

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' or 'the Group')

Interim Results (unaudited) for the period ended 30 June 2010

DiamondCorp plc, a southern Africa focussed diamond mine development and exploration company, releases its interim results for the period ended 30 June 2010. The results are unaudited.

HIGHLIGHTS

* £7.1 million of new equity capital was raised during the period, allowing development at the Lace mine in South Africa and exploration in Botswana to resume.

* Net loss for the six months ended 30 June 2010 was £1,609,114 (30 June 2009: £974,476).

* The loss was determined after charging administrative overhead costs of £653,983 (2009 - £740,339) and interest charges of £201,537 (2009 - £208,040). Non-cash charges for the period included depreciation and amortisation and were £611,461 (2009 - £472,630) and a foreign exchange loss on the long term loan of £168,960 (2009 - £426,595 gain).

* The consolidated cash balance at the date prior to this announcement was £4,126,953 and current receivables were £143,262.

Commenting on the results, DiamondCorp CEO Paul Loudon said: 'It was gratifying that after one of the toughest years on record experienced in the diamond industry, our shareholders, old and new, provided us with the development capital required to access the considerable diamond resource at Lace which exists below the -240m level.

'After closing on £7.1 million of new equity financing in April, the Company has concentrated on development of a new decline access to kimberlite below the -240m level. The 4.5m x 4.5m decline is progressing within budget and is currently on schedule to access the -240m level by the end of 2010, slightly ahead of the original timetable.

'The decline is budgeted to cost £4 million and will be used for hauling kimberlite from below the -240m level for bulk testing purposes and implementation of the sub-level caving mining plan devised by Snowden Mining Industry Consultants.

'Assuming a positive bulk testing grade and necessary development capital is raised, the 6m x 2m vertical shaft is planned to be re-equipped during 2011 for primary ore hoisting which will provide capacity for production from Lace to increase to 1.2 million tonnes per annum. The decline will then be used for men, materials and ventilation for the remainder of the +25-year life of the mine.

'We have also commenced drilling on our exciting kimberlite prospects south of Debswana's massive Jwaneng mine in Botswana.

'The first four drill holes to a maximum of 200m vertical depth on J-05, a 2 to 4 hectare geophysical target, have all intersected kimberlite.

'Detailed core logging and preparation of samples for microdiamond analysis on J-05 are underway while the drilling rig is being relocated to J-12, a very large 45 hectare geophysical target. Both the J-05 and J-12 kimberlite targets are less than 10km from Debswana's Jwaneng mine, the richest diamond mine in the world by revenue per tonne.

'We look forward to reporting in detail the results of this exploration programme in the months ahead.'

18 August 2010

London

The Competent Person responsible for the technical information with respect to Botswana contained in this announcement is Mr Paul Zweistra (Pr. Sci. Nat., Registration number 400016/93) a full-time employee of VP3 Geoservices (Pty) Limited. VP3 and Mr Zweistra have given their permission for their work to be quoted in this announcement.

AIM Nomad: Cenkos Securities plc

AIM Brokers: Cenkos Securities plc, Fairfax I.S. plc

JSE Sponsor: PSG Capital (Pty) Limited

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CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2010

	Six months ended	Six months ended
	30 June	30 June
	2010	2009
	£	£
Revenue	-	67,238
Cost of sales	-	(67,238)
GROSS PROFIT	-	-
Administrative expenses	(653,983)	(740,339)

Depreciation and amortisation expense	(611,461)	(472,630)
OPERATING LOSS	(1,265,444)	(1,212,969)
Investment revenues – interest on bank deposits	26,827	19,938
Interest expense	(201,537)	(208,040)
Foreign exchange (loss)/gain on long term loan	(168,960)	426,595
LOSS BEFORE TAX	(1,609,114)	(974,476)
Tax	-	-
LOSS FOR THE FINANCIAL PERIOD	(1,609,114)	(974,476)
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT	(1,609,114)	(974,476)
BASIC & DILUTED LOSS PER SHARE	£0.028	£0.024
HEADLINE LOSS PER SHARE	£0.029	£0.024

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

STATEMENT OF CHANGES IN EQUITY

	Six months ended	Six months ended
	30 June 2010	30 June 2009
	£	£
Opening balance	10,442,525	12,734,691
Loss for the financial period	(1,609,114)	(974,476)
New equity share capital subscribed	3,040,426	-
Premium on new equity share capital subscribed	3,516,236	-
Translation reserve	285,489	532,029
Value attributed to warrants granted	(49,160)	-
Value of share option reserve	-	33,347
Closing balance	15,626,402	12,325,591

