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20 March 2014

**AIM: STEL**

**Stellar Diamonds plc**  
**(“Stellar” or the “Company”)**

### **Interim Results for the six months to 31 December 2013**

Stellar Diamonds plc, the AIM listed (AIM: STEL) diamond development company focused on West Africa, is pleased to announce its unaudited interim results for the six months to 31 December 2013.

#### **Highlights**

- **Tongo Kimberlite Dyke Project, Sierra Leone (“Tongo”):**
  - Significant de-risking of high grade Tongo project
  - Resource increased to 1.1 million carats for Dyke-1
  - Economic scoping study leads to robust project NPV<sub>10</sub> of US\$53.1 million, a 32% IRR and a projected 17 year life of mine at a significantly low-cost starting capex of US\$16 million
  - Commenced further bulk sampling at Dyke-1 for enhanced diamond value modelling as part of a Definitive Feasibility Study (“DFS”) targeted for delivery in Q4 2014
  - Post-Period end bulk sample results returned further high grades at an average of 126.3cpht and outstanding gem quality diamonds – results are on-going
  - Additional resource potential from three remaining dykes at Tongo
- **Baoulé Kimberlite Pipe Project, Guinea (“Baoulé”):**
  - JV signed for 75% working interest in Baoulé located in Guinea’s most renowned diamond mining district, Aredor
  - Development has commenced post period end with a target to define a 3 million carat JORC resource by YE 2014
- **Droujba Project, Guinea:**
  - Diamond resource increased to 3.1 million carats
  - Project placed on care and maintenance in anticipation of higher diamond prices
- **Mandala Project, Guinea:**
  - Alluvial mining licence renewed for a further 5 year period
  - Project remaining on care and maintenance in anticipation of higher diamond prices
- **Kono Project, Sierra Leone:**
  - Resolution to licence dispute continues through dialogue with the Ministry of Mines
- **Financial:**
  - Total of £1.87 million raised through placing of shares and exercising of warrants demonstrating strong support from Board of Directors and existing major shareholders

- £0.8 invested in the pursuit of advancing key projects through economic scoping studies and into feasibility study stage with the objective of reaching a production decision on Tongo and defining a 3 million carat resource at Baoulé by Q4 2014

**Stellar Diamonds Chief Executive Karl Smithson commented,** “We are delighted by the progress made at our flagship high grade Tongo project over the period which shows robust economics justifying the Board’s decision to advance the project to the feasibility study phase. The addition of the Baoulé kimberlite to our portfolio is an exciting development as the diamondiferous pipe offers significant potential in the form of a large diamond resource with high diamond values. Having already delivered on several significant milestones during 2013, we look forward to the year ahead as we aim to further unlock the potential and advance towards our goal of becoming a diamond producer in West Africa.”

### **Chairman’s Statement**

The period under review has seen a number of positive advancements as we look to build shareholder value through the de-risking and development of our portfolio of diamond projects in West Africa, in particular at our two highly prospective core projects. The first is our high-grade 1.1 million carat JORC resource Tongo Kimberlite Dyke Project in Sierra Leone which offers outstanding gem quality diamonds at a high diamond grade; and the second is our newly acquired Baoulé Kimberlite Pipe project, located in the prolific Aredor region of Guinea. We are currently conducting a Definitive Feasibility Study at Tongo while Baoulé is a longer term project but has the potential to be a “game-changer”, offering the potential of a multi-million carat resource at substantially high diamond values.

### **Tongo Project, Sierra Leone**

In line with our strategy of advancing Tongo towards production, independent consultant Paradigm Project Management (“PPM”) was commissioned to undertake an economic scoping study on Tongo Dyke-1, which was delivered on budget and on schedule in July 2013. With an attractive NPV<sub>10</sub> of US\$53.1 million, a 32% IRR and a projected 17 year life of mine at a significantly low-cost starting capex of US\$16 million, the Board decided to prioritise Tongo for development. The project also offers significant upside with the potential to increase the conservative historic two year old modelled diamond value of US\$248 per carat and the current JORC resource of 1.1 million carats, which is derived from only one of four diamondiferous dykes in the licence area. With this in mind, the immediate focus is the completion of the on-going DFS which is targeted by year end.

