflect the need to strengthen the management team arising from the increased levels of activity. Our first step was to appoint Adam Waugh as CEO; his initial task being to oversee the strategic review that is currently under way. As part of this review, we have appointed Johan Milho as mine manager as announced on 22 June 2016. Johan has operated in the diamond industry for over 35 years most recently for Petra Diamonds and before that for BHP Billiton and De Beers. We believe that his extensive experience in Kimberlite mining will be invaluable as we grow.

Development of the Kareevlei Tenements

In addition to KV2, we have four other pipes that have been identified in our licence area. Although we are concentrating on ensuring that our production facilities operate to their maximum efficiency, we are beginning to assess how we will exploit the rest of our licence area. In particular, we have recently commenced a ground-based geophysical survey with the aim of identifying further anomalies and the extent of the lesser known pipes KV4 and KV5. We have recently asked Z Star, our competent person, to produce a proposal to accurately delineate the envelope of K5. We will report back on both of these studies in due course.

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

Paul Beck

Non-Executive Chairman

Strategic Report

Chief Executive Officer’s Review

Overview

In our 2014 accounts we reported the results of our successful trial mining. In the year ended 31 December 2015, we concentrated on proving the grade indicated in the CPR. The results from the trial mining in 2014 were encouraging and gave your board the confidence to invest in plant capable of processing 80 tonnes per hour which was financed through the issue of a convertible loan note.

Our new plant was commissioned in April 2015. During the remainder of 2015 we tested the configuration of the plant and made the necessary changes to fine tune production and improve recovery rates. Towards the end of the year we increased production and our Combined Operations reached monthly production (“Combined Production”) of 14,000 tonnes in 2015.

Subsequent to the year end, we exceeded this level reaching our target of Combined Production in excess of 20,000 tonnes per month. However, at these levels, our plant was unable to recover diamonds efficiently and our recovery grade fell to 2 cpht. Rather than continue to produce at these levels, it was decided to conduct a review of our plant efficiency and decided to reduce production levels in this period in order to more easily assess the shortcomings in our plant configuration. During this time we have continued to develop our KV2 pit and now have a drill and blast plan in place to provide ample supply of kimberlite to our plants for the foreseeable future.

Diacar

Our policy is to focus on diamond processing and recovery and during 2015 we entered into an agreement with Diacar to provide earth moving services under which it is contracted to do all earth moving from the pit to our processing plant.

In addition to providing contracting services, Diacar also operates a diamond recovery plant and in November 2015 we entered into an agreement with Diacar whereby they would act as a subcontractor to BlueRock in order to process the oversize material that our plant is not currently capable of processing and to provide extra capacity at no capital cost to BlueRock. Under this agreement, we retain responsibility for marketing all of the diamonds arising from the Diacar plant and retain 60% of the gross diamond sales. Other than BlueRock providing diesel for the Diacar plant, Diacar bears all processing costs

Operations

The transition from trial mining to full operation is typically challenging. Our team achieved a great deal in 2015 despite having a limited budget, notably reaching our internal target of Combined Production of 25,000 tonnes per month albeit with a much reduced recovery rate. Our approach has been to prove our resource prior to further expansion of the existing production facilities and further exploration of our licence area.

Strategic review underway

On 31st March 2016 we announced we were conducting a strategic review of all operations. I am pleased to report we are making good progress. VBKOM Consulting have completed their work for us which proved invaluable. The Life of Mine report prepared by them (including KV1, KV2 and KV3 pipes only) gave us further reason for optimism regarding the long term future of Kareevlei. We have engaged with Dr Kurt Peterson, the leading Johannesburg based metallurgist who is helping with plant efficiency and configuration. His work will be concluded shortly when we will have recommendations to consider regarding plant upgrades. Our operating team has recently been strengthened by the appointment of Johan Milho as Mine Manager at Kareevlei. Johan has spent over 35 years in diamond mining, most recently with Petra Diamonds, and brings a wealth of experience to our operation. We now have a good balance of skills appropriate to support the increased tonnages.

I expect to be in a position to report back to shareholders within the next two months regarding the conclusions of the Strategic Review.

The Future

Our operations at Kareevlei are still at an early stage. We have five known Kimberlite pipes and have only started mining one of these. We are carrying out more work on the least known of our kimberlites (the pipe known as KV5) and will update the market of the results later in the year. Our license area covers 3000 hectares and we intend to do more evaluation on the whole area as well as continuing to look for more Kimberlite assets in the Northern Cape and the outlying areas.

I wish to thank Diacar, our Joint Venture Partner; our employees for their effort this year and we look forward to working with them in 2016.

Financial review

Revenue and profitability

In 2015, the Group made a loss of £1,052,728 (2014 restated: £649,430) on turnover of £264,372 (2014: £65,084). The loss in 2015 reflects the challenges faced by the group in the transition from trial mining to full operation reaching its internal target of Combined Production albeit with a much reduced recovery rate.

Cash flows

Investments

During the year we invested £227,543 in the purchase of plant and equipment and £36,648 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.

