BlueRock Diamonds PLC / AIM: BRD / Sector: Natural Resources

30 June 2021

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

Final Results & Notice of AGM

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 audited results for the year ended 31 December 2020.

OVERVIEW

Operational

- 24% increase in tonnes processed to 402,000
- 10% year on year increase in carats produced to 15,371
- 29% year on year increase in carats sold to 16,290

Resource Expansion

- Transformational expansion project nearing completion leading to an expected annual run rate of over 1 million tonnes per annum ('1Mtpa')
- 49% increase in Inferred and Indicated Diamond Resource to 10,368,300 net tonnes which provides a minimum 10-year life of mine based on planned production of 1mtpa
- 53% increase in net carats to 516,200

Financial

- £3,601,819 revenue, lower than 2019's £4,073,853 due to the effect of COVID-19

CHAIRMAN'S STATEMENT

2020 began optimistically for the Company, having completed a fundraise in February 2020 to implement an expansion plan that would transform BlueRock. The months that followed shook the world and had a material impact on BlueRock's operations. As a result of COVID-19, Kareevlei was shut in March 2020 and remained closed for 46 days.

During that time, we quickly established new strategies that would ensure the safety of our team, whilst enabling the mine to reopen despite having watched the international diamond market evaporate. The word 'unprecedented' has been used countless times in the past 18 months and is felt by many to be overused. However, it was an unprecedented period, and we are only now getting back on our feet as vaccination programmes worldwide build momentum, markets bounce back, and unique to BlueRock, our expansion plan reaches its final phase.

The revenue lost due to COVID-19 was approximately USD$2.5 million, from the combination of the impact on pricing and our enforced shutdown of 46 days in Q2.

Operations

Kareevlei hosts five known diamondiferous kimberlite pipes with a combined Inferred and Indicated Diamond Resource of 10.4 million tonnes / 516,200 carats (announced in February 2021) and produces excellent quality diamonds with 90% of output gem quality. Having secured £1.7 million in funding in February 2020, our aim was to fast- track a material increase in production volumes at Kareevlei from the 323,000 tonnes achieved in 2019 to a run rate of around 750,000 tonnes per annum ('tpa') and a consequent expected increase in carats to 30,000 by the end of 2020 and at a steady state production in excess of 40,000 carats per annum from 2021. We also aimed to optimise profitability through reducing unit costs by investing in infrastructure and the benefit of the much-improved economies of scale; to this end, our target was to reduce cost per carat by approximately USD50.

As mentioned, soon after we started this programme, we were forced to stop work at the mine due to the pandemic but continued to develop the business on a corporate level. Firstly, we reviewed our sales strategy and established a new partnership with Antwerp based Bonas-Couzyn N.V, part of the Bonas Group ("Bonas"), to market the Kareevlei diamonds through its Antwerp facility. Whilst this partnership remains in place, we have yet to use it. We expect to start selling through Antwerp once our new facility is fully operational.

We also signed Heads of Terms with Delgatto Diamond Finance Fund LP ("DDFF"), a New York based fund, to provide pre-sales finance that would enable us to have greater flexibility over when sales were made. Once again, we have not used this provision, but it remains an option for us.

Once operations restarted at the mine on 11 May 2020, we quickly increased production at minimal cost having made modifications to the primary crushing circuit and introducing the third pan. Volumes continued to rise for the remainder of the year, resulting in a 24% increase in tonnes processed to 402,000 against 323,000 in 2019. Carats produced and sold were also up 10% at 15,371 and 29% at 16,290 respectively year on year, whilst the grade was slightly down as we concentrated on amalgamating KV1 and KV2 to create one larger and more efficient Main Pit and add considerable flexibility to our mining operation. Having completed this in Q3 2020, the average grade for the second half was a much improved 4.4 cpht, a slight increase over the average for FY 2019.

Post period end, in February 2021, we reviewed our expansion project and decided to increase our production target to 1Mtpa and annual revenue to circa USD16m assuming a grade of 4 cpht and an average sale price of USD400. At this time, we raised a further £1.5m. Later in May 2021, this was appraised again, to bring forward certain deliverables ahead of planned commissioning and to explore options to advance the development of our largest pipe, KV3.

In May 2021, as a result of increasing costs and delays related to our expansion project, we entered into heads of terms for a loan to raise a further £1.61 million, which will be exchanged for a convertible loan note, subject to Takeover Panel and independent shareholder approval, the details of which are discussed in detail below.

Expansion Project

I am glad to say that our transformational expansion project is nearing completion. We are expecting to start commissioning of the west side of the new plant shortly and once complete we are targeting annual production of 1 million tonnes and hope that we will be able to exceed this. The increased tonnages will provide the economies of scale to turn Kareevlei into a highly cash generative asset.

The Diamond Market

2020 was a very difficult year for the diamond market. For a number of months there were no auctions either in South Africa or elsewhere. During the second half of the year, we sold diamonds to a private buyer. Initially we were obtaining prices in excess of USD300 per carat but towards the end of the year this fell to nearer USD200 per carat.

