

21 January 2020

BlueRock Diamonds PLC ('BlueRock' or the 'Company')
Q4 & FY 2019 Production Update
Record results & operating profitably in H2 2019

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 Q4 2019 and FY 2019 production update.

Overview

- Group operating profitably for the first time in H2 2019
- Revenue
 - Up 190% to £4.1 million (unaudited) for FY 2019 (FY 2018: £1.4 million)
- Carats sold
 - Up 118% to 12,675 FY 2019 (FY 2018: 5,805)
 - Up 172% to 4,170 Q4 2019 (Q4 2018: 1,533)
- Production volume
 - Up 70% to 323,000 tonnes for the FY 2019 (FY 2018: 190,000)
 - Up 108% to 110,000 tonnes for Q4 2019 (Q4 2018: 53,000)
- Improved grade
 - FY 2019 4.34 cpht (FY 2018: 3.28 cpht)
 - Q4 2019 4.65 cpht (Q4 2018: 4.01 cpht)
- Average price per carat
 - Up 24% to USD415 per carat for FY 2019 (FY 2018: USD334)
 - Up 30% to USD410 per carat for Q4 2019 (Q4 2018: USD316)

BlueRock Executive Chairman, Mike Houston, said, "I am very pleased with the continued success at Kareevlei, having achieved the aggressive guidance for 2019 and operated profitably for the first time in the second half of 2019. We are proud of this key milestone, which is a testament to the implementation of the revised production strategy brought in by the Company's new management team in Q2 2019. As stated in earlier announcements, this strategy has focused on stabilising production ahead of maximising the exploitation of the resource. To that end, we are developing plans to effect a further step change increase in production and lower unit costs."

Overview

The Board is pleased with the continuing progress made at Kareevlei under challenging circumstances. FY 2019 saw record production, grade, value per carat and consequently a material increase in revenue. Furthermore, the Company expects to report not only positive EBITDA but positive comprehensive income for the second half of 2019 (excluding non-cash adjustments for IFRS 9 charges and movement in foreign exchange).

Q4 2019 was also pleasing. Production more than doubled from the comparative period in 2018 reflecting the Company's improved ability to operate in the rainy season (which started in December) and the fact that the plant operated throughout the Festive Season.

Q1 2020 has started satisfactorily and management expect that despite the impact of seasonal rains that previously caused significant disruption to operations, the Company will meet its target production volumes for the quarter, which are significantly ahead of those achieved in Q1 2019.

Production

	Q4			FY			Guidance
	2019	2018	Increase	2019	2018	Increase	
Tonnes Milled '000s	110	53	108%	323	190	70%	310 - 335
Grade cpht	4.65	4.01	16%	4.34	3.28	32%	4.25 - 4.5
Carats produced	5,121	2,143	139%	14,033	6,247	125%	13,000 - 15,000

Production increased by 70% in FY 2019 and more than doubled in Q4 2019 compared with the same period in 2018. The grade also continued to improve in Q4 to a record level of 4.65 cpht, lifting the overall grade for the year to around a third higher than the previous year. This was assisted by the majority of kimberlite mined coming from the higher grade KV1 pipe but pleasingly mining was also carried out in KV5 with successful outcomes during Q4. Additionally, considerable progress has been achieved in re-opening up KV2, which will be mined as one larger pit with KV1.

The combination of the increase in volumes and grade led to a 125% increase in the number of carats produced in the year. In all the key performance indicators, the Company has achieved what was a challenging and aggressive guidance.

Tender Results

	Q4			FY		
	2019	2018	Increase	2019	2018	Increase
Carats	4,170	1,533	172%	12,675	5,805	118%
Avg. price per carat USD	410	316	30%	415	334	24%

There were 2,085 carats on hand at the end of December 2019 (December 2018: 808), which will be placed in the January tender.

The significant increase in the carat sales compared with the previous year reflects the increased production volumes and grade and a 24% increase in the value per carat achieved. The mine recovered a number of high-

grade diamonds in 2019, reflective of moving into purer kimberlite mining, which has had an impact on the average price.

Liquid resources

At 31 December 2019, the Company had total unaudited liquid resources (cash and diamonds on hand to be sold in the January tender valued at cost) of approximately £763,000 (31 December 2018: £359,000).

Costs of production

As the Company has been operating at near current capacity (40,000 tonnes per month), it continues to benefit from increased economies of scale and management remains focussed on cost reduction. The unaudited cost per carat produced (including all costs incurred in South Africa but not UK costs) in H2 2019 fell to USD275 per carat compared with the cost per carat for August and September 2019 (the first two months of operating at near capacity) of approximately USD300. This compares to the sale price per carat in Q4 2019 of USD410.

The Company expects that, in addition to the cost reductions arising from increased production, there are a number of areas where significant cost savings can be made including, for example, linking up to the electricity grid, which will reduce the cost of generated power for the plant. The Company continues to investigate other opportunities to reduce costs.

Guidance

Revised guidance for 2020 is expected to be issued following finalisation of the Company's development plans.

Shareholder conference call

BlueRock will be hosting a shareholder conference call on Monday 27 January 2020 in line with its commitment to maintaining positive engagement with its shareholders. Further information regarding this call will be announced soon.

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 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 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.