Subsequent to the year end, we acquired Diamond Resources Limited for £33k (ZAR0.7m) from Tawana Resources NL, the previous owner of the mining right in respect of the Kareevlei Tenements. This acquisition had been envisaged at the time of the original acquisition and as a result we now hold the rehabilitation guarantee required by the DMR directly.

Financing

The investment in the new plant was financed through the issue of a convertible loan of which £450,000 was drawn down during the period. Subsequent to the year-end we raised a further £700,000 gross of costs (in order to complete our strategic review and to begin to implement the recommendations coming out of that review.)

Cash position

At the end of the period the Group cash balance was £175,755. Since the year end the company has raised an additional £700,000 via issue of new ordinary shares in April to both new and existing shareholders. The diamond production from the mine site will continue during 2016, and the company expects to achieve a full year of sales in this period. As of 31 May 2016 the group cash position was £556,557.

Post balance sheet

On April 28th 2016, the company announced that it raised £700,000 via the issue of 6,363,636 new ordinary shares of 1 pence each in the capital of the Company ("the Placing Shares") at a price of 11 pence per Placing Share to directors of the Company and to both new and existing shareholders. Placing shares were admitted to trading on AIM on May 6th 2016.

The funds raised will enable the group to continue the transformation of its mining activity at Kareevlei. It is at an early stage in the exploitation of the reserves and this funding will support the continued development of the known assets in the group's licence area.

Adam Waugh

Chief Executive Officer

Strategic Report

Operational Review

Processing Plant Enhancements

During 2015, the activities at the Kareevlei operation focussed principally on the upgrading of the trial mining DMS plant that successfully proved that the preliminary zonal grade estimate was accurate for the portion of the KV2 kimberlite tested in 2014. This plant upgrade included the introduction of refurbished rotary pans and a vertical shaft impact crusher (VSIC) performing a tertiary re-crush role to liberate diamonds trapped in uncrushed kimberlite pieces after primary concentration in the DMS. The new plant provides the Company with greater flexibility of processing options as the nature of the mined kimberlite ore changes along with the open pit expansion.

Diamond Liberation

Analyses of production data after the plant re-commissioning soon indicated that the additional liberation achieved by a primary crushing circuit would be required to realise a more representative result when processing the calcretised (i.e. re-cemented) weathered kimberlite from the upper 20m areas of the pipe. Plans to reintroduce the primary (jaw) and secondary (cone) crushing to the front end were then made and re-commissioned early in 2016.

Elevated Diamond Revenues Achieved

In spite of the lower throughput levels achieved in this period, the consistently elevated sales revenues for the Kareevlei diamond parcels proved most encouraging. Accordingly, the CPR revenue estimate was revised upwards. This positive trend has continued into 2016.

Diamond Assortment

As a result of its geological make up, the Kareevlei Mine continues to produce a high proportion of white gem quality diamonds, of which a high percentage are dodecahedral which deliver above average polishable percentages compared with many other producing mines.

Open Pit Development

During 2016, the operation will continue to develop and enlarge the existing open pit to enable the concurrent mining of the contiguous KV1 and KV2 pipes. This will increase the ability to blend kimberlite facies from different mining benches for treatability and grade from both sampled intrusions. Focussed mining of these rock types with inferred-level zonal estimates of grade variability will improve resource confidence while engineering for improved liberation in the treatment process continues.

Mineral Resource Development

While developing increased operational knowledge as more kimberlite is exposed for mining and processing in the main open pit, the improved definition and development of local block estimates is made possible.

Further evaluation work is scheduled for the remaining little known KV4 and KV5 kimberlite bodies – at this point not included in the published preliminary resource inventory. During 2016, a ground geophysical survey will be conducted to better define drill targets for the delineation of these additional kimberlite sources.

John Kilham

Chief Technical Officer

Risk Management

Principal risks and uncertainties

Introduction

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

- Operational risks
  - Risks relating to the Group's operations including mining
- 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 mitigates this risk by continually assessing its production assets in order to provide further evidence to support the mineral resource estimates set out in the CPR prior to expanding our production facilities.

Exposure to mining hazards

Whilst the Group's exposure is reduced due to the open cast mining technique, the Group remains exposed to a number of risks and hazards associated with mining including pit wall failure, adverse weather and mechanical breakdown. The 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 25 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

As a management team we monitor a variety of performance indicators. During 2015 we concentrated on increasing production throughput and, therefore, our main KPI was production volumes as measured by average monthly throughput calculated by reference to those months that we were in production. During 2015, average monthly production was 7,000 tonnes (2014 trial mining 1,700 tonnes).

Other factors that we review include cost per tonne. During 2015 this amounted to USD 12 per tonne. As we were trial mining in 2014 there is no meaningful comparative however, our target cost of production is USD 7 per tonne. This figure will continue to be assessed in the light of plant upgrades. As the business grows we will continue to assess which are the most appropriate KPIs to monitor in order to most effectively manage the business.

In addition the Directors continuously 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

Adam Waugh – Chief Executive Officer
30 June 2016

Board of Directors

Paul Beck – Non Executive Chairman, aged 70
Paul Beck is a member of a well-known South African mining family and has experience in the real estate and natural resource sectors, in the UK, US and South Africa. He was a founding Director and Chairman of Firstland Oil & Gas, which owned oil exploration assets in the Falklands and oil and gas producing wells in the US. Mr Beck has undertaken projects with black economic empowerment partners in South Africa, and has worked on tailings retreatment projects in the region.

