



OKAVANGO DIAMOND
COMPANY

Introduction to Okavango Diamond Company

Presentation to the Israeli Diamond Industry
20 November 2013



Agenda

- Company Overview
- ODC Sales
- Doing Business in Botswana

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Company Overview

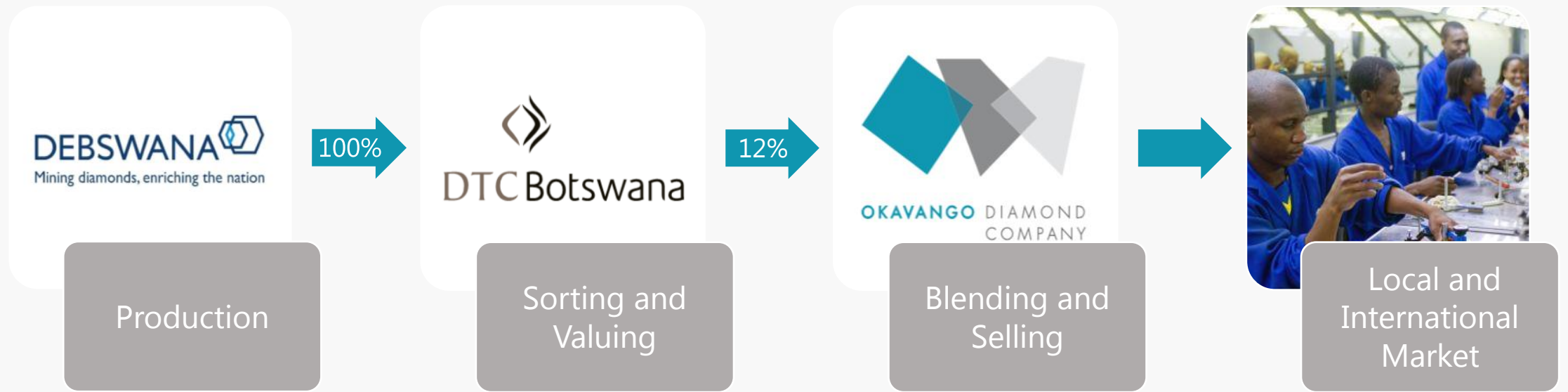


What is ODC?

- ODC is Botswana's own rough diamond sales channel that has been established to generate sustainable economic benefits for the country
 - 100% owned by Government with the Ministry of Minerals as shareholder
 - Formed pursuant to the renewal of the Debswana Sales agreement
 - Part of Government's broader strategy for the expansion of the Botswana diamond industry



Where we fit in the diamond value chain?



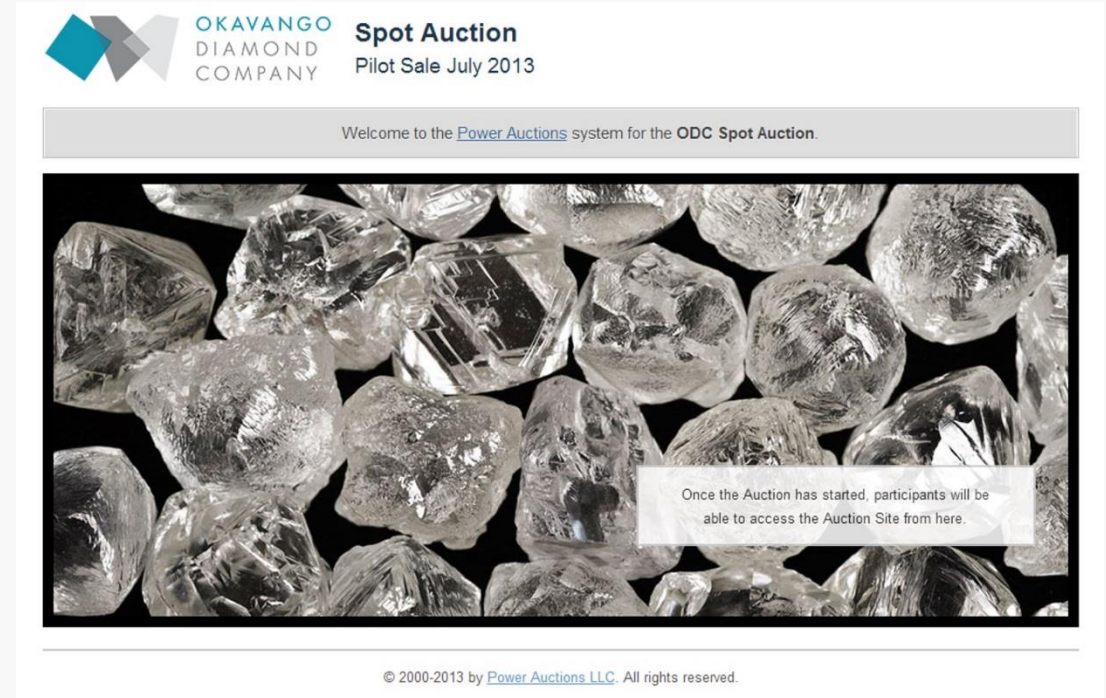
What do we offer our customers?

