

Welcome to Liqhobong Mine



ANALYST VISIT & PROJECT UPDATE **5th September 2016**



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Paul Bosma, (Pr. Sci. Nat. Reg. nr. 400259/04) who is the Company's Mineral Resource Manager and holds a B.Sc. Hons degree in Geology and a MBA, has reviewed and approved the technical information contained within this presentation. Paul Bosma has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking and is a qualified person as defined in the AIM Rules.

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Management, Project & Production Teams

SENIOR MANAGEMENT

Chief Executive Officer – Stuart Brown
Chief Financial Officer – Grant Ferriman

PROJECT TEAM

Glenn Black – Chief Project Officer
Ernst du Plessis – Construction Manager
Gideon Scheepers – Process Manager
Stuart Heggie – Project Services Coordinator
Richard Stopford – Project Planner
Phillip de Bourbon – Electrical and Control &
Instrumentation Lead
Toby Mitchell – Electrical Foreman
Willie Joubert – Mechanical Superintendent

PRODUCTION TEAM

Paul Bosma – General Manager
Ernst du Plessis – Engineering Manager
Gideon Scheepers – Metallurgical Manager
Tsepo Mokotjo - Security Manager
Ntsane Makhetha – SHE Manager
Mamosa Matela - HR Manager

Main plant Terrace

AUGUST 2015



AUGUST 2016



Project Installation Statistics

Civil Statistics

Site Civils	Units	Actuals
Reinforcing	t	522
Concrete	m ³	7,800

Earthworks Statistics

Site Earthworks	Units	Actuals
MPT	t	1,900,000
Site Other	t	2,650,000

RSF Statistics

RSF & Dams	Units	Actuals
RSF	t	3,300,000
Dams	t	780,000

Buildings Statistics

Buildings	Units	Actuals
MPT	m ²	7,315
Other	m ²	2,700

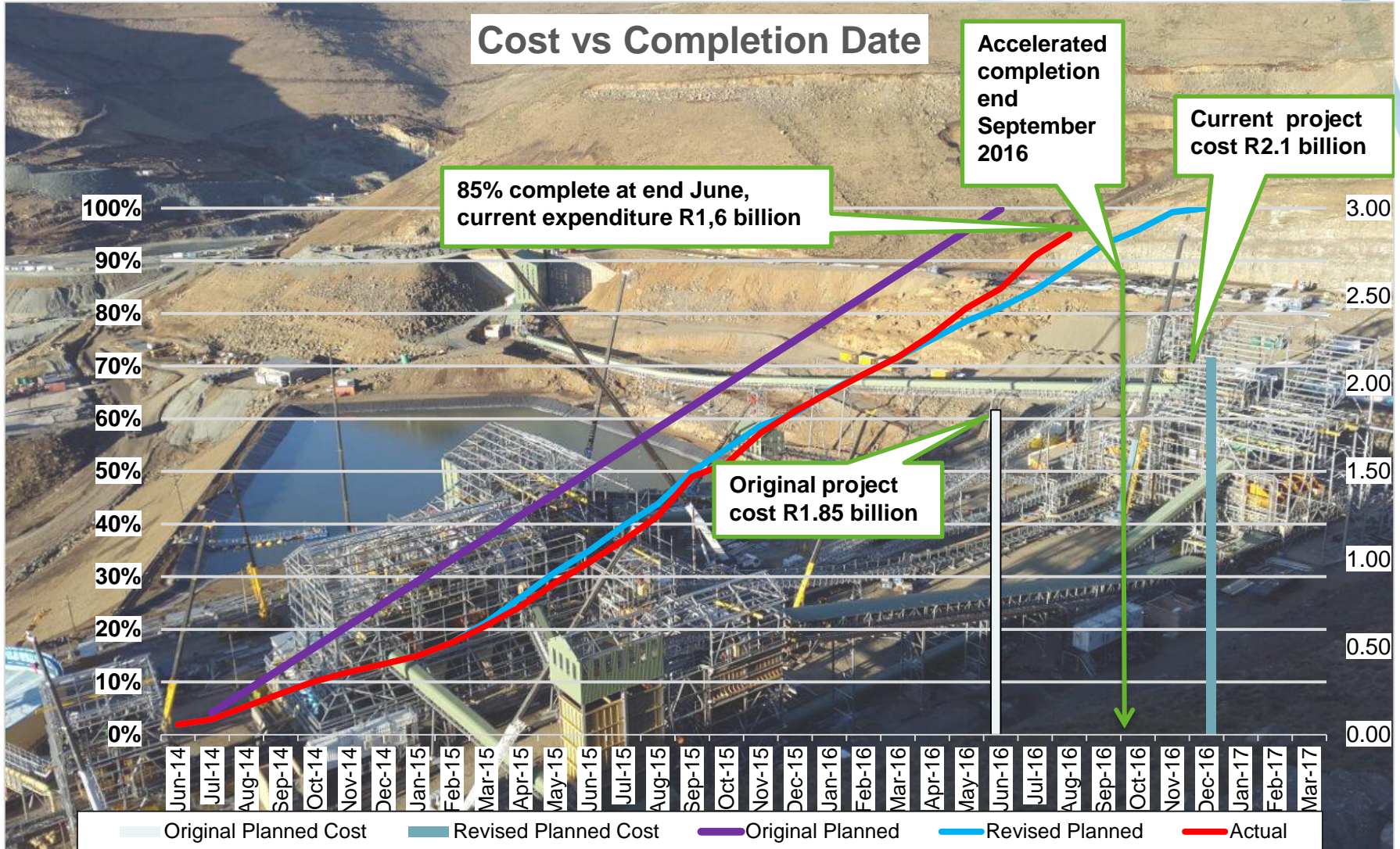
Electrical Statistics

	Units	Delivered to Site	Actual Installed	% Complete
MV Cables	m	3,559	3,359	94,4%
LV Cables	m	50,968	47,822	93,8%
Instrument Cables	m	21,522	13,569	63%
Lighting Cables	m	15,640	10,941	70%
Total	m	9,1689		