Adam Waugh – Chief Executive Officer, aged 52
Adam Waugh was the Head of Sales and Trading at Brewin Dolphin Plc until 2008 and is currently a Non-Executive Director of Atlas Cloud Ltd, a cloud computer service provider and Chairman of the Northern Counties Children's Benevolent Society.

Christiaan ("Riaan") Visser – Executive Director and Chief Executive Officer of Kareevlei Mining, aged 56
Riaan Visser is a Chartered Accountant based in Kimberley, and is responsible for the finance function of the group. 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 60
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 59
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.

Tim Leslie – Non-Executive Director, aged 50
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. The Company aims to develop its corporate governance structure and culture to the full extent which is considered appropriate for the size and stage of maturity of the Company. The Directors recognise the importance of sound corporate governance and the Board intends, so far as is practicable for a company of its size, to implement certain corporate governance recommendations. Details are provided below:

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

Audit Committee

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

Remuneration Committee

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

Nominations Committee

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

Share dealing code and AIM Rule compliance policy

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

Independence of Non-executive Directors

The Company has departed from certain aspects of the guidelines set out in the UK Corporate Governance Code and the QCA Guidelines in that non-executive directors have been granted share options. Share options granted to the Board are not subject to performance criteria. Details of the share options granted to the Directors are set out on page 35.

Directors' Report

The Directors submit their report and financial statements for the year ended 31 December 2015.

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 20.

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

Going concern

We draw attention to the fact that as at 31 December 2015, the Group had accumulated losses of £1,859,800 (2014 restated: £1,007,879) and that the Group's total liabilities exceeded its assets by £68,833 (2014 restated: assets exceeded liabilities by £506,641).

The Group's consolidated cash balance at 31 December 2015 was £175,755 (2014: £247,986). The Group's capital management policy is to raise sufficient funding to finance the Group's near term expansionary operational and development activities. In April 2016 an additional £700,000 was raised through a share issue to new and existing shareholders and management believe that this will be sufficient to meet the Group working capital requirements for the 12 months from the date of approval of the Annual Report and Accounts.

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

Events after the reporting period

On April 28th 2016, the company announced that it raised £700,000 via the issue of 6,363,636 new ordinary shares of 1 pence each in the capital of the Company ("the Placing Shares") at a price of 11 pence per Placing Share to directors of the Company and to both new and existing shareholders. Placing shares were admitted to trading on AIM on May 6th 2016.

The funds raised will enable the group to continue the transformation of its mining activity at Kareevlei. It is at an early stage in the exploitation of the reserves and this funding will support the continued development of the known assets in the group's licence area.

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	Resignation Date
PJ Beck (Non-executive Chairman)	British	11 October 2012	
Adam Waugh (Chief Executive Officer)	British	7 December 2015	
CB Visser (Chief Executive Officer KVM)	South African	26 November 2012	
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	7 December 2015

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 21 June 2016 are as follows:

Name	Number of ordinary shares	Percentage of share capital	Number of ordinary shares subject to share options	Percentage of share capital subject to share options
PJ Beck*	1,967,898	5.07%	315,251	0.81%
CB Visser	830,500	2.14%	1,261,002	3.25%
JLC Kilham	400,000	1.03%	472,876	1.22%
AT Markgraaff	700,000	1.80%	372,876	0.96%
TG Leslie**	6,322,077	16.29%	472,876	1.22%
Adam Waugh	227,273	0.59%	776,091	2.00%

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

**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 25.

Significant shareholders as at 21 June 2016

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	Notes
Mark Poole	6,322,077	16.3	1
Timothy Leslie	6,322,077	16.3	2
Vidacos Nominees Limited	3,605,092	9.3	
SVS Nominees Limited	2,838,070	7.3	
W B Nominees Limited	2,403,688	6.2	
Goldman Sachs Securities Nominees Limited	2,390,909	6.2	3
Huntress (CI) Nominees Limited	2,178,260	5.6	
Paul Beck	1,967,898	5.1	4
Michael Conitzer	1,463,596	3.8	5

Notes:

1 Mr Poole holds £650,000 of Convertible Secured Loan Notes. The Convertible Secured Loan Notes will be convertible at the holder's option at any time up to the end of the term in ordinary shares of 1 pence each in the capital of the Company at a conversion price of 11 pence.

2 Mr Leslie holds 5,322,077 Ordinary Shares and his wife, Sarah Leslie, holds 1,000,000 Ordinary Shares.

3 Goldman Sachs Securities Nominees Limited holds 2,390,909 Ordinary Shares on behalf of Tamla Limited.

4 Mr Beck holds 1,512,443 Ordinary Shares and Front Square Securities Limited holds 455,455 Ordinary Shares. Mr Beck and his wife own 100% of the share capital in Front Square Securities Limited of which Mr Beck is also a director.

