

DiamondCorp plc

JSE share code: DMC

AIM share code: DCP

ISIN: GB00B183ZC46

(Incorporated in England and Wales)

(Registration number 05400982)

(SA company registration number 2007/031444/10)

('DiamondCorp' or 'the Company')

Interim Results (unaudited) for the period ended 30 June 2009

DiamondCorp plc, the South African diamond mining and exploration company, releases its interim results for the period ended 30 June 2009. The results are unaudited.

Commenting on the results, DiamondCorp CEO Paul Loudon said: 'Limited mining activities were undertaken during the period as the Company concentrated on completing the bulk testing and feasibility study on the Lace kimberlites.

'The Company has now received a positive feasibility study on the underground development at the Lace Mine which demonstrates a robust internal rate of return and net present value over a 25 year mine life. Management's efforts are now focussed on financing and progressing the mine plan in the feasibility study. This would access the diamondiferous kimberlite between the -240m and the -330m levels to establish a 1.2 million tonne per annum sub-level caving mining operation.

'The Company has received a number of finance proposals ranging from debt and convertible debt to equity. Management are currently assessing these proposals and will progress the best alternative for maximising shareholder value. The Company has also fulfilled its obligations with respect to a cash call of R26 million (£2.06 million) on its Black Economic Empowerment partners Shanduka Resources and Sphere Investments.

'As investors are aware, the deterioration in the diamond price late in 2008 resulted in the Company ceasing tailings re-treatment operations which impacted negatively on cashflow from operations. Bulk testing of the upper levels of the Lace kimberlite demonstrated the Company must finance development of the decline and vertical shaft to the -330m level before positive cashflow will resume. As a result the Company must raise finance to ensure its on-going development. In the absence of accepting one of the financing proposals on offer, the Company would not have the funds to meet an interest payment due on 14 October 2009 and until one of the proposals is accepted and final agreements executed there remains uncertainty as to the Company's ability to meet its future financial commitments and continue as a going concern. However, the Board is confident that one of the financing proposals will be agreed in the near future and has considered this for the purposes of assessing going concern.'

HIGHLIGHTS

The net loss for the period was £974,476 (2008 - £1,340,920) after administrative overhead costs of £678,236 (2008 - £667,000) and interest charges of £208,040 (2008 - nil). Non-cash charges for the period included depreciation

and amortisation were £472,630 (2008 - £244,998) and a foreign exchange gain on the long term loan of £426,595 (2008 - nil). The cash balance at the date prior to this announcement was £136,892 and current receivables were £281,133.

LACE FEASIBILITY STUDY

VP3 Geoservices (Pty) Limited ("VP3") has delivered to the company a bankable feasibility study ("BFS") on the underground development at Lace mine (DiamondCorp 74 per cent) which demonstrates the mine generates a robust Internal Rate of Return ("IRR") and Net Present Value ("NPV") over a 25 year Life of Mine, at diamond prices 20 per cent below the prices achieved by DiamondCorp at its last tender in July 2009.

The BFS will be delivered to DiamondCorp's Black Economic Empowerment ("BEE") partners, Shanduka Resources and Sphere Investments, fulfilling the Company's obligations with respect to a cash call of R26 million of equity towards the Lace underground development costs.

A conceptual mine design for the initial sub-level caving operation between the - 240m and -330m levels has been completed by Snowden Mining Industry Consultants ("Snowden"). This has been used by VP3 to determine an annual operating and capital cost of approximately R100 million to deliver an annual production of 1.2 million tonnes.

VP3's base case uses diamond prices of US\$75 per carat, a grade of 24.4 carats per hundred tonnes (cpht) in the initial mining block, and a discount rate of 14.34%, and concludes the Lace mine has an NPV of R353.8 million (US\$47.8 million) and an IRR of 32.5 per cent. Excluding sunk costs to 31 December 2008, the NPV is R449.5 million (US\$60.7 million).

At diamond prices of US\$90 - the price achieved by DiamondCorp at its last tender - and with all other financial model inputs unchanged, the NPV increases to R459.9 million (US\$62.1 million) and R554.7 million (US\$74.9 million), excluding sunk costs.

The BFS incorporates an upgraded resource statement for the Lace mine compliant with the SAMREC Code of mineral reporting. The resource statement now estimates 7.254 million tonnes of kimberlite at a grade of 24.4 cpht in the Indicated category above the -345m level, which was previously unclassified. This adds a further 1.5 million carats to the Company's resource statement.

