



## **Developing a +100,000oz p.a. Gold Producer Then Expanding in the Arabian-Nubian Shield**

**ANNUAL GENERAL MEETING**

**30 JUNE 2016**

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- Government actively boosting mining sector
- Thriving economy, over 10 years of 7-10% GDP growth
- HQ for African Union and stable
- High growth country with pro-development culture
- Prospective country with limited modern exploration
- Rapidly improving infrastructure and cheap electricity



*Tulu Kapi project site*



### **2013: KEFI acquired 75% for US\$10/ounce of Ore Reserves**

- Previous owners had spent >US\$50 million on drilling and studies
- Development plan required capex of US\$289 million

### **2014: KEFI acquired the remaining 25% of Tulu Kapi**

- KEFI transformed flexibility for mine planning by increasing Indicated Resource from 1.1Moz to 1.6Moz
- Better orebody definition and control increased Ore Reserve grade from 1.8g/t to 2.1g/t (2.5g/t for 1<sup>st</sup> 8 years of mining)

### **2015: KEFI assembled the project team and finance syndicate**

- Mining Agreement signed with Gov't and Permits granted
- Completed revised Tulu Kapi DFS – required funding halved and unit costs reduced from AISC >US\$1,000/oz to <US\$800/oz

### **2016: Trigger development, with lower risk & higher returns**



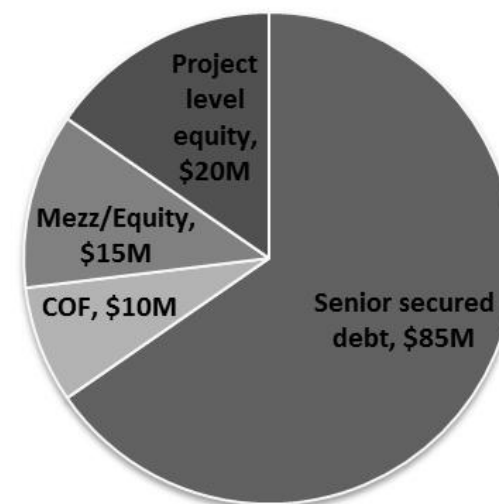
*Looking towards site of Tulu Kapi tailings storage facility*

### Project Financials @ US\$1,250/oz

All-in Sustaining Costs	US\$746/oz
All-in Costs (incl initial capex)	US\$869/oz
Average annual EBITDA	US\$58M
Net Cash after Debt Repayment (LOM)	US\$326M
Net Cash before Debt Service in Y1-3	US\$173M
Geared after-tax NPV (8%)	US\$153M
Geared IRR	45%
Payback	2-3 years

KEFI owns 95% of KEFI Minerals Ethiopia.  
Government 5% to increase to c. 25-30%  
with planned equity investment in KME