5 Mr Conitzer holds 1,228,668 Ordinary Shares and Fitel Nominees Limited holds 234,928 Ordinary Shares on his behalf.

Auditor

Grant Thornton UK LLP was appointed as auditor for the year ended 31 December 2015 and year ended 31 December 2014. 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 26 July 2016 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 (2014: £24,000)
JS Quirk – Received fees of £5,500 (2014: £5,500)

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

Directors' responsibility statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors 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

Adam Waugh
Chief Executive Officer
30 June 2016

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

For the year ended 31 December 2015

We have audited the financial statements of BlueRock Diamonds PLC for the year ended 31 December 2015 which comprise the group and parent company statements of financial position, the group and parent company statements of comprehensive income, the group and parent company statements of cash flow, the group and parent company statements of comprehensive income, the group and parent company statements of changes in equity 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 on page 14, 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 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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
30 June 2016

Consolidated and Company Statement of Financial Position

	Note (s)	Group 31 December 2015 £	Company 31 December 2015 £	Group 31 December 2014 £ As restated	Company 31 December 2014 £
Assets					
Non-Current Assets					
Property, plant and equipment	6	477,735	-	454,645	-
Mining assets	7	141,364	-	134,359	-
Investment in subsidiary	8	-	5	-	5
		619,099	**5**	**589,004**	**5**
Current Assets					
Inventories	9	50,665	-	23,629	-
Trade and other receivables	11	7,623	1,722,411	35,729	1,398,425
Cash and cash equivalents	12	175,755	164,267	247,986	229,305
		234,043	**1,886,678**	**307,344**	**1,627,730**
Total Assets		**853,142**	**1,886,683**	**896,348**	**1,627,735**
Equity and Liabilities					
Equity Attributable to Equity Holders of Parent					
Share capital	14	321,604	321,604	315,250	315,250
Share premium	14	1,335,952	1,335,952	1,245,934	1,245,934
Retained losses		(1,859,800)	(688,557)	(1,007,879)	(377,216)
Equity reserve	16	293,818	293,818	149,600	149,600
Foreign exchange difference		185,866	-	10,732	-
		277,440	1,262,817	713,637	1,333,568
Non-controlling interest		(346,273)	-	(206,996)	-
		(68,833)	**1,262,817**	**506,641**	**1,333,568**
Liabilities					
Current Liabilities					
Trade and other payables	15	244,134	27,743	61,459	38,912
Non-Current Liabilities					
Borrowings	16	596,123	596,123	255,255	255,255
Provisions	17	81,718	-	72,993	-
		921,975	623,866	389,707	294,167
Total Equity and Liabilities		**853,142**	**1,886,683**	**896,348**	**1,627,735**

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2016. They were signed on its behalf by:

Adam Waugh – Chief Executive Officer

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

Company Registration Number: 08248437

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 December 2015 £	14 month period ended 31 December 2014 £ As restated
Revenue	3	264,372	65,084
Other income		231	-
Operating expenses	4	(874,624)	(659,302)
Operating loss		(610,021)	(594,218)
Finance costs	5	(443,678)	(52,269)
Loss before taxation		**(1,053,699)**	**(646,487)**
Taxation		971	(2,943)
Total loss for the period		**(1,052,728)**	**(649,430)**
Other Comprehensive Income:			
Exchange differences on translating foreign operations		236,664	14,502
Total comprehensive income for the period		**(816,064)**	**(634,928)**
Total comprehensive income, net of tax attributable to:			
Owners of the parent		(676,787)	(481,520)
Non-controlling interest		(139,277)	(153,408)
		(816,064)	**(634,928)**
Earnings per share – from continuing activities			
Basic and diluted	23	(0.02)	(0.01)

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

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

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/ Company	Non-controlling interest	Total equity
	£	£	£	£	£	£	£	£
Consolidated								
Balance at 1 January 2014	-	315,250	1,245,934	(536,512)	-	1,024,672	(53,588)	971,084
Loss for period	-	-	-	(492,252)	-	(492,252)	(157,178)	(649,430)
Other comprehensive income:								
Foreign exchange movements	-	-	-	-	10,732	10,732	3,770	14,502
Total comprehensive loss	-	-	-	(492,252)	10,732	(481,520)	(153,408)	(634,928)
Transactions with shareholders:								
Share based payment expense	-	-	-	20,885	-	20,885	-	20,885
Issue of convertible loan notes	149,600	-	-	-	-	149,600	-	149,600
Total transaction with shareholders:	149,600	-	-	20,885	-	170,485	-	170,485
Balance at 31 December 2014 (as restated):	149,600	315,250	1,245,934	(1,007,879)	10,732	713,637	(206,996)	506,641
Company								
Balance at 1 January 2014	-	315,250	1,245,934	(384,032)	-	1,177,152	-	1,177,152
Profit for period	-	-	-	(14,069)	-	(14,069)	-	(14,069)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive profit	-	-	-	(14,069)	-	(14,069)	-	(14,069)
Transactions with shareholders:								
Share based payment expense	-	-	-	20,885	-	20,885	-	20,885
Issue of convertible loan notes	149,600	-	-	-	-	149,600	-	149,600
Total transaction with shareholders:	149,600	-	-	20,885	-	170,485	-	170,485
Balance at 31 December 2014 (as restated):	149,600	315,250	1,245,934	(377,216)	-	1,333,568	-	1,333,568