I am delighted to report that in 2021 the market has recovered to pre-COVID levels, and we have achieved an average of USD424 per carat in the first five months of the year, through the South African auction house, which is higher than the pre-COVID price of USD415 achieved in 2019 for a similar product mix. At the time of writing the market remains buoyant with a tight supply of rough diamonds and a strong recovery in the retail sector.

Diamond Resource ("Resource")

At the end of the year, we announced a provisional Resource update that was confirmed post period end in February 2021, demonstrating a 49% increase in net tonnes to 10,368,300, a 53% increase in net carats to 516,200 and notably the Competent Person upgraded 19% of the resource from Inferred to Indicated. Based on our planned production of 1Mtpa, this provides a minimum 10-year life of mine, however, we remain confident that the Resource will increase further once more work is completed on KV3, our largest pipe, where at present only 40% of this pipe’s current known volume has been included.

Partnerships

We have an excellent relationship with Teichmann, which owned 27% of BRD's shares at the end of the year and are also our mining contractor, our biggest supplier. I discuss our relationship with them later in my statement.

Post period end, and to allow Management to focus on day-to-day production as well as commissioning / handover requirements, we appointed BinVic (Pty) Limited (‘BinVic’), a fully integrated project execution service provider, to complete our expansion project.

We also strengthened the Board and management, appointing an experienced mining engineer based in South Africa, Rob Croll, as a Non-Executive Director, and who is also heading up a technical committee of the Board.

Furthermore, we engaged Minexec (Pty) Ltd, headed up by Meiring Burger, to work alongside our Kareevlei CEO, Gus Simbanegavi, to provide additional management support and to ensure that the delivery of the increased tonnages is achieved with the maximum efficiency. Meiring has a strong operating mining background in Africa with a focus on a culture of accountability and skills development.

Outlook

Our strategy remains to achieve and then maximise the profitability at Kareevlei and in the longer term to explore other new similar opportunities where we believe we can add value. To this end, we expect to complete our expansion project shortly and build up to full production in August enabling us to hit our full year production guidance of 750,000 tonnes to 850,000 tonnes processed and carats produced of between 30,000 to 39,000 carats.

We have put a temporary hold on our plan to connect to the national grid, whilst we consider alternative power options that, on a sustainable basis, will move the operation towards lower carbon emissions. We remain committed to finding the right power solution and to implement it in 2022.

Accordingly, by the end of the year, we expect BlueRock to be a very different company, with annual run rate revenues doubled to +USD16m, and cost per unit cost reduced to c. USD220 per carat, thereby providing a healthy margin compared with our average sale price for 2019 (pre-COVID) of US$415 and the first five months of 2021 of USD424 per carat.

We appreciate that it has been a challenging period and in reality, it has set BlueRock back the best part of a year on its growth plan at the Kareevlei operation and we would like to thank shareholders for their continued support.

However, with the expansion plans coming to fruition, we are highly optimistic for BlueRock's future and look forward to providing further updates on progress.

Events following the end of the year

At the end of 2020 and the beginning of 2021, Kareevlei experienced unprecedented levels of rain fall which forced the plant to close for a total of 29 days. Not only did this impact the timetable for the completion of our expansion project, but also reduced production levels accordingly. These two events coupled with the very low pricing that we achieved in the last quarter of 2020, led to a cash requirement which was satisfied by the issue of a further £1.5 million of equity in February 2021.

In May 2021 as a result of increasing costs and delays related to our expansion project, we entered into heads of terms for a loan to raise a further £1.61 million, which will be exchanged for a convertible loan note, subject to Takeover Panel and independent shareholder approval. The funds are due to be received in 12 equal monthly instalments and the first payment was received in June 2021 in contemplation of agreeing final loan documentation shortly. We are encouraged by the continued support of Teichmann, which is working even more closely with the Company to ensure that we reach our goals.

In conclusion, what started out to be an exciting year for BlueRock ended up being a very challenging one with the impact of COVID -19 over an extended period and two extreme wet seasons having a significant influence on outcomes. Your Board, with the best knowledge available in early 2020 pushed ahead with the expansion at Kareevlei as strategically it remained key to delivering on shareholder value.

However, some tough lessons have been learnt particularly in relation to the on the ground management support. We addressed this in early 2021 through the appointment of BinVic to manage the expansion project and more recently through the appointment of Rob Croll. Rob is based in South Africa and able to make regular visits to the mine.

Looking forward, the mine and plant expansion is very close to completion and management are focusing on preparedness to deliver on the materially higher tonnages and cost controls both of which will drive cashflows and profitability. We have the marketing arrangement with Bonas in place with the potential to add value to sales, which we will implement at the appropriate time.

I would like to thank everyone at BlueRock and Kareevlei, as well as our shareholders and key stakeholders for their continued efforts and support.

Michael Houston
Executive Chairman

Notice of AGM

The Company also announces that the BlueRock Annual General Meeting ('AGM') will be held at 10am on 22 July 2021 at the offices of SP Angel, 35- 39 Maddox Street, London, W1S 2PP.

Please note that due to COVID-19 and the UK's Government restrictions on travel, assembly and guidance on meetings, shareholders, their proxies and corporate representatives are requested not to attend in person, as they will not be admitted to the meeting Shareholders are only able to vote on resolutions set out in the Notice of AGM by proxy.

