



AUGUST 2021

# GHAGHOO DIAMOND MINE



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# OVERVIEW

## GHAGHOO DIAMOND MINE

- Ghaghoo Diamond Mine (“Ghaghoo”) is located in located in Gope, Ghanzi District, Botswana. Approximately 300km north-west of Gaborone, and 160km south-west of Orapa.
- Fully permitted mining license to 31 December 2036.
- The mine consists of a 10.8ha kimberlite pipe (GO25) with a SAMREC compliant Indicated Resource of 79,390,000 tons with an average grade of 19.51 cpht and diamond value of \$242/ct and an Inferred Resource of 28,777,000 tons with an average grade of 17.52 cpht and an average diamond value of \$239/ct (2014 data).
- World class on-site treatment facility for 60,000t per month and full mining infrastructure.
- US\$250 million estimated historical exploration and underground mine development spend by previous developers.
- In excess of 80,000m<sup>3</sup> tailings dump suitable for reprocessing.
- Full spectrum of stones recovered including consistent recovery of high value fancy-coloured diamonds.
- Average achieved prices from past production March 2017 US\$175 per carat.



# OVERVIEW

## TRANSACTION OVERVIEW

- Okwa Diamonds (pty) Ltd, a joint venture between Vast Resources PLC (90%) and Botswana Diamonds PLC ('BOD') (10%) has conditionally agreed to acquire 100% interest in Gem Diamonds Ltd, the owner of the Ghaghoo Mine, for a cash consideration of US\$4 million.
- Acquisition conditional on fulfilment of conditions precedent. These include procurement by Vast of a bank guarantee for 80% of the purchase price and regulatory and competition authority approvals in Botswana.
- US\$4 million payable 50% five days after fulfilment of conditions precedent and 50% on 23 December 2021 or five days after fulfilment of conditions precedent if later. Completion ten days after fulfilment of conditions precedent.
- Okwa, a joint venture company between Vast (90%) and BOD (10%), is purchaser of 100% interest in GDB, the owner of the Ghaghoo Mine.



# OVERVIEW

## JOINT VENTURE DETAILS

- Vast to provide the full finance for the acquisition and to bring the mine into steady state production up to a maximum of US\$15 million without any reduction in BOD's share. BOD to have the right to contribute to earn up to a further 20%.
- BOD to provide technical advice and leadership until steady state production and to be appointed operator of the mine.
- Replacement rehabilitation guarantee for approximately US\$3 million to be given by Okwa and guaranteed severally by Vast and BOD.
- Vast has the right to appoint two directors and BOD the right to appoint one director to Okwa. The board will constitute a technical subcommittee for oversight of the operation of the mine and to determine funding requirements which will consist of two Vast nominees and one BOD nominee.





# EQUITY STORY



<b>Location</b>	Botswana A politically stable and mining friendly jurisdiction
<b>Established Infrastructure</b>	Mining infrastructure (processing plant, staff camp, etc.) World-class on-site treatment facility that can handle 60,000t per month
<b>Wholly Owned</b>	Gem Diamonds Botswana (pty) Ltd ('GDB') owns 100% of the Ghaghoo Diamond Mine
<b>Fully Permitted</b>	Ghaghoo is fully permitted with a Mining Licence granted over an area of 46km <sup>2</sup> , covering both the Gope kimberlite (GO25) and the GO136 kimberlite
<b>Environmental Compliance</b>	Ghaghoo was scoped and developed in line with the Equator Principles, IFC Performance Standards and World Bank Group EHS Guidelines
<b>Upsides</b>	'Fancies and special stones' The occurrence of 'yellow stones' and other fancy colours attract a higher price and represents a potential boost to the average realised price per carat Studies have been performed to quantify the reduction of the conversion to open pit mining costs through the cost efficient removal of sand

