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GEM RESOURCES

Gem Resources Plc

(the "**Company"** and together with its subsidiaries from time to time, the "**Group**" or "**GEMR**")

GEMR Signs Conditional Agreement to Acquire Colombian Gold Processing Platform
Proposed acquisition of operating Colombian gold processing business with significant optimisation and expansion potential

Gem Resources Plc (LSE: GEMR), the natural resources company focused on identifying, acquiring and advancing value-accretive mining and resource opportunities, is pleased to announce that its Hong Kong subsidiary, GemR Corporation Limited ("GemR HK"), has entered into a conditional share purchase agreement (the "SPA") to acquire 100% of the issued share capital of CREC Material Co S.A.S. ("CREC") (the "Acquisition") for an all-share consideration of £750,000. CREC is the Colombian company through which the El Yarumo gold processing operation in Buenos Aires, Cauca is conducted. The Acquisition remains subject to satisfaction (or waiver) of certain conditions precedent and has not yet completed.

The Board believes the Acquisition represents a highly attractive entry into the Colombian gold sector through an existing operating gold processing business. Based on management information provided to the Board of GEMR, El Yarumo is currently operating, processing gold-bearing material and generating revenue, and is operating profitably at an operational level. This information, including the nature and source of the reported revenue and the operation's profitability, has not been independently verified by GEMR and will remain subject to further verification prior to Completion. El Yarumo provides an established processing facility, workforce and operating platform, together with significant scope to increase throughput, improve operating performance and expand the business through relatively modest additional capital investment.

Highlights

- **Proposed acquisition of 100% of CREC, providing GEMR with control of the El Yarumo gold processing business in Cauca, Colombia subject to certain conditions precedent.**
- **Existing operating facility, infrastructure and workforce; current operations and revenue are based on management information provided to GEMR, have not been independently verified by GEMR and remain subject to further verification prior to Completion.**
- **Based on management information provided to GEMR, the business is currently profitable at an operational level; this has not been independently verified by GEMR and remains subject to further verification prior to Completion.**
- **Significant near-term optimisation potential, with independent engineering estimating processing capacity of approximately 2.5 t/h for the currently operating line and**

approximately 3.7 t/h combined following rehabilitation of the second line; these are engineering estimates and not guaranteed production levels.

- **Relatively modest initial capital requirement, with plant modernisation and upgrading estimated at approximately US$150,000-US$250,000.**
- **Further growth potential from higher sustainable throughput, additional gold-bearing feed sources and potential future doré production, subject to testwork, engineering and permitting.**
- **Reported historical feed grades of approximately 3-5 g/t Au, which have not yet been independently verified by GEMR and which GEMR intends to verify following Completion.**
- **£750,000 all-share acquisition consideration through the issuance of 150,000,000 new GEM shares at a value of 0.5 pence per share, with no cash acquisition consideration.**
- **Performance-aligned consideration structure with strong shareholder protection: Consideration Shares are issued only after Completion and effective control of CREC, with staged release linked to Verified Net Cash Profit (as defined in the SPA) and subject to continuing claim, historic liability, enforcement and material-breach protections.**

El Yarumo Gold Processing Platform

El Yarumo is an operating gold processing facility located in Buenos Aires, Cauca, Colombia. Based on management information provided to the Board of GEMR, the operation is currently processing gold-bearing material through an existing flotation circuit to produce saleable concentrate and is generating revenue. The July 2026 management accounts classify the reported income as wholesale trade and GEMR has therefore not independently verified the extent to which reported revenue is attributable specifically to processing activities. Based on management information provided to GEMR, the operation is currently profitable at an operational level. Current operations, revenue and profitability have not been independently verified by GEMR and remain subject to further verification prior to Completion.

As part of GEMR's technical due diligence, specialist mineral-processing engineers from P&T - Principia y Tinta S.A.S. inspected the plant on 14 July 2026 and completed an executive technical assessment.

The engineers reviewed 12 principal equipment and infrastructure areas. Five were assessed as acceptable, six as intermediate and one - infrastructure and auxiliary systems - as compromised. Their overall conclusion was that the principal processing equipment provides a usable installed base and that wholesale replacement is not currently required.