CONSOLIDATED BALANCE SHEET

	30 June	31 December
	2010	2009
	£	£
NON-CURRENT ASSETS		
Goodwill	4,606,026	4,606,026
Other intangible assets	3,007,666	2,523,303
Property, plant and equipment	6,011,451	6,412,997
	13,625,143	13,542,326
CURRENT ASSETS		
Inventories	312,536	303,020
Other receivables	143,262	190,703
Cash and cash equivalents	4,766,087	288,188
	5,221,885	781,911
TOTAL ASSETS	18,847,028	14,324,237
CURRENT LIABILITIES		
Obligations under finance leases	(49,397)	(73,345)
Other payables	(308,160)	(691,829)
Current portion of long term loan	(1,666,667)	(941,738)
Provisions	(12,113)	(11,791)
	(2,036,337)	(1,718,703)
NON-CURRENT LIABILITIES		
Long term loan	(1,184,289)	(2,163,009)
NET ASSETS	15,626,402	10,442,525
EQUITY		
Share capital	4,457,386	1,416,960
Share premium	21,388,816	17,872,580
Warrant reserve	505,876	555,036
Share option reserve	371,675	371,675
Translation reserve	1,780,806	1,495,317

Retained losses	(12,878,157)	(11,269,043)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	15,626,402	10,442,525

CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	Six months ended
	30 June	30 June
	2010	2009
	£	£
Net loss for the period	(1,635,941)	(994,414)
Depreciation and amortisation	611,461	472,630
Foreign exchange loss/(gain) on long term loan	168,960	(426,595)
Gain on disposal of property, plant and equipment	(43,555)	-
Other non-cash charges	51,056	182,347
Decrease in receivables	47,441	285,597
(Increase)/(Decrease in inventories	(9,516)	79,331
(Decrease)/Increase in other payables	(329,124)	202,287
NET CASH USED IN OPERATING ACTIVITIES	(1,139,218)	(198,817)
INVESTING ACTIVITIES		
Purchase of intangible assets	(368,837)	(1,451,642)
Disposal of property, plant and equipment	152,358	-
Purchase of property, plant and equipment	(24,218)	(1,146,423)
Interest received	26,827	19,938
NET CASH USED IN INVESTING ACTIVITIES	(213,870)	(2,578,127)
FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	6,542,847	-

Repayment of capital on long term loan	(423,333)	-
Interest payment on long term loan	(201,537)	-
NET CASH FROM FINANCING ACTIVITIES	5,917,977	-
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	4,564,889	(2,776,944)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	288,188	3,252,276
Effect of foreign exchange rate changes	(86,990)	11,203
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,766,087	486,535

NOTES TO THE FINANCIAL STATEMENTS

Six months ended 30 June 2010

1. ACCOUNTING POLICIES

These interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). The same accounting policies, presentation and methods of computation are followed in the condensed interim financial information as applied in the Group's latest annual audited financial statements. The financial figures included in this half-yearly report have been computed in accordance with IFRSs applicable to interim periods.

These interim financial statements were approved by the Board on 17 August 2010 and do not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2009 has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

These interim financial statements have been prepared using the accounting policies set out in the Group's 2009 statutory accounts.

Results for the six-month period ended 30 June 2010 have not been audited.

The comparative information presented in the income statement has been prepared based on the period 1 January 2009 - 30 June 2009. 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 decreased 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 £1,609,114 for the six months ended 30 June 2010 (30 June 2009: £974,476) and on 57,955,303 ordinary shares (30 June 2009: 41,086,995) being the weighted-average number of ordinary shares in issue.

3. SHARE CAPITAL

	30 June		31 December	
	2010		2009	
	£		£	
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	148,579,533	4,457,386	47,231,995	1,416,960

In January 2010, 285,000 ordinary shares were issued at 10 pence per share to Cenkos Securities plc in consideration for commission and corporate advisory fees with respect to the placing of 6,000,000 shares in November 2009.

In April 2010, the Company placed 101,062,538 ordinary shares at 7 pence each for gross proceeds of £7.1 million.

4. GOING CONCERN

In determining the appropriate basis of presentation of the interim financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future, this being a period of not less than 12 months from the date of the approval of the financial statements. During the next 12 months the Group will be in a mine-development phase and forecasts indicate that the Group may have insufficient financial resources to accomplish all its development goals and meet all its financial obligations over the next 12 months. The raising of additional finance is deemed to be a material uncertainty which casts significant doubt over the ability of the Group to continue as a going concern.

If its financial resources were insufficient, then the Group would be required to (i) supplement its current cash resources by accessing the equity markets in 2010-2011 or by sale of assets or, alternatively, (ii) to modify its development plan to preserve cash.

After making enquiries, given the successful £7.1 million fundraising in 2010 which was well-supported by the existing shareholder base, assuming that the Group adheres to its development plan, the Directors have a reasonable expectation that additional funds will be available within the next 12 months.

Accordingly the Directors continue to adopt the going concern basis of presentation of the financial statements.

The financial statements therefore do not include the adjustments that would result if the Group were not able to continue as a going concern.