

Everfor Diamonds Plc

Interim Results for the period ended 30 June 2006

Everfor Diamonds Plc ('Everfor', or the 'Company') (AIM:EVE), the AIM-listed diamond exploration company developing deposits in the North-West of the Russian Federation, announces its interim results for the 6 months ended 30 June 2006.

Highlights:

- **March 2006**
Private placement of 38,755,000 ordinary shares to raise £1,630,200
- **April 2006**
AIM listing
- **May 2006**
Drilling programme commenced with environmentally friendly equipment
- **June 2006**
Sampling programme commenced – currently 95% complete as at 1st September
- **June 2006**
Sources of geophysical anomalies explained

Executive Chairman, Dr Sergey V Kurzin commented:

“The funds raised from private placements early in the year have been applied to furthering the company’s exploration efforts, principally sampling and the drilling of geophysical targets. The

initial drilling programme is only one-third complete and many of the most interesting targets remain to be drilled.

“Overall, although drilling progress has been slower than expected due to delays in the supply of equipment, exploration has continued as planned with new sample results expected in the next few months”.

29th September 2006

For further information please contact:

Dr Sergey V Kurzin, Executive Chairman, Everfor Diamonds Plc

Tel: +44 (0) 20 7514 0590

Chairman's Statement

We are very pleased that the Company's shares are now listed on AIM. This is a significant achievement and the IPO fundraising was very successful and has ensured the continuation of the company's exploration efforts. The current exploration programme comprises on-going sampling and the drilling of geophysical targets, which have been underway during the summer. Our contractors, the Central Kola Expedition, have invested heavily in new drilling and support equipment which can operate in the sensitive ecological environments of the Kola Peninsula with minimal disturbance to either flora or fauna.

This laudable initiative has the additional benefit of allowing the traditional drilling season of mid-February to the end of April to be extended to much of the year, with the exception of the extremes of Polar winter.

Drilling has so far not revealed any new kimberlites, however, the initial drilling programme is only one-third complete and many of the most interesting targets remain to be drilled.

An aerial magnetic survey is currently underway in our northern most Tulomo-Teriberskaya licence. This will complete coverage of this relatively unexplored area from which sampling has begun to produce kimberlite indicator minerals, a number of which are of elevated interest.

Although drilling progress has been slower than expected due to delays in the supply of equipment, exploration has continued as planned with new sample results expected in the next few months. Recent articles in the Russian scientific press have reinforced and corroborated our view that the Kola Peninsula is highly prospective for diamonds.

Dr Sergey V Kurzin
Executive Chairman
29 September 2006

Review of Operations

The 2006 Kola Peninsula exploration programme comprises three areas of activity:

1. the drilling of targets which have been generated from a combination of sample results and the interpretation of geophysical surveys;
2. the flying of an easterly extension of the Tulomo-Teriberskaya aerial magnetic survey to cover the remainder of the licence area; and
3. the collection of stream and soil samples in the Ermakovskaya, Tulomo-Teriberskaya and Varzugskaya licences.

Drilling in earnest began in May, after two trial holes were drilled in the Tulomo-Teriberskaya licence. Sampling began in June and the aerial magnetic survey commenced in September. The late start to drilling was occasioned by a delay in the acquisition of a Russian-built "Geomash" rig and in the supply of a Swedish-built, tracked all-terrain-vehicle with which to supply and move the rig. A second, self-propelled Finnish GMM-75 drill rig was commissioned in August.

By the end of August, in excess of 800 samples had been collected, with approximately 120 remaining to be taken in September. Drilling statistics show 564 metres drilled in 16 holes, almost wholly in the Ermakovskaya licence; all except two of the initial planned targets have been drilled - access conditions preclude drilling at this time. Drilling began in the Pulongskaya licence on 2nd September and resumed on 3rd September in Tulomo-Teriberskaya.

With the exception of two targets ERM 50 and ERM41, the sources of the geophysical anomalies were satisfactorily explained by, in the case of electromagnetic targets, thicknesses of clay and in the case of magnetic targets, by

magnetite-bearing gneiss, pyroxenites and gabbros. No kimberlites have been intersected to date.

A contract for flying 1750 km² in the eastern half of the Tulomo-Teriberskaya licence was awarded to Aerogeophysica of Moscow. A time over-run for a previous client, coupled with security exercises in the general area and an engine change in the survey aircraft delayed the beginning of flying until the first week in September.

Consolidated Profit and Loss Account

for the period ended 30 June 2006

	6 months ended 30 June 2006 (Unaudited) £000	6 months ended 30 June 2005 (Restated) £000	Year ended 31 Dec 2005 (Restated) £000
Exploration expenses	(124)	(218)	(584)
Other administrative expenses	(341)	(437)	(692)
Administration expenses and operating loss	(465)	(655)	(1,276)
Interest receivable and similar income	21	25	38
Loss on ordinary activities before taxation	(444)	(630)	(1,238)
Taxation on loss on ordinary activities	-	-	-
Loss on ordinary activities after taxation	(444)	(630)	(1,238)
Minority Interest	21	21	85
Retained loss	(423)	(609)	(1,153)
Loss per share – basic and diluted	(0.51)p	(1.05)p	(1.98)p

All amounts relate to continuing activities.

