

13 May 2020

**BlueRock Diamonds PLC ('BlueRock' or the 'Company')
Operations & Corporate Update**

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 an update on its operations and marketing strategy further to the recommencement of operations earlier this week.

Introduction

As previously announced on 7 April 2020, the impact of COVID-19 on the Company's operation has been twofold. Firstly, the Company's ability to operate has been dependent upon the stance taken by the South African Government in dealing with the pandemic. Secondly, whether BlueRock can operate profitably will depend on when and how the global diamond market responds/recovers and returns to a point where the Company can sell its diamonds again profitably.

Having adapted its working practices to comply with the South African Government regulations and now established a new route to market together with associated finance (further details below), the Board believes that the Company can operate in the current environment.

Operations

On 23 April 2020, President Ramaphosa announced a phased approach to lifting restrictions that would commence on 1 May 2020. The address to the nation can be accessed here: <https://www.gov.za/speeches/president-cyril-ramaphosa-south-africas-response-coronavirus-covid-19-pandemic-23-apr-2020>.

Since 23 April 2020, the Company has been, in consultation with the Department for Mineral Resources, implementing the procedures necessary to comply with the Government regulations and to protect the health and safety of its employees. Accordingly, as previously reported, operations recommenced on 11 May 2020. Management believes that Kareevlei, being an opencast mining operation, can operate at full capacity whilst abiding by the regulations. Therefore, the Company anticipates returning to the monthly tonnages achieved during the dry season with its current processing plant.

To date, the Company has had no instances of COVID-19 at the mine.

New Selling Strategy

The Company had been reviewing its sales strategy prior to the COVID-19 pandemic to gain access to the Antwerp diamond market, which attracts significantly more buyers than the local South African diamond market. The Board is also of the view that the Antwerp market is likely to recover earlier than the domestic market primarily due to expected ongoing travel restrictions to and within South Africa and the fact that many of the international buyers have offices located in Antwerp.

Accordingly, the Company has entered into an agreement with Bonas-Couzyn N.V, part of the Bonas Group (“Bonas”), to market the Kareevlei diamonds through its Antwerp facility. Bonas is the world’s longest established diamond brokerage and consultancy firm and is the largest global independent diamond and gemstone tender and auction house operating 50 sales a year having sold 6.1 million carats in 2019. Bonas attracts approximately 160 buyers to its sales.

The Company is excited to be involved with Bonas, which will present its diamonds for sale as Kareevlei Diamonds therefore helping to further establish the brand of Kareevlei diamonds, which the Directors believe will add value in selling the high-quality diamonds that Kareevlei recovers.

The Company expect to export its first consignment of diamonds to Bonas towards the end of June 2020.

Diamond Financing

The near-term diamond market remains uncertain and until the tender houses re-open, which is expected to be in June, in Antwerp, the impact of COVID-19 on diamond prices will not start to become clear. Accordingly, the Company has, together with Bonas, been in discussion with Delgatto Diamond Finance Fund LP (“DDFF”), a New York based fund, which is the largest non-bank lender to the diamond and jewellery industry, to provide pre-sales finance. The pre-sales finance will enable BlueRock to have greater flexibility over when sales are made allowing it to delay sales until a time when market prices have recovered.

A non-binding letter of intent has been agreed with DDFF to enable BlueRock to finance each monthly parcel at 70% of an agreed valuation for up to 12 months at a cost of 1.25% per month on the initial funding amount. The mechanism for achieving this is through the sale of monthly consignments of diamonds to DDFF together with a 12 month option on each consignment to repurchase the diamonds at the same price. BlueRock will be entitled to exercise this option, and thus sell its diamonds, at any time up to the end of each 12 month period. If the option has not been exercised by the end of the period, the option will lapse and DDFF will take ownership of the diamonds, unless both parties agree to extend.

Mining and operations strategy

The Board has taken the decision to focus on keeping the cost of production as low as possible to minimise the risk that its selling or finance price (being 70% of market value) exceeds its cost of production. Accordingly, the decision has been taken to reduce the level of development mining to align with the lower annual production, remove contract crushing and freeze employment whilst continuing to manage overhead costs. The Company will also benefit for a period from the weaker exchange rate and the material drop in the oil price.

The Company’s expansion plans are on hold until the position becomes clearer, although the Company wishes to implement them as soon as is practicable

Despite having kept costs to a minimum whilst the Kareevlei operations have been in care and maintenance, the total cash cost of “COVID-19 lockdown” has been significant in large part because the Company has had

to settle all of its creditors in order to restart operations without having any diamond sales. Some of this impact can be expected to reverse in due course as working capital levels normalise.

Cashflow Position

After the impact of COVID-19 (lack of sales since February, and having to pay all its creditors), the Company currently has liquid assets and near term cash of approximately £1.2m, comprising cash balances of c.£400,000, diamonds on hand valued at approximately £300,000, and £537,000 due in two equal tranches on 17 June 2020 and 17 August 2020 resulting from Teichmann's subscription of shares in February 2020.

Outlook

The outlook remains uncertain, particularly in relation to diamond prices over the coming months. Nevertheless, the Board, after careful consideration, believes that the new sales channel and expected financing arrangements will maximise the chances of BlueRock's operations being cashflow positive. The management of Kareevlei have put in place all the required procedures for operating, nevertheless, Kareevlei is not an isolated unit and there remains a risk that operations may need to be suspended if the situation changes.

The Company's guidance for the year remains suspended but it hopes to reissue guidance during Q3.

BlueRock Executive Chairman, Mike Houston, said, *"We have put important building blocks in place in an effort to de-risk the short to mid-term volatility in the market and to this end I am pleased with the partnerships with Bonas and DDFF, which I believe will add value to the Company.*

"Our focus remains on the preservation of cash as we work our way through what is a very difficult and uncertain time. Although our expansion project is on hold, we recognise that it is still key to unlocking value and are therefore continuing to explore ways to complete this project in 2020.

We will keep the market fully briefed on any material developments."

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.

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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 November 2018, it was estimated that the remaining Inferred Mineral Resource from the four kimberlite pipes (KV1, KV2, KV3 and KV5) represents a potential inground number of carats of 367,000.