About Shefa Gems

Shefa Gems Ltd (LSE: SEFA) (Shefa Yamim (A.T.M.) Ltd.) is a multi-commodity explorer of precious stones operating in Northern Israel whose shares have traded on the London Stock Exchange (LSE) since 12/2017.

Exploration activity is managed by professionally skilled and technically competent personnel and is accompanied by an international team of geological experts with years of proven experience in their fields. The Board and Senior Management Team have proven expertise in the gemstone sector and are committed to delivering the “Mine to Market Strategy” and maximising shareholder returns.

All exploration activities are conducted under international standards and the internationally recognized SAMREC 2016 Code. Furthermore, its permits, granted to it by the Commissioner of Mines, extend over an area of approximately 60,000 hectares that includes the Kishon River, the volcanic bodies on Mount Carmel, the Zevulun and Yizre’el valleys and their margins - Menashe Hills, Tivon-Alonim Hills, and Nazareth range. The company protects the nature and upholds environmental values in the areas where it operates, cooperating fully with all authorities.
Key Board Members & Management Team

Abraham (Avi) Taub
Chief Executive Officer
Co-founder of Shefa Gems Ltd, Avi has over 45 years’ experience in all aspects of the gemstone sector including cutting, polishing and marketing.

Vered Toledo
Chief Operating Officer
Vered has led Shefa Gems exploration and operations team for over 19 years. She is responsible for field, plant and laboratory activities and overseeing staff affairs.

David Ben David
Chief Financial Officer
Certified CPA for 16 years (BA in Economics and Accounting, Bar Ilan University). Auditing & analyzing financial reports for various public companies in Israel.

Nathalie Schwarz
Independent Non-Executive Director
A qualified lawyer, Nathalie started her career at leading global law firm Clifford Chance focusing on cross-border mergers and acquisitions, corporate restructurings, IPOs and private equity.

James AH Campbell
Non-Executive Director
A qualified geologist, James spent over 20 years with De Beers’ Global Mining and Exploration Group before becoming Managing Director of African Diamonds plc in 2006.

Michael Rosenberg OBE
Chairman of the Board
An expert in corporate finance with over 40 years’ experience working on boards globally. Extensive experience of being Chairman and Non-Executive Director of UK listed companies.
International Consulting Team

**Professor Mike de Wit**
Highly respected chief geologist focusing on diamonds and geophysicist. Worked for two of the largest resources companies in the world, Anglo American in South Africa and De Beers, where he worked for 29 years. Diamond focused geologist. A Professor at the University of Pretoria.

**Dr. John Ward**
Dr. Ward has a PhD in Geology and has won the Oliver Davies and Henno Martin Medals for his contributions to academic and economic geology. A leading alluvial diamond exploration geologist with over 35 years’ field experience. Extensive experience in Africa – previously employed by De Beers and Gem Diamonds.

**Professor William Griffin**
Respected academic and Professor in Geology at Macquarie University, Australia. Program Director for Technology Development and Industry Interaction in the ARC National Key Centre for Geochemical Evolution and Metallogeny of Continents (GEMOC).

**Dr. Renato Spaggiari**
Exploration Manager at Allotropes. Previously the Vice President at C&K Mining, Cameroon. Strong geomorphology and sedimentology background. PhD research dealt with favourable conditions for diamond deposits along Africa’s west coast.
Market Information & Outstanding Warrants

💎 Shefa Gems Ltd: LSE: SEFA

💎 Market Cap: £9.05m as of (21/08/2019)

💎 Shares in Issue: 172,425,315 Ordinary Shares

💎 Warrants & Options 99,560,615

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Why Invest in Shefa and Gemstones?
Global gemstones market size in 2018 – Nearly US$ 22B
The gemstones market is expected to grow at a CAGR of approximately 5% over 2019-2026
The popularity in non-diamond stones has soared in recent years.
Prices have increased 100 per cent in the last decade.

Coloured Gemstones Continue to Outperform Diamonds

SOURCE: Gemval, VSA Capital Research.
A £1m equity fundraising in May 2019 has enabled the Company to drive forward its “Mine to Market Strategy”. The Company is in the final stages of permitting in Kishon Mid-Reach Zone 1 which is the key to commencement of commercial operations and associated cashflows during 2020.

Experienced Board of Directors and Management.