Consolidated Balance Sheet

for the period ended 30 June 2006

	At 30 June 2006 (Unaudited) £000	At 30 June 2005 (Unaudited) £000	At 31 Dec 2005 (Audited) £000
Fixed assets			
Tangible assets	4	8	6
Intangible assets	3,407	3,182	3,182
	3,411	3,190	3,188
Current assets			
Debtors: amounts due within one year	326	148	250
Cash and short term deposits	1,114	1,187	448
Creditors: amounts falling due within one year	(102)	(146)	(78)
Net current assets	1,338	1,189	620
Total assets less current liabilities	4,749	4,379	3,808
Net assets	4,749	4,379	3,808
Capital and reserves			
Called up share capital	989	581	581
Share premium account	3,821	3,122	3,122
Merger reserve	1,950	1,950	1,950
Other reserves	197	(9)	(32)
Profit and loss accounts	(2,668)	(1,802)	(2,281)
Shareholders' funds – equity	4,289	3,842	3,340
Minority interests – equity	460	537	468
Total equity shareholder's funds	4,749	4,379	3,808

Consolidated Cash Flow Statement

for the period ended 30 June 2006

	6 months ended 30 June 2006 (Unaudited) £000	6 months ended 30 June 2005 (Unaudited) £000	Year ended 31 Dec 2005 (Audited) £000
Note			
Net cash outflow from operating activities	(463)	(551)	(1,367)
Returns on investments and servicing of finance			
Interest received	21	25	38
Net cash inflow from returns on investments and servicing of finance	21	25	38
Capital expenditure and financial investment			
Purchase of tangible fixed assets	-	(4)	(3)
Net cash outflow from capital expenditure and financial investment	-	(4)	(3)
Cash outflow before management of liquid resources and financing	(442)	(530)	(1,332)
Financing			
Issue of ordinary shares	1,630	-	-
AIM admission and share issue costs	(524)	-	-
Cash inflow from financing	1,106	-	-
Increase / (decrease) in cash for the period	664	(530)	(1,332)

Notes to the Interim Report

for the period ended 30 June 2006

1. Accounting policies

Basis of preparation of Financial Statements

The interim financial information set out in pages 4 to 9 has been prepared on the same basis and using the same accounting policies as were applied in drawing up the Group's statutory financial statements for the year ended 31 December 2005, with the exception outlined below.

The Group has applied the requirements of FRS 20 (share based payments), in accordance with the transitional provisions, to all equity instruments granted after 7 November 2002 and unvested at 1 January 2006. The impact of adoption of FRS 20 is detailed in note 6.

The financial information for the six months ended 30 June 2006 and six months ended 30 June 2005 is un-audited and within the meaning of section 240 of the Companies Act 1985, such accounts do not constitute full statutory accounts of the Group.

2. Basic and diluted (loss) per share

The basic loss per share of 0.51 pence (2005: 1.05 pence) is calculated in accordance with FRS22 (earnings per share) on a loss on ordinary activities of £423,000 (2005: £609,000) and on 82,417,192 ordinary shares (2005: 58,099,290), being the weighted average number of ordinary shares in issue during the period. There is no difference between the diluted loss per share and the loss per share presented.

3. Reconciliation of operating loss to net cash outflow from operating activities

	6 months ended 30 June 2006 £000	6 months ended 30 June 2005 £000	Year ended 31 Dec 2005 £000
Operating loss	(465)	(655)	(1,276)
Depreciation of tangible fixed assets	2	2	3
Foreign exchange movements	-	69	
Increase in debtors	(76)	(58)	(161)
Increase/(decrease) in creditors	24	46	(24)
Share based payment	52	45	91
Net cash outflow from operating activities	(463)	(551)	(1,367)

4. Reconciliation of net cash flow to movement in net funds

	6 months ended 30 June 2006 £000	6 months ended 30 June 2005 £000	Year ended 31 Dec 2005 £000
Net cash at the start of the period	448	1,808	1,808
Increase/(decrease) in net cash during the period	664	(530)	(1,332)
Movement in net cash arising from cash flows	1,112	1,278	476
Foreign exchange movement	2	(91)	(28)
Net cash at end of the period	1,114	1,187	448

5. Reconciliation of movements in shareholders' funds

	6 months ended 30 June 2006 £000	6 months ended 30 June 2005 £000	Year ended 31 Dec 2005 £000
Opening equity shareholders' funds	3,340	4,425	4,425
Loss for the year	(423)	(609)	(1,153)
Foreign exchange movements	214	(19)	(23)
Issue of shares	1,106	-	-
Share based payments	52	45	91
		-	-
Closing equity shareholders' funds	4,289	3,842	3,340

6. Share based payments

The Group issues share based payments to certain individuals, which are measured at fair value at date of grant. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a binomial valuation model. The expected life of the instrument used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The resulting value is charged to the consolidated profit and loss account over the vesting period of the share based payment.

The adoption of FRS 20 has resulted in a change to the accounting policy for share based payments. Until 31 December 2005 the provision of share options to individuals did not result in a charge to the profit and loss account. The comparative profit and loss accounts for the periods ended 30 June 2005 and 31 December 2005 have been restated.

This change in accounting policy has resulted in an increase in the loss on ordinary activities for the six months ended 30 June 2005 and the year ended 31 December 2005 of £45,215 and £90,558 respectively. In the current period the change in accounting policy has resulted in an increase in the loss on ordinary activities of £52,004.

Any profit and loss charge in a period in respect of share based payments is credited to the Group's reserves. The change in accounting policy has therefore had no effect on the consolidated balance sheets of the Group at 30 June 2005 and 31 December 2005.