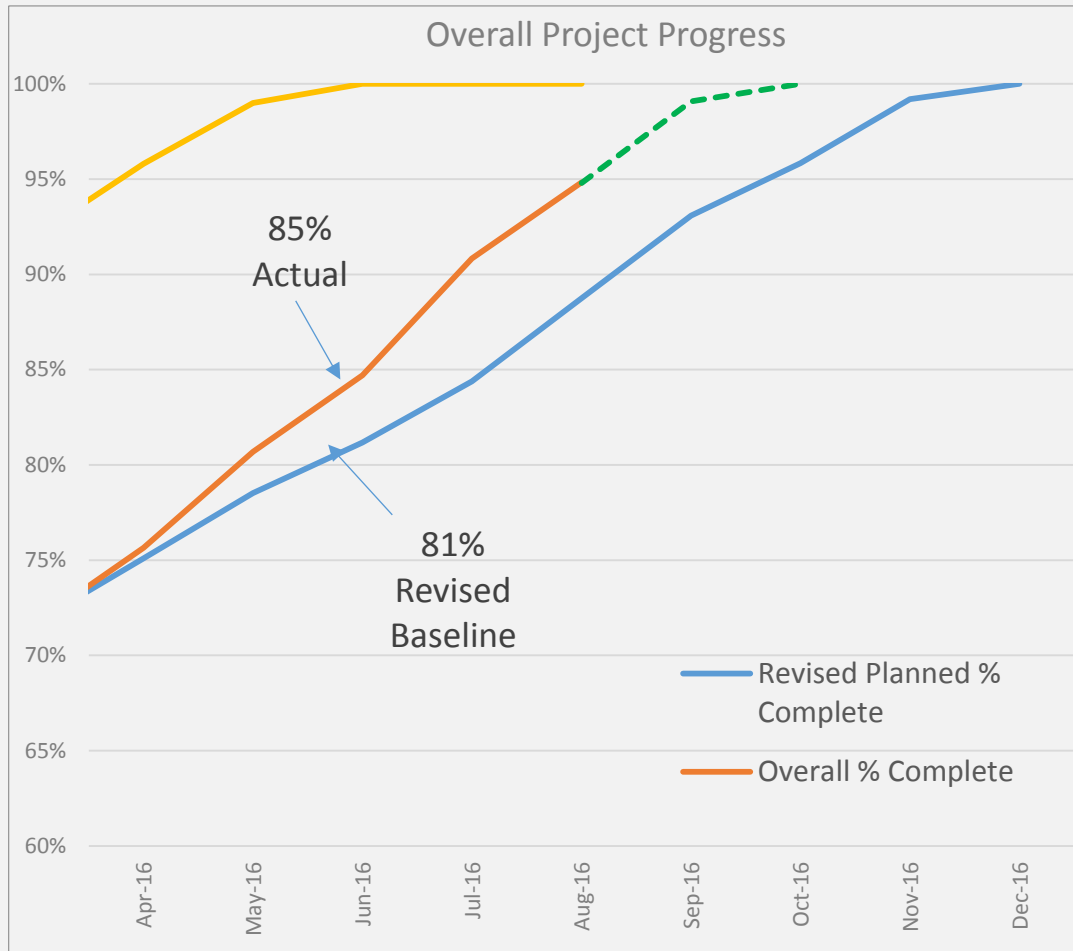
SMPP Statistics

	Units	Delivered to Site	Actual Erected / Installed	% Complete
Steelwork	t	1,660	1,590	96%
Platework	t	875	851	97%
Flooring	m ²	3,759	3,699	98,4%
Piping	m	15,807	11,125	70,3%

Project Schedule Progress and Costs



Project Status Graph