### Targeted Sources of US\$130M Development Funding Required

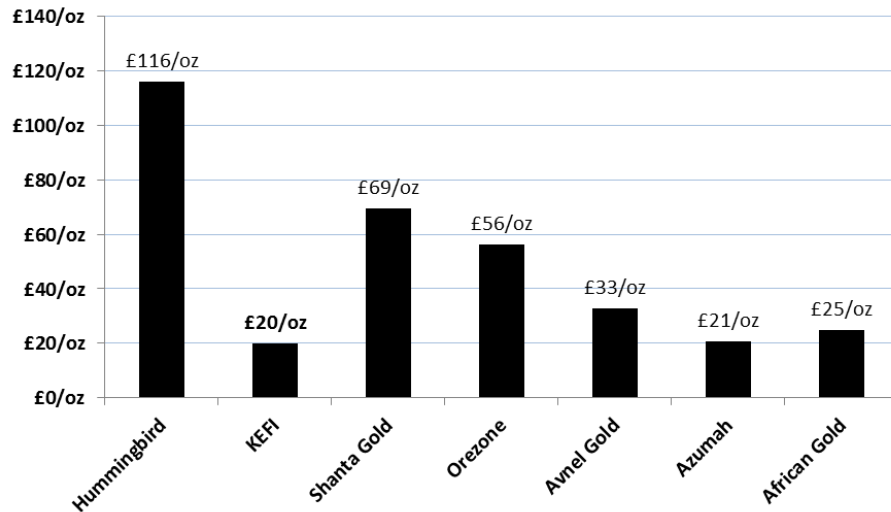


**Mezz/Equity** = mix of mezzanine facilities and equity from project contractors or offtake parties

**COF** = Cost Overrun Facility

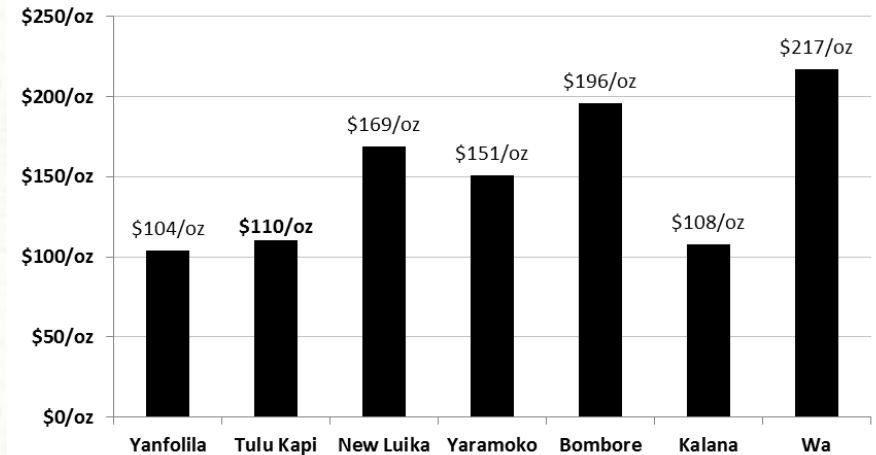
Syndicate structure being formalised

**Mkt Cap/Total Attrib. Reserve Ounces (£/oz)**



KEFI's market capitalisation does not reflect the quality of Tulu Kapi

**Initial CapEx / LOM Production (US\$/oz)**



Tulu Kapi is a low capital intensity mine development

Sourced from company public reports with data to 23 June 2016. Initial capex to develop New Luika is per Shanta Gold's 2015 plan to further develop the project.





**Wayne Nicoletto**  
***KEFI Minerals Ethiopia Managing Director, and  
Group Head of Operations***

30 years as a metallurgist, general manager and country head. Specialised in design, start-up and operation of gold mines in Africa, Central Asia and Australia over the past 15 years, primarily heading up operations in gold mines in Africa and Mongolia.



**Kebede Belete**  
***Country Manager Ethiopia***

Geologist (PhD, Austria; MPhil, UK; BSc, Ethiopia). Over 25 years of experience as Exploration Manager and Country Manager for Ethiopian Ministry of Mines, Golden Prospect Mining Company LTD (UK), Minerva Resources LTD (UK) and Nyota Mineral (UK).



**Simon Cleghorn**  
***Resources Manager***

(B. Eng. Min. Exploration & Mining Geology (Hons.) WA School of Mines). Over 21 years in mining geology and development. Commenced in 1990 with WMC & later Plutonic in Australia, Penjom mine in Malaysia, Chief Geologist Zod Mine Armenia and EM at Madneuli operations, Georgia.



**Sergio di Giovanni**  
***Metallurgist & Dev. Manager, Value-Engineering***  
(BSc. Murdoch, Perth, MAUSIMM). Over 23 years' experience in operations in Australia, Asia, Europe, Mid-East and Americas. He has expertise in CIL, heap leach and flotation plants for gold, base metals & iron ore mines.