Work was initiated towards the delivery of the DFS with the commencement of a bulk sampling programme in September 2013, targeting a diamond parcel of up to 1,000 carats for enhanced diamond value modelling. We are confident that we will see an increase in the US\$248 per carat value, taking into account the recovery of diamond prices since the financial crisis. In October 2013, we blasted the first of our Dyke-1 ore to be processed via our on-site 5tph DMS plant with a view to exporting the diamond parcels to Antwerp for valuation.

We are delighted by the outstanding quality of diamonds recovered and we are highly encouraged by sample processing results to date, which have so far yielded 551.6 carats for an average grade of 126.3cpht. Indeed the diamonds have been classified with an average of 77.63% gem quality with several stones greater than 1

carat in size, including a 6.70 carat diamond discovered in the most recent sample. We anticipate that these high grades will increase as further diamonds are recovered following re-processing. Bulk sampling is on-going with 2,150 tonnes collected to date, and we expect the first 500 carat parcel to be exported to Antwerp by the end of Q1 2014 with a second export of 500 carats targeted for export at the end of Q2 2014 to complete the bulk sampling exercise.

Our plan for 2014 is to conduct further drilling to increase the current resource of 1.1 million carats to over 1.5 million carats. Other elements of the DFS will be conducted by independent consultants to include refined geological modelling, mine planning, capital and operational budgeting, and environmental and social impact studies with the full DFS report targeted for publication in Q4 2014. We will then be in a position to consider the various financing options for mine construction with a view to potentially commencing production by the end of 2015. We believe the enlarged resource coupled with potentially higher diamond prices will enhance the existing value of the project.

### **Baoulé Project, Guinea**

At Baoulé, a JV was signed in December 2013 with Société Tassiliman, a Guinean incorporated company. Under the terms Stellar has the option to earn into 75% of the project through US\$5 million expenditure under an indefinite time period with the opportunity to purchase the remaining 25% at fair market value. The project is located in Guinea's most renowned diamond mining district, Aredor, where just downstream, a diamond resource has recently been defined by SRK for Trivalence Mining Corporation with values in excess of US\$400 per carat, including the presence of 100 carat stones.

With an address as prospective as this we are excited to commence development potential and intend to deliver a maiden diamond resource by the end of 2014, subject to funding. Our confidence in being able to deliver a resource as significant as 3 million carats is heightened by the large volume of data available from previous operators who held the licence from 2000-2004. Stellar has taken this data and created a geological model which demonstrates that the Baoulé pipe, to a depth of 300m, has the potential to host a resource of least 22 million tonnes of kimberlite. The historical data indicates a grade of between 13 and 40 carats per hundred tonnes ("cpht") and our 3 million carat resource target is based on the minimum grade of 13cpht. Clearly if we achieve a higher grade then the 3 million carats can be exceeded. Furthermore our internal diamond value estimation stands at US\$200 per carat, however we feel that this is a conservative number, being based on a diamond sale made from the kimberlite 13 years ago where a value of US\$157 per carat was achieved. The only way to ascertain the diamond grade and value with any certainty is via conducting our own bulk sampling and we are currently making preparations to collect an initial 1,000 carat diamond parcel for this purpose utilising our existing diamond plant and resources.

### **Other Projects**

Following a resource increase to 3.1 million carats at our Droujba kimberlite pipe project in Guinea ("Droujba"), PPM undertook an economic scoping study. Although the project offers the potential for the short term production of over 300,000 carats, we decided that putting Droujba on care and maintenance until an improvement in diamond prices would increase production potential and therefore bring more value uplift for shareholders.

In November 2013, our Mandala alluvial mining licence in Guinea was renewed for a further five year period. Previous mining yielded 128,000 carats at a grade of 33cpht with gems up to 37 carats, however the project is currently on care and maintenance and, as with Droujba, will be reassessed on the further recovery of rough diamond prices.