The Company's annual report and accounts, Notice of AGM and Forms of Proxy will be dispatched to shareholders later today and will be available on the website at www.bluerockdiamonds.co.uk.

Consolidated and Company Statements of Financial Position

Figures in £	Group 2020	Group 2019	Company 2020	Company 2019*
Assets				
Non-current assets				
Property, plant and equipment	2,344,335	778,920	-	-
Right-of-use assets	520,795	455,381	-	-
Mining assets	560,332	406,068	-	-
Investments in subsidiaries	-	-	5	5
Other receivables	425,319	344,442	10,360,032	8,052,049

Total non-current assets	**3,850,781**	**1,984,811**	**10,360,037**	**8,052,054**
Current assets				
Inventories	458,308	837,347	-	-
Trade and other receivables	162,163	56,703	136,190	36,676
Cash and cash equivalents (including restricted cash of £214,499 (2019: £223,914)	569,962	389,849	537,525	378,062
Total current assets	**1,190,433**	**1,283,899**	**673,715**	**414,738**
Total assets	**5,041,214**	**3,268,710**	**11,033,752**	**8,466,792**
Equity and liabilities				
Equity				
Share capital	454,333	162,900	454,333	162,900
Share premium	6,885,796	4,147,980	6,885,796	4,147,980
Accumulated loss	(7,223,054)	(5,120,207)	(473,817)	(79,444)
Other reserves	3,393,154	3,118,484	3,081,203	3,100,761
Total equity attributable to owners of parent	3,510,229	2,309,157	9,947,515	7,332,197
Non-controlling interests	(2,261,809)	(1,764,910)	-	-
Total equity	**1,248,420**	**544,247**	**9,947,515**	**7,332,197**
Liabilities				
Non-current liabilities				
Provisions	454,197	302,989	-	-
Borrowings	828,300	916,489	465,601	916,490
Lease liabilities	551,743	454,508	-	-
Total non-current liabilities	**1,834,240**	**1,673,986**	**465,601**	**916,490**
Current liabilities				
Trade and other payables	1,237,563	880,584	111,826	61,407
Borrowings	696,206	156,698	508,810	156,698
Lease liabilities	24,785	13,195	-	-
Total current liabilities	**1,958,554**	**1,050,477**	620,636	**218,105**
Total liabilities	**3,792,794**	**2,724,463**	**1,086,237**	**1,134,595**
Total equity and liabilities	**5,041,214**	**3,268,710**	**11,033,752**	**8,466,792**

*The comparative figures have been restated.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Figures in £	**2020** £	**2019** £
Revenue from contracts with customers	3,601,819	4,073,853
Other income	1,062	911
Administrative expenses	(192,137)	(128,326)
Operating expenses	(5,683,454)	(4,418,605)
Other gains	853	-
Loss from operating activities	**(2,271,857)**	**(472,167)**
Finance income	24,209	25,460
Finance costs	(248,022)	(192,350)
Other losses	(493,138)	(45,187)
Loss before taxation	(2,988,808)	(684,244)
Income tax expense	-	-
Loss for the year	**(2,988,808)**	**(684,244)**
Loss for the year attributable to:		
Owners of Parent	(2,388,532)	(510,722)
Non-controlling interest	(600,276)	(173,522)
	(2,988,808)	**(684,244)**
Other comprehensive loss net of tax		
Components of other comprehensive income that may be reclassified to profit or loss		
Gains on exchange differences on translation	397,605	32,297
Total other comprehensive income	**397,605**	**32,297**
Total comprehensive loss	**(2,591,203)**	**(651,947)**
Total comprehensive loss attributable to:		
Owners of parent	(2,094,304)	(486,822)
Non-controlling interests	(496,899)	(165,125)
	(2,591,203	**(651,947)**
Basic and diluted loss per share		
Basic loss per share	(0.35)	(0.21)

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in the financial statements. The loss after taxation for the financial year for the parent company was £680,058 (2019: loss of £16,850).