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

Consolidated and Company Statement of Cash Flows

	Notes	Group 12 months ended 31 December 2015 £	Company 12 months ended 31 December 2015 £	Group 14 months ended 31 December 2014 £ As restated	Company 14 months ended 31 December 2014 £
Cash flows from operating activities					
Cash used in operations	19	(666,436)	(363,285)	(432,708)	(81,247)
Net cash used in operating activities		**(666,436)**	**(363,285)**	**(432,708)**	**(81,247)**
Investing activities					
Purchase of property, plant and equipment	6	(227,543)	-	(259,521)	-
Purchase of non-current assets		(7,004)	-	(134,359)	-
Increase in loan advanced to group company		-	(243,126)	-	(739,744)
Net cash used in investing activities		**(234,547)**	**(243,126)**	**(393,880)**	**(739,744)**
Financing activities					
Proceeds on share issues	14	91,373	91,373	-	-
Proceeds on convertible loan notes issue	16	450,000	450,000	400,000	400,000
Increase in short term loan		50,715	-	-	-
Net cash from financing activities		**592,088**	**541,373**	**400,000**	**400,000**
Net change in cash and cash equivalents		**(308,895)**	**(65,038)**	**(426,588)**	**(420,991)**
Cash and cash equivalents at the beginning of the year		247,986	229,305	674,574	650,296
Foreign exchange differences		236,664	-	-	-
Cash and cash equivalents at the end of the year	**12**	**175,755**	**164,267**	**247,986**	**229,305**

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

Notes to the Consolidated and Company financial statements

1. Presentation of Annual Report and Accounts

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

The consolidated financial statements for the year ended 31 December 2015 were approved and authorised for use by the Board of Directors on 30 June 2016.

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 2015, the Group had accumulated losses of £1,859,800 (2014 restated: £1,007,879) and the Group's total liabilities exceeded its assets by £68,833 (2014 restated: assets exceeded liabilities by £506,641).

The Group's consolidated cash balance as at 31 December 2015 was £175,755 (2014: £247,986) which in addition to the funds raised in April 2016, £700,000 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 17.

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 28).

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

Deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deductible temporary differences can be utilised. Note 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.

1.20 Prior Year Restatement

The results of the period ended 31 December 2014 have been restated to account for a modification to share based payment charges for certain shareholders on the 30 September 2014 which had not previously been recorded. The fair value uplift from this transaction increased operating expenses and retained losses for 2014 by £20,885.

Additionally there were costs incorrectly capitalised as Plant and Machinery during 2014 which were operating expenses by nature. These costs have been reclassified into operating expenditure within the income statement and have as a result increased retained losses and decreased the net book value of Plant and Machinery carried forward in 2014 by £30,960.

As there was no impact to the opening balances as at 1 January 2014, the Group has taken the exemption of presenting a third balance sheet.

2. New Standards and Interpretations

The following relevant new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2015, as adopted by the European Union, and have not been early adopted:

Standard	Key requirements	Effective date as adopted by the EU
Amendments to IAS 16 and IAS 38	Clarifies acceptable methods of depreciation and amortisation.	1 January 2016
Amendments to IAS 1	Disclosure amendments	1 January 2016

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.

The following standards have been issued by the IASB but have not yet been adopted by the EU:

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
New Standards and Interpretations		
IFRS 15	Revenue from contracts with customers – Introduces requirements for companies to recognise revenue for the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue.	1 January 2018
IFRS 16	Leases – Introduces a single lessee accounting model and eliminates the previous distinction between an operating and a finance lease.	1 January 2019

The Group has not adopted these standards as it 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 £619,099.

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. Operating expenses

Result from operating activities is stated after charging:

	Group 2015 £	Group 2014 £
Depreciation	117,388	60,603
Rehabilitation costs	1,499	703
Legal and professional fees	77,833	65,980
Operational and direct costs	473,137	298,506
Staff costs (note 22)	82,182	57,117
Directors fee	29,500	29,500
Travel costs	8,459	17,846
Sundry	5,716	8,714
Operating Lease Rentals – Land, Buildings and Equipment	79,443	39,238
Fees receivable by the Group auditors:		
Fees – audit of financial statements	21,500	17,500
Fees – audit of accounts of subsidiary of the company	8,927	5,623
Fees – other services	-	6,127
	905,584	**607,457**

5. Finance costs

	Group 2015 £	Group 2014 £
Interest on borrowings	35,086	6,490
Other interest	1,785	-
Loss on foreign exchange transactions	406,807	45,779
	443,678	52,269

6. Property, plant and equipment

Group

	2015			2014		
	Cost/ Valuation £	Accumulated depreciation £	Carrying Value £	Cost/ Valuation £	Accumulated depreciation £	Carrying Value £
Mine infrastructure	58,854	(19,038)	39,816	31,847	(6,002)	25,845
Motor vehicles	7,283	(4,337)	2,946	6,304	(2,117)	4,187
Plant and machinery	590,127	(155,154)	434,973	477,634	(53,021)	424,613
Total	**656,264**	**(178,529)**	**477,735**	**515,785**	**(61,140)**	**454,645**