With regards to our Kono licences in Sierra Leone, where underground trial mining on two kimberlites yielded over 4,000 carats of highly quality diamonds, we continue to pursue diplomatic and legal remedies in order to recover the licences which we believe were wrongly revoked by the Ministry of Mines. Our position has been supported by both local and international legal opinions and we remain hopeful that a negotiated settlement should recover some value for all stakeholders in the project.

### **Corporate**

In order to advance Tongo up the development curve and commence bulk sampling, we successfully raised £0.62 million (gross) in July 2013 through a placing of 61,823,036 ordinary shares at 1.00p. All six of our Directors participated, along with other third party investors, highlighting the confidence the Board has in delivering value at Tongo. Shortly after, a further £0.94 million (gross) was raised through the conditional placing of 94,275,000 ordinary shares to institutional and other investors at a price of 1.00p per share.

Following the appointment of Daniel Stewart & Company plc as our Nominated Adviser and sole Broker in November 2013, a further £0.31 million was raised before expenses in December 2013 through a subscription of 28,628,545 new ordinary shares of 1p each at a price of 1.1p per subscription share by two of our highly supportive major shareholders Foradex Invest SRL and Hottinger. Participants were also issued warrants to subscribe for 28,628,545 new ordinary shares also at a price of 1.1p per share which expired on 28 February 2014 and subsequently, post period-end, £0.31 million was raised following the exercise of those warrants.

These funds have been utilised primarily for bulk sampling at Tongo, care and maintenance costs for our remaining projects and initial development at Baoulé, however our planned active 2014 work programme for our core projects will be subject to further financing initiatives being implemented either at the project or company level.

### **Outlook**

We remain mindful of controlling our cost base and in line with this we are focusing our funds on our two core projects, Tongo and Baoulé. By abiding by this philosophy, and advancing these two prospective projects in our portfolio, we believe we are delivering maximum value for shareholders.

Our plan for the year ahead consists of delivering on three main objectives: to target an increase in the Tongo resource to over 1.5 million carats; to complete a DFS at Tongo; and, to define a JORC resource at Baoulé, which we anticipate to be 3 million carats or higher. This threefold strategy will further unlock the intrinsic value of the Company by increasing our aggregate resource base to a possible 7.5 million carats and reaching a production decision point over a potential 1.5 million carats at Tongo. With a robust outlook for the diamond

market, Stellar, as a new producer, will be ideally positioned to benefit, particularly as the growth of demand over supply makes for a positive long-term outlook for rough diamond prices.

With impressive high grade results and consistently outstanding gem quality diamonds coming from bulk sampling at Tongo, and the exciting prospect of our potentially “game-changing” Baoulé project, 2014 is set to be a high impact year for Stellar. I look forward to updating shareholders on our progress and would like to take this opportunity to thank you for your continual loyal support.

Lord Daresbury  
Non-Executive Chairman

**\*\* ENDS \*\***

For further information contact the following or visit the Company's website at [www.stellar-diamonds.com](http://www.stellar-diamonds.com).

|                     |                               |                           |
|---------------------|-------------------------------|---------------------------|
| Karl Smithson       | Stellar Diamonds plc          | Tel: +44 (0) 20 7010 7686 |
| Philip Knowles      | Stellar Diamonds plc          | Tel: +44 (0) 20 7010 7686 |
| Antony Legge        | Daniel Stewart & Company plc  | Tel: +44 (0) 20 7776 6550 |
| Colin Rowbury       | Daniel Stewart & Company plc  | Tel: +44 (0) 20 7776 6550 |
| Lottie Brocklehurst | St Brides Media & Finance Ltd | Tel: +44 (0) 20 7236 1177 |
| Hugo De Salis       | St Brides Media & Finance Ltd | Tel: +44 (0) 20 7236 1177 |

**About Stellar Diamonds plc:**

Stellar is an AIM quoted (AIM: STEL) West African focused diamond development company which is advancing the 1.1 million carat Tongo Dyke-1 resource into the feasibility stage and towards a production decision in 2014. The Company recently signed a joint venture to earn a 75% interest over the multi-million carat potential 5 hectare Baoulé pipe in Guinea. In addition, Stellar holds the 3 million carat Droujba project and continues to pursue both diplomatic and legal channels to ensure the proper reinstatement of its Kono licences.