High independent valuation of Shefa’s suite of gems ($10,000 US for Moissanite and $7,000 US for Blue Carmel Sapphire™ per carat).

Independent Technical Economic Evaluation Report places first mine in Kishon Mid-Reach Zone 1 at the lower end of the cost curve. Highlights include:

- The mine can potentially process a total of 1.1 million tonnes of gravel over an 11-year Life of Mine (‘LoM’).
- The operating cost budget over LoM has been estimated at US$26/t processed.
- With a small investment in machinery, the processing capacity can be doubled from 50tph to 100tph and thus halve unit operation cost to $10-15/t and the LoM to approximately 4 years.
- The capital expenditure for the development of the mine using new equipment has been estimated at US$11.30 million.

Attractive NPV10 of US$331m, with the valuation driven primarily by the combination of low-cost mining and minimal pre-production capital, along with the unique array of rare gemstones, regional significance and inherent gem quality predicted by Align Research.
Focus on Rapidly Moving Toward our Goal

Since Shefa commenced trading on the LSE in December 2017, it has focussed on its main goal being to start commencement of commercial mining and marketing as soon as practical and some initial funding was put in place during that period.

In May 2019, Shefa raised £1m from specialist Institutional Investors and High Net Worth Individuals who were happy to support this aim.

These funds will enable Shefa to move rapidly towards unlocking the true potential of this globally unique multi-gemstone opportunity and subject to raising further funds in due course will enable the following high priority activities to be carried out:

- Continue progress with planning and regulatory procedures to advance the Kishon Mid-Reach Zone 1 area in accordance with the Prospecting License with a plan view to begin mining in 2020 and thus become revenue generating.
- Advance exploration of its target in the Kishon Mid-Reach area started in Q2 2019 with further exploration of Zone 2.
- Expand exploration efforts to Zone 3 of the Kishon Mid-Reach area.
- Build on the launch of the “Heaven on Earth” collection and develop the Company’s “Mine to Market Strategy”, which is intended to promote unique jewellery collections utilising Shefa’s suite of precious gems that will be marketed worldwide.
Mine to Market Strategy

The Company recently implemented the “Mine to Market Strategy” to increase the global reach of the Shefa Gems brand. The key components of the Strategy are:

- **Control over the exploration, development, mining, design, and manufacture of unique jewellery mounted with Shefa’s rare gemstones.**
- **Collections will be marketed worldwide with a licensed brand name of gemstones from the soil of the Holy Land.**
- **Potential for direct sales to the consumer through:**
  - Online sales.
  - Exclusive franchises to large marketing chains
  - Showroom located in one of the world’s largest trading centres for diamonds and gemstones within close proximity to Mt. Carmel.
- **Intention to create a fully integrated operation, including cutting and polishing, which is expected to reduce costs and increase the value of the gemstones.**
- **Leverage the considerable experience that the management have in the manufacturing and marketing of jewellery with diamond & precious stones.
Heaven on Earth Collection

As part of the “Mine to Market Strategy”, Shefa recently announced along with Yossi Harrari, a world-renowned jewellery designer, the launch of a landmark collection of jewellery incorporating gemstones from the Kishon Mid Reach.

Yossi recognised the significance of the gemstones being from Israel, which added a unique layer of marketing potential and value beyond that arising from the natural quality of the stones.

Yossi designed and created 31 pieces in order to fully reflect the full potential of the stones from the Kishon Mid Reach including 11 necklaces, 10 rings, 4 pendants, 4 pairs of earrings and 2 bracelets.

The pieces range in value from US$4,000-US$85,000 incorporating 24 Karat hand-made gold and oxidised silver, known as Gilver, as well as the rough Shefa gemstones.

The collection incorporates a wide range of the Gem Box suite including Diamond, Natural Moissanite™, Carmel Sapphire™, Black-Spinel, Ilmenite, Garnet, Sapphire, Hibonite and Ruby.
Shefa’s Gem Box Suite

Nine different types of gemstones, collectively make up our “Gem Box” suite and forms a key part of our "Mine-to-Market Strategy".

Shefa’s “Gem Box” suite of minerals contain:

- Diamonds (rare)
- Natural Moissanite™
- Carmel Sapphire™
- Sapphire
- Ruby
- Spinel
- Hibonite
- Ilminite
- Garnet
Valuation of Shefa Gem Box Suite

In March 2019 Shefa received an independent gemological expert opinion/valuation and valuation of its suite of precious stones in the company “Gem Box”.