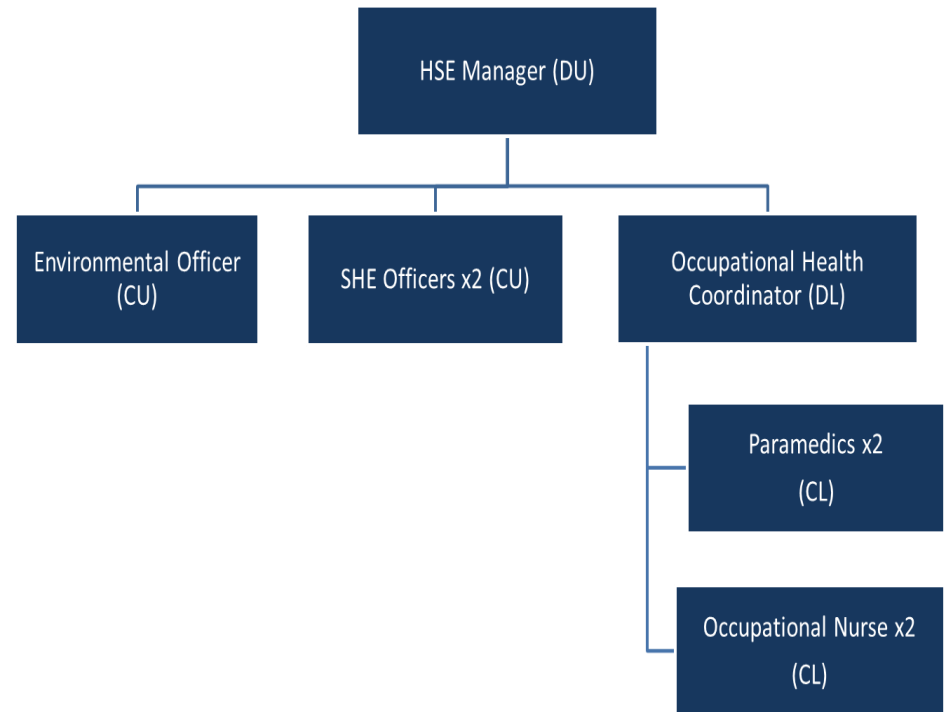
- Revised Baseline Completion 22nd December
- Accelerated Schedule 20th October
- September will be used for plant Testing & Optimisation
- Forecast Production Start Date Late September / Early October
- Three months ahead of Revised Baseline

