

7 April 2020

BlueRock Diamonds PLC ('BlueRock' or the 'Company')
Q1 Production Update & Impact of COVID-19

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 its Q1 2020 production update.

Overview

- *Q1 Production & Sales Update*
 - Tonnes sorted in Q1 2020 up 78% to 74,011 (Q1 2019: 41,667*)
 - Carats produced in Q1 2020 up 76% to 2,503 (Q1 2019: 1,422)
 - Carats sold in Q1 2020 up 77% to 3,267 (Q1 2019: 1,847)
- *Impact of COVID-19*
 - Operations, suspended since 24 March 2020, will remain on care and maintenance until the market recovers sufficiently for them to be cash flow positive on a monthly basis
 - Diamond market impacted with international Tender houses and supporting operations suspended until further notice
 - Measures implemented to minimise costs
 - Strategy in place to ensure a swift return to target production levels and sales once the environment allows
 - FY 2020 and FY2021 production guidance suspended until the Company is in a better position to quantify the full impact

BlueRock Executive Chairman, Mike Houston, said, *"This update is overshadowed by the impact of the Coronavirus pandemic that has been sweeping the world and, as announced on 24th March 2020, has resulted in the temporary closure of Kareevlei. This is an evolving situation but our key priority at this early stage is the safety and wellbeing of our employees and their families and the protection of the assets.*

"Before we were faced with the pandemic, BlueRock was performing well, with the results for Q1 significantly better than the previous year, despite having over 18 inches (Q1 2019: 5.9 inches) of rainfall and the loss of eight days production due to the South African lockdown.

"Important mining was done on the development of the KV1 and KV2 combined pit, which required the movement of lower grade near surface material critical to the longer term mine plans. Additionally, our expansion project was progressing well, which commenced after our successful capital raise in February; this included the securing of key skills, design and planning, and the moving of the new Numovista plant to our site.

"However, given the uncertainty both operationally and in the market, we have decided to postpone any further work regarding these expansion plans and Kareevlei will remain on care and maintenance until we are in a position to operate safely and on a cash flow positive basis. In this way, we will endeavour to conserve as much of our cash resources as possible in order to restart operations strongly once the market has returned.

We are obviously entering a very challenging period with many unknowns that will require the Board and Management's constant attention; we will ensure we keep the market fully briefed on any material changes."

DETAILS

Q1 2020 Production Update

	Q1 2020	Q1 2019	Q1 2020 vs Q1 2019
Tonnes Sorted*	74,011	41,667	78%
Grade cpht	3.38	3.41	-1%
Carats produced	2,503	1,422	76%
Carats sold	3,267	1,847	77%
Avg. price per carat USD	327	371	-12%

*Tonnes sorted differs slightly from Tonnes processed (for example Q1 2019 tonnes processed was 42,409)

Despite the extremely high rainfall and the enforced closure from 24 March 2020, production was materially up on Q1 2019 reflecting the Company's enhanced ore handling and production optimisation procedures.

The lower grade is largely a reflection of the mining required in the development of the combined KV1 and KV2 pit where it has been necessary to mine some near surface lower grade material. This work has highlighted that KV1 has a materially larger footprint than currently recorded. The Company will look to update the resource statement later in the year once its Competent Person has had the opportunity to confirm the findings.

Diamond prices up to mid-February were in line with expectations given the lack of high-value diamonds in the period. The Company continued to recover high quality 1 to 5 carat diamonds, which are characteristic of BlueRock's high quality output.

At 31 March 2020, the Company had a cash balance of circa £480,000 and has a further £804,000 to be received in accordance with the terms of the Teichmann Subscription. Furthermore, it had 1,295 carats on hand as at 24 March 2020. There was a cash outflow in the first quarter of 2020 due to capital investment in the Expansion Project and a working capital outflow caused by the lack of sales since February 2020.

Impact of COVID-19

The rapidly evolving impact of COVID-19 on the Company's operation is twofold. Firstly, it will depend on the stance that the South African Government takes in dealing with the pandemic beyond the 21 day lockdown, which began on 27 March 2020, and how that influences the operational side of the business. Secondly, it 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.

According, management has placed the Kareevlei operation on care and maintenance, with only a small team retained on site to ensure that the plant and machinery is kept in working order and can be brought into production at short notice. Additionally, it has reduced costs to an absolute minimum with all but essential staff furloughed; agreements with suppliers deferred or in discussion to defer; expansion plans put on hold; and Executive and Non-Executive fees/salaries reduced by an aggregate 35%.

Despite the Director's best efforts to conserve cash, there will inevitably be a cost to the Company for the period in which the operations are on care and maintenance. This is likely to have an impact on the speed at which the Company can implement the expansion plans outlined in the announcement of 18 February 2020. The precise impact will not be known until after the restrictions imposed as a result of COVID-19 are lifted and the market starts to return to normal.

Notably, Kareevlei has an on-surface stockpile of 30,000 tons of run of mine and crushed material, which equates to approximately 15 days production and will be used to enable a swift return to target production levels once the environment allows. Furthermore, the Company is endeavouring to put in place an arrangement to sell its diamonds through international tender houses, which it believes may start operating earlier than those in South Africa.

The situation is extremely fluid at present and the Board will continue to update the market as the situation develops.

Given the uncertainty, FY 2020 and FY2021 production guidance is suspended until the Company is in a better position to quantify the full impact.

Shareholder conference call

BlueRock will be hosting a shareholder conference call on Thursday 9 April 2020 at 12pm (UK) in line with its commitment to maintaining positive engagement with its shareholders.

Shareholders are invited to submit questions via email in advance of the call, which management will aim to respond to during the call. Questions should be sent to shareholderenquiries@stbridespartners.co.uk by, at the latest, 3pm on Wednesday 8 April 2020.

To participate in the conference call, please dial 0845 359 0171 or +44 (0) 20 3003 2701 if you are calling from outside of the UK and enter the participant pin 7141701# when prompted to do so. Please note that all lines will be muted except for BlueRock's management team.

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

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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.