

8 October 2018

**BlueRock Diamonds PLC ('BlueRock' or the 'Company')**  
**Q3 2018 Production Update,**  
**Expansion Plans for Kareevlei Diamond Mine and Notice of General Meeting**

BlueRock Diamonds PLC, the AIM listed diamond producer, which owns and operates the Kareevlei Diamond Mine ('Kareevlei') in the Kimberley region of South Africa, is pleased to announce its Q3 2018 production update, FY 2018 production guidance and its plans to significantly increase production at Kareevlei in the near-term.

**Overview**

- Planning to significantly increase production capacity in 2019 through investment in the processing plant and personnel subject to further funding
  - Mining veteran Michael Houston (ex. Anglo American and Shanta Gold) advising the Board ahead of anticipated appointment in due course
- Record quarterly production volume of 63,621 tonnes despite issues with the crushing circuit in the early part of the quarter
- Production year to date of 133,050 tonnes up 28% on previous year (9 months to 30 Sept 2017: 103,506)
- Revised production guidance for FY 2018 of 200,000 tonnes reduced from the lower guidance of 220,000 tonnes due to continuing issues with the reliability of the plant
- Production in September 2018 ran at a much improved average of 68 tonnes per operating hour (H1 2018: 54 tonnes per operating hour) following the introduction of the second cone crusher
- Production commenced at second kimberlite pipe, KV1, which has an inferred grade of 6.3cpht
  - 20,000 tonnes mined to date
  - Second largest stone recovered of 10.58 carats in September 2018 with an estimated value of in excess of US\$50,000
- Average grade for the quarter remained steady at 3.1 cpht (H1 2018: 3.1 cpht)
  - Average grade guidance for the full year of 3.0 cpht down from 3.5-4.5 cpht original guidance reflecting the lower grade forecast whilst mining the near surface material
- Value per carat for Q3 averaged US\$341 (2017: US\$362), guidance remains unchanged

**BlueRock CEO, Adam Waugh, said,** "Our increased production in the quarter and in 2018 is encouraging however we are not yet where we would like to be. Operations are moving into an exciting phase and the knowledge built up at Kareevlei will be important in making the correct decisions for the future. Mike Houston and his team who come with experience of mining operations on a much larger scale than Kareevlei have been able to bring in some fresh thinking and in their initial assessment, are encouraged by the potential of the business."

**Expansion plans**

A Technical Review of the operation is taking place and the initial findings highlight that current production targets and further growth are being inhibited by limited flexibility in the mining operation, plant capacity constraints and the unreliability of some of the ageing plant equipment, which impacts on the consistency of production. Accordingly, the Board has taken the decision, subject to funding, to invest in the upscaling of the mining operation, plant and the necessary personnel in order to significantly increase the capacity and efficiency of its operations. The investment is expected to materially increase the profitability of Kareevlei. The Company will announce its plans in more detail in the forthcoming weeks.

The Company is developing its plans with the assistance of Michael Houston, a mining veteran with over 30 years' experience in Africa having worked with companies including Anglo American (Executive roles), Shanta Gold (CEO), Zimplats Holdings (CEO/COO), Erin Resources (MD), Hana Mining (Non-Executive director). He has also worked on a consultancy basis supporting a number of companies with various project reviews and due diligence. Michael is currently advising the Board on its strategy with the expectation that he will join the Board once the Company's development plans have been finalised and financed. The Board is delighted that Michael Houston has agreed to join the Company in this capacity and his significant experience will assist the Company through its next stage of growth.

### **Mining progress**

The Company has only mined 380,000 tonnes of ore from the Kareevlei pipes out of an inferred resource of 7,984,000 tonnes (4.7%) attributed to KV1, KV2 and KV3 (three out of the five known kimberlite pipes). This mining has been almost entirely in the lower grade near surface material and it has been a learning process in terms of forecasting what grade would be achieved. The Board has been encouraged by the early mining from KV1 with only 20,000 tonnes processed to date but having recovered the second largest diamond ever from the Kareevlei operation at 10.58 carats, which will be sold at tender in October and is expected to sell for in excess of US\$50,000. The pushback on KV2 is progressing in line with budget.