**Condensed consolidated statement of comprehensive loss  
(unaudited)  
for the six months ended 31 December 2013**  
(Stated in U.S. dollars)

| Notes | Six months ended<br>31 December 2013<br>(unaudited) | Six months<br>ended<br>31 December<br>2012<br>(unaudited) | Year ended 30<br>June 2013<br>(audited) |
|-------|---|---|---|
|-------|---|---|---|

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|   |   |                    |                    |                    |
|---|---|--------------------|--------------------|--------------------|
| Revenue   | 2 | -                  | -                  | -                  |
| Mining and processing costs   |   | -                  | -                  | -                  |
| Gross loss  |   | -                  | -                  | -                  |
| Administrative expenses   |   |                    |                    |                    |
| - Impairment of intangible  | 4 | -                  | -                  | (2,000,000)        |
| - Administrative expenses   |   | (1,548,159)        | (1,547,247)        | (2,998,492)        |
|   |   | (1,548,159)        | (1,547,247)        | (4,998,492)        |
| Finance costs   |   |                    |                    |                    |
| <b>Loss before tax</b>  |   | <b>(1,548,159)</b> | <b>(1,547,247)</b> | <b>(4,998,492)</b> |
| Income tax expense  |   | -                  | -                  | -                  |
| <b>Loss after tax attributable to equity holders of the parent</b>                          |   | <b>(1,548,159)</b> | <b>(1,547,247)</b> | <b>(4,998,492)</b> |
| <b>Total comprehensive loss for the period attributable to equity holders of the parent</b> |   | <b>(1,548,159)</b> | <b>(1,547,247)</b> | <b>(4,998,492)</b> |
| Weighted average number of shares   |   | 464,314,486        | 224,100,028        | 307,884,858        |
| <b>Basic and diluted loss per share</b>   |   | <b>(0.003)</b>     | <b>(0.010)</b>     | <b>(0.020)</b>     |

## Condensed consolidated statement of financial position (unaudited) as at 31 December 2013

(Stated in U.S. dollars)

|                                 | Notes | 31 December<br>2013<br>(unaudited) | 31 December 2012<br>(unaudited) | 30 June 2013<br>(audited) |
|---------------------------------|-------|------------------------------------|---------------------------------|---------------------------|
| <b>Assets</b>                   |       |                                    |                                 |                           |
| <i>Non-current assets</i>       |       |                                    |                                 |                           |
| Intangible assets               | 3     | 14,873,570                         | 14,365,082                      | 13,663,445                |
| Property, plant and equipment   | 4     | 2,661,614                          | 3,956,073                       | 3,278,294                 |
| <b>Total non-current assets</b> |       | <b>17,535,184</b>                  | <b>18,321,155</b>               | <b>16,941,739</b>         |
| <i>Current assets</i>           |       |                                    |                                 |                           |
| Trade and other receivables     |       | 21,442                             | 35,598                          | 37,506                    |
| Cash and cash equivalents       |       | 639,819                            | 205,370                         | 60,669                    |
| <b>Total current assets</b>     |       | <b>661,261</b>                     | <b>240,968</b>                  | <b>98,175</b>             |
| <b>Total assets</b>             |       | <b>18,196,445</b>                  | <b>18,562,123</b>               | <b>17,039,914</b>         |
| <b>Equity and liabilities</b>   |       |                                    |                                 |                           |
| <i>Capital and reserves</i>     |       |                                    |                                 |                           |
| Share capital                   |       | 21,934,035                         | 18,393,507                      | 19,051,534                |
| Share premium                   |       | 27,880,792                         | 27,397,626                      | 28,457,522                |
| Reverse acquisition reserve     |       | 17,073,279                         | 17,073,279                      | 17,073,279                |
| Warrant reserve                 |       | 461,266                            | -                               | -                         |
| Share option reserve            |       | 4,677,638                          | 4,486,205                       | 4,423,538                 |

