

WFW ADVISES TEICHMANN ON FURTHER INVESTMENT IN BLUE ROCK DIAMONDS

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Watson Farley & Williams (“WFW”) has advised Teichmann Company Limited (“Teichmann”) on its further investment in AIM-listed Blue Rock Diamonds Plc (“Blue Rock Diamonds”).

Blue Rock Diamonds has signed a loan note subscription agreement with Teichmann, T-Three-Drilling Limited and three Teichmann employees (together “Teichmann”) for an aggregate £1.6m. Under the subscription agreement, Blue Rock Diamonds will initially issue a £1m simple loan note (“SLN”) to Teichmann alongside the provision of a debt funding facility of up to ZAR 30m to its Kareevlei diamond mine.

It is expected that the SLN will be redeemed for 15,234,437 ordinary shares in Blue Rock Diamonds at a price of 7p per share, subject to 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 Blue Rock Diamonds, 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% to approximately 51% at which point the Teichmann concert party would be free to make further share purchases or conversions into ordinary shares of Blue Rock Diamonds.

In addition, and also subject to the Waiver being granted, a new convertible loan note (“CLN”) of £0.6m will be issued to Teichmann, with a conversion price of 7p and a maturity date of 30 November 2025. The existing loan note of £1.6m held by Teichmann will also be amended.

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 in Blue Rock Diamonds would further increase to approximately 65.5%.

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 10.4m tonnes/516,200 carats (February 2021); based on its planned production of 1m tonnes per annum, this provides a minimum 10-year life of mine.

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The Teichmann group is a diverse group of companies with proven expertise in multi-disciplined construction services, mining and agriculture solutions, and significant social contributions across the African continent.

The WFW London Corporate team advising Teichmann Company was led by Global Mining & Commodities Sector Head Jan Mellmann, assisted by London by Corporate Senior Associate Nerina Erasmus and Trainee Alice Halpin.

Jan commented: “We’re delighted to have been able to assist Teichmann on this important strategic investment in BlueRock Diamonds, a producer of diamonds of exceptional quality. That they opted for WFW to represent them, highlights our expertise and experience in advising on corporate transactions in the mining and commodities space”.

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