- ODC provides customers with open access to scale supply of a full range of diamonds at market determined prices
 - Selling a representative cut of up to 12% (2013) of Debswana's production, rising to 13% next year
 - Largest source of Botswana only diamonds in the market
 - Open to a broad and diverse customer base, anyone interested can register
 - Prices set by the market through a transparent and competitive process



Why do we sell by auction?

- They are transparent, efficient and fair
- They deliver a market price
- They offer real time feed back to participants
- They promote broad participation



How do we operate?

- We recognize the value of building trust with our customers and responding to their needs
 - Open and competitive sales model that caters for customers short and long term supply needs
 - Delivery of consistent diamond assortments
 - Liaison with Government and stakeholders to ensure a seamless customer experience in Botswana
 - Emphasis on transparency and good governance



ODC Sales



ODC Sales

- ODC plans to hold up to 10 spot auctions per year
 - Approx. 250,000+ carats for sale in every auction cycle
 - Lots are tailored by size quality and colour
 - Representative of Debswana's four mines (Jwaneng, Orapa, Letlakane, Damtshaa)
- ODC aims to introduce fixed term supply in 2014 once we have established market confidence in our sales and our assortments



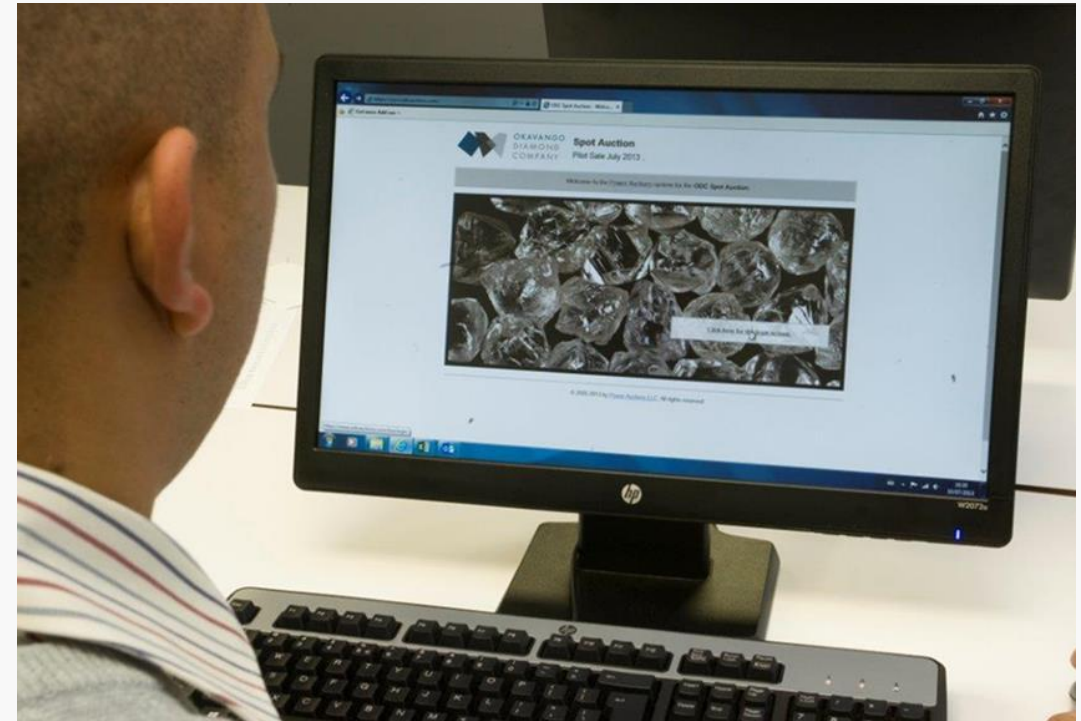
Customer Viewing Experience

- With its purpose built offices in Gaborone ODC aims to give the best possible customer experience
 - Customers are invited to view the sales lots prior to the auction
 - A full breakdown of all lots for sale are provided to customers in advance
 - The ODC facilities are well-equipped, ensuring a secure and comfortable customer experience
 - ODC provides specialist catering for multiple dietary requirements (Kosher & Jain)



Online Auction

- We have partnered with Power Auctions LLC, one of the world's leading online auction providers, to deliver a sales platform that is secure, transparent and auditable
 - Bids are placed in real time
 - Bidders can make informed purchase decisions based on price and demand information
 - Customers can participate round by round or submit single bids
 - All registered customers are trained on using the system



Spot Auction Overview

- ODC operates a second price ascending clock auction
- Bidding occurs in rounds