### **Grade and value per carat**

Average grade for the quarter was 3.13 cpht, which is close to the Company's long term average. The grade reflects the fact that the Company has been mining a mixture of ore from level 1 (10m to 20m) and level 2 (20m to 30m) largely in KV2. Due to all mining in Q4 being mainly near surface ore in KV1 BlueRock is anticipating a drop in grade and accordingly, its guidance for 2018 has been reduced marginally to 3.0 cpht.

However the Company is confident that as it moves deeper in the two pits, the grade is expected to move closer to the overall inferred pit grade of 4.5 cpht in KV2 and 6.3 cpht in KV1 respectively.

The value per carat at US\$341 remains close to the Company's average for 2017 of US\$362 and is within the range of the Company's expectations.

### **Capital reorganisation**

Today the Company has posted a notice to shareholders of a forthcoming General Meeting setting out proposals for a capital reorganisation. The Board is proposing to reduce the nominal value of the ordinary shares in issue from 1 pence to 0.01 pence whilst retaining the same number of shares, thus having no direct

impact on the trading price of the Company's new ordinary shares. Acknowledging that currently the Company's shares are trading below the current nominal value, the Board considers the capital reorganisation to be in the best interest of the Company and its shareholders, as the capital reorganisation will allow the Company, if appropriate, to raise money in the future by the issue of New Ordinary Shares, and therefore facilitate its expansion plans as detailed above.

The General Meeting, to approve the capital reorganisation, will be held at SP Angel's offices, Prince Frederick House, 35-39 Maddox Street, London W1S 2PP at 10.00 a.m. on 25 October 2018. Copies of the Notice of General Meeting and Forms of Proxy will be made available shortly on the Company's website [www.bluerockdiamonds.com](http://www.bluerockdiamonds.com). The timetable of events for the General Meeting is set out below:

Circular posted to Shareholders	8 October 2018
Latest time and date for receipt of Forms of Proxy	10.00 am on 23 October 2018
General Meeting	10.00 am on 25 October 2018
Record Date	6 pm on 25 October 2018
Additional 1 Ordinary Share issued	25 October 2018
Expected date on which New Ordinary Shares will be admitted to trading on AIM	8 am on 26 October 2018
Expected date on which CREST accounts will be credited with New Ordinary Shares	26 October 2018
Expected date by which definitive new share certificates are to be despatched	by 9 November 2018 2018

### Key Performance Indicators

Quarter	Volume (tonnes) (1)	Tender volume (tonnes) (2)	Carats (2)	cpht (2)	US\$/carat (2)
Q1 2017	9,310	4,780	92	1.92	161
Q2 2017	31,033	27,106	451	1.66	352
Q3 2017	63,163	56,486	1,275	2.26	344
Q4 2017	49,641	49,666	1,567	3.16	391
<b>FY 2017</b>	<b>153,147</b>	<b>138,038</b>	<b>3,385</b>	<b>2.45</b>	<b>362</b>
Q1 2018	38,781	41,115	1,563	3.80	378
Q2 2018	34,247	36,942	875	2.45	305
Q3 2018	63,621	58,565	1,834	3.13	341

#### Notes

- 1) Based on calendar quarters.
- 2) Based on the period between tenders which usually take place in the third or fourth week of each month. There is no tender in December.

*Market Abuse Regulation (MAR) Disclosure - Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.*

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

For further information, please visit BRD's website [www.bluerockdiamonds.co.uk](http://www.bluerockdiamonds.co.uk) or contact:

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**Notes to editors:**

BlueRock Diamonds is an AIM-listed diamond producer which operates the Kareevlei Diamond Mine near Kimberley in South Africa which produces diamonds of exceptional quality and ranks in the top ten in the world in terms of average value per carat. The Kareevlei licence area covers 3,000 hectares and hosts five known diamondiferous kimberlite pipes. As at 3 September 2018, it was estimated that the remaining Inferred Mineral Resource from the three kimberlite pipes (KV1, KV2 and KV3) represents a potential inground value of circa US\$124 million at a current average run of mine diamond value of US\$362/carat.