Reconciliation of property, plant and equipment – Group – 2015

	Opening balance As restated £	Additions £	Disposals £	Depreciation £	FX revaluation £	Total £
Mine infrastructure	25,845	34,833	-	(13,036)	(7,826)	39,816
Motor vehicles	4,187	1,558	-	(2,220)	(579)	2,946
Plant and machinery	424,613	191,152	-	(95,302)	(85,490)	434,973
	454,645	**227,543**	**-**	**(110,558)**	**(93,895)**	**477,735**

7. Mining Rights and Mining Rehabilitation

	Opening balance £	Additions £	Depreciation £	FX revaluation £	Total £
Mining Rights	81,352	-	-	(17,949)	63,403
	81,352	**-**	**-**	**(17,949)**	**63,403**

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	53,007	36,648	(11,694)	77,961
	53,007	**36,648**	**(11,694)**	**77,961**

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

8. Investment in subsidiary

Name of company	% holding 2015	Carrying amount 2015
Kareevlei Mining Proprietary Limited	74%	5

Name of subsidiary	Location	Net loss after tax (2015) (South African Rand)	Net loss after tax (2015) (Pounds)	Net loss after tax (2014) (South African Rand)	Net loss after tax (2014) (Pounds)
Kareevlei Mining Proprietary Limited	Northern Cape Province in South Africa	(15,881,405)	(772,350)	(14,337,609)	(795,968)

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

	2015		2014	
	Rand	Pounds	Rand	Pounds
Total assets	15,753,858	681,628	12,472,379	692,418
Total liabilities	(46,530,992)	(2,013,274)	(26,809,888)	(1,488,380)
Capital	14,895,730	559,298	(100)	(6)
Loss	15,881,404	772,348	14,337,609	795,968
	-	-	-	-

9. Inventories

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Diamonds on hand	50,665	23,629	-	-
	50,665	**23,629**	**-**	**-**

10. Loan to group company

Subsidiary

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Kareevlei Mining Proprietary Limited	-	-	1,502,503	1,259,377

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.

11. Trade and other receivables

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Accrued income	-	-	-	133,462
Prepayments	2,016	1,852	2,016	1,822
VAT	5,591	25,550	5,230	3,764
Other receivables	16	8,327	212,662	-
Intercompany balances	-	-	1,502,503	1,259,377
	7,623	**35,729**	**1,722,411**	**1,398,425**

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

12. Cash and cash equivalents

Cash and cash equivalents consist of:

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Cash on hand	442	172	-	-
Bank balances	175,313	247,814	164,267	229,305
	175,755	**247,986**	**164,267**	**229,305**

13. Share based payments

As disclosed in the Directors' Report, the Directors were granted share options under share option agreements dated 19 August 2013. There were no amendments to the terms of the options granted during the year.

The share options held by each Director and the exercise prices at 31 December 2015 are as follows:

		Tranche 1		Tranche 2		Tranche 3	
Director	**Number of ordinary shares subject to share options**	**Number**	**Exercise price (pence)**	**Number**	**Exercise price (pence)**	**Number**	**Exercise price (pence)**
P. Beck	315,251	-	-	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	1,441,502	180,500	14	630,501	22	630,501	40
Total	**4,121,131**	**968,625**		**1,576,251**		**1,576,255**	

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

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

On 27 July 2015 Riaan Visser exercised 450,000 share options at an exercise price of 14 pence per Ordinary Share.

Further details of the share capital and share premium generated from the exercise of share options is seen in note 14

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

	31 December 2015		31 December 2014	
	Average exercise price in pence per share	**Number of options**	**Average exercise price in pence per share**	**Number of options**
Outstanding at the beginning of the year	32	4,728,756	32	4,728,756
Granted	-	-	-	-
Lapsed	-	-	-	-
Exercised	15	607,625	-	-
Outstanding at the end of the year	34	4,121,131	32	4,728,756
Exercisable at the end of the year	34	4,121,131	32	4,728,756

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:

14. Share capital and share premium issued

	2015 Group £	**2014 Group £**	**2015 Company £**	**2014 Company £**
32,160,444 (2014: 31,525,041) ordinary issued share capital of 1p each	321,604	315,250	321,604	315,250
Share premium	1,335,952	1,245,934	1,335,952	1,245,934
	1,657,556	**1,561,184**	**1,657,556**	**1,561,184**

In the year ended 31 December 2015 the following Ordinary share issues occurred:

Date of issue	Details of issue	Number of ordinary shares	Share capital £	Share premium £
At 1 January 2015		31,525,041	315,250	1,245,934
27 July 2015	Exercise of Share Options	607,625	6,076	85,296
7 October 2015	Professional Expenses	27,778	278	4,722
At 31 December 2015		**32,160,444**	**321,604**	**1,335,952**

15. Trade and other payables

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Trade payables	24,657	28,820	2,993	15,155
Corporation tax payables	-	2,943	-	2,943
Accrued expenses	168,762	29,696	24,750	20,814
Directors' current account	50,715	-	-	-
	244,134	**61,459**	**27,743**	**38,912**

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

The accrued expenses for 2015: £168,762 (2014: £24,750) relate to plant development expenditure which has not been invoiced by the year end and a share of costs due for diamonds on hand which is payable to Diacar.

