

MIDDLE EAST DIAMOND RESOURCES LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2001/006539/06)
(Share Code: MED ISIN Code: ZAE000211876)
("MEDR" or "the company")

Proposed disposal of the Stepford gold deposit and cautionary announcement

1. Introduction

Shareholders are referred to the SENS announcement dated 11 November 2020 and the various cautionary announcement regarding the proposed acquisition by Fast Pull Trade and Invest (Pty) Ltd ("Fast Pull"), a wholly owned subsidiary of MEDR, to acquire 50% of the issued shares of and claims in Stepford Company Limited ("Stepford"), a company incorporated in Ghana ("Stepford project").

Shareholders are advised that MEDR has entered into a Heads of agreement with Susanooholdings (Pty) Ltd ("Susanoo") on 20 March 2021 where SPV (Pty) Ltd ("SPV") will acquire 100% of the share capital of Fast Pull, resulting in SPV acquiring an effective 50% in Stepford, in exchange for a loan of R10 million to MEDR and a royalty of 1.5% of the Net Smelter Revenue of gold and copper sales from the Transaction payable to MEDR ("the Disposal").

2. Rationale

MEDR has been investigating strategic partners and investors for the Stepford Project and this transaction realises the best option for MEDR in that a working capital loan is made to MEDR and in addition there is the possibility of potential value through the Net Smelter Royalty, which requires no further capital investment by MEDR. This represents a low risk return to shareholders.

3. Salient terms of the Disposal

Stepford owns the Prospecting Licence on 101.22 km² of ground in the Asutifi district of the Brong Ahafo region of Ghana. Susanoo will advance to MEDR an interest free loan of R10 million repayable within a period of three years or to be converted into equity in MEDR at a 10% discount to the 30 day weighted average share price. MEDR will use \$450 000 of the loan to pay for costs relating to the Stepford project.

Susanoo will fund the exploration programme up to \$3.2 million.

The Disposal will be subject to normal warranties that are customary for transactions of this nature.

4. Conditions precedent

The Disposal is subject to the parties entering in formal agreements.

5. Categorisation of the Disposal

MEDR is in discussions with the JSE regarding the category of the Disposal and accordingly shareholders are advised to exercising caution when dealing in the company's shares until the category is determined.

6. Financial information and cautionary announcement

The financial information relating to the Disposal will be available in due course. Accordingly Shareholders are advised to exercising caution when dealing in the company's shares until the financial information is released.

24 March 2021

Sandton

Sponsors

Exchange Sponsors