



For immediate release

29 September 2008
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Interim Results (Unaudited) for the period ended 30 June 2008

DiamondCorp plc, the South African diamond mine development and exploration company, releases its interim results for the period ended 30 June 2008. The results are unaudited and should be read in conjunction with the market update released on 3 July 2008.

Commenting on the results, DiamondCorp CEO Paul Loudon said: "Operations achieved our first period of positive gross profit despite issues with power, bad weather and problems in the re-crush circuit.

"This is a testament to management's ability to resolve commissioning stage operational challenges, as well as a careful attention to cost control. Successful commissioning of a new VSI crusher will shortly be supplemented by a new primary crushing circuit to handle higher value kimberlite from underground.

"The year ahead is very exciting for DiamondCorp as we join the very small group of diamond mining companies operating a long-life kimberlite resource."

Highlights

- 27,103 carats of diamonds were recovered from Lace tailings re-treatment in the first six months of 2008 (same period in 2007 nil), including a 34.84 carat non-gem diamond. Recoveries averaged 6.1 carats per hundred tonnes and approximately 70% of diamonds recovered were gem quality.

- 19,214 carats of gem diamonds sold at tender in Johannesburg for revenue of £578,847 (2007 nil), at an average price of US\$61 per carat.

- Gross profit from operations of £20,902 (2007 nil).

- Net Loss for the period of £1,340,920 (2007 £1,251,920) after overheads of £667,000, one-off costs associated with the company's listing on the JSE Limited of £271,000, non-cash items (depreciation, amortisation and share option expenses) of £407,000 and income tax expense of £17,000.

- Accelerated development of Phase Two underground mining at the Lace Diamond mine is now 14 months ahead of original schedule.

- A new 4m x 4m decline is advancing towards the Lace Satellite kimberlite pipe, with progress of 150m having now been achieved to date. Initial advances have been slowed by poor ground conditions associated with the proximity of the decline to surface, which have required significant roof and side wall reinforcement. The decline is now entering competent basalt and initial kimberlite is expected to be mined in October 2008.

- Connection to a second Eskom power supply from a new power line servicing the nearby De Beers Voorspoed diamond mine was completed, and as a result, the impact of power outages and load shedding has been minimised.

- The Company's shares were successfully listed on the main board of the JSE Limited.

- R26 million (£1.8 million) of new equity was raised with a placement of shares to South African institutional investors.

Post Period Highlights

- Agreement was reached with Africa Opportunity Fund LP for a US\$5 million loan facility, which, when documentation is finalised, will complete the funding requirements for Phase Two at the Lace mine.

- Testwork using a vertical spindle impact crusher has demonstrated that it can successfully liberate the 2-3 cpht of diamonds locked up in the re-crush stockpile and a commercial scale unit has been installed and successfully commissioned. As a result, diamond recoveries from the tailings have increased to in excess of 8cpht, and processing of the 280,000 tonne re-crush stockpile has started.

For further information, please contact:

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CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2008

	Six months ended 30 Jun 2008	Six months ended 30 Jun 2007
	£	£
Revenue	578,847	-
Cost of sales	(557,946)	-
GROSS PROFIT	20,902	-
Administrative expenses	(1,381,701)	(1,320,220)
OPERATING LOSS	(1,360,799)	(1,320,220)
Investment revenues - interest on bank deposits	2,880	68,300
LOSS BEFORE TAX	(1,357,920)	(1,251,920)
Tax	17,000	-
LOSS FOR THE FINANCIAL PERIOD	(1,340,920)	(1,251,920)
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT	(1,340,920)	(1,251,920)
LOSS PER SHARE	£ 0.038	£ 0.038

All of the activities of the Group are classed as continuing.

The Group has no recognised income or expense other than the loss for the period shown above in the consolidated income statement. Accordingly, a statement of recognised income and expense is not presented.

STATEMENT OF CHANGES IN EQUITY

	Six months ended 30 Jun 2008	Six months ended 30 Jun 2007
	£	£
Opening balance	13,264,924	9,018,355
Loss for the financial period	(1,340,920)	(1,251,921)
New equity share capital subscribed	69,498	280,500
Premium on new equity share capital subscribed	1,670,818	5,246,536
Translation reserve	(1,000,954)	(183,668)
Value attributed to warrants granted	(7,333)	273,148
Value of share option reserve	162,000	365,370
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Closing Balance	12,818,034	13,748,320
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CONSOLIDATED BALANCE SHEET

30 June 2008

	30 Jun 2008	31 Dec 2007
	£	£
NON-CURRENT ASSETS		
Goodwill	4,606,026	4,606,026
Other intangible assets	1,822,828	1,445,567
Property, plant and equipment	4,556,664	4,958,689
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	10,985,517	11,010,282
CURRENT ASSETS		
Inventories	1,071,680	986,049
Other receivables	254,500	136,495
Cash and cash equivalents	1,148,374	1,330,707
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	2,474,554	2,453,251
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TOTAL ASSETS	13,460,071	13,463,533
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CURRENT LIABILITIES		
Other payables	(642,038)	(198,609)
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TOTAL LIABILITIES	(642,038)	(198,609)
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NET ASSETS	12,818,034	13,264,924
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EQUITY		
Share capital	1,112,610	1,043,112
Share premium	15,787,124	14,116,306
Warrant reserve	733,616	740,949
Stock option reserve	444,790	282,790
Translation reserve	(918,417)	82,537
Retained losses	(4,341,690)	(3,000,770)
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**EQUITY ATTRIBUTABLE TO EQUITY
HOLDERS OF THE PARENT**