The Directors' current account 2015: £50,715 (2014: £nil) is a short term deposit provided to the group to use as working capital.

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 "Convertible Loan 1".

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

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

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

The 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:

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.

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

	Convertible loan 1	**Convertible loan 2**	**Convertible loan 3**	**Total**
	£	**£**	**£**	**£**
Balance at 1 January 2015	255,255	-	-	255,255
Additional discounted loan notes issued	-	31,856	267,200	299,056
Finance charge: unwinding the discount factor	32,001	2,736	7,075	41,812
Balance at 31 December 2015	287,256	34,592	274,275	596,123
Equity Component	143,000	18,018	132,800	293,818

17. Provisions

Reconciliation of provisions – Group – 2015

	2015 Group	**2014 Group**
	£	**£**
Balance at 1 January 2015	72,993	20,845
Movement	8,725	52,148
Balance at 31 December 2015	**81,718**	**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 12 February 2016.

18. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due	**2015 Group £**	**2014 Group £**	**2015 Company £**	**2014 Company £**
– within one year	16,360	19,093	-	-
– in second to fifth year inclusive	51,903	85,120	-	-
– later than five years	-	-	-	-
	68,263	**104,213**	**-**	**-**

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.

19. Cash used in operations

	2015 Group £	**2014 Group £**	**2015 Company £**	**2014 Company £**
(Loss)/Profit before taxation	(1,053,699)	(646,487)	(311,341)	(11,127)
Adjustments for non-cash items:				
Depreciation and amortisation	110,557	60,603	-	-
Shares issued in lieu of company debt	5,000	-	5,000	-
Finance charges on convertible loan notes	35,086	-	35,086	-
Share based payment expense	-	20,885	-	20,885
Foreign exchange revaluation of fixed assets	93,894	10,191	-	-
Movements in provisions	8,725	52,148	-	-
Tax credit	971	-	-	-
Changes in working capital:				
Decrease/(increase) in trade and other receivables	28,106	93,607	(80,861)	(87,317)
Increase/(decrease) in trade and other payables	131,960	(26)	(11,169)	(3,688)
Increase in Inventories	(27,036)	(23,629)	-	-
	(666,436)	**(432,708)**	**(363,285)**	**(81,247)**

20. Contingent Liabilities

There were no contingent liabilities as at 31 December 2015.

21. Staff numbers and costs

	2015 Group £	**2015 Company £**	**2014 Group £**	**2014 Company £**
Directors' fees (see note 24)	29,500	29,500	29,500	29,500
Staff salaries	82,182	-	57,117	-
	111,682	**29,500**	**86,617**	**29,500**

Average employee, directors and contractor numbers	**2015 Number**	**2014 Number**
Directors	2	2
Administration and production	23	8
	25	**10**

22. Tax expense

	2015 Group £	2015 Company £	2014 Group £	2014 Company £
Current tax	(971)	(971)	2,943	2,943
Deferred tax	-	-	-	-
Income tax (credit)/expense for the year	(971)	(971)	2,943	2,943
Factors affecting the tax charge for the year:				
The tax assessed for the year is higher than the UK corporation tax rate of 20% (2014: 20%) as explained below:				
Profit/(loss) before tax	(816,064)	(311,341)	(646,487)	14,613
UK rate of taxation	20%	20%	20%	20%
Profit/(loss) before tax multiplied by the UK rate of taxation	(163,213)	(62,268)	(129,297)	2,923
Effects of:				
Difference in rates (South African tax)	(36,115)	-	(55,811)	
Expenses not deductible for tax purposes	179	179	20	20
Loss brought forward	(185,108)	(40,871)	(185,108)	(40,871)
Loss carried forward	384,257	102,960	185,108	40,871
Tax (credit)/expense	(971)	(971)	2,943	2,943

The Group has gross tax losses and temporary differences of 2015: £384,257 (2014: £185,108) for which no deferred tax asset has been recognised.

23. EPS (Earnings per share)

	Group 2015 £	Group 2014 £
Profit attributable to ordinary shareholders	(707,747)	(429,675)
Weighted average number of shares	31,787,878	31,525,041
Basic earnings per share	(0.02)	(0.01)
Weighted average number of shares after dilution	31,971,978	36,253,797
Fully diluted earnings per share	(0.02)	(0.01)

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

24. Related parties

Relationships

Director and Indirect shareholder – John Kilham (John's Kilham's wife is a shareholder)	Kgalagadi Engineering & Mining Supplies (Pty) Ltd Kgalagadi Geoservices (Pty) Ltd
Shareholder and Director – John Kilham	Kgalagaadi Asset Management (Pty) Ltd
Shareholder and director – John Kilham	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

Loan account – Owing by related party

	2015	2014	2015	2014
	Group	Group	Company	Company
	£	£	£	£
Kareevlei Mining Proprietary Limited	-	-	1,502,503	1,259,377
Accrued income	-	-	-	133,462

As disclosed in Note 22, 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 £5,500

The Directors' provided a short term deposit to the company £50,715 for the company to use as working capital see note 15.