|                                       |                   |                   |                   |
|---------------------------------------|-------------------|-------------------|-------------------|
| Accumulated loss                      | (54,228,774)      | (49,292,037)      | (52,680,614)      |
| <b>Total equity</b>                   | <b>17,798,236</b> | <b>18,058,580</b> | <b>16,325,259</b> |
| <b><i>Non-current liabilities</i></b> |                   |                   |                   |
| Provision                             | 104,369           | 104,369           | 104,369           |
| <b>Total non-current liabilities</b>  | <b>104,369</b>    | <b>104,369</b>    | <b>104,369</b>    |
| <b><i>Current liabilities</i></b>     |                   |                   |                   |
| Trade and other payables              | 293,840           | 399,174           | 610,286           |
| <b>Total current liabilities</b>      | <b>293,840</b>    | <b>399,174</b>    | <b>610,286</b>    |
| <b>Total liabilities</b>              | <b>398,209</b>    | <b>503,543</b>    | <b>714,655</b>    |
| <b>Total equity and liabilities</b>   | <b>18,196,445</b> | <b>18,562,123</b> | <b>17,039,914</b> |

Company registration number: 5424214

Condensed consolidated statement of changes in equity (unaudited)  
as at 31 December 2013

(Stated in U.S. dollars)

|   | Share capital     | Share premium     | Warrant reserve | Share option reserve | Reverse acquisition reserve | Accumulated loss    | Total equity      |
|---|-------------------|-------------------|-----------------|----------------------|-----------------------------|---------------------|-------------------|
| Balance at 1 July 2012                  | 18,220,394        | 27,018,776        | -               | 4,177,000            | 17,073,279                  | (47,744,789)        | 18,744,660        |
| Total comprehensive loss for the period | -                 | -                 | -               | -                    | -                           | (4,998,493)         | (4,998,493)       |
| Issue of placing shares                 | 831,140           | 1,466,592         | -               | -                    | -                           | -                   | 2,297,732         |
| Share issue costs                       | -                 | (27,846)          | -               | -                    | -                           | -                   | (27,846)          |
| Share options issued                    | -                 | -                 | -               | 309,205              | -                           | -                   | 309,205           |
| Share options expired                   | -                 | -                 | -               | (62,667)             | -                           | 62,667              | -                 |
| Balance at 30 June 2013                 | 19,051,534        | 28,457,522        | -               | 4,423,538            | 17,073,279                  | (52,680,615)        | 16,325,258        |
| Total comprehensive loss for the period | -                 | -                 | -               | -                    | -                           | (1,548,159)         | (1,548,159)       |
| Issue of placing shares                 | 2,882,501         | 46,639            | -               | -                    | -                           | -                   | 2,929,140         |
| Share issue costs                       | -                 | (137,103)         | -               | -                    | -                           | -                   | (137,103)         |
| Warrants issued                         | -                 | (461,266)         | 461,266         | -                    | -                           | -                   | -                 |
| Share options issued                    | -                 | -                 | -               | 254,100              | -                           | -                   | 254,100           |
| <b>Balance at 31 December 2013</b>      | <b>21,934,035</b> | <b>27,905,792</b> | <b>461,266</b>  | <b>4,677,638</b>     | <b>17,073,279</b>           | <b>(54,228,774)</b> | <b>17,823,236</b> |