The plant currently operates one of two processing lines. The independent engineers estimate sustainable capacity of the operating line at approximately 2.5 t/h on a dry basis, with combined feed capacity potentially increasing to approximately 3.7 t/h following rehabilitation of the second line. These throughput figures are engineering estimates and should not be regarded as guaranteed production levels.

The Board therefore believes GEMR can focus its initial investment on increasing the capacity and operating performance of the business through rehabilitation, debottlenecking and optimisation of existing infrastructure.

The independent engineers estimate a modernisation programme of approximately US$150,000-US$250,000, with a central estimate of approximately US$200,000. The Board believes this provides an attractive opportunity to increase the reliability and productive capacity of the existing plant at relatively modest capital cost.

Significant Growth and Optimisation Potential

Based on management information provided to the Board of GEMR, El Yarumo is currently operating and generating revenue; this information has not been independently verified by GEMR and remains subject to further verification prior to Completion. The Board believes there is substantial scope to increase throughput and operating performance. During GEMR's broader technical and commercial due diligence, local operators reported that El Yarumo has historically processed gold-bearing feed generally grading approximately 3-5 g/t Au. These reported grades have not yet been independently verified by GEMR and will be subject to systematic sampling and metallurgical accounting following Completion.

Information received during on-site due diligence also indicated a stated historical/installed processing capability of approximately 12 t/h. This is not an independently verified sustainable operating rate and is materially above the independent engineer's assessment of current and near-term capacity. GEMR intends to assess the longer-term achievable throughput as part of its post-Completion optimisation programme.

The Board sees several potential routes to grow El Yarumo, including:

- recommissioning and stabilising the second processing line;
- increasing sustainable plant throughput through staged debottlenecking;
- building a reliable pipeline of legally permitted third-party and contracted feed;
- improving metallurgical control and concentrate recovery; and
- evaluating a future doré circuit to capture a greater proportion of the downstream gold value chain.

The independent engineering work identified sufficient space for a future doré circuit. Conceptual capital expenditure for such a circuit is currently estimated at approximately US$0.5 million-US$1.1 million, subject to mineralogical and metallurgical testwork, detailed engineering, economic evaluation and all required permits and approvals.

Acquisition Terms and Shareholder Protections

Under the conditional SPA, GemR HK will acquire 100% of CREC from Mr Chen Jie Lun (the "Seller"), subject to satisfaction (or waiver) of certain conditions precedent and Completion.

Consideration comprises 150,000,000 new ordinary shares of £0.0001 each in Gem Resources plc at an agreed price of 0.5 pence per share, representing an aggregate agreed value of £750,000 (the “Consideration Shares”).

No Consideration Shares will be issued until Completion has occurred and GemR HK has obtained ownership and control of CREC, including registration of 100% of the CREC shares and transfer of the agreed corporate, banking and operational control arrangements.

The parties presently intend that the Consideration Shares will be issued to an approved single-purpose Hong Kong holding company following satisfactory KYC, AML, sanctions, beneficial-ownership and source-of-wealth checks.

To protect GEMR shareholders, the approved recipient of the Consideration Shares will grant GemR HK a first-ranking Hong Kong-law charge over 100% of the shares in that entity. The security is over the entity’s shares, not directly over the Consideration Shares, and the Seller remains personally liable for specified pre-Completion liabilities and obligations under the transaction documents.

The security period is 18 months from Completion. Verified Net Cash Profit (as defined in the SPA) is calculated on a cumulative basis from cash actually received by CREC from qualifying arm's-length sales, less verified ordinary operating costs attributable to those sales, and is supported by management accounts, bank statements, customer and supplier invoices and other relevant records. Subject to verification, 75,000,000 Consideration Shares become eligible for release when cumulative Verified Net Cash Profit reaches £375,000 and the remaining 75,000,000 Consideration Shares when it reaches £750,000. During the 18-month Security Period, no performance-based release may occur while an outstanding notified claim, notified pre-Completion or suspected hidden liability, continuing enforcement event or unresolved material breach of a transaction document remains unresolved. At the end of the 18-month Security Period, the remaining Consideration Shares will be released in accordance with the agreed release conditions. The expiry of the security arrangements will not affect the Seller’s continuing personal liability under the Personal Guarantee and Indemnity in respect of qualifying historic or pre-Completion liabilities, including liabilities identified after expiry of the Security Period.