In addition, during the year Kareevlei Mining made consultancy payments of £3,731 (2014: £19,792) to Kgalagadi Geoservices (Pty) Limited ("Kgalagadi Geoservices"). Also, payment totalling £15,680 (2014: £nil) relating to equipment rental were made to 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 £4,842 (2014: £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 notes for £50,000 and £400,000 were issued in May and October 2015 respectively to one of the Company's substantial shareholders (see note 16).

25. 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 2015 £1,715,165 (2014: £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 2015, 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 £94k lower (2014: £73k) or £74k higher (2014: £93k), 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 – 2015: 23.11, 2014: 18.01

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 2015	**Group 2014**	**Company 2015**	**Company 2014**
Loans and receivables	**£**	**£**	**£**	**£**
Cash and cash equivalents	175,755	247,986	164,267	229,305
Trade and other receivables	16	8,327	212,662	133,462
	175,771	256,313	376,929	362,767
Financial liabilities held at amortised cost				
Trade and other payables	244,134	55,516	27,743	35,969
Borrowings	646,838	255,255	596,123	-
	890,972	310,771	623,866	35,969

26. Events after the reporting period

Director Dealings

Andre Markgraaff exercised options of 100,000 shares with a nominal value of 1p at a price of 18p in January 2016. Andre Markgraaff will have an interest of 700,000 ordinary shares representing 1.80% of the issued share capital.

Riaan Visser exercised options of 180,500 ordinary shares with a nominal value of 1p at a price of 14p in January 2016. Riaan Visser will have an interest of 830,500 ordinary shares representing 2.14% of the issued share capital.

Acquisition of Diamond Resources Limited

The Company acquired Diamond Resources Limited in January 2016 for £33k (ZAR0.7m) from Tawana Resources NL, the previous owner of the mining right in respect of the Kareevlei Tenements. This acquisition had been envisaged at the time of the original acquisition and as a result we now hold the rehabilitation guarantee required by the DMR directly.

Since acquisition the preliminary accounting for the company using IFRS 3 Business Combinations is still in progress and the valuations of the assets acquired are still being prepared. Therefore management has decided not to report the transaction in the annual report until this process has been completed.

Management Change

Adam Waugh becomes CEO of the Company as of April 2016. Riaan Visser becomes CEO of Kareevlei Mining pty Limited as of April 2016.

Fundraising

The Company raised £700,000 by issue of 6,363,636 new ordinary shares at 11p per share in April 2016. Paul Beck acquired 227,273 of the shares issued and will have an interest of 1,967,898 ordinary shares representing 5.07% of the issued share capital. Adam Waugh acquired 227,273 of the shares issued and will have an interest of 227,273 ordinary shares representing 0.59% of the issued share capital. Tim Leslie acquired 1,036,363 of the shares issued and will have an interest of 6,322,077 ordinary shares representing 16.29% of the issued share capital.

27. Ultimate controlling party

The company considers that there is no ultimate controlling party.

28. Fair value measurement of financial instruments

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

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

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:

	2015 Group	2014 Group	2015 Company	2014 Company
Financial liabilities held at amortised cost	**£**	**£**	**£**	**£**
Convertible loan 1	287,256	255,255	287,256	255,255
Convertible loan 2	34,592	-	34,592	-
Convertible loan 3	274,275	-	274,275	-
	596,123	**255,255**	**596,123**	**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 notes is categorised within Level 3 of the fair value hierarchy. The fair value estimate has been determined using a present value technique. The present value of convertible loan 1 is estimated by discounting the contractual cash flows at 9.25%, convertible loans 2 and 3 at 10.5%. The discount rate has been determined using the interest rate that the entity would pay to the unrelated party at the reporting date, adjusted to reflect the redemption feature.

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

29. 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 loss after taxation for the financial year for the parent company was £311,341 (2014 restated: loss after taxation of £14,069).

Notice of Annual General Meeting

BlueRock Diamonds plc

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 26 July 2016 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 2015.

2. To re-elect Tim Leslie 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 Adam Waugh 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 £41,211.31 in respect of up to 4,121,131 ordinary shares of 1p in the Company relating to options granted to the Directors of the Company;

   5.2 £77,272.73 in respect of up to 7,727,273 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 £41,211.31.

   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 £41,211.31;

   6.2 equity securities to be issued in connection with any conversion under the convertible loan notes up to an aggregate nominal amount of £77,272.73; and

   6.3 other equity securities up to an aggregate nominal amount of £41,211.31;

   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: 30 June 2016

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, 27/28 Eastcastle Street, London, W1W 8DH. 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, 27/28 Eastcastle Street, London, W1W 8DH; and

   5.3 received by Share Registrars Limited no later than 10.00 a.m. (BST) on 22 July 2016.

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 22 July 2016 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 22 July 2016.

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 30 June 2016 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 38,804,580 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 10.00 a.m. (BST) on 30 June 2016 is 38,804,580.

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.