# GHAGHOO

## TIMELINE

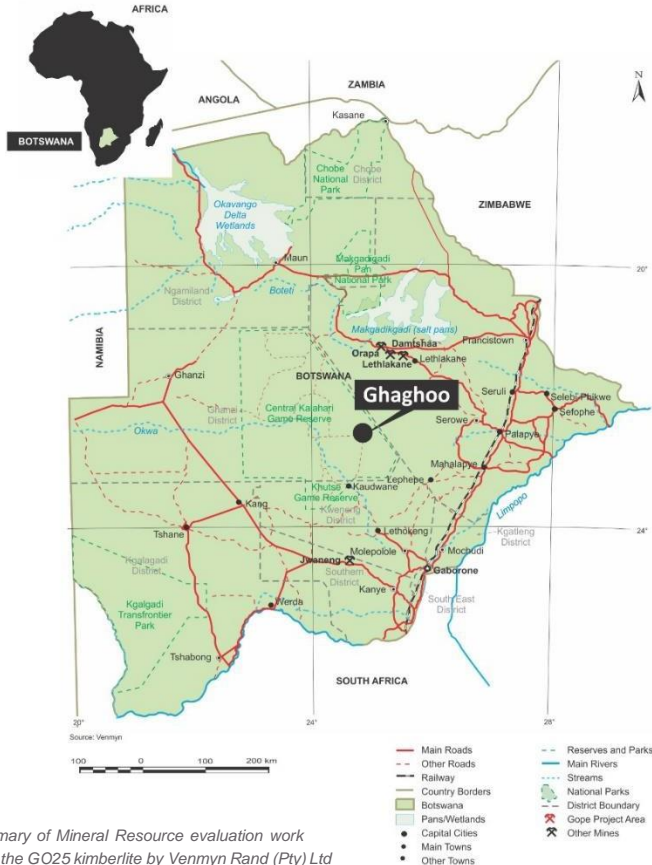


<b>1981</b>	Discovery by Falconbridge
<b>1983</b>	Joint venture between Falconbridge and De Beers
<b>1996-1998</b>	Pre-feasibility and Feasibility
<b>2007</b>	Acquisition of Gope Exploration Company (Pty) Ltd
<b>2008</b>	Bankable Feasibility Study Social and Environmental Impact Assessment
<b>2011-2014</b>	Underground mine development
<b>2012, December</b>	Plant construction completed
<b>2013, November</b>	Intersection of first ore
<b>2014</b>	First diamonds recovered during plant commissioning in April First production in October
<b>2017 March - Present</b>	Care and maintenance