Conditions Precedent and Completion

The Acquisition remains conditional and Completion has not yet occurred. Completion remains subject to customary corporate, regulatory and transaction-specific conditions, including completion of KYC/AML procedures, satisfactory resolution of the Colombian legal and regulatory matters identified during due diligence, confirmation of the Hong Kong security package and, finally, the lawful allotment and admission of the Consideration Shares.

The Colombian legal review identified a number of historic and current documentary and regulatory matters requiring confirmation or remediation, including certain processing permissions, RUCOM registration, water and discharge permissions and underlying contractual/mining rights.

Under the SPA, any material deficiency identified in the Colombian legal due diligence must before Completion either be remedied to the reasonable satisfaction of GemR HK and Colombian counsel, or be expressly accepted by the GEMR Board with an appropriate specific indemnity and agreed remediation plan.

The SPA also includes extensive warranties, specific indemnities and a Personal Guarantee in favour of the Buyer/GEM, including protections for undisclosed pre-Completion tax, employment, environmental, mining/regulatory, contractual and creditor liabilities.

Further announcements will be made regarding Completion and the issue and admission of the Consideration Shares as appropriate.

Executive Chairman Comment

Louis Ching, Executive Chairman of Gem Resources plc, commented:

"The key attraction of El Yarumo is that GEMR has signed a conditional agreement to acquire an operating gold processing business rather than a greenfield development project. Based on management information provided to us, the plant is currently processing gold-bearing material and generating revenue and is operating profitably at an operational level. These operational and financial matters have not been independently verified by GEMR and remain subject to further verification prior to Completion.

Subject to Completion, we would therefore acquire an established operating base with significant scope to grow the business. Independent engineering has identified a relatively modest capital programme capable of improving plant reliability and increasing estimated throughput, including bringing the second processing line back into operation.

Beyond this initial optimisation, we see further opportunities to increase sustainable throughput, secure additional sources of gold-bearing feed and potentially expand into doré production, allowing GEMR to capture a greater share of the gold value chain.

We believe the combination of an existing operation, modest initial capital requirements and significant expansion potential makes this a particularly attractive opportunity for GEMR. The transaction has also been structured to protect GEMR shareholders, with all-share consideration issued only after Completion and effective control of CREC, and staged release of those shares linked to verified cash profitability and subject to continuing protections for claims, historic liabilities and other enforcement matters.

Subject to Completion, further verification of the operating and financial information provided to GEMR, and the satisfactory resolution of the remaining conditions precedent, we believe El Yarumo provides GEMR with an excellent platform from which to build a substantially larger gold processing and production business in Colombia."

Additional information

For the purposes of UK MAR, the person who arranged for the release of this announcement was Bernard Olivier, Chief Executive Officer.

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Forward-Looking Statements

This announcement contains certain forward-looking statements relating to the Acquisition, CREC and the future operations and development of El Yarumo. Such statements are based on the Board's current expectations, estimates and assumptions and are subject to risks, uncertainties and other factors which may cause actual results, performance or outcomes to differ materially from those expressed or implied. In particular, there can be no assurance that the Acquisition will complete, that anticipated plant optimisation or throughput improvements will be achieved, or that future expansion opportunities will be successfully implemented. Except as required by applicable law or regulation, the Company undertakes no obligation to update or revise any forward-looking statements.

About Gem Resources Plc ("GEMR")

GEMR is a natural resources company focused on identifying, acquiring and advancing value accretive mining and resource development opportunities. The Company's strategy is to apply disciplined technical and financial analysis to a pipeline of projects across precious stones, precious metals and other commodities, with the objective of creating long term shareholder value through exploration, development, optimisation and, where appropriate, asset realisation.

GEMR currently holds interests in a number of mining and resource projects in Africa and internationally, and continues to review additional opportunities that fit its capital allocation and risk return criteria. The Board remains focused on prudent balance sheet management, transparent governance and active portfolio management, including the potential divestment, joint venture or development of existing assets where this is in the best interests of shareholders.

For more information about Gem Resources Plc, including investor relations and corporate news, please visit the Company's website at www.gemresources.co.uk. Interested parties are also invited to sign up for the Company's newsletter via the website.