Project Major Contracts & Other Costs

	PROJECT COST ZAR	CONTRACT STATUS
Major Contracts	ZAR Millions	
EPCM	150	Completion End October
Residue Storage Facility	362	Lump Sum Turnkey & Complete
Civils & EW (SS)	430	Final Account Agreed & Signed
Structural, Mechanical, Platework & Piping	365	Final Account for Fabrication Agreed
Electrical	90	Cable BOQ Agreed 87% Comp'
Mechanical	141	All Equipment Received
Buildings, Furniture & Fittings	68	Completion 10 September
Thickeners & Tanks	14	Complete No Cost Growth
Pre Production	66	On Budget
Fencing, Sewage, Potable water	10	Completion End September
Owners Costs	308	On Budget
Grid power	95	Complete 3 rd Oct 2015
Total	2100	NO POTENTIAL FOR COST OVERRUN

Health

- Dedicated clinic on site manned by qualified paramedics
- Ambulance and casevac procedures in place



Environment

- Environmental & Social Impact Assessment (ESIA) approved in 2011
- Environmental Management Plan (EMP) approved and in place
- All required permits and approvals in place
- Environmental Management System (ESMS) in place
 - Monitoring
 - Incident reporting
 - Auditing
 - Waste management
 - Reporting

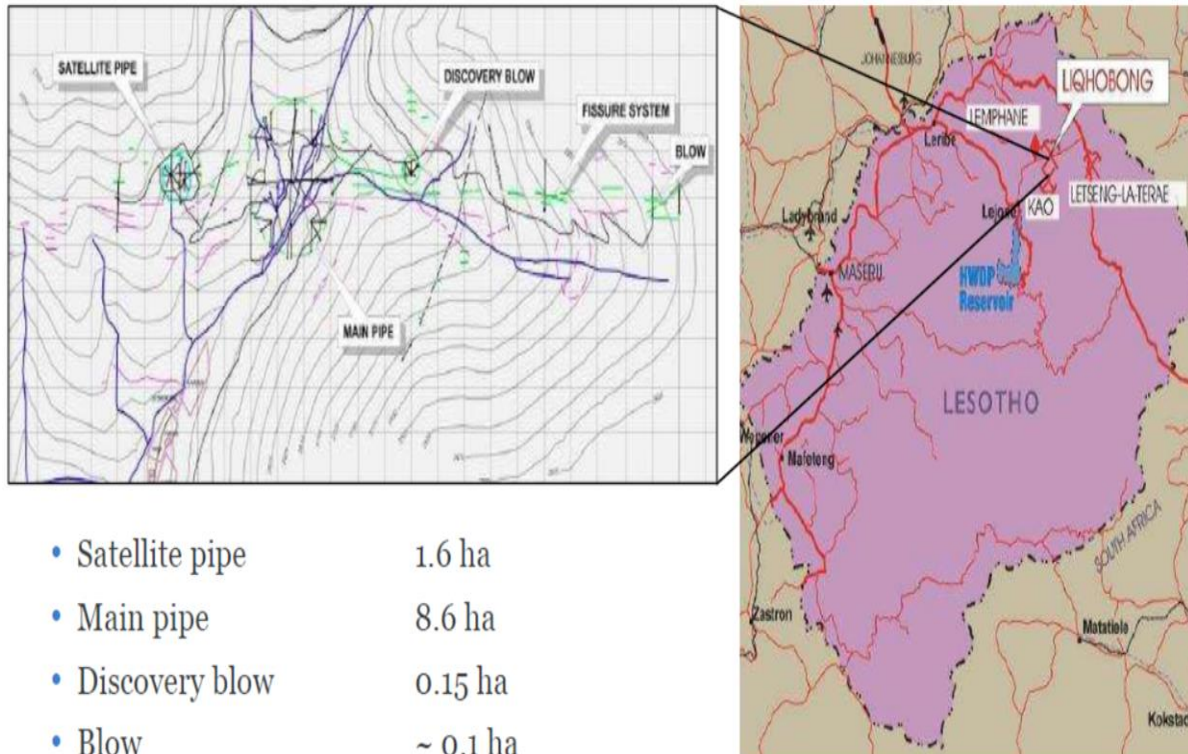


Community

- Compensation
 - Access road
 - Loss of grazing
- Relocation – 26 households
- Employment
- Grievance mechanism
- Monthly Community Committee meetings
- CSR projects
 - Crèche
 - Sustainable water supply
 - Road maintenance