# Condensed consolidated statement of cash flows (unaudited)

## For the six months ended 31 December 2013

(Stated in U.S. dollars)

|   | Six months ended<br>31 December 2013<br>(unaudited) | Six months ended<br>31 December 2012<br>(unaudited) | Year ended<br>30 June<br>2013<br>(audited) |
|---|---|---|--|
| <b>Cash flows from operating activities:</b>                |   |   |  |
| Net loss for the period                                     | (1,548,159)   | (1,547,247)   | (4,998,492)                                |
| Items not involving cash:                                   |   |   |  |
| Depreciation of property, plant and equipment               | 252,556   | 688,393   | 720,096                                    |
| Impairment of intangibles                                   | -   | -   | 2,000,000                                  |
| Share-based payment expense                                 | 254,100   | 309,206   | 309,205                                    |
| Shares issued to directors in lieu of fees                  | -   | -   | 175,570                                    |
| Net foreign exchange (gain)/loss                            | (54,364)  | (4,547)   | 31,898                                     |
| Change in working capital items:                            |   |   |  |
| Decrease in receivables                                     | 16,062  | 66,269  | 464,354                                    |
| (Decrease)/Increase in trade and other payables             | (316,446)   | 23,181  | 234,293                                    |
| <b>Net cash used in operations</b>                          | <b>(1,396,251)</b>                                  | <b>(464,745)</b>                                    | <b>(1,063,076)</b>                         |
| <b>Cash flows from investing activities</b>                 |   |   |  |
| Purchases of property, plant and equipment                  | (9,781)   | (44,585)  | (55,199)                                   |
| Payments to acquire intangible assets                       | (836,220)   | (1,379,013)   | (2,420,686)                                |
| <b>Net cash used in investing activities</b>                | <b>(846,001)</b>                                    | <b>(1,423,598)</b>                                  | <b>(2,475,885)</b>                         |
| <b>Cash flows from financing activities</b>                 |   |   |  |
| Proceeds from issue of share capital, net of costs          | 2,767,037   | 551,964   | 2,094,317                                  |
| <b>Net cash generated by financing activities</b>           | <b>2,767,037</b>                                    | <b>551,964</b>                                      | <b>2,094,317</b>                           |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | <b>524,785</b>                                      | <b>(1,336,379)</b>                                  | <b>(1,444,644)</b>                         |
| Cash and cash equivalents, beginning of period              | 60,669  | 1,537,211   | 1,537,211                                  |
| Effect of foreign exchange rate changes                     | 54,364  | 4,538   | (31,898)                                   |
| <b>Cash and cash equivalents, end of period</b>             | <b>638,818</b>                                      | <b>205,370</b>                                      | <b>60,669</b>                              |

# Notes to the consolidated financial statements (unaudited) for the six months ended 31 December 2013

(Stated in U.S. dollars)

## 1. Basis of presentation

Stellar Diamonds plc (the “Company” or on a consolidated basis the “Group”) is presenting unaudited financial statements as of and for the six months ended 31 December 2013. The comparative periods presented are the audited financial statements as of and for the year ended 30 June 2013 and the unaudited financial statements as of and for the six months ended 31 December 2012.

The information for the six months ended 31 December 2013 does not constitute statutory accounts for Stellar Diamonds plc as defined in section 434 of the Companies Act 2006. A copy of the most recent statutory accounts for the year ended 30 June 2013 has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified but drew attention to the Company’s ability to continue as a going concern and the valuation of intangible assets by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, as adopted by the European Union.

### 1.1 Going concern

The Company’s business activities, together with the factors likely to affect its future development, its key risks and performance are set out in the Chairman’s Statement.

As discussed in the Chairman’s Statement, the Company is focusing on advancing its Tongo kimberlite project in Sierra Leone through a Definitive Feasibility Study in 2014, and building a JORC compliant resource at its Baoulé Joint Venture project in Guinea. At 31 December 2013, the Company had \$0.6m in cash and in February 2014 raised an additional \$0.5m through the exercise of certain warrants. Given the positive results produced at Tongo and the potential of the other assets held within the Group, most notably the Baoulé project, the directors believe that the Company will continue to have the ability to access sufficient levels of finance to continue the Group’s projects for the foreseeable future. On that basis, the directors continue to adopt the going concern basis in preparing these financial statements.