 - During rounds bids are placed
 - Each round has a minimum price
 - Between rounds bidders receive information about prices and demand
- ODC's prices for each lot start low and rise round by round
- Possible to select your own price for lots
- Winner pays the highest losing bid



Advantages for Customers

- Bidders can bid from anywhere in the world – you just need internet access
- Bidders can place a single bid and treat the auction as a tender, or participate interactively round-by-round
- Bidders can monitor their budget commitment and the aggregate demand for each lot throughout the auction

The screenshot displays the 'Power Auctions' interface for the 'OKAVANGO DIAMOND COMPANY Spot Auction'. The user is logged in as 'Mr. Red of Red Diamonds'. The auction is in Round 3, with a time left of 14:35. The interface shows a table of bidding lots with columns for Lot Description, Supply, Aggregate Demand, Minimum Price To (Discontinue and Continue), Bid, and Bid Status. The total commitment is \$4,843,125. The user has placed 1 Continue Bid, and the quantity limit for Continue Bids is 14.40%.

Bidding for Red Diamonds - Round 3

Please enter your bids below. You may only place Discontinue Bids on Lots for which you placed a Continue Bid in the previous round. 1 of your 5 Continue Bids in the last round won, so you may not place more than 4 Continue Bids this round. Your Quantity Limit is 50.00%. You have already won 35.60% of the Goods, so you may place Continue Bids on up to 14.40% of the goods (by value at opening prices).

Lot	Lot Description	Supply	Aggregate Demand	Minimum Price To		Bid	Bid Status
				Discontinue	Continue		
1	5-10 Cts White Gem Z Weight: 445.60 cts Commitment: \$311,920	1	2	\$575.00/ct	\$661.00/ct	Remove \$ 700.00 /ct Edit Bid Continue	Continue
2	5-10 Cts White Near Gem Weight: 220.02 cts Commitment: \$0	1	2	\$518.00/ct	\$596.00/ct	\$ /ct Edit Bid	No Bid
3	5-10 Cts White Near Gem Weight: 220.89 cts Commitment: \$0	1	2	\$518.00/ct	\$596.00/ct	\$ /ct Edit Bid	No Bid
4	3-4 Cts White Gem MB Weight: 510.55 cts Commitment: \$0	1	2	\$920.00/ct	\$1,058.00/ct	\$ /ct Edit Bid	No Bid
6	2-2.5 Cts White Gem Z Weight: 395.16 cts Commitment: \$0	1	2	\$460.00/ct	\$529.00/ct	\$ /ct Edit Bid	No Bid
7	2-2.5 Cts White Near Gem Weight: 714.11 cts Commitment: \$0	1	2	\$345.00/ct	\$397.00/ct	\$ /ct Edit Bid	No Bid
8	3-6 Grs Yellow Gem	1	3	\$920.00/ct	\$1,058.00/ct	\$ 994.33 /ct Edit Bid	Discontinue