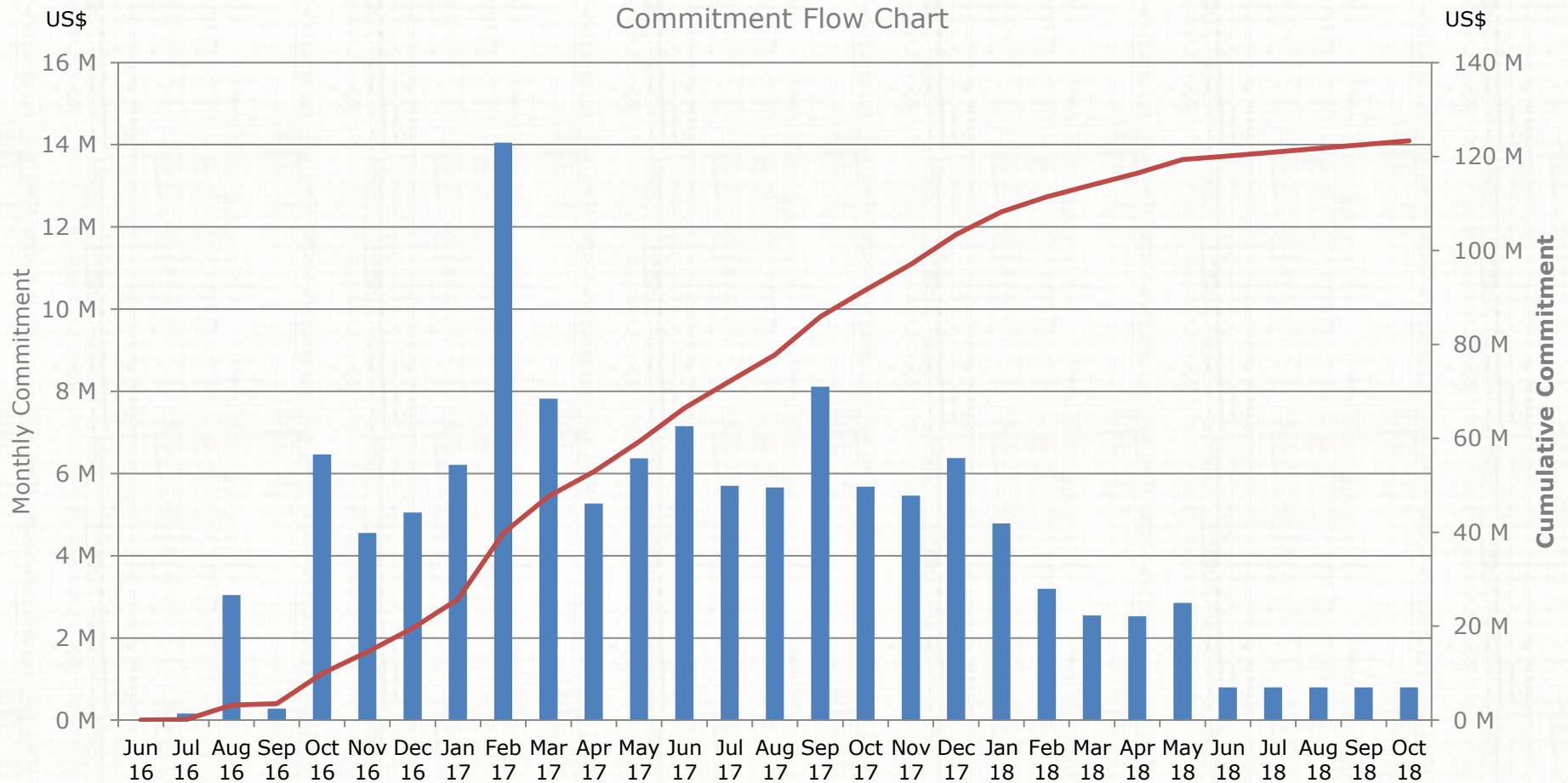
**Guy Ware**  
***Project Manager, Plant Contracting Co-ordinator***  
Civil Engineer (BEng) and Project Implementation Manager. Planning and delivery of process facilities within the global resources industry, focused on gold and base metals projects in Australia and Africa.



**Geoff Davidson**  
***Mining Engineer, Mine Contracting Co-ordinator***  
Mining engineer with 25 years' experience in surface and underground mining, many years as Principal Consultant for a variety of major mining consultancies. Geoff is a Fellow member of the AusIMM.