### 1.2 Changes in accounting policy

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in Stellar Diamonds plc’s latest audited financial statements as of and for the year ended 30 June 2013.

## 2. Segments

The Company is engaged in the acquisition, exploration, development and production of diamond properties in the West African countries of Sierra Leone and Guinea. Information presented to the Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focussed on the individual projects in geographical locations. The reportable segments under IFRS 8 are therefore as follows:

- Mandala (Guinea);
- Bomboko (Guinea);
- Kono (Sierra Leone);
- Tongo (Sierra Leone);
- Droujba (Guinea);

- Other exploration;
- Corporate activities in the United Kingdom.

Following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment for the six months ended 31 December 2013:

|   | Mandala   | Bomboko  | Kono      | Tongo     | Droujba   | Other exploration | Corporate | Total       |
|---|-----------|----------|-----------|-----------|-----------|-------------------|-----------|-------------|
|   | \$        | \$       | \$        | \$        | \$        | \$                | \$        | \$          |
| Revenue – sale of diamonds                      | -         | -        | -         | -         | -         | -                 | -         | -           |
| Segment result                                  | (557,251) | -        | -         | -         | -         | -                 | (990,908) | (1,548,159) |
| Finance costs                                   |           |          |           |           |           |                   |           | -           |
| Loss before tax                                 |           |          |           |           |           |                   |           | (1,548,159) |
| Income tax expense                              |           |          |           |           |           |                   |           | -           |
| Loss after tax                                  |           |          |           |           |           |                   |           | (1,548,159) |
| Segment assets                                  | 1,444,042 | -        | 4,890,150 | 5,525,070 | 5,094,175 | 203,887           | 1,039,116 | 18,196,440  |
| Segment liabilities                             | (74,369)  | (30,000) | -         | -         | -         | -                 | (293,842) | (398,209)   |
| Net book value of intangible assets             | -         | -        | 4,854,914 | 5,295,403 | 4,090,685 | 191,119           | 441,449   | 14,873,570  |
| Net book value of property, plant and equipment | 1,429,821 | -        | 6,985     | 195,405   | 1,017,478 | 10,847            | 1,078     | 2,661,614   |
| Capital additions                               |           |          |           |           |           |                   |           |             |
| – property, plant and equipment                 | -         | -        | -         | 9,781     | -         | -                 | -         | 9,781       |
| – intangible assets                             | -         | -        | 164,700   | 539,249   | 479,345   | 26,831            | -         | 1,210,125   |
| Depreciation of property, plant and equipment   | 252,321   | -        | 1,233     | 34,483    | 338,188   | -                 | 235       | 626,460     |

## 2. Segments

Following is an analysis of the Group's revenue and results by reportable segment for the year ended 30 June 2013:

|   | Mandala     | Bomboko   | Kono      | Tongo     | Droujba   | Other exploration | Corporate   | Total       |
|---|-------------|-----------|-----------|-----------|-----------|-------------------|-------------|-------------|
|   | \$          | \$        | \$        | \$        | \$        | \$                | \$          | \$          |
| Revenue – sale of diamonds                      | 370,099     | -         | -         | -         | -         | -                 | -           | 370,099     |
| Segment result                                  | (3,688,332) | (36,264)  | (928)     | (21,621)  | (725)     | -                 | (1,648,757) | (5,396,627) |
| Loss before tax                                 |             |           |           |           |           |                   |             | (5,396,627) |
| Income tax expense                              |             |           |           |           |           |                   |             | -           |
| Loss after tax                                  |             |           |           |           |           |                   |             | (5,396,627) |
| Segment assets                                  | 2,441,783   | 1,288,062 | 4,393,317 | 3,679,967 | 4,819,507 | 203,887           | 2,398,499   | 19,225,022  |
| Segment liabilities                             | (91,289)    | (30,000)  | (4,000)   | (307)     | (3,959)   | -                 | (350,807)   | (480,362)   |
| Share based payment expense                     | -           | -         | -         | -         | -         | -                 | -           | -           |
| Carrying value of intangible assets             | -           | -         | 4,372,575 | 3,352,987 | 4,254,779 | 191,119           | 414,609     | 12,586,069  |
| Net book value of property, plant and equipment | 2,399,897   | -         | 11,739    | 311,381   | 1,865,845 | 10,847            | 172         | 4,599,881   |
| Capital additions                               |             |           |           |           |           |                   |             |             |
| – property, plant and equipment                 | 27,809      | -         | 1,795     | 71,714    | 605,729   | -                 | -           | 707,047     |
| – intangible assets                             | -           | -         | 453,526   | 1,968,949 | 2,995,589 | -                 | -           | 5,418,064   |