Location

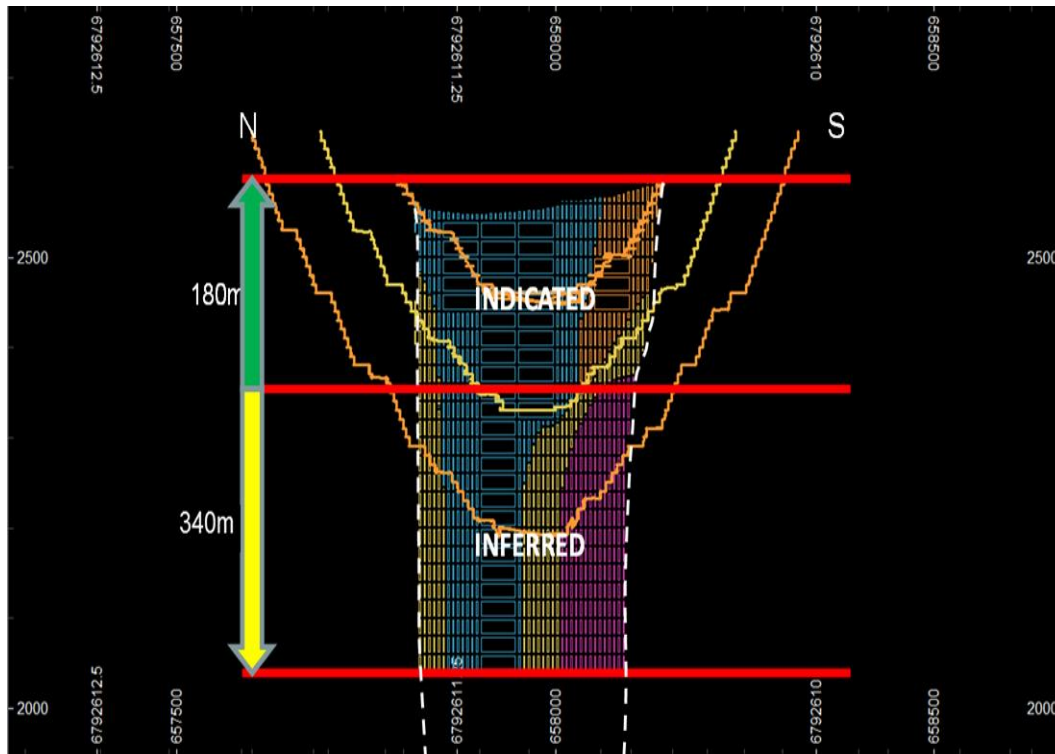




- Satellite pipe 1.6 ha
- Main pipe 8.6 ha
- Discovery blow 0.15 ha
- Blow ~ 0.1 ha
- Dyke 2.5 km strike

The Liqhobong cluster is part of the WNW trending Lemphane – Robert (L-R) kimberlite belt occurring in the northern part of Lesotho.

With at least 439 kimberlite occurrences and an average of a kimberlite body every 25km² in the Belt, such a high density of kimberlite occurrence is probably unsurpassed elsewhere in the world.