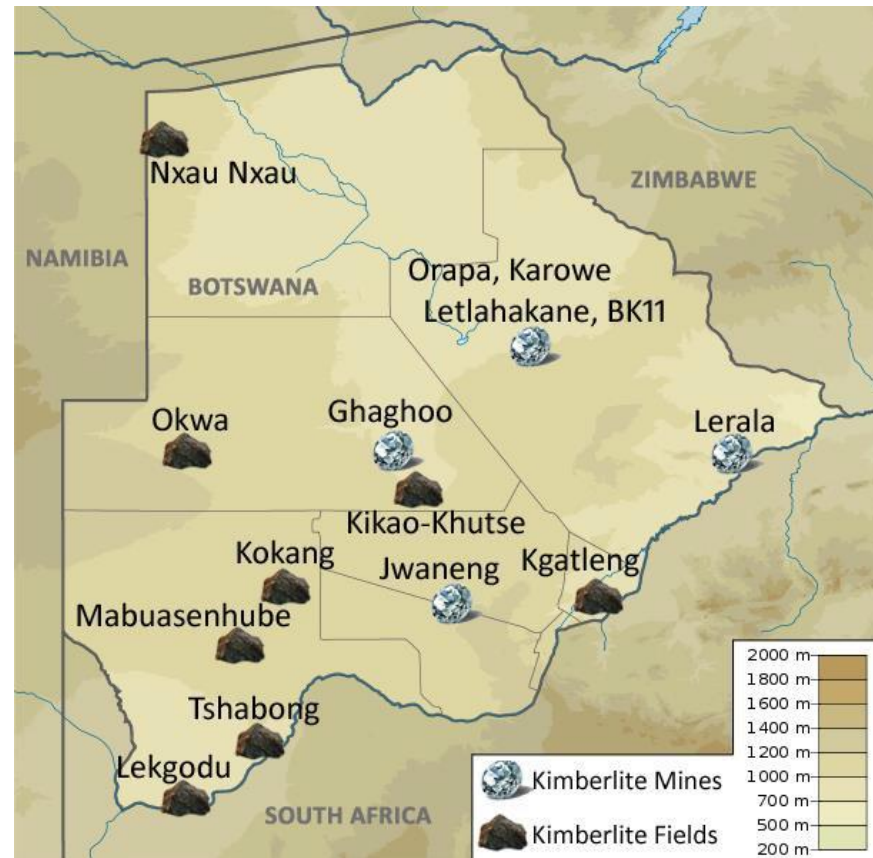
# GHAGHOO

## LOCATION

- Ghaghoo is located in Gope, Ghanzi District, Botswana 300km south east of Gaborone, within the Central Kalahari Game Reserve
- Gem acquired Ghaghoo in May 2007 with a 25 year mining licence which expires on 31 December 2036
- Ghaghoo is wholly owned by Gem Botswana and is accessible via a private airstrip, which requires the licence to be renewed, and by dirt road from Lephephe



Source: Summary of Mineral Resource evaluation work conducted on the GO25 kimberlite by Vennyn Rand (Pty) Ltd





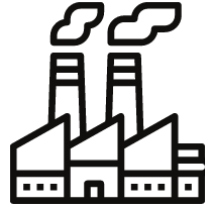
# GHAGHOO

## SALIENT FEATURES



### Underground Mine

Portal and single decline  
Single sub-level cave  
Development of 2<sup>nd</sup> level commenced in 2016  
Average mining rate of 700,000 tpa from 13 production tunnels



### Processing Plant

The processing facility comprises of:

- a primary crusher with capacity of 100tph;
- an autogenous milling and screening section;
- a 65tph dense media separation (“DMS”) module; and
- a recovery section that uses wet x-ray machines

Designed to process c.720,000 tpa of Run-of-Mine (“RoM”) material



### Infrastructure

Airstrip  
Offices/workshops  
Power generation (6 x 1250 kVA Aggreko generators on site)  
Ground water purification  
Waste disposal facilities  
Accommodation

# GHAGHOO

## RESOURCES AND PRODUCTION

- Ghaghoo consists of two kimberlite pipes, GO25 and GO136
- GO25 currently modelled to depth of 500m containing 108 Mt of ore at average grade of 18.98 cpht
- GO136 is an exploration mineral target with potentially over 11.7 Mt of ore at a grade ranging from 5 cpht to 35 cpht
- Ghaghoo summary SAMREC compliant Resource statement as of 1 January 2014, including Reserves:

Operation / Project name	Resource category	Tonnes (t)	Recovered grade (cpht) <sup>(1)</sup>	Carats
Ghaghoo	Indicated	79,390,000	19.51	15,492,200
<b>Total/Average Indicated Resources</b>		<b>79,390,000</b>	<b>19.51</b>	<b>15,492,000</b>
Ghaghoo	Inferred	28,777,000	17.52	5,040,300
<b>Total/Average Inferred Resources</b>		<b>28,777,000</b>	<b>17.52</b>	<b>5,040,300</b>
<b>Grand total/Average Resources</b>		<b>108,167,000</b>	<b>18.98</b>	<b>20,532,500</b>

- The evaluation and underground development strategy for Ghaghoo from the outset was to confirm the Falconbridge/De Beers historical large diameter drilling ("LDD") sampling results by accessing the ore from underground by means of a single decline
- This formed the basis of the "preliminary mine" and "intermediate mine" phases, designed to collect data for a Bankable Feasibility Study on the long-term, sustainable, steady-state mining operation, either open pit or block cave with twin declines, depending on the final results
- Mining and bulk sampling activities were focussed on the higher grade VKSE between 2014 and 2016, and shifted to sampling of VKMain toward the end of 2016 into 2017
- Total production from October 2014 to February 2017:

<b>Headfeed (t)</b>	600,729	<b>Average Price</b>	
<b>Carats</b>	139,143	<b>2014 Resource Statement</b>	\$242/ct
<b>Grade (cpht)</b>	23.16	<b>March 2017</b>	\$175/ct



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