RESOURCE STATEMENT

Depth (m) Type & Category*	Tonnage (Mt)			Grade (cpht)		Carats (Mct)		
	Main Pipe	Satell. Pipe	Total	Main Pipe	Satell. Pipe	Main Pipe	Satell. Pipe	Total
73-345 VK Indicated	5.879	1.375	7.254	24.4	7.1	1.435	0.098	1.533
345-855 VK Inferred	11.163	-	11.163	24.4	-	2.723	-	2.723
345-855 CK Inferred	16.079	-	16.079	56.8	-	9.133	-	9.133

345-600 VK						
Inferred	-	0.025	0.025	-	Unknown	- Unknown -
345-600 CK						
Inferred	-	1.066	1.066	-	Unknown	- Unknown -

TOTAL	33.121	2.466	35.587	40.12		13.389

*VK = volcanoclastic kimberlite, CK = coherent kimberlite

In comparison with the Resource Statement published in the Pre Listing Statement dated 18 March 2008, Inferred Resources have decreased by 2.3%, and an additional 7.254Mt has been estimated in the Indicated Resources category, a substantial increase in confidence in the Resource. With this increased confidence, the overall grade has reduced slightly from 42.2 cpht to 40.12 cpht. VP3's resource statement differentiates between the VK and higher grade CK at various levels in the deposit, whereas the Company's previous resource statement incorporated a blended average grade at each level.

The Competent Persons responsible for the Resource Statement are Mr Peter Walker (Pr. Sci. Nat., Registration number 400064/99), and Mr Paul Zweistra (Pr. Sci. Nat., Registration number 400016/93) full-time employees of VP3. The Competent Person responsible for the conceptual mine design is Mr S. Kirkpatrick (BSc Eng Mining, MBA, SAIMM), a full-time employees of Snowden. Both VP3 and Snowden have given permission for their work to be quoted in this announcement.

The 1.2 million tonne per annum Lace mine processing plant and all mine development remains on care and maintenance while the Company funds development of the decline and vertical shaft to the -330m level.

JWANENG SOUTH PROJECT - BOTSWANA

DiamondCorp is earning a 77.5 per cent interest in various exploration licences in Botswana from Geoperspectives (Pty) Limited by funding exploration activities. The Company's priority exploration target is kimberlite J-01 in licence PL071/2007, approximately 8km southeast of De Beer's Jwaneng mine.

The company is pleased to report the completion of a ground magnetic and gravity survey over the J-01 target carried out by Poseidon Geophysics (Pty) Ltd. The results of the survey are interpreted to confirm that the J-01 kimberlite may potentially be 10 hectares in size. Previous exploration drilling has indicated J-01 may have a grade potential of 35 cpht.

30 September 2009

London

Sponsor: Investec Bank Limited

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CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2009

	Six months ended	Six months ended
	30 June	30 June
	2009	2008
	£	£
Revenue	67,238	578,847
Cost of sales	(67,238)	(557,946)
GROSS PROFIT	-	20,901
Administrative expenses	(1,212,969)	(1,381,701)
OPERATING LOSS	(1,212,969)	(1,360,800)
Investment revenues - interest on bank deposits	19,938	2,880
Interest expense	(208,040)	-
Foreign exchange gain on long term loan	426,595	-
LOSS BEFORE TAX	(974,476)	(1,357,920)
Tax	-	17,000
LOSS FOR THE FINANCIAL PERIOD	(974,476)	(1,340,920)
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT	(974,476)	(1,340,920)
BASIC & DILUTED LOSS PER SHARE	£0.024	£0.038
HEADLINE LOSS PER SHARE	£0.024	£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	Six months ended
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	30 June 2009	30 June 2008
	£	£
Opening balance	12,734,691	13,264,924
Loss for the financial period	(974,476)	(1,340,920)
New equity share capital subscribed	-	69,498
Premium on new equity share capital subscribed	-	1,670,818
Translation reserve	532,029	(1,000,954)
Value attributed to warrants granted	-	(7,333)
Value of share option reserve	33,347	162,000
Closing balance	12,325,591	12,818,033