Consolidated Statement of Changes in Equity – Group

Figures in £	Share capital	Share premium	Capital redemption reserve	Foreign currency translation reserve	Share-based payment reserve	Accumulated loss	Attributable to owners of the parent	Non-controlling interests	Total
Balance at 1 January 2019	44,352	3,460,309	2,003,010	(6,177)	333,837	(4,609,485)	1,225,846	(1,599,785)	(373,939)
Changes in equity									
Loss for the year	-	-	-	-	-	(510,722)	(510,722)	(173,522)	(684,244)
Foreign exchange movement	-	-	-	23,900	-	-	23,900	8,397	32,297
Total comprehensive income	-	-	-	23,900	-	(510,722)	(486,822)	(165,125)	(651,947)
Issue of equity	118,548	1,450,452	-	-	-	-	1,569,000	-	1,569,000
Share issue expenses	-	(113,214)	-	-	-	-	(113,214)	-	(113,214)
Share-based payments	-	(649,567)	-	-	763,914	-	114,347	-	114,347
Balance at 31 December 2019	**162,900**	**4,147,980**	**2,003,010**	**17,723**	**1,097,751**	**(5,120,207)**	**2,309,157**	**(1,764,910)**	**544,247**
Balance at 1 January 2020	162,900	4,147,980	2,003,010	17,723	1,097,751	(5,120,207)	2,309,157	(1,764,910)	544,247
Changes in equity									
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(2,388,532)**	**(2,388,532)**	**(600,276)**	**(2,988,808)**
Other comprehensive income	**-**	**-**	**-**	**294,228**	**-**	**-**	**294,228**	**103,377**	**397,605**
Total comprehensive income for the year	**-**	**-**	**-**	**294,228**	**-**	**(2,388,532)**	**(2,094,304)**	**(496,899)**	**(2,591,203)**
Issue of equity	**291,433**	**2,870,501**	**-**	**-**	**-**	**-**	**3,161,934**	**-**	**3,161,934**
Share issue expenses	**-**	**(132,685)**	**-**	**-**	**-**	**-**	**(132,685)**	**-**	**(132,685)**
Share-based payments	**-**	**-**	**-**	**-**	**266,127**	**-**	**266,127**	**-**	**266,127**
Transfer lapsed options to accumulated loss	**-**	**-**	**-**	**-**	**(285,685)**	**285,685**	**-**	**-**	**-**
Balance at 31 December 2020	**454,333**	**6,885,796**	**2,003,010**	**311,951**	**1,078,193**	**(7,223,054)**	**3,510,229**	**(2,261,809)**	**1,248,420**

Consolidated Statement of Changes in Equity – Company

Figures in £	Share capital	Share premium	Capital redemption reserve	Share-based payment reserve	Accumulated loss	Total
Balance at 1 January 2019	**44,352**	**3,460,309**	**2,003,010**	**333,837**	**(62,594)**	**5,778,914**
Changes in equity						
Loss for the year	-	-	-	-	(16,850)	(16,850)
Total comprehensive income	-	-	-	-	(16,850)	(16,850)
Issue of share capital	118,548	1,450,452	-	-	-	1,569,000
Share issue expenses	-	(113,214)	-	-	-	(113,214)
Share-based payments	-	(649,567)	-	763,914	-	114,347
Balance at 31 December 2019	**162,900**	**4,147,980**	**2,003,010**	**1,097,751**	**(79,444)**	**7,332,197**
Balance at 1 January 2020	162,900	4,147,980	2,003,010	1,097,751	(79,444)	7,332,197
Changes in equity						
Loss for the year	-	-	-	-	(680,058)	(680,058)
Total comprehensive income	-	-	-	-	(680,058)	(680,058)
Issue of share capital	291,433	2,870,501	-	-	-	3,161,934
Share issue expenses	-	(132,685)	-	-	-	(132,685)
Share-based payments	-	-	-	266,127	-	266,127
Transfer lapsed options to accumulated loss	-	-	-	(285,685)	285,685	-
Balance at 31 December 2020	453,333	6,885,796	2,003,010	1,078,193	(473,817)	9,947,515

Consolidated and Company Statements of Cash Flows

Figures in £	Group 2020	Group 2019	Company 2020	Company 2019
Cash flows used in operations				
Cash used in operations	(1,025,363)	(362,022)	(530,401)	(488,330)
Net cash flows used in operations	**(1,025,363)**	**(362,022)**	**(530,401)**	**(488,330)**
Cash flows used in investing activities				
Proceeds from sales of property, plant and equipment	2,889	-	-	-
Purchase of property, plant and equipment	(1,268,083)	(569,367)	-	-
Increase in loan advanced to group company	-	-	(2,030,802)	(715,868)
Movement in rehabilitation guarantee	(101,888)	(286,984)	-	-
Cash flows used in investing activities	**(1,367,082)**	**(856,351)**	**(2,030,802)**	**(715,868)**
Cash flows from financing activities				
Proceeds from issuing shares (net of fees: £132,685 (2019: £108,214))	2,895,784	1,448,786	2,895,784	1,448,786
Repayments of borrowings	(245,237)	(142,262)	(156,892)	(142,262)
Repayments of lease liabilities	(66,380)	(63,545)	-	-
Increase in restricted cash	(8,811)	(13,786)	(8,811)	(13,786)
Cash flows from financing activities	**2,575,356**	**1,229,193**	**2,730,081**	**1,292,738**
Net increase / (decrease) in cash and cash equivalents	**182,911**	**10,820**	**168,878**	**88,540**
Exchange rate changes on cash and cash equivalents	6,617	(13,066)	-	-
Net (decrease) / increase in cash and cash equivalents	**189,528**	**(2,246)**	**168,878**	**88,540**
Cash and cash equivalents at beginning of year	165,935	168,181	154,148	65,608
Cash and cash equivalents at end of year	**355,463**	**165,935**	**323,026**	**154,148**

Notes to the Financial Statements

1. Basis of preparation

The financial information set out herein does not constitute the Group's statutory financial statements for the year ended 31 December 2020, but is derived from the Group's audited financial statements. The auditors have reported on the 2020 financial statements and their reports were unqualified and did not contain statements under s498(2) or (3) Companies Act 2006 but did contain a material uncertainty in relation to going concern. The 2020 Annual Report was approved by the Board of Directors on 29 June 2021. The financial information in this statement is audited but does not have the status of statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's consolidated financial statements, which form part of the 2020 Annual Report, have been prepared in accordance with International Financial Reporting standards prepared in conformity with the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention except for items held at fair value. They are presented in British Pounds Sterling (Pounds) which is also the functional currency of the Company. BlueRock Diamonds Plc is incorporated in England and Wales with company number 08248437 with registered office, 4th Floor, Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS. The preparation of financial statements in conformity with

