

27 August 2021

## **BlueRock Diamonds PLC ('BlueRock' or the 'Company')**

### **Update on Teichmann Financing**

BlueRock Diamonds PLC, the AIM listed diamond producer, which owns and operates the Kareevlei Diamond Mine ('Kareevlei') in the Kimberley region of South Africa, announces the signing of a loan note subscription agreement ("Subscription Agreement") with Teichmann Company Limited ("TCL"), T-Three-Drilling Limited and three Teichmann employees, (together, "Teichmann") for £1.61 million, the Heads of Terms of which were announced on 21 May 2021 ("Teichmann Financing"). Under the Subscription Agreement, the Company will initially issue a £1.61 million simple loan note ("SLN") to Teichmann with the intention that this will be replaced by a convertible loan note ("CLN") subject to the conditions set out in the Subscription Agreement and summarised below.

**Mike Houston, Executive Chairman said, "I am pleased to announce the execution of the Teichmann Financing for which the Heads of Terms were announced on 21 May 2021.**

*"We have commenced the commissioning process of our new plant and I am delighted to say that despite the challenges of moving to the targeted 1 million tonnes of ore milled per annum, this long journey is reaching an end.*

*"We are extremely excited with the discovery of the three large diamonds, a 58.6 carat, 21.6 carat and 14.3 carat, recently announced. The larger stone, which is more than double the size of our previous record, demonstrates the potential of the resource at Kareevlei; as production increases, the recovery of further large stones should follow. This, together with the high run of mine diamond price and the significant unit cost reduction driven by the benefit of the economy of scale, augurs well for the future. We are looking forward to receiving the August tender results after which in early September we will announce the sale value of these three stones."*

### **Teichmann Financing**

As set out in the announcement made on 21 May 2021, the Heads of Terms of the Teichmann Financing was entered into to provide funding to complete the Company's transformational expansion project.

Under the Teichmann Financing, the SLN has a short-term expiring on 31 October 2021 and a coupon of 14.5 per cent. per annum. It is expected that the SLN will be refinanced through the future issue of the CLN to Teichmann, the CLN totalling £1.61m will have a strike price of 40p, a three and half -year term and a 14.5 per cent. coupon compounding annually. Interest will roll up and be paid in full at maturity, repayment or on conversion. The CLN will be convertible three months after issue at any time by Teichmann and by BlueRock if the Company's share price is above 60p. Including rolled up interest, the CLN will convert into 6,465,247 ordinary shares. The issue of the CLN is conditional on the Company having received approval from The Panel on Takeovers and Mergers for a waiver of the obligation that might arise on the exercise of the conversion

rights under the CLN for Teichmann (and its concert party) under Rule 9 of the Takeover Code to make a mandatory offer for the Company, subject to the approval of independent shareholders in accordance with Appendix 1 of the Takeover Code (the “Waiver”). If the Waiver is granted by 30 September 2021, then the SLN will be redeemed by the issue of the CLN on or before 31 October 2021.

In the event that the Waiver is not granted, then within one month of the expiry of the term of the SLN, BlueRock will be required to redeem the Simple Loan Notes at the amount invested by the Noteholders plus the greater of:

- a) £976,099 (being the interest that would have accrued over the term of the NCLNs at a rate of 14.5% per annum); and
- b) the market value of the Conversion Shares, had they been issued, at the closing share price on 30 September 2021 less £1,610,000.

Should the CLN be approved and issued to Teichmann, on conversion the interest on the full amount of the CLN for the entire term will be added to the principal amount of the CLN prior to conversion. Assuming that no further shares are issued prior to conversion on conversion, Teichmann (including concert party members) will hold approximately 49.8% of the enlarged issued share capital of the Company.

The SLN is, and the CLN will be, issued as part paid. It has been agreed that Teichmann will pay for the loan note subscription in 12 equal instalments of £134,000. To date Teichmann have paid three monthly instalments under the SLN totalling £402,000. The funds due from Teichmann under the Teichmann Financing will reflect the near-term cash flow needs of the Company, with all principal to be provided by 31 May 2022.

The Company intends to convene a General Meeting as soon as practicable to consider the issue of the CLN for which a circular is expected to be issued in due course.

The Company remains in discussions with Teichmann SA (Pty) Limited in relation to the payment for its mining services contract influenced by short term higher development costs and the possible decision to bring forward the development of the KV3 pipe (the “Mining Agreement”), the non-binding heads of terms of which were also announced on 21 May 2021. A further announcement will be made once this agreement has been finalised. Under this agreement, Teichmann SA (Pty) Limited will provide extended credit terms to BlueRock in respect of balances due up to 30 June 2021, with such balances expected to be repaid from July 2021 onwards subject to agreement of a repayment plan. Teichmann SA (Pty) Limited will be granted security over the assets of the Company’s operating subsidiary Kareevlei Mining (Pty) Ltd during the period of the extended credit, which cannot be called until the funds envisaged under the Teichmann Financing are paid in full.

The Company has an existing relationship agreement in place with Teichmann, which will remain in force.

### **Related Party Transaction**

TCL (together with certain parties connected with TCL or its group companies (“Teichmann Group”) and/or the owners of the Teichmann Group), as a substantial Shareholder of the Company, is considered to be a

“related party” as defined under the AIM Rules and accordingly, the Teichmann Financing constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules.

The Directors independent of the Teichmann Financing, being Michael Houston, David Facey, Gus Simbanegavi, Tim Leslie, and Rob Croll, consider, having consulted with the Company’s nominated adviser, that the terms of the Teichmann Financing are fair and reasonable insofar as the Company’s Shareholders are concerned.

*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ('MAR'). Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.*

**ENDS**

For further information, please visit BlueRock’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 with a combined inferred resource of 10.4 million tonnes / 516,200 carats (February 2021); based on its planned production of 1 million tonnes per annum, this provides a minimum 10-year life of mine.

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