12,818,034

13,264,924

CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2008

	Six months ended 30 Jun 2008	Six months ended 30 Jun 2007
	£	£
Operating loss	(1,343,800)	(1,320,220)
Depreciation and amortisation	244,998	97,884
Share option expense	162,000	365,370
Other non cash movements	-	71,850
Change in receivables	(118,005)	122,122
Change in inventories	(85,631)	(35,851)
Change in payables	443,429	(423,403)
NET CASH USED IN OPERATING ACTIVITIES	(697,009)	(1,122,248)
INVESTING ACTIVITIES		
Purchase of intangible assets	(424,316)	-
Purchase of property, plant and equipment	(796,871)	(1,110,538)
Interest received	2,880	68,300
NET CASH USED IN INVESTING ACTIVITIES	(1,218,307)	(1,042,238)
FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	1,712,984	2,032,335
Proceeds on exercise of warrants	19,999	29,999
NET CASH FROM FINANCING ACTIVITIES	1,732,983	2,062,334
NET INCREASE IN CASH AND CASH EQUIVALENTS	(182,333)	(102,152)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,330,707	2,822,089
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,148,374	2,719,937

NOTES TO THE FINANCIAL STATEMENTS

Six months ended 30 June 2008

1. ACCOUNTING POLICIES

These interim financial statements are IAS 34 compliant and were approved by the Board on 26 September 2008 and do not constitute statutory financial statements within the meaning of Section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 December 2007 has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985.

These interim financial statements have been prepared using the accounting policies set out in the Group's 2007 statutory accounts.

Results for the six-month period ended 30 June 2008 have not been audited.

The comparative information presented in the income statement has been prepared based on the period 1 January 2007 - 30 June 2007. This has been performed in order to comply with the AIM rules and is presented solely for this purpose.

2. LOSS PER SHARE

IAS requires presentation of diluted earnings per share when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. For a loss making company with outstanding share options, net loss per share would only be increased by the exercise of out-of-money options. Since it seems inappropriate to assume that option holders would exercise out-of-money options, no adjustment has been made to diluted loss per share for out-of-money share options.

The calculation of basic and diluted loss per ordinary share is based on the loss of £1,340,920 for the six months ended 30 June 2008 (30 June 2007: £1,251,920) and on 35,498,771 ordinary shares (30 June 2006: 32,478,739) being the weighted average number of ordinary shares in issue.

3. EXCEPTIONAL ITEMS

	Six months ended 30 Jun 2008	Six months ended 30 Jun 2007
	£	£
Operating loss is after charging		
Auditors' remuneration		
- as auditors	-	16,500
IPO Costs	-	109,748
Listing costs	271,426	-
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4. SHARE CAPITAL

	30 Jun 2008 £	30 Jun 2007 £
Authorised share capital		
166,666,666 ordinary shares of 3 pence each	5,000,000	5,000,000
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	No.	£	No.	£
Called up, allotted and fully paid				
Ordinary shares of 3 pence each	37,086,984	1,112,610	34,087,067	1,022,612
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In May 2008, the Company placed 2,249,923 ordinary shares at an issue price of R11.59 per share on the JSE Limited (JSE) for gross proceeds of ZAR 26,076,608; the equivalent of 77.7 pence at the prevailing exchange rate. This represents a 10% discount to the 30 day volume weighted average price of 83.6 pence per share on AIM as at 6 May 2008. The placement equates to 6.5 percent of the Company's issued share capital. The new shares rank pari passu with the existing shares of the Company.

During the six months ending 30 June 2008, 66,664 warrants were exercised for proceeds of £19,999 and the same numbers of ordinary shares were issued.

5. SUBSEQUENT EVENTS

The Company has arranged a loan facility in an amount of US\$5 million with Africa Opportunity Fund LP ('AOF'). The AOF loan comprises cumulative, redeemable, secured bonds which bear interest at a rate of 12 per cent per annum. The bonds are to be repaid over three years, with principal payments of US\$500,000 due after 18 months, US\$1 million after 24 months, US\$1.5 million after 30 months and the balance of US\$2 million after 36 months. On 1 September 2008 the Company received shareholder approval at a general meeting of shareholders to issue AOF at closing 1.65 million warrants to purchase ordinary shares in the Company at 72p per share at any time from six months to 36 months after the issue date. When finalised, this loan will supplement the R26 million of new equity placed and completes the funding requirements for accelerated development of Phase Two underground mining at the Company's 74%-owned Lace diamond mine. At the date hereof, the Company is awaiting the registration of a special notarial bond and a mortgage in the South African Deeds Office before the project loan is drawn down, which registration is expected during the month of October.