International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

2. Going concern

The Group has prepared forecasts covering the period to 31 December 2022. Appropriate diligence has been applied by the directors who believe that the forecasts are prepared on a realistic basis using the best available information. The Group had cash balances of £156,000, a further £202,000 due from Teichmann (in accordance with the terms of their February 2021 share subscription), together with approximately 2,133 carats of diamonds and 267 carats of diamonds held in concentrate form and no bank debt at 28 June 2021. However, there remains a balance of £550,095 on the loan for some of the new plant equipment. The forecasts include repaying 50% of the existing Convertible Loans in October 2021 (£462,500) and assume the Group will exercise the option to extend the remaining 50% until October 2022. The forecasts also assume that the Group will receive the amount due under the Teichmann Group loan note as detailed below.

Heads of Terms have been agreed with the Teichmann Group for a £1.61m loan note with the intention that this will be replaced by a convertible loan note ('CLN'). Under the Heads of Terms, the initial loan will have a short term expiring on 31 August 2021. The funds are due to be received in 12 equal monthly instalments and the first payment was received in June 2021. It is expected that the initial loan (of which only three instalments will have been received) will be refinanced through the future issue of the CLN to Teichmann. The proposed CLN will not be issued by the Company until shareholders have approved additional Company authorities to issue new shares. In addition, the Company is applying to 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"). In the event that the CLN is not issued by 31 August 2021, being the term of the initial loan, BlueRock will be required to repay the higher of a) all amounts invested by Teichmann plus the interest on the entire amount of the loan that would have accrued over a three and a half year period; or b) all amounts invested by Teichmann plus the market value of such shares as would have been issued should the CLN have been issued, been converted and run for its full term less the principal amount invested. Therefore, until the CLN has been issued, there remains an uncertainty regarding the receipt of the remaining funds due under the Teichmann Group Loan, and the potential of repayments being due to Teichmann.

The COVID-19 pandemic resulted in the mine being forced to close for a period of 46 days in 2020 plus a weakening in the market value of diamonds, both of which had an impact on the Group’s operating results for FY2020. Although the Board is not anticipating any future impact of the severity seen in 2020, in making its going concern assessment, the Board has considered the increased level of uncertainty resulting from COVID-19. Cases in the Northern Cape are currently high and, although the Group is compliant with local COVID-19 protocols, there can be no certainty that COVID-19 will not impact on future production.

The new plant is nearing completion, and although the Board is confident that it will soon be operating at full capacity, there remains the risk that the completion of the new plant is delayed and that production levels do not increase at the expected levels which may require higher levels of working capital than expected.

After review of these uncertainties, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, based on its assessment of the forecasts, principal risks and uncertainties and mitigating actions considered available to the Group in the event of downside scenarios. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

However, at the date of approval of these financial statements, uncertainties relating to completing the issue of the CLN to Teichmann, the potential future impact of COVID-19 and the completion of the new plant, which could result in additional funding being required, indicate the existence of a material uncertainty which may cast significant doubt about the Group and parent Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include the adjustments that would result if the Group and parent Company were unable to continue as a going concern.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1.1 Ore reserves and associated Life of Mine (LoM)

There are numerous uncertainties inherent in estimating ore reserves and the associated LoM. Therefore, the Group must make a number of assumptions in making those estimations, including assumptions as to the prices of diamonds, exchange rates, production costs and recovery rates. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of diamonds, exchange rates, production costs or recovery rates may change the economic status of ore reserves and may, ultimately, result in the ore reserves being restated. Where assumptions change the LoM estimates, the associated depreciation rates, residual values, waste stripping and amortisation ratios, lease terms and environmental provisions are reassessed to take into account the revised LoM estimate.

3.1.2 Valuation of embedded derivatives

There is an adjustable conversion feature within the convertible loan agreement which effects the conversion price and the number of new ordinary shares issued. IFRS 9 requires a fair value calculation of the embedded derivative at recognition, as it is not closely related to the host contract, and a revaluation to be performed at each year end. The embedded derivative has been fair valued using the Monte Carlo model which requires critical estimates, in particular the Group's future share price volatility. At the year end the fair value of the embedded derivative was £21,718 (2019: £10,359). Further details can be found in note 16.

3.1.3 Rehabilitation provision

Estimates and assumptions are made in determining the amount attributable to the rehabilitation provision. These deal with uncertainties such as legal and regulatory framework, timing and future costs. The carrying value of the rehabilitation provision is disclosed in note 14. The Board use an expert to determine the existing disturbance level and associated cost of works and estimates of inflation and risk-free discount rates are based on market data.