Advantages for Customers

- Bidders can move their demand between different lots
- Bidders will see the selling price of all lots sold
- The action results are available immediately after the auction closes

Power Auctions Authorised Bidder Mr. Red of Red Diamonds is logged in. [Lock Screen](#) [Logout \[X\]](#)

OKAVANGO DIAMOND COMPANY **Spot Auction**

Time Left in Round **14:35** HH:MM:SS Botswana Time
Round 3 started at HH:MM:00 and will end at HH:MM:00 Botswana Time

[Bidding](#) [Bid Summary](#) [Won Lots](#) [All Lots](#) [Auction Info](#) [Auction Schedule](#) [Messages](#) [Downloads](#)

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Total Commitment: **\$4,843,125** You may place up to **4 Continue Bids** in this round.
Your quantity limit for Continue Bids is **14.40%** (based on lot weights and opening prices).

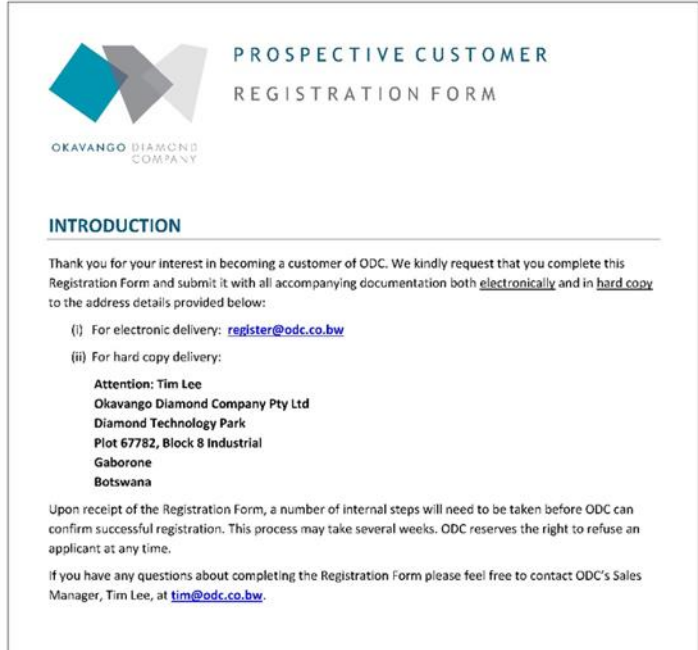
1 Continue Bid placed. 35.60% Won 2.64% Continue

	Lot Description	Supply	Aggregate Demand	Minimum Price To		Bid	Bid Status
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ODC Customer Registration

- To ensure compliance with international requirements and ODC ethical standards customers are required to register
 - Registration form is designed to be as simple as possible
 - Registration forms can be downloaded from the ODC website www.odc.co.bw,
 - Information submitted will be verified by third party agency
 - ODC caters for multiple group companies for invoicing and shipping



The image shows a document titled "PROSPECTIVE CUSTOMER REGISTRATION FORM" from the "OKAVANGO DIAMOND COMPANY". The document includes an "INTRODUCTION" section with the following text: "Thank you for your interest in becoming a customer of ODC. We kindly request that you complete this Registration Form and submit it with all accompanying documentation both electronically and in hard copy to the address details provided below:". It lists two options for submission: (i) For electronic delivery: register@odc.co.bw and (ii) For hard copy delivery: Attention: Tim Lee, Okavango Diamond Company Pty Ltd, Diamond Technology Park, Plot 67782, Block 8 Industrial, Gaborone, Botswana. A note states: "Upon receipt of the Registration Form, a number of internal steps will need to be taken before ODC can confirm successful registration. This process may take several weeks. ODC reserves the right to refuse an applicant at any time." It concludes with: "If you have any questions about completing the Registration Form please feel free to contact ODC's Sales Manager, Tim Lee, at tim@odc.co.bw."