The main purpose of the valuation was to provide a professional opinion regarding the value of the suite of precious stones found in exploration activity carried out by the Company in the Kishon Mid Reach alluvial deposit in the north of Israel.

Two minerals in particular attracted high valuations.

Blue Carmel Sapphire™ at US$7,000 per carat.
Natural Moissanite™ at US$10,000 per carat.

Natural Moissanite™ discovered by Shefa Gems is the largest in both volume and size ever found globally. Blue Carmel Sapphire™ is not found anywhere else in the world and is formed of, inter alia, the rare mineral Carmeltazite, internationally recognised as a newly discovered mineral.

<table>
<thead>
<tr>
<th>Shefa Gemstone</th>
<th>Cut &amp; Polished price/Carat (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Moissanite™ (crystals till &lt;4mm and rough only)</td>
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<tr>
<td>Blue Carmel Sapphire™ (Cabochon cut)</td>
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<td>Black Carmel Sapphire™ (Cabochon cut)</td>
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<tr>
<td>Hibonite</td>
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<tr>
<td>Sapphire</td>
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</tr>
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<td>Ruby</td>
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<td>Ilmenite</td>
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<td>CPX</td>
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<td>Rutile</td>
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Shefa Gems Processing Operational Site

A key component of Shefa’s “Mine to Market Strategy” is the Akko Processing Plant (6,000m²).

All samples (reconnaissance, follow up and bulk types) are processed through the plants at the Akko operational site.

Current capacity is 30tpd, with plans to upgrade to 50tpd.

Final recovery of all gemstones is undertaken in the on-site laboratory.

The laboratory follows internationally recognised procedures and standards for mineral recovery, sorting and identification. The company plan to use Shefa professional laboratories while starting production.

The lab uses for modelling with additional analyses undertaken using voxler®, strater® and surfer®.

Shefa Gems protects the nature and environmental values in its exploration areas where it operates. No chemical materials and pollutants are being used throughout the entire treatment process.
The Kishon Mid Reach Alluvial Deposit
Mount Carmel Region, Northern Israel
Kishon Mid Reach

Alluvial Deposit

Located in the Mount Carmel region of Northern Israel, the Kishon Mid Reach Deposit is the Company’s most advanced exploration project with a strike length of 4.5km long and 150m wide with gravel layers of variable thicknesses between 0.5m and 4.5m.

The Target Mineral Assemblage suite includes the following gemstones; Diamond (rare), Spinel, Carmel Sapphire™, Sapphire, Ruby, Natural Moissanite™, Hibonite, Garnet, Ilmenite, Zircon and Rutil are all found within the gravel layers.

The Company has delineated the Kishon Mid Reach Deposit in three zones, namely; Zone 1, Zone 2 and Zone 3, all of which are at different stages of exploration and development.
Zone 1 is the company’s most advanced project within the Kishon Mid Reach Placer, with ongoing exploration activities being undertaken with the aim of defining a SAMREC 2016 compliant Mineral Resource through trial mining.

In May 2018, Shefa Gems completed a bulk sampling campaign in Zone 1 of the Kishon Mid-Reach consisting of 1,378m of drilling and a targeted bulk sample campaign over 14 high priority areas.

From the 6,385 tonnes of gravel sampled, 9,778.15 carats of gemstones were found.

The largest gems recovered were: Natural Moissanite™ 4.14mm, Carmel Sapphire™ 33.3ct, garnet 13.6ct, sapphire 5.7ct, spinel 6.2ct, hibonite 2.8ct and ruby 1.7ct.

The overall grade was some 153 carats per hundred tons at a bottom screen size of 1 mm, with the grade dominated by 4 Gem Box suite minerals: spinel 69.91 cpht; Carmel Sapphire™ 39.36 cpht; garnet 34.09 cpht and ilmenite 12.06 cpht.

Following on from the successful sampling campaign, Shefa Gems commissioned an independent Technical Economic Evaluation for Kishon Mid-Reach Zone 1. Highlights Include:

The mine can potentially process a total of 1.1 Mt of gravel over an 11-year Life of Mine (LoM).