# Tulu Kapi Project Timetable

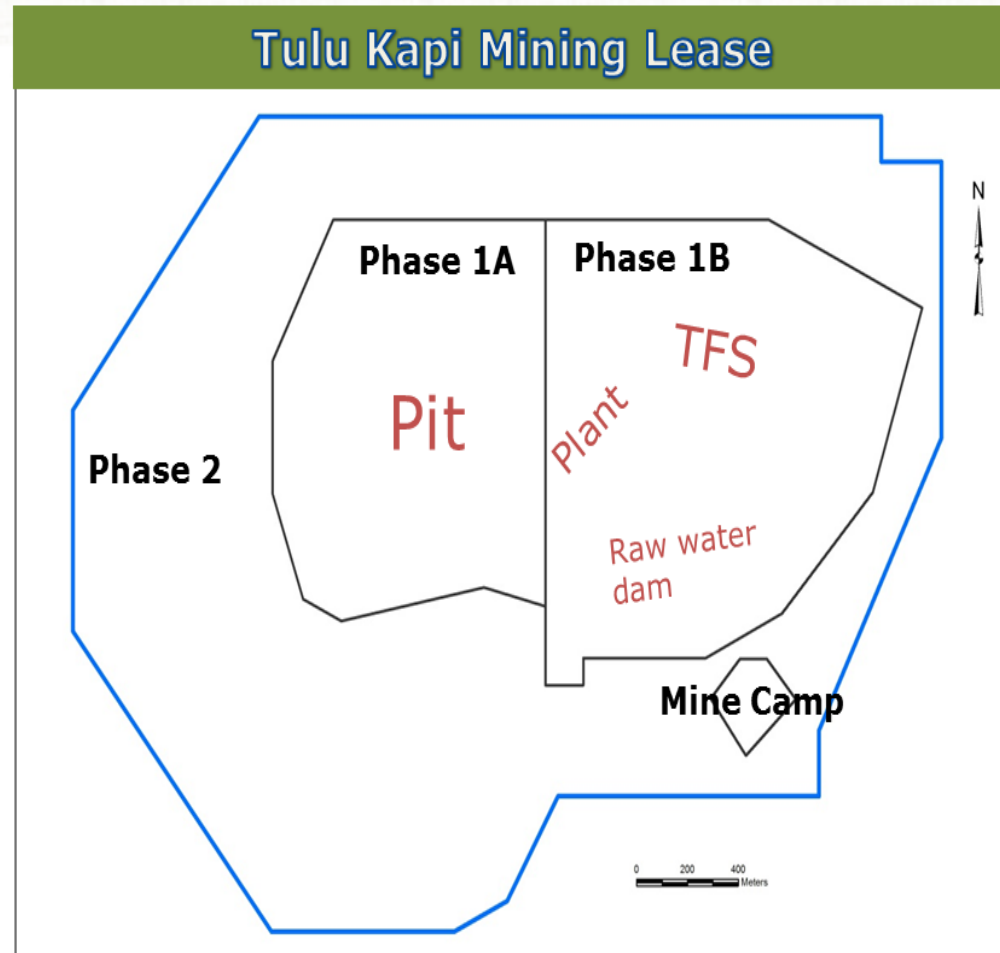
## Sequence of Financial Commitments



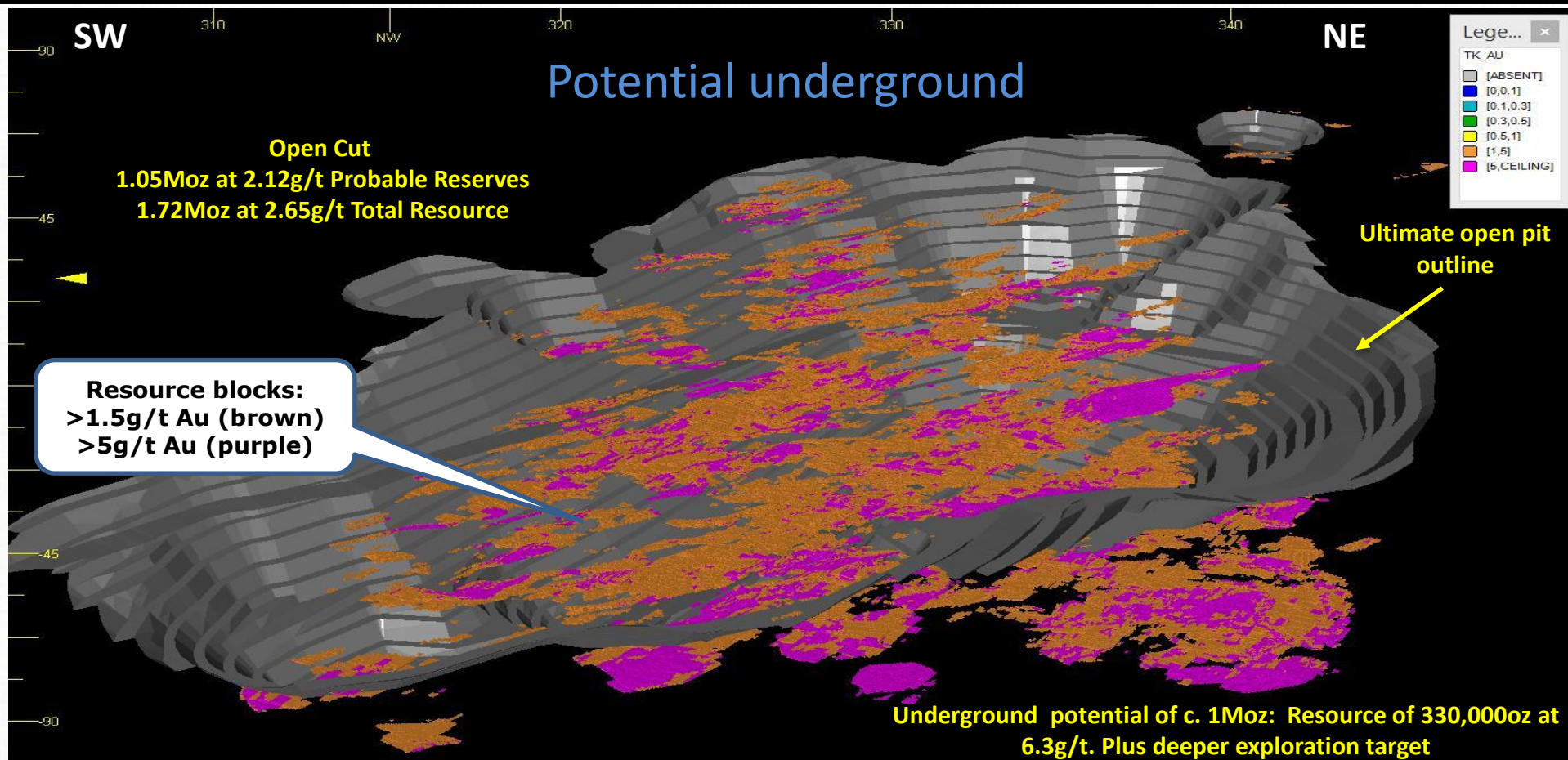


- Construction start Q4-16 requires timetable performance of Finance Syndication and Community Resettlement
- Finance Syndication: KEFI doing all required for full document preparation Q3-16 and drawdown Q4-16
- Community Resettlement: KEFI doing all required for the first phase of the community resettlement Q3-16
- Commissioning to start Q4-17

- **Focus on areas needed for construction**
  - Immediate focus on Phase 1B and Mine Camp
- **High-level government intervention on any policy matters**
  - Directives to ensure compensation based on National statistics for yield, productivity and price
- **Local government engagement on detailed actions**
  - Create a formal platform to work constructively with local government
- **Coordinate relocation activities**
  - Align household activities => household graves, socio-economic data, financial training and bank accounts
  - Accelerate resettlement infrastructure development
- **Promote positive engagement**
  - Open communication strategy
  - Resolve legacy issues (exploration compensation)
  - Initiate local employment and business opportunities



- Completed and ready for sign-off in syndication documentation:
  - Organisation structure, role definitions, recruitment plan
  - Delegations of authority
  - Employee contracts
  - Employee handbooks
  
- To be prepared with contractors Lycopodium and African Mining Services:
  - OH&S system
  - Training system
  
- Recruitment Status:
  - Owner's Engineering and Control Team in Place
  - Construction management in place
  - EPC Contractor in place
  - Mining Contractor in place
  - Operations team next to be triggered:
    - Finance/Administration Team being expanded now
    - Operations Manager on standby, then Plant and Mine Manager