3.1.4 Impairment of non-current assets

Mining assets and Property, plant and equipment representing the group's mining assets in South Africa are reviewed for impairment at each reporting date. The impairment test is performed using the approved Life of Mine plan and those future cash flow estimates are discounted using asset specific discount rates and are based on expectations about future operations. The impairment test requires estimates about future production and sales volumes, diamond prices, grades, operating costs and capital expenditures necessary to extract resources in the current medium term mine plan. Production forecasts include further growth from existing production levels, reflecting plant upgrades, steps to improve mining flexibility and investment to open new mining areas. Diamond prices are estimated with reference to recent achieved prices and the Board's assessment of the diamond market outlook.

Changes in such estimates could impact recoverable values of these assets. Details of the carrying value of property, plant and equipment and mining assets can be found in note 5 and 7.

The impairment test using the medium-term forecasts indicated significant headroom as at 31 December 2020 and therefore no impairment is considered to be appropriate. However, such headroom is dependent on achieving increases in production by upgrading the plant. However, the directors consider the forecasted production levels to be achievable best estimates.

3.1.5 Expected credit loss assessment for receivables due from subsidiaries

The Directors make judgements to assess the expected credit loss provision on the loan to the Company's subsidiary. This includes assessment of scenarios and the subsidiary's ability to repay its loan under such scenarios considering risks and uncertainties including diamond prices, future production performance, recoverable diamond reserves, environmental legislation and other factors. No credit loss provision was raised. If the assumed factors vary from actual occurrence, this will impact on the amount at which the loan should be carried on the Company Statement of Financial Position.

The carrying value of the subsidiary loan is set out in note 10.

3.1.6 Capitalised stripping costs

Waste removal costs (stripping costs) are incurred during the development and production phases at surface mining operations. Furthermore, during the production phase, stripping costs are incurred in the production of inventory as well as in the creation of future benefits by improving access and mining flexibility in respect of the ore to be mined, the latter being referred to as a ‘stripping activity asset’. Judgement is required to distinguish between these two activities at Kareevlei. The orebody needs to be identified in its various separately identifiable components. An identifiable component is a specific volume of the orebody that is made more accessible by the stripping activity. Judgement is required to identify and define these components, and also to determine the expected volumes (tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are based on a combination of information available in the mine plans, specific characteristics of the orebody and the milestones relating to major capital investment decisions.

Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The ratio of expected volume (tonnes) of waste to be stripped for an expected volume (tonnes) of ore to be mined for a specific component of the orebody, compared to the current period ratio of actual volume (tonnes) of waste to the volume (tonnes) of ore is considered to determine the most suitable production measure.

These judgements and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgements and estimates are also used to apply the stripping ratio calculation in determining the amortisation of the stripping activity asset.

No stripping costs were capitalised during the current financial year as the waste stripping ratio was below the estimated average strip ratio for the relevant sections of the ore body based on the existing medium term detailed mine plans, as the primary benefit of the stripping was access to ore mined in the period. Whilst there may be a longer-term benefit through access to deeper sections of the ore body the Board concluded that the criteria for recognition under the Group’s accounting policy were not met having considered the absence of a defined measured and indicated resource and consideration of the longer term mine planning status. All stripping costs incurred during the period were charged to the statement of profit or loss. 3.1.7 Contingent liabilities

The Group is subject to claims by a former director and companies related to that former director totalling £238,788.

Whilst fully disputing the claims, the Group maintains liabilities to the claimants of £183,364 as disclosed in note 15. The Group has placed £214,499 (2019: £223,914) in escrow with its attorneys to meet any payments under the claims. The Group has taken legal advice which advises that the claims are without merit and no provision is made for the additional claim amount. This matter has required the Board to exercise judgment in assessing both the extent to which liabilities should be retained and the decision not to provide for the additional claim amount.

3.2 Critical judgements in applying the entity's accounting policies

3.2.1 Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise, or not to exercise, an extension option. Extension options are only included in the lease term for instances where the company is reasonably certain that it will extend or will not terminate the lease when the lease expires. For all leases, the most relevant factors include:

- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- When the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the group is typically certain to terminate.

- Otherwise, the group considers other factors including historical lease durations, related costs and the possible business disruption as a result of replacement of the leased asset.

The lease term is reassessed on an ongoing basis, especially when the option to extend becomes exercisable or on occurrence of a significant event or a significant change in circumstances which affects this assessment, and that is within the control of the group.

Judgment is needed in determining the lease term of surface lease agreements. The lease term of surface lease agreements are based on the approved Life of Mine (LoM) estimate.

3.2.2 Determining the incremental borrowing rate to measure lease liabilities

Interest rate implicit in leases is not available, therefore, the group uses the relevant incremental borrowing rate (IBR) to measure its lease liabilities. The IBR is estimated to be the interest rate that the group would pay to borrow:

- over a similar term
- with similar security
- the amount necessary to obtain an asset of a similar value to the right of use asset
- in a similar economic environment

The IBR, therefore, is considered to be the best estimate of the incremental rate and requires management's judgement as there are no observable rates available.