|   |           |   |       |         |         |   |     |           |
|---|-----------|---|-------|---------|---------|---|-----|-----------|
| Depreciation of property, plant and equipment | 1,098,951 | - | 5,031 | 133,449 | 653,008 | - | 186 | 1,890,625 |
| Impairment of property, plant and equipment   | 1,367,495 | - | -     | -       | -       | - | -   | 1,367,495 |

### 3. Intangible assets

|   | Six months ended<br>31 December 2013 | Year ended 30<br>June 2013 |
|---|--------------------------------------|----------------------------|
|   | \$                                   | \$                         |
| <b>Exploration and evaluation expenditure</b> |                                      |                            |
| <b>Cost</b>                                   |                                      |                            |
| Opening balance                               | 30,586,695                           | 27,509,319                 |
| Additions                                     | 1,210,125                            | 3,077,376                  |
| Closing balance                               | 31,796,820                           | 30,586,695                 |
| <b>Impairment</b>                             |                                      |                            |
| Opening balance                               | 16,923,250                           | 14,923,250                 |
| Charge for the period                         | -                                    | 2,000,000                  |
| Closing balance                               | 16,923,250                           | 16,923,250                 |
| <b>Carrying value</b>                         | 14,873,570                           | 13,663,445                 |

### 4. Property, plant and equipment

|                            | Mining<br>assets | Machinery and<br>equipment | Total      |
|----------------------------|------------------|----------------------------|------------|
|                            | \$               | \$                         | \$         |
| <b>Cost</b>                |                  |                            |            |
| At 1 July 2012             | 11,079,305       | 9,693,272                  | 20,772,577 |
| Additions                  | -                | 55,199                     | 55,199     |
| At 30 June 2013            | 11,079,305       | 9,748,471                  | 20,827,776 |
| Additions                  | -                | 9,781                      | 9,781      |
| At 31 December 2013        | 11,079,305       | 9,758,252                  | 20,837,557 |
| <b>Depreciation</b>        |                  |                            |            |
| At 1 July 2012             | 11,079,305       | 5,093,391                  | 16,172,696 |
| Charge for the year        | -                | 1,376,786                  | 1,376,786  |
| At 30 June 2013            | 11,079,305       | 6,470,177                  | 17,549,482 |
| Charge for the period      | -                | 626,460                    | 626,460    |
| At 31 December 2013        | 11,079,305       | 7,096,637                  | 18,175,942 |
| Net book value             |                  |                            |            |
| <b>At 31 December 2013</b> | -                | 2,661,615                  | 2,661,615  |

|                 |   |           |                  |
|-----------------|---|-----------|------------------|
| At 30 June 2013 | - | 3,278,294 | <u>3,278,294</u> |
|-----------------|---|-----------|------------------|

Included within mining assets is the rehabilitation provision for Mandala and Bomboko of \$104,369 (30 June 2013: \$104,369).

**5. Post Balance Sheet Events**

In February 2014, the company issued 28,628,545 ordinary shares of 1p each in respect of the exercise of 28,628,545 warrants at a price of 1.1p per share, for gross proceeds of \$525,000.

6. The Company's unaudited six month results to 31 December 2013 will be available to download from the Company's website at [www.stellar-diamonds.com](http://www.stellar-diamonds.com).