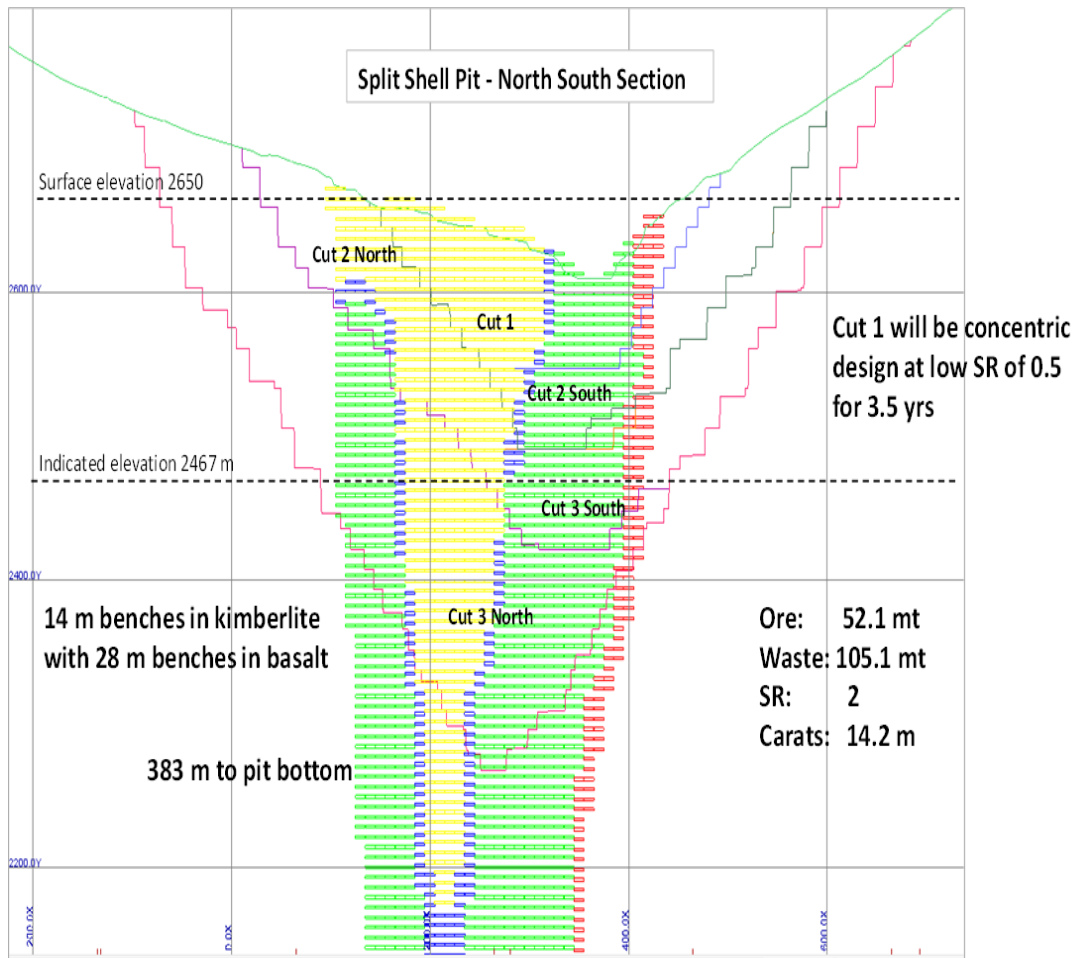
Diamond Resource and Upside



-  9.5M carat Indicated Resource (at 1.25mm BCO)
-  13.5M carat Inferred Resource (at 1.25mm BCO)

- Diamond Resource extends to approximately 520m below surface totaling around 23 Mct at an average grade of 28 cpht at a 1.25mm BCO
- Diamond Resource open at depth – deepest vertical hole drilled terminated in kimberlite at 650m below surface

Diamond Reserve



- Whittle Pit Optimisation process was undertaken to determine the optimal size of LoM pit based on all the relevant inputs and modifying factors
- Selected Split Shell design with a 14m bench and 28m double bench design same as Letseng
- Mine designs reviewed and signed off by SRK
- The Split Shell strip ratio is 2
- Total Diamond Reserve = 9.5 Mct
- Over and above the Indicated Resource, the 2015 split shell mine plan also assumes the mining of a portion of the Inferred Resource totalling some 17 million tonnes and 4.7 Mct.
- The total LoM plan considers the mining of 53.1 Mt diluted ore at a grade of 26.8 cpht recovering 14.2 Mct