4. Property, plant and equipment

4.1 Balances at year end and movements for the year

	Leasehold improvements	**Plant and Machinery**	**Motor vehicles**	**Total**
Reconciliation for the year ended 31 December 2020 - Group				
Balance at 1 January 2020				
At cost	5,067	1,809,364	44,700	**1,859,131**
Accumulated depreciation	-	(1,056,986)	(23,225)	**(1,080,211)**
Net book value	**5,067**	**752,378**	**21,475**	**778,920**
Movements for the year ended 31 December 2020				
Additions	-	1,754,985	8,047	**1,763,032**
Depreciation	(443)	(216,653)	(4,225)	**(221,321)**
Disposals	-	(439)	-	**(439)**
Exchange differences - Cost	(391)	(44,067)	(3,734)	**(48,192)**
Exchange differences - Accumulated depreciation	(24)	70,074	2,285	**72,335**
Property, plant and equipment at end of year	**4,209**	**2,316,278**	**23,848**	**2,344,335**
Closing balance at 31 December 2020				
At cost	4,676	3,513,434	35,754	**3,553,864**
Accumulated depreciation	(467)	(1,197,156)	(11,906)	**(1,209,529)**

Net book value	**4,209**	**2,316,278**	**23,848**	**2,344,335**
Reconciliation for the year ended 31 December 2019 - Group				
Balance at 1 January 2019				
At cost	-	1,304,188	67,503	**1,371,691**
Accumulated depreciation	-	(781,426)	(19,462)	**(800,888)**
Net book value	**-**	**522,762**	**48,041**	**570,803**
Movements for the year ended 31 December 2019				
Additions	5,069	512,185	12,498	**529,752**
Depreciation	-	(279,749)	(6,075)	**(285,824)**
Transfer of right-of-use-assets on 1 January 2019 – Cost	-	-	(35,128)	**(35,128)**
Transfer of right-of-use-assets on 1 January 2019 – Accumulated depreciation	-	-	2,220	**2,220**
Exchange differences - Cost	(2)	(7,008)	(174)	**(7,184)**
Exchange differences - Accumulated depreciation	-	4,188	93	**4,281**
Property, plant and equipment at the end of the year	**5,067**	**752,378**	**21,475**	**778,920**
Closing balance at 31 December 2019				
At cost	5,067	1,809,364	44,700	**1,859,131**
Accumulated depreciation	-	(1,056,986)	(23,225)	**(1,080,211)**
Net book value	**5,067**	**752,378**	**21,475**	**778,920**

4.2 Additional disclosures

Assets whose title is restricted and pledged as security	**Group 2020**	**Group 2019**	**Company 2018**	**Company 2017**
The carrying values of assets pledged as security is as follows:				
Plant and Machinery	94,103	102,242	-	-

Plant and equipment to the value of £94,103 are under security of the loan agreement with Mark Poole. The Group cannot pledge these assets as security for other borrowings or sell them to another entity. In the event of default Mark Poole may acquire the equipment of Kareevlei Mining Proprietory Limited for 1.00 South African Rand.

5. Inventories

Inventories comprise:

	Group 2020	**Group 2019**	**Company 2020**	**Company 2019**
Consumable stores	13,820	15,167	-	-
Work in progress	137,735	294,880	-	-

Diamonds on hand	306,753	527,300	-	-
Total	**458,308**	**837,347**	-	-

Inventory is carried at the lower of cost or net realisable value. During the year no write-downs to net realisable value were recorded.

6. Trade and other receivables

6.1 Trade and other receivables comprise:

	Group 2020	Group 2019	Company 2020	Company 2019 (as restated*)
Current				
Other receivables	122,139	1,384	122,139	1,166
Prepaid expenses	9,032	4,830	2,509	2,816
Value added tax	30,992	50,489	11,542	32,694
Total current receivables	162,163	56,703	136,190	36,676
Non-Current				
Other receivables (i)	425,319	344,442	575,674	496,474
Amounts due by subsidiary (ii)	-	-	9,784,358	7,555,575
Total non-current receivables	425,319	344,442	10,360,032	8,052,049

The carrying value of all trade and other receivables including the loan to a group company is considered a reasonable approximation of fair value.

Company:
(i) Non-current other receivables represent management fees receivable from Kareevlei Mining Proprietary Limited.
(ii) The amounts due by subsidiary is a loan to Kareevlei Mining Proprietary Limited that bears interest at the Nedbank Limited prime variable overdraft rate or unsecured loans to corporate customers.
* The 2019 classification of the management fees receivable- and amounts due from Kareevlei Mining Proprietary Limited, have been changed from current to non-current. See note 12 for further details.

Group:
(i) Other non-current receivables represent amounts held by financial institutions and the Department of Minerals and Energy as guarantees in respect of environmental rehabilitation obligations in respect of the Group's South African mines.

6.2

Items included in trade and other receivables not classified as financial instruments	Group 2020	Group 2019	Company 2020	Company 2019
Prepaid expenses	9,032	4,830	2,509	2,816
Value added tax	30,992	50,489	11,542	32,694
Total non-financial instruments included in trade and other receivables	40,024	55,319	14,051	35,510
Total trade and other receivables excluding non-financial assets included in trade and other receivables	547,458	345,826	10,482,171	8,053,215
Total trade and other receivables	587,482	401,145	10,496,222	8,088,725

7. Cash and cash equivalents (including restricted cash)

7.1 Cash and cash equivalents comprise:

	Group 2020	Group 2019	Company 2020	Company 2019

Cash				
Cash on hand	136	471	-	-
Balances with banks	569,826	389,378	537,525	378,062
Total Cash	569,962	389,849	537,525	378,062
Total cash and cash equivalents included in current assets	569,692	389,849	537,525	378,062

Cash and cash equivalents in the Consolidated Statement of Cash flows excludes restricted cash of £214,499 (2019: £223,914).

