27th May 2005

River Diamonds plc

("River Diamonds" or "the Company")

Chairman's statement and Interim Results to 28 February, 2005

The previous nine months have seen continued progress in the development of River Diamond's exploration and prospecting operations. The primary focus of our operations has been mining and bulk sampling of the gravel deposits at Melgueira. The exploration activity during the period has mainly concentrated on the Tres Barras project, where drilling has indicated the presence of three gravel deposits and sampling has confirmed that all three are diamondiferous.

Results Summary

The loss on ordinary activities for the period ended February 28, 2005 was £0.64 million as compared to a loss of £0.41 million for the period ended February 28, 2004.

Cost of sales increased from £0.15 million to £0.20 million, reflecting the increased costs associated with the higher processing capacity at our Melgueira project. With administrative costs increased from £0.26 million to £0.49 million, this rise can be attributed to increased costs associated with flotation on AIM and the running costs associated with our expanded exploration portfolio. This is particularly the case with regards to exploration costs associated with Tres Barras which, following best practice, has been charged to the profit and loss account. Capital expenditure during the last six months amounted to £0.23 million and included the purchase of plant, machinery, security upgrades and infrastructure costs.

During the period, ordinary common shares were issued against warrant conversions, which generated proceeds of £0.27 million. The net cash at the end of the period was £0.6 million, and stock levels at the close of the period were £36,224.

Review of Operations

Melgueira, Mato Grosso, Brazil

Over the period, River Diamonds has been undertaking progressive work at the Melgueira property in the Mato Grosso region of Brazil. Through extensive testing of the deposit, River Diamonds has ascertained the optimum efficiency rate for the pan processing plant. In its AIM admission document, the Company stated that it was looking to ramp up the processing of gravel at this property to a maximum of 2,700 tonnes a day. However, this is now being reduced to a steadier rate of an average 700 tonnes per day, as this will provide the maximum rate of return from the plant, running it at 90% or greater recovery. The Company has chosen this alternative production to provide better returns to shareholders. The capital expenditure assigned to this upgrade is being utilised to construct a smaller sampling plant for use at our other exploration projects.

The deposit at Melgueira was initially drilled by METAMAT, the Brazilian state mining company, to hard rock levels. However, through testing carried out since September 2004, the Company has discovered that the bedrock is deeper than originally modelled and at certain localities the gravel deposits continue to greater depths. River Diamonds has delineated a portion of this deposit and has begun sampling these prospective gravels. Initial results are encouraging both in terms of grade and average stone size. These gravels, upon which we are concentrating our efforts, have only been accessed recently as the rainy season, which is generally between the months of December and March, prevented full access to the deeper gravel deposits. The higher and drier areas which have mined during the wet season have proved to be less diamondiferous than the deeper deposits currently being mined.

Melgueira produced over 400 carats and over half a kilogramme of gold between September 2004 and May 2005. The in situ grade during trial mining operations varied between 0.1 carats per hundred tonnes ("cpht ") and 3.9 cpht. However, during the last month, the average grade has stabilised at 1.5 cpht. The average size of stones recovered was in line with management expectations at roughly 0.44 carats per stone. The parcel of 400 carats is in the process of exportation and is expected to be marked in June 2005.

Tres Barras, Mato Grosso Brazil

The Tres Barras project is located on the Paraguai River in the Alto Paraguai / Diamantino region of the Mato Grosso State of Brazil. The Paraguai River is one of the most important sources of diamonds in the region and has been a significant diamond producing area for the past 50 years. The Tres Barras concession lies immediately downstream of the artisanal mining operations at Alto Paraguai.

The Company acquired the Tres Barras concession in early October 2004 and has made rapid progress on the exploration of the deposit. Over a hundred 4 inch rotary holes have been drilled on a 100 metre by 40 metre grid. These drill holes have identified three main target gravel packages across the western portion of the exploration claim. Testing has been completed on two of the gravel packages, both of which have proved to be diamondiferous. The third gravel package is currently being sampled, and is providing promising diamond recoveries. The diamonds recovered from these packages are on the whole smaller than those recovered from our Melgueira prospect, with occasional larger stones being recovered.

The smaller sampling plant currently being constructed will initially be utilised at Tres Barras to allow an economic assessment of the deposit to be made.

The ACA Howe desk study commissioned in December has confirmed several palaeo-channel targets at the Tres Barras project. Further detailed stereographic interpretation work is being carried out which will help to further delineate these targets.

Paranatinga, Mato Grosso, Brazil

The Paranatinga region is prospective for both kimberlite and alluvial deposits and is noted for its historic alluvial diamond production and the presence of kimberlites. The area has produced some large stones and 60% of the diamonds previously recovered have been of gem quality.

Between the 1970s and 1990s, the region was intermittently explored by several major mining and exploration companies and around forty kimberlites were discovered. The Company believes that these targets, and the region as a whole, are worth reinvestigating because of advances in technology and a new understanding of the kimberlite emplacement theory in Brazil.

We acquired the Paranatinga concession, which is located approximately 220 kilometres northeast of Cuiaba in the Municipality of Paranatinga, in early December 2004. Initial scoping visits have been carried out on one kimberlite which was previously identified by other parties and limited stream sediment sampling has been undertaken. We have been focusing on consolidating the land holdings in this area.

Alto Paraguai / Diamantino, Mato Grosso, Brazil

In early December 2004, River Diamonds commissioned a desk study of the entire Alto Paraguai / Diamantino region which helped us complete the regional geological interpretation of the area. This study has helped us to identify further possible alluvial targets, specifically two areas in the Alto Paraguai valley which may warrant further investigation.