Source: KEFI Minerals

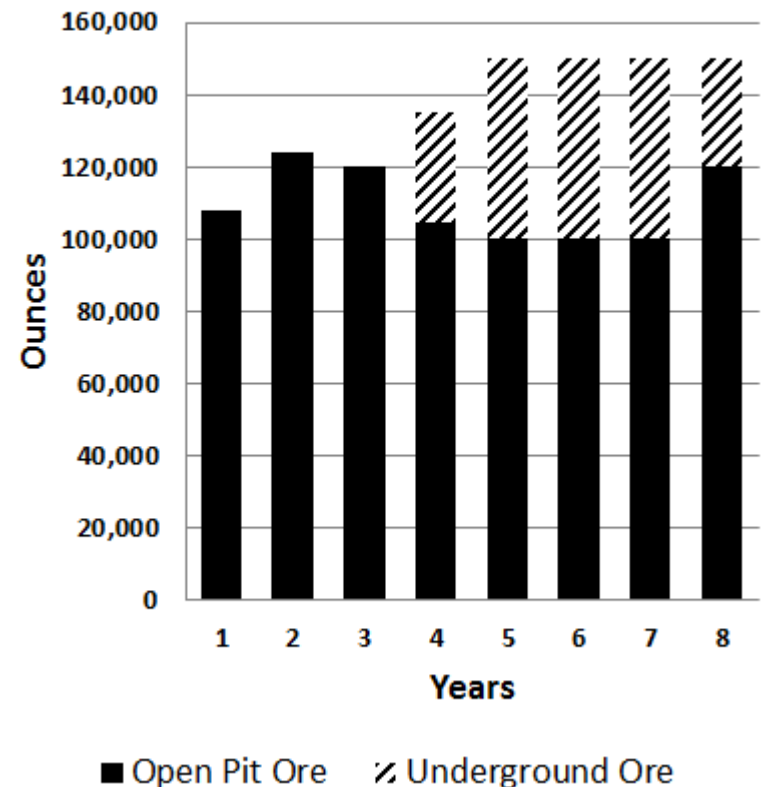
Final diamond hole drilled to the north of open pit intersected **90m at 3g/t Au**  
Resource remains open along strike, down plunge and at depth



- Thick, high-grade gold zones below open pit
- Underground mineable resource = 1.3Mt @ 5.2g/t
- Preliminary studies based on current resource only show:
  - Open Pit + Underground production  $\approx$  150,000oz p.a.
  - Additional NPV (8%)  $\approx$  US\$44M (at US\$1,250/oz)
- Plus potential to triple current underground ounces

Combined NPV (8%) of OP+UG gold  
production >US\$200M

**Tulu Kapi Open Pit + UG Gold  
Production**



*Note: The above profile is indicative and based on preliminary studies only.*

- Gold grades increase and ore lenses thicken with depth
- Resource remains open along strike, down plunge and at depth
- High-grade drill intercepts below the planned open pit include:

Hole No.	From (m)	To (m)	Mineralised Width (m)	Grade (g/t Au)
TKBH-287	351.80	364.05	<b>12.25</b>	<b>5.3</b>
	393.00	397.00	4.00	9.8
TKBH-288	377.00	379.00	2.00	11.7
TKBH-291	356.00	369.96	<b>13.96</b>	<b>10.5</b>
	373.00	378.00	5.00	7.6
	382.45	386.00	3.55	6.2
TKBH-292	375.00	384.00	<b>9.00</b>	<b>5.82</b>
TKBH-293	384.00	394.00	10.00	4.3
	435.55	445.00	<b>9.45</b>	<b>15.0</b>
TKBH-295	368.00	369.00	1.00	12.3
	388.00	390.00	2.00	4.0
	399.00	402.90	3.90	3.6
TKBH-296	342.00	344.00	2.00	19.4

- Final diamond hole drilled to the north of open pit intersected **90m at 3g/t Au**



Arabian Nubian Shield: recognised as one of the **most promising mineral districts for large gold and base metal discoveries**

Ethiopia has one single large-scale gold mine which is closing soon: **Lege Dembi (Midroc Gold) 100Koz pa**