CONSOLIDATED BALANCE SHEET

	30 June 2009	31 December 2008
	£	£
NON-CURRENT ASSETS		
Goodwill	4,606,026	4,606,026
Other intangible assets	3,833,199	2,311,232
Property, plant and equipment	6,687,087	5,644,476
Deferred tax asset	-	57,723
	15,126,312	12,619,457
CURRENT ASSETS		
Inventories	384,491	463,822
Other receivables	281,133	566,730
Cash and cash equivalents	486,535	3,252,276
	1,152,159	4,282,828
TOTAL ASSETS	16,278,471	16,902,285
CURRENT LIABILITIES		
Obligations under finance leases	(70,139)	(91,269)

Other payables	(900,033)	(676,616)
Current portion of long term loan	(302,663)	-
	(1,272,835)	(767,885)
NON-CURRENT LIABILITIES		
Long term loan	(2,680,045)	(3,399,709)
NET ASSETS	12,325,591	12,734,691
EQUITY		
Share capital	1,232,610	1,232,610
Share premium	17,460,220	17,460,220
Warrant reserve	710,514	710,514
Share option reserve	353,608	320,261
Translation reserve	741,368	209,339
Retained losses	(8,172,729)	(7,198,253)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	12,325,591	12,734,691

CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	Six months ended
	30 June	30 June
	2009	2008
	£	£
Operating loss	(994,414)	(1,343,800)
Depreciation and amortisation	472,630	244,998
Foreign exchange gain on long term loan	(426,595)	-
Share based payment charge	33,347	162,000
Other non-cash charge	9,594	-
Write-off of deferred tax asset	57,723	-
Effect of foreign exchange translation	81,683	-
Decrease(Increase) in receivables	285,597	(118,005)

Decrease(Increase) in inventories	79,331	(85,631)
(Decrease)Increase in other payables	202,287	443,429
NET CASH USED IN OPERATING ACTIVITIES	(198,817)	(697,009)
INVESTING ACTIVITIES		
Purchase of intangible assets	(1,451,642)	(424,316)
Purchase of property, plant and equipment	(1,146,423)	(796,871)
Interest received	19,938	2,880
NET CASH USED IN INVESTING ACTIVITIES	(2,578,127)	(1,218,307)
FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	-	1,712,984
Proceeds on exercise of warrants	-	19,999
NET CASH FROM FINANCING ACTIVITIES	-	1,732,983
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,776,944)	(182,333)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,252,276	1,330,707
Effect of foreign exchange rate changes	11,203	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	486,535	1,148,374

NOTES TO THE FINANCIAL STATEMENTS

Six months ended 30 June 2009

1. ACCOUNTING POLICIES

These interim financial statements are IAS 34 compliant and were approved by the Board on 25 September 2009 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 2008 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 2008 statutory accounts.

Results for the six-month period ended 30 June 2009 have not been audited.

The comparative information presented in the income statement has been prepared based on the period 1 January 2008 - 30 June 2008. This has been performed in order to comply with the AIM rules and is presented solely for this purpose.

2. LOSS PER SHARE

IAS required 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 basic 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 £974,476 for the six months ended 30 June 2009 (30 June 2008: £1,340,920) and on 41,086,995 ordinary shares (30 June 2008: 35,498,771) being the weighted-average number of ordinary shares in issue.

3. SHARE CAPITAL

	30 June		30 June	
	2009		2008	
	£		£	
Authorised share capital				
166,666,666 ordinary shares of 3 pence each		5,000,000		5,000,000
Called up, allotted and fully paid				
	No.	£	No.	£
Ordinary shares of 3 pence each	41,086,995	1,232,610	37,086,984	1,112,610

During the six months ended 30 June 2009, there has been no change in the number of ordinary shares in issue.

4. Fundamental Uncertainty: Going Concern

These financial statements have been prepared on the Going Concern basis. This means that the directors are of the opinion that the Group and Company will have sufficient cash to fund its activities based on forecast cash flow information for a period of twelve months from the date of these financial statements.

The current cash balance is not sufficient to meet the Company's interest payment of US\$ 300,000 due 14 October 2009. The Company has received a number of finance proposals ranging from debt and mezzanine finance to equity. Management are

currently assessing these proposals. Until one of the proposals is accepted and final agreements are executed there remains uncertainty as to the Company's ability to meet its future financial commitments and continue as a going concern. However, the directors are confident that one of the financing proposals will be agreed in the near future and has considered this for the purposes of assessing going concern.

The interim financial information does not include any adjustments that might arise if the Group were not to be a going concern.

5. Subsequent events

Subsequent to 30 June 2009, the 1.2 million tonne per annum Lace mine processing plant and all mine development remains on care and maintenance.