With a small investment in machinery, the processing capacity can be doubled from 50tph to 100tph and thus halve unit operation cost to $10-15/t and the LoM to approximately 4 years.

The operating cost budget over LoM has been estimated at US$26/t processed ore.

The report suggests that the first mine in Kishon Mid-Reach Zone 1 is at the lower end of the cost curve, placing the costs on a par with comparable diamond producers and at the lower end of the precious stone producers.

The report provides the company with the work and capital costs of bringing the Kishon Mid-Reach project into production.
With the company rapidly moving towards mining and production during 2020 for Zone 1, exploration activities in Zone 2 have been progressing well with the results processed from the latest five bulk samples.

A total of 3,935.60 carats of gemstones recovered from five bulk samples from a total of 2,908.8 tonnes of gravel during 2018.

A selection of the largest gemstones recovered included:

- Natural Moissanite™ 4.1 mm, 3.90 ct Sapphire, 5.26 ct Carmel Sapphire™.

A further 2,255 tonnes of gravel are currently progressing through the Akko Processing Plant from the Q2 2019 bulk sampling programme. Early indications are that the bulk samples from Zone 2 treated so far are highly prospective for Natural Moissanite™.

Upon completion of the analysis at Akko, the Company will apply for a prospecting license, bringing Zone 2 to the same development level as Zone 1 and thereby enlarging its deposit base.

Zone 3

The Company is currently completing desktop studies in zone 3 with the intention to undertake a drilling and bulk sampling campaign in the future.
Natural Moissanite™

The uniqueness of the Shefa’s minerals was further enhanced by the discovery of Natural Moissanite™.

Shefa is the only company in the world to find large quantities of Moissanite™. Moissanite has the following qualities that makes it a unique gem in the basket:

- Deep blue-green colours
- Hardness: 9.5 - Silicon Carbide (Diamond 10)
- Transparency
- Iridescence
- The brilliance, fire, lustre and hardness of Natural Moissanite™ make it ideal to use in jewellery
- Historically, small quantities found naturally
- Prices for rings range from circa.US$79 to over US$31,179 by Charles & Colvard Ltd
- Single crystals to >4mm
- Other localities worldwide - <2mm
Carmel Sapphire™

Discovery of a New Mineral

The Carmel Sapphire™ - only found in Mount Carmel (Primary source) and Kishon Mid-Reach (secondary deposit) in Northern Israel

Carmeltazite, found in the Carmel Sapphire™, has been recognised and approved as a new mineral by the International Mineralogical Association ("IMA") Commission on New Minerals, Nomenclature and Classification.

The biggest Carmel Sapphire™ found so far in the Kishon Mid Reach Zone 1 weighed 33.3ct.

These significant Carmel Sapphire™ findings play a major role and lead the company together with other important target minerals (e.g. natural moissanite, sapphire, ruby, spinel, garnet, zircon, rutile and ilmenite) towards estimating the resource potential of the multi-commodity Kishon Mid-Reach alluvial placer.
Media Articles on the Carmel Sapphire

Forbes


David Bressan of Forbes said of Carmel Sapphire:

The International Mineralogical Association recognized carmeltazite as a new, distinct mineral. The mineral was named after Mount Carmel where it was found and the elements it contains - Titanium, Aluminium and Zirconium.

Carmeltazite and its hosting corundum most likely are formed near the crust-mantle boundary of Earth, at a depth of almost 18 miles. Under high pressure and temperatures, the partially molten rocks released fluids, which reacted to form new minerals. The corundum crystals, containing the carmeltazite, were then transported through volcanic vents into the upper crust.

BBC

https://www.bbc.co.uk/news/blogs-news-from-elsewhere-46816297

The BBC said of Carmel Sapphire:

A mineral - previously only known to exist in outer space - has been found on Earth by an Israeli mining company, Israeli newspaper Haaretz reports.

Carmeltazite was added to the official list of known minerals this week after being approved by the International Mineralogical Association (IMA).

Taub Avi, CEO of the precious stone exploration company Shefa Yamim, said it was discovered by the company in volcanic rock in northern Israel's Sevulun Valley.

The mineral was found embedded in sapphire, the second hardest mineral after diamonds. The largest stone found so far is 33.3 carats.

It was named carmeltazite due to its discovery near Mount Carmel and the minerals it contains - titanium, aluminium and zirconium.
Contact

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