

*This announcement contains inside information for the purposes of Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.*

7 August 2024

**Kazera Global plc**  
**("Kazera" or "the Company")**

**Acquisition of further stake in Deep Blue Minerals and Whale Head Minerals**

Kazera Global plc (AIM: KZG), the AIM-quoted investment company, is pleased to announce that it has entered into an agreement with Tectonic Gold PLC ("Tectonic") to purchase Tectonic's 10% shareholdings in both Deep Blue Minerals (Pty) Ltd ("DBM") and Whale Head Minerals (Pty) Ltd ("WHM"), along with Tectonic's economic interest in loans it has with WHM's Black Economic Empowerment ("BEE") partners. This will bring Kazera's beneficial interest in WHM to 70% and its beneficial interest in DBM to 74%.

**Highlights**

- Acquiring 10% of the issued share capital of both DBM and WHM, along with the economic benefit of loans with a nominal value of R900 million (approximately USD49m / £38m), (together, the "Assets").
- Total consideration of USD500,000, comprising USD150,000 in cash to be paid by 13 August 2024, and USD350,000 to be satisfied through the issue of 27,110,947 shares in the Company with a deemed value of 1p per share.

**Background**

The shares in DBM (the diamond mining company) and WHM (the heavy mineral sands mining company) will be acquired from Tectonic, which retained a 10%, non-diluting, interest in both companies having been their original owner. Under South African law, companies are required to issue 30% of their shares to formerly disenfranchised people under a BEE policy. Typically, these shares are issued without any payment occurring at the time but with the issuing company granting the BEE partners loans for the shares' value to be repaid out of future dividends. In the case of WHM, Tectonic retained the right to appoint the BEE partners and receive the benefit of these loans, which have a nominal value of R600million (approximately USD32.4m / £25.4m) as agreed between Tectonic and the BEE partners. This value was guided by the £150m Net Present Value ("NPV") of the WHM heavy mineral sands ("HMS") project, as calculated by independent consultancy company Creo Design (Pty) Limited in 2020.

Both DBM and WHM are fully funded by Kazera and are currently not generating revenue. It is however expected that following receipt of the anticipated nuclear permit from the National Nuclear Regulator ("NNR") and final sign-off from Alexkor in respect of DBM's FlowSort plant, both DBM and WHM will begin to produce diamonds and HMS respectively.

One section of the diamond mining area available to DBM was given an NPV of R141,289,168 (approximately USD7.6m/£6m) (at a 20% discount) in May 2020, and the beach adjoining WHM's permit area was given an NPV (also at a 20% discount) of R3,132,476,739 (approximately USD169m/£132m) in November 2020. Since those dates, substantial infrastructure work has been completed, licences and permits have been granted or are imminently expected, and the HMS operation has been moved to an area which is constantly replenished by wave action, all of which serve to enhance the value of the projects. Neither valuation includes the newly acquired right to receive an additional £38m in dividend payments from future profits.

**Transaction**

The Company and Tectonic have entered into an agreement whereby Kazera will buy Tectonic's 10% shareholdings in both DBM and WHM, together with Tectonic's rights under the BEE partners' loan agreements for a total consideration of USD500,000. This is payable as follows:

- USD150,000 in cash payable within 10 days of signature of the Agreement for the sale and purchase

- USD550,000 payable within 45 days of Completion by way of the issue of 27,110,947 shares in Kazera with a deemed value of 1 pence per share (**the Consideration Shares**).

The Company does not currently have the authority to issue the Consideration Shares and it is the Board's intention to convene a general meeting as soon as practicable to seek Kazera shareholder's consent to the Consideration Shares being issued. An update on this process will be made in due course.

In the event that the necessary shareholder approvals are not obtained, the Company and Tectonic will seek to identify a mutually acceptable alternative form of consideration, which may result in the return of a portion of the Assets on a pro rata basis to the consideration paid.

Tectonic and Kazera have agreed that the Consideration Shares, if issued, shall be subject to a Lock In for a period of 6 months from issuance, followed by a further period of 12 months during which Tectonic will only dispose of the Consideration Shares on an orderly market basis.

#### **Permit from National Nuclear Regulator ("NNR")**

The Company is awaiting the finalisation of a permit from the NNR. Upon implementation of any further requests by the NNR, HMS production will be able to commence, with bespoke plant and machinery ready on site for processing.

The Company remains engaged with multiple parties in relation to offtake sales of the various heavy mineral constituents with negotiations able to be concluded once production commences.

#### **Dennis Edmonds, Chief Executive Officer of Kazera Global plc commented:**

*"We will always be grateful to Tectonic for having initially identified the opportunity that makes up our assets in South Africa. With Tectonic's strategic focus now lying in other areas, we are incredibly fortunate to have the opportunity to increase our stakes in both Deep Blue Minerals and Whale Head Minerals at a time when both projects are expected, very shortly, to be in production."*

*"The finalisation of the NNR permit is the last external hurdle to be overcome before HMS production can commence. At that point, we will be in a position to furnish potential off takers with accurate samples of our products and then finalise the all-important offtake agreements."*

*"This is a very exciting time for the whole Kazera team including shareholders, management and employees. It is a great time to be increasing our stake in our South African assets and I eagerly await the receipt of the NNR permit so that HMS production can commence."*

**\*\*ENDS\*\***

Kazera Global plc  
Dennis Edmonds, CEO

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#### **About Kazera Global plc**

Kazera is a global investment company focused on leveraging the skills and expertise of its Board of Directors to develop early-stage mineral exploration and development assets towards meaningful cashflow and production. Its three principal investments, prior to completion of the above transaction, are as follows:

##### Alluvial diamond mining through Deep Blue Minerals (Pty) Ltd, Alexander Bay, South Africa

Kazera currently has a 100% direct interest in Deep Blue Minerals, of which 64% is held beneficially by Kazera and 26% is held on behalf of Black Economic Empowerment partners.

##### Heavy Mineral Sands mining (including ilmenite, monazite, rutile, and zircon) through Whale Head Minerals (Pty) Ltd,

Alexander Bay, South Africa.

Kazera currently has a 60% direct beneficial interest in Whale Head Minerals together with the benefit of a loan facility entitling it to receive approximately £38m out of dividends from the other shareholders.

Tantalite mining in South-East Namibia (divestment in progress)

As announced on 20 December 2022, Kazera has agreed to dispose of African Tantalum (Pty) Ltd ("Aftan") for a cash consideration of US\$13 million plus a debenture payment of 2.5% of the gross sales of produced lithium and tantalum for life-of-mine. Completion of the sale is subject to receipt of full consideration proceeds. Aftan has been deconsolidated from the Company's financial statements with effect from 4 January 2023 because in accordance with the terms of the sale agreement, it has relinquished control of the Aftan in favour of the purchaser, Hebei Xinjian Construction Close Corp ("Hebei Xinjian") with effect from that date. Kazera retains the right to cancel the transaction and retain all amounts paid to date in the event of default by Hebei Xinjian.

The Company will consider additional investment opportunities as appropriate, having regard to the Group's future cash flow requirements.

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