

5 July 2022

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

Teichmann Financing Update

BlueRock Diamonds PLC, the AIM listed diamond producer, 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 an aggregate £1.6 million ("Teichmann Financing"). Under the Subscription Agreement, and similar to the structure of the financing announced on 27 August 2021, the Company will initially issue a £1 million simple loan note ("SLN") to Teichmann alongside the provision of a debt funding facility of up to ZAR 30m to its Kareevlei diamond mine ("Kareevlei") with the intention that, subject to independent shareholder approval, further details of which are set out below, the SLN will be redeemed for equity in the Company and be followed by the issue of a new convertible loan note of £0.6 million ("New CLN") and an amendment to the existing convertible loan note ("Existing CLN"), subject to the conditions set out in the Subscription Agreement and summarised below.

Mike Houston, Executive Chairman said, *"The need for financing has arisen as a result of the excessive and extended rainy season this year which has delayed the ramp up of production and the development of our main pit leading to significantly lower production levels and lower grades than expected. As announced earlier, we have been exploring how to finance the financial hole left by the lower than expected revenue at a time when we are investing heavily in developing the mine. Having explored these options, the only source of funds available to BRD in the form and magnitude required was that offered by Teichmann albeit on terms that dilute existing shareholders significantly. Teichmann has demonstrated a strong ongoing commitment to the company and their closer involvement in the management of Kareevlei is expected to assist the company during this critical phase of development."*

Gary Teichmann, Non-Executive Director said, *"We are fully committed to the success of BRD and Kareevlei for all shareholders and the fair treatment of, all shareholders. Our further investment in BRD and Kareevlei demonstrates this. Going forward we will be taking a more active role in the management of BRD and Kareevlei and I look forward to updating the market on progress."*

Teichmann Financing

As announced on 1 July 2022, the Company's cash resources have been depleted due, in particular, to the impact of continued wet weather on production and mine development during Q2 2022 in what continues to be a period of heavy investment in mining development. The Teichmann Financing will provide funding to invest in continued mining development, repay trade creditors (principally Teichmann South Africa Proprietary Limited that is currently owed between approximately ZAR 22m and ZAR 24m), repay an existing loan note maturing in October 2022 and to provide general working capital to the Company.

SLN

Under the Teichmann Financing, the SLN has a principal amount of £1,066,412 and a redemption date of 31 August 2022 ("SLN Redemption Date") with zero interest payable. It is expected that the SLN will be redeemed for 15,234,437 ordinary shares in the Company at a price of 7 pence per share at the SLN Redemption Date, subject to the Company having received approval from The Panel on Takeovers and Mergers for a waiver of the obligation that will arise for Teichmann (and its concert party) under Rule 9 of the Takeover Code to make a mandatory offer for the Company, and subject to the approval of independent shareholders in accordance with Appendix 1 of the Takeover Code (the "Waiver"). If approved, the Teichmann concert party's shareholding would increase from a current aggregate 17.4% (without any conversion of the Existing CLN in issue) to approximately 51% at which point the Teichmann concert party would be free to make further share purchases or conversions into ordinary shares of the Company.

New CLN and Existing CLN

In addition, and also subject to the Waiver being granted, a New CLN of £583,475 will be issued to Teichmann, with a conversion price of 7 pence and a maturity date of 30 November 2025. The New CLN will, subject to regulatory approval in South Africa, be secured by a charge over the Company's shares in Kareevlei Mining Pty Limited.

Furthermore, the Existing CLN of £1,610,000 million, the terms of which were set out on 27 August 2021, will be amended to provide for redemption and to run to an extended term of 30 November 2025. It will also remove applicable interest to its maturity and amend the conversion price from 40 pence to 24.9 pence (the commercial effect among the parties being the same due to the treatment of interest and will not alter the maximum number of shares to be issued under the Existing CLN, being 6,465,247 ordinary shares).

Should the Waiver for the SLN redemption, issue of the New CLN and amendment to the Existing CLN be granted, relevant shareholder authorities be obtained and the New CLN and Existing CLN be converted, and assuming that no further shares are issued prior to conversion, the Teichmann Concert Party's shareholding would further increase to approximately 65.5%.

If the Waiver is not granted or if the relevant shareholder authorities are not obtained, then BlueRock will be required to redeem the SLN at the amount invested by the noteholders plus the greater of:

- a) £1 million; and
- b) The market value of the 15,234,437 ordinary shares in the Company, less £1,066,412 allocated across the SLN pro rata, where the "market value" is the mid market closing price of the Company's ordinary shares on the SLN Redemption Date.

Debt funding facility

The Company has also entered into a new extended credit facility with the Company's mining contractor, Teichmann South Africa Proprietary Limited, for up to ZAR30 million which reduces to ZAR20 million after the

first 180 days. Subject to South African regulatory approvals, where relevant, the facility will be secured over the plant, machinery, equipment and other moveable assets of Kareevlei Mining Pty Limited.

Further arrangements

In addition to the financing agreements above, the Company and Teichmann have entered into a new Relationship Agreement reflecting the right for Teichmann to appoint up to three directors (as long as this number is matched by independent directors who will retain the casting vote) and to participate in future fundraisings to maintain its shareholding. This agreement includes typical clauses on the ability of the Company to operate independently of Teichmann.

The Company, Kareevlei Mining Pty Limited, Teichmann Company Limited and Teichmann South Africa Proprietary Limited have also entered into a Governance Agreement which sets out a framework under which Teichmann and other material shareholders of BlueRock and Kareevlei can appoint directors at the Kareevlei level subject to BlueRock retaining control of the operation of Kareevlei through a casting vote. BlueRock and Teichmann are to agree terms of reference for a management committee of Kareevlei, such committee to include an independent technical expert.

Shareholder participation

The Board is conscious of the dilutive effect of the Teichmann Financing and is exploring with Teichmann the possibility of offering a limited number of new ordinary shares to shareholders as at the SLN Redemption Date at the same price of 7p per share while allowing Teichmann to maintain its intended holdings as at that time following SLN redemption. Further details of this possible offer will be provided in due course.

General meeting

The Company intends to convene a General Meeting as soon as practicable to consider and, if thought fit, approve a Rule 9 waiver and the grant of the authorities necessary for the equity redemption of the SLN, the New CLN, the amendment of the Existing CLN for which a circular is expected to be issued in due course.

Current trading

The operation is seeing steady progress with drier conditions in June ,following the impact of the extreme weather conditions through to May (200% more rain Feb to May in 2022). With development mining behind plan the feed to the plant is still a mixture of pure kimberlite and lower grade material through higher than planned dilution. It is anticipated a material portion of the main pit will be opened up during Q3 and with that a more composite feed and improved grade.

Despite the difficult weather conditions the developed tonnes mined in first half of 2022 was 1,165,336t versus 645740t in 2021 clearly demonstrating the Company's commitment to the critical capital development in its

mining operations that will ensure consistent throughput in the plant and allow better preparation for the 2023 wet season.

The Company expects to issue its Q2 production update on 11 July 2022.

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, the Relationship Agreement and the Governance Agreements (the "Teichmann Agreements") constitute a related party transaction for the purposes of Rule 13 of the AIM Rules.

The Directors independent of the Teichmann Agreements, being Michael Houston, David Facey, 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 BRD's website 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.