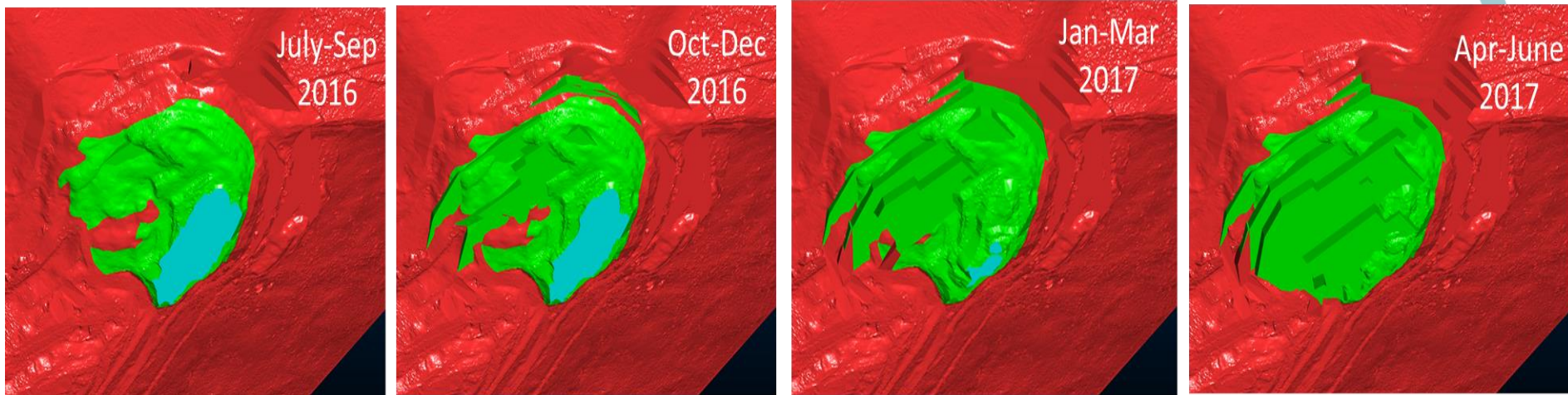
Plant Ramp Up

- The ramp up profile is based on the principle of incremental monthly improvements for plant availability, plant utilisation and tonnage throughput.

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Production days			10	31	30	31	31	28	31	30	31	30
Daily shift hrs			12	24	24	24	24	24	24	24	24	24
Engineering Availability %			50%	60%	70%	72%	75%	80%	90%	90%	90%	90%
Process Utilisation %			50%	60%	70%	72%	75%	80%	90%	90%	90%	90%
Overall Plant Utilisation %			25%	36%	49%	52%	56%	64%	81%	81%	81%	81%
Throughput target (tph)			200	300	400	500	500	500	500	500	500	500
Plant tons treated			6 000	80 352	141 120	192 845	209 250	215 040	301 320	291 600	301 320	291 600
	Commissioning (C1 - C4)			Ramp Up				Steady State				

- Production guidance for Financial Year (July 2016 to June 2017):
 - Ore treated = 1.8 Mt to 2 Mt
 - Carats recovered = 380,000 to 450,000
 - Costs = M174 to M203 per tonne processed

Mine Plan



- Detailed two year mine plan and schedule in place
- Transfer of mixed ore to ROM stockpile area has commenced
- Waste stripping has commenced
- First ore blast planned for end of September
- Four diamond sales planned for the first Financial Year (2017)

Current Status: Use of Proceeds

Funds available as at 30 June 2016 US\$'m

Cash	10.7
ABSA Project facility	39
	<u>49.7</u>
Standby facility	15.0
Total funding available	<u>64.7</u>

US\$:ZAR rates applied:

