Junior Indaba 2018 Panel

‘Where are the best opportunities for junior miners?’

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Is South Africa a ‘tired’ mineral province? **NO**

**KEY FACTS**

**A confluence of:**
- Perceptions of high risk and barriers to entry
- A historic legacy of South Africa as the domain of De Beers, which is no longer the case
- Limited competition for exploration ground
- Latest generation diamond exploration technologies not yet applied

**And the oversight of:**
- Sophisticated fixed and banking infrastructures
- A long history of diamond production with some 700m carats of diamonds produced since 1870.
- The county produces in excess of US$1 billion of gems per year (c.8% of global supply)

**Highlights of Vutomi earn-in:**
- Portfolio of highly prospective multi-stage projects in the vicinity of known diamond mines
- 20 high-interest kimberlites already identified on the various prospecting rights
Supply & demand:
- Positive (‘modestly optimistic’) long-term outlook: rough diamond supply predictable and stable until 2030; rough diamond demand expected to grow 1-4% per annum
- Continued growth of middle class in China and India underpins growth forecast
- Rough diamond producers boosting investment in generic and branded marketing

Diamond Prices:
- Diamond prices fundamentally driven by supply-demand dynamics and economic growth
- Fastest commodity to recover following the Global Financial Crisis
- Less prone to volatility than mainstream commodities, albeit more volatile lately
- Rough diamond prices expected to continue outperforming gold in years ahead
- Diamonds attracting interest as an investment category
Why are overseas juniors recognising opportunities while homegrown entrepreneurs are lagging?

◆ AK6/Karowe Mine
  ◦ Early investors extracted substantial value from AFD share price growth
  ◦ Would AK6 be Karowe today, were it not for ‘Friends, Family & Fools’?
  ◦ Cash is king!

◆ Fast-forward more than ten years: have things changed? NO
  ◦ Exploration and resource development is highly complex and risky
  ◦ It demands a unique skill set, commonly found in so called resource incubators
  ◦ Simply, we don’t have them ....