Doing Business in Botswana



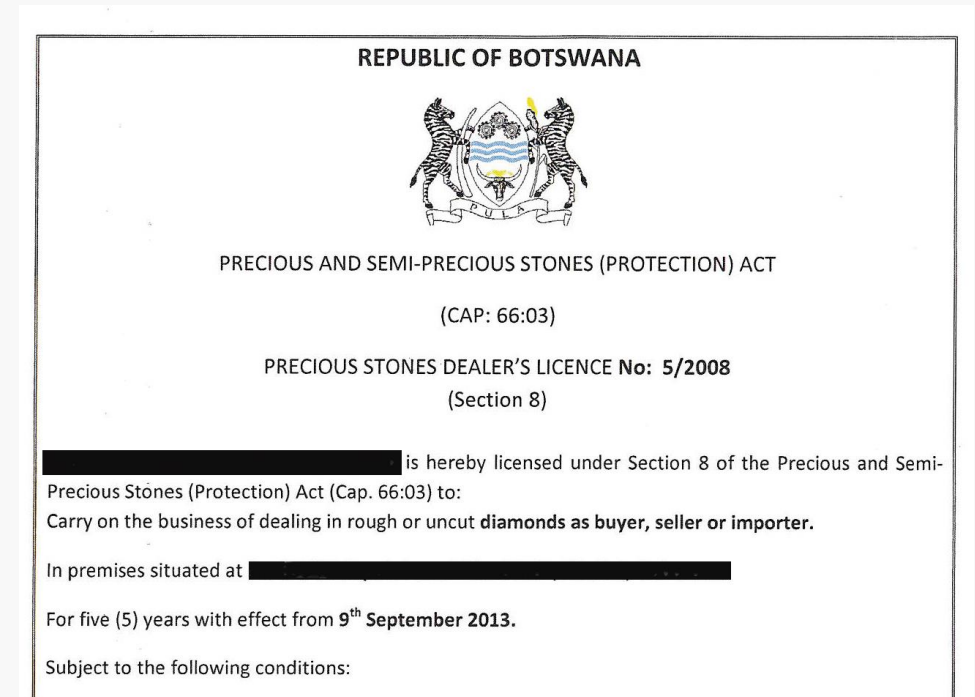
Pre-sale support

- Visas
 - We work closely with stakeholders to expedite the issuing of visas and export documentation
 - Belgian and Israeli nationals do not require visas to enter Botswana. Indian nationals do require visas
 - If you are successful in registering as a customer your visa application will be supported by a letter of invitation from ODC
 - Visas are normally issued on a 6 month multiple entry basis



Post-sale support

- Goods Payment
 - ODC receives US\$ payment for goods through its Standard Chartered Bank account and is notified immediately to trigger the export
- Licencing
 - Licences are not required to view diamonds in Botswana
 - Companies who have bought and are exporting diamonds require Botswana dealers licences. These are facilitated by ODC and charged to customers retrospectively (\$60 for 6 months)



Post-sale support

- KP certification
 - ODC will facilitate the issue of KP certificates for export
 - KP certificates cost approx. \$60 per certificate
- Shipping
 - Upon payment for goods and nomination of your authorised shipping agency, ODC will facilitate the export of goods to your authorised office
 - No VAT or export duties on rough diamonds exported



Logistics

- Flights
 - Most international airlines fly to O.R. Tambo International Airport in Johannesburg, South Africa
 - There are a number of non-direct flights from across Europe to Johannesburg
 - There are multiple flights per day into Gaborone from Johannesburg



Logistics

- Accommodation
 - There are a number of hotels and guest houses available including; Lansmore, Gaborone Sun, Peermont Walmont at The Grand Palm and Phakalane Golf resort and hotel
- Transportation
 - There are several chauffeur and taxi services available including hotel transfers as needed



www.odc.co.bw





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