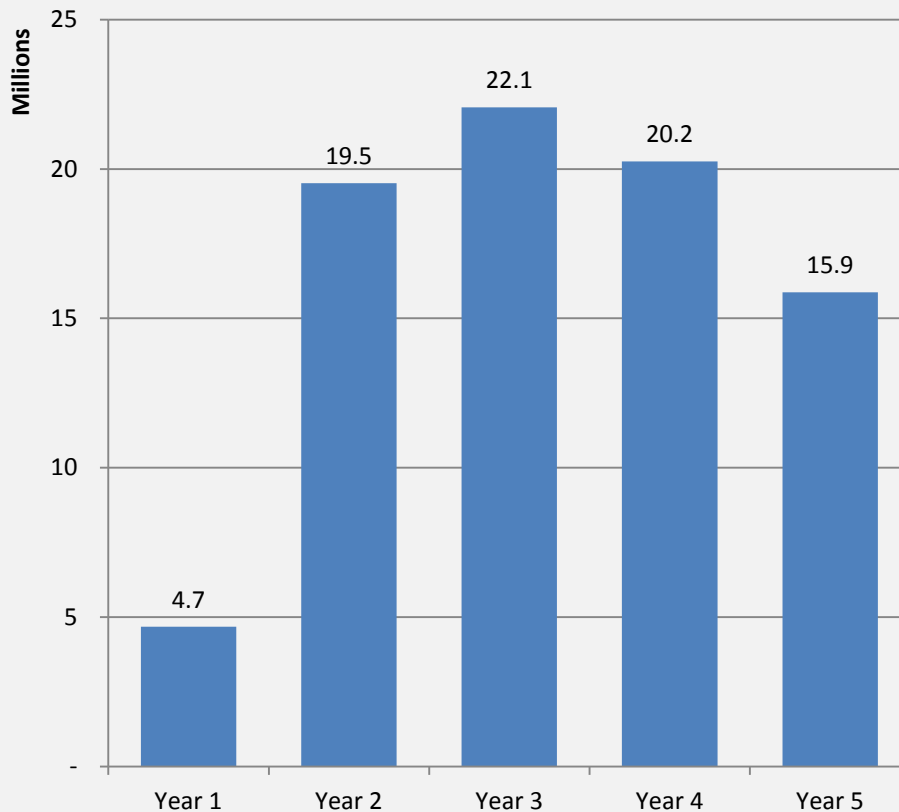
Rate at 30 June 2016	14.77
Forecast rate	14.00

Expenditure to Project completion US\$'m

Project capital	15.5
Project cost increase	11.1
Operational readiness	4.2
Conveyor system	<u>4.8</u>
Total project capital	35.6
Finance fees	1.4
Group working capital	<u>3.7</u>
Total expenditure	<u>40.7</u>
Headroom	9.0
Standby facility	<u>15.0</u>
Headroom including standby facility	<u>24.0</u>

ABSA debt profile

ABSA Capital Repayments



Highlights:

- \$53.4 million drawn at end August 2016
- \$29.0 million available at end August 2016
- Final draw scheduled for January 2017
- First quarterly capital repayment due in March 2017

Production Guidance

2017 Guidance

Production information		Low	High
Ore processed	mt	1.8	2.0
Carats recovered	cts	380,000	450,000
Average grade	cpht	21.0	22.5
Costs			
\$ per tonne processed		12	14
ZAR per tonne processed		174	203
Revenue and operating margins			
Carats sold	cts	329,650	390,375

Highlights:

- EBITDA sufficient to fund quarterly ABSA debt repayments commencing March 2017
- Operating costs well defined
- First diamond sale in January 2017

Conclusion

Concluding points:

- Sufficient cash to end of the project, through to early production, and beyond the first sale
- Headroom of \$9m at end of project
- \$15m Standby facility in place until June 2017 (currently accessible)

74 carat

US\$8,500/ct
Light yellow
makeable



26
carat

US\$13,500/ct
White
makeable



9 carat

US\$10,000/ct
Fancy yellow



39 carat

US\$3,500/ct
Light yellow makeable



Besides the potential for large stones,
Liqhobong has a high incidence of fancy yellow stones.

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