Outlook

River Diamonds' strategy is to build a portfolio of advanced diamond development and production projects in order to provide sustainable cash flow. This cash flow will be used to fund large scale exploration projects that have the potential to yield significant reserves of gem quality diamonds. We believe that using the funds raised during our AIM placing, the cash flow generated by the Melgueira prospect, and the substantial knowledge base gained from our exploration and operational activities in Brazil, we will be able identify and develop such deposits over the coming years.

I would once again like to thank our senior management, operational staff and the Company's shareholders for their continued support for the Company. We are still dedicated to delivering excellent returns and we remain confident about the Company's long term prospects.

Colin Orr-Ewing
Chairman
27 May 2005

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RIVER DIAMONDS PLC
UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS TO 28 FEBRUARY 2005

	Six months ended 28 February 2005 £	Six months ended 29 February 2004 £	Year ended 31 August 2004 £
Turnover	1,762	-	32,927
Cost of sales	(197,036)	(150,373)	(346,844)
Gross loss	(195,274)	(150,373)	(314,917)
Administrative expenses	(418,908)	(260,786)	(418,637)
Operating loss	(614,182)	(411,159)	(733,554)
Interest receivable and similar income	10,039	148	385
Amounts written off investments	-	-	(76,999)
Interest payable and similar charges	-	(1,136)	(1,640)
Loss on ordinary activities before taxation	(604,143)	(412,147)	(811,808)
Tax on losses on ordinary activities	-	-	-
Retained loss for the period	(604,143)	(412,147)	(811,808)

	Six months ended 28 February 2005	Six months ended 29 February 2004	Year ended 31 August 2004
Earnings per share	pence	Pence	pence
Basic profit per share	(0.20)	(0.21)	(0.40)
Diluted profit per share	(0.20)	(0.21)	(0.40)

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
PERIOD ENDED 28 FEBRUARY 2005

	Six months ended 28 February 2005 £	Six months ended 29 February 2004 £	Year ended 31 August 2004 £
Loss for the period	(604,143)	(412,147)	(811,808)
Currency translation differences	11,176	-	(122,097)
Total losses	(592,967)	(412,147)	(933,905)

RIVER DIAMONDS

RIVER DIAMONDS PLC
UNAUDITED CONSOLIDATED BALANCE SHEET
FOR THE SIX MONTHS TO 28 FEBRUARY 2005

	28 February 2005 £	29 February 2004 £	31 August 2004 £
FIXED ASSETS			
Intangible assets	36,224	-	-
Tangible assets	413,834	265,387	240,227
	450,058	265,387	240,227
CURRENT ASSETS			
Stocks	31,451	8,582	-
Debtors	75,155	161,052	83,288
Investment	1	77,000	1
Cash at bank and in hand	636,850	24,248	1,396,869
	743,457	270,882	1,480,158
CREDITORS			
Amounts falling due within one year	(144,188)	(124,268)	(350,091)
NET CURRENT ASSETS	592,269	146,614	1,130,067
NET ASSETS	1,049,327	412,001	1,370,294
CAPITAL AND RESERVES			
Called up share capital	298,450	196,359	271,250
Share premium account	1,649,960	-	1,405,160
Merger reserve	2,166,528	2,166,528	2,166,528
Profit and loss account	(3,065,611)	(1,950,886)	(2,472,644)
EQUITY SHAREHOLDERS' FUNDS	1,049,327	412,001	1,370,294

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RIVER DIAMONDS PLC
UNAUDITED CONSOLIDATED CASH FLOW
FOR THE SIX MONTHS TO 28 FEBRUARY 2005

	28 February 2005 £	29 February 2004 £	31 August 2004 £
Net cash outflow from operating activities	(792,551)	(519,183)	(609,198)
Returns on investments and servicing of finance	10,039	(988)	(1,255)
Capital expenditure and financial investment	(234,643)	(191,231)	(207,130)
Net cash outflow from capital expenditure and financial investment	(1,017,155)	(711,402)	(817,583)
Financing	272,000	736,888	2,217,938
(Decrease)/increase in cash	(745,155)	25,406	1,400,355

Reconciliation of net cash flows	28 February 2005 £	29 February 2004 £	31 August 2004 £
(Decrease)/increase in cash	(745,155)	25,486	1,400,355
Net Asset/(debt) brought forward	1,382,005	(18,350)	(18,350)
Net Asset carried forward	636,850	7,136	1,382,005

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RIVER DIAMONDS PLC
NOTES TO THE UNAUDITED INTERIM ACCOUNTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2005

1. Compliance with accounting standards
The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost convention. The principal accounting policies of the Group are set out in the Group's 2004 annual report and financial statements.

2. Statutory accounts
The financial information set above does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

3. Dividends
The Directors do not recommend the payment of a dividend.

4. Consolidated accounts
The Group financial statements consolidate the accounts of the Company and its interest in subsidiary undertakings. Overseas subsidiaries are consolidated using the closing rate method. Foreign exchange differences arising on consolidation are taken to reserves.

5. Taxation
There is no charge to UK or overseas Corporation tax due to the availability of losses.

6. Basic loss and diluted loss per ordinary share
The calculation of basic loss per share is based on loss after taxation of £604,143 (2004 - £811,808) and on 298,450,425 ordinary shares (2004 – 204,221,365), being the weighted average number of ordinary shares in issue during the year.

The calculation of diluted loss per share is based on loss after taxation of £604,143 and on 298,450,425 ordinary shares (2004 – 204,221,365), being the weighted average number of ordinary shares in issue. There were no dilutive share options or warrants outstanding in the year.

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