7.2 Cash and cash equivalents where availability is restricted

Bank balances to the value of £214,499 (2019: £223,914) are not available for use as it is held in trust with the Group's attorneys. This account is held as security for the claims submitted by a former director of the Group and may only be utilised against this claim, should it be successful.

8. Share capital

Authorised and issued share capital	Group 2020	Group 2019	Company 2020	Company 2019
Issued				
9,086,657 (2019: 3,258,004) Ordinary shares of 5p (2019: 5p) each	454,333	162,900	454,333	162,900
Share premium	6,885,796	4,147,980	6,885,796	4,147,980
	7,340,129	**4,310,880**	**7,340,129**	**4,310,880**

Share reconciliation

Details of issue	**Date**	**Number of ordinary shares**	**Share Capital £**	**Share premium £**
Opening Balance	01/01/2020	3,258,004	162,900	4,147,980
Placing and equity issue	18/02/2020	2,000,000	100,000	1,600,000
Placing and equity issue expenses	18/02/2020	-	-	(76,760)
Placing and equity issue	16/07/2020	3,806,718	190,336	1,259,660
Placing and equity issue expenses	16/07/2020	-	-	(55,925)
Issue of shares as repayment of loan facility	06/07/2020	21,935	1,097	10,841
Shares outstanding – closing		**9,086,657**	**454,333**	**6,885,796**

9. Trade and other payables

9.1 Trade and other payables comprise:

	Group 2020	Group 2019	Company 2020	Company 2019
Trade payables	1,068,671	735,541	45,643	28,007
Accrued liabilities	147,116	119,447	66,183	33,400
Account due to former Director	21,776	23,596	-	-
Total trade and other payables	**1,237,563**	**880,584**	**111,826**	**61,407**

An amount of £161,588 (2019: £175,092) is included within trade payables which are subject to amounts claimed as being due to companies related to the former Director of the company. These amounts are historic and disputed in full by the

Company based on legal advice received. The account due to a former Director totalling £21,776 (2019: £23,596) relates to amounts claimed but disputed in full by the Company.

10. Borrowings

10.1 Carrying amount of borrowings by category

	Designated at fair value	**At amortised cost**	**Total**
Year ended 31 December 2020 – Group			
Convertible loans	-	815,539	**815,539**
Loan facilities	-	687,249	**687,249**
Embedded derivative	21,718	-	**21,718**
Components listed under borrowings on the consolidated and company statements of financial position	**21,718**	**1,502,788**	**1,524,506**
Trade and other payables excluding non-financial liabilities	-	1,237,563	**1,237,563**
Components listed separately on the consolidated and company statements of financial position	-	**1,237,563**	**1,237,563**
	21,718	**2,740,351**	**2,762,069**
Borrowings comprise the following on the consolidated and company statement of financial position:			
Current portion	6,244	689,962	**696,206**
Non-current portion	15,474	812,826	**828,300**
	21,718	**1,502,788**	**1,524,506**
Year ended 31 December 2019 – Group			
Convertible loans	-	776,704	**776,704**
Loan facilities	-	286,125	**286,125**
Embedded derivative	10,359	-	**10,359**
Components listed separately on the consolidated and company statements of financial position	**10,359**	**1,062,829**	**1,073,188**
Trade and other payables excluding non-financial liabilities	-	880,584	**880,584**
Components listed separately on the consolidated and company statements of financial position	-	**880,584**	**880,584**
	10,359	**1,943,413**	**1,953,772**

Borrowings comprise the following on the consolidated and company statements of financial position:	Designated at fair value	Amortised at cost	Total
Current portion	-	156,698	**156,698**
Non-current portion	10,359	906,131	**916,490**
	10,359	**1,062,829**	**1,073,188**

11. Basic earnings per share

	Group 2020	Group 2019
Loss for the year attributable to owners of the company	(2,388,532)	(510,722)
Weighted average number of ordinary shares	6,753,581	2,470,871
Basic loss per share	(0.35)	(0.21)

12. Prior period error

As at 31 December 2020, BlueRock Diamonds Plc, the company, had receivables owing to it from its underlying operating subsidiary in South Africa amounting to £10,360,032 (2019: £8,052,049). Whilst legally these receivables are repayable on demand, given that the nature of the funding is for the subsidiary's operational activity on long term assets, it is unlikely that these receivables will be called in the next 12 months or realised within a 12 month period. For 31 December 2020 the receivables have been classified to non-current assets which reflects the period in which these assets will be realised in line with the requirements of IAS 1. The nature of these receivables has not changed in the last 12 months and therefore the receivables should have also been classified as non-current in the prior financial period. The comparative for 2019 has also been restated to reflect the receivables as non-current assets. The overall impact in 2020 is a decrease in current assets of £8,052,049 and an increase in non-current assets of £8,052,049 on the Company statement of financial position. There is no impact on comparative total assets, net assets, profit or loss or cash flow movements.

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 BlueRock'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.