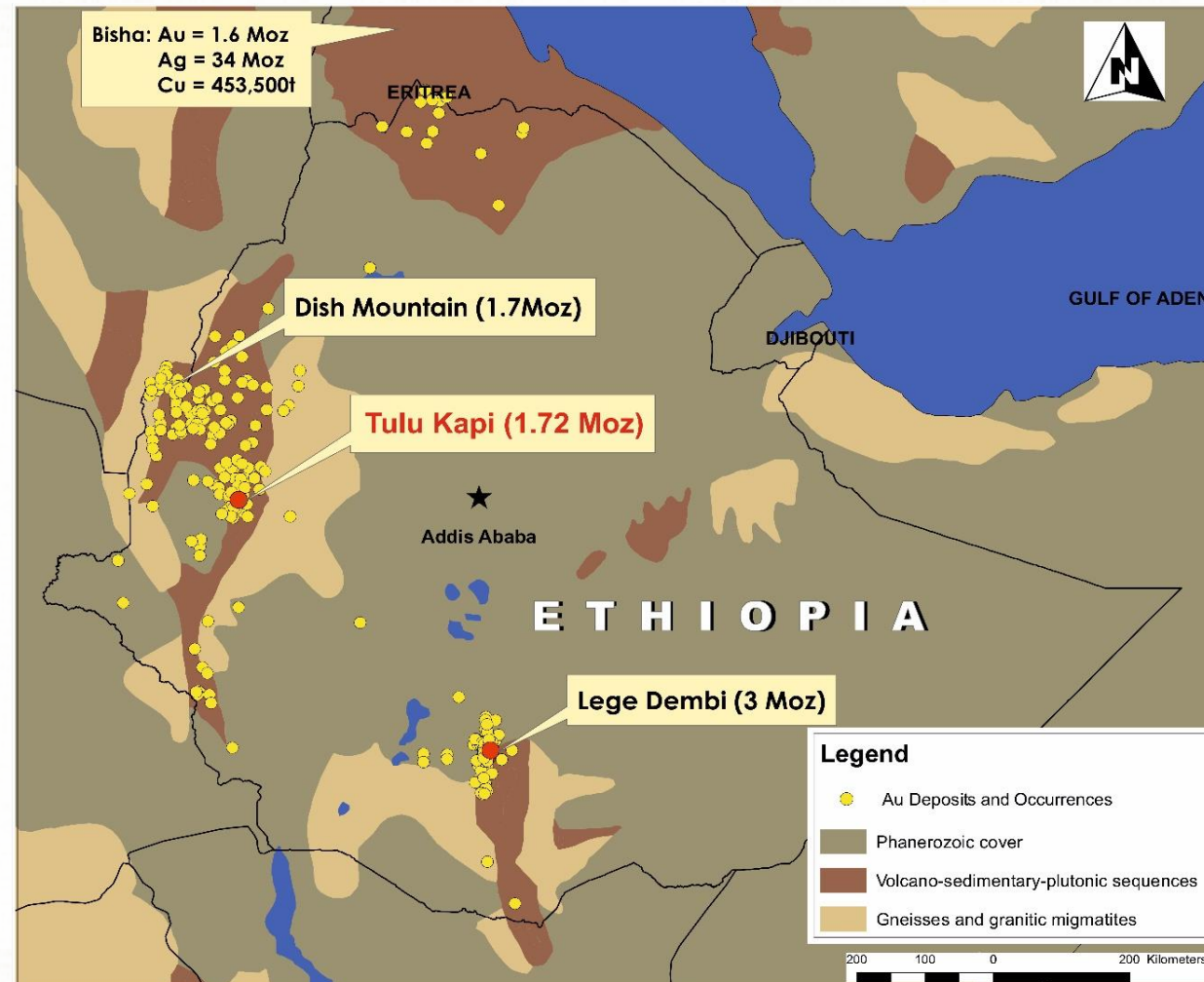
Apart from Tulu Kapi, large deposits include:

- **Dish Mountain (ASCOM) 1.7Moz at 1.5g/t Au**
- **Fiti (Midroc gold) Skarn style copper-gold**

Gold explorers recently entering Ethiopia include: **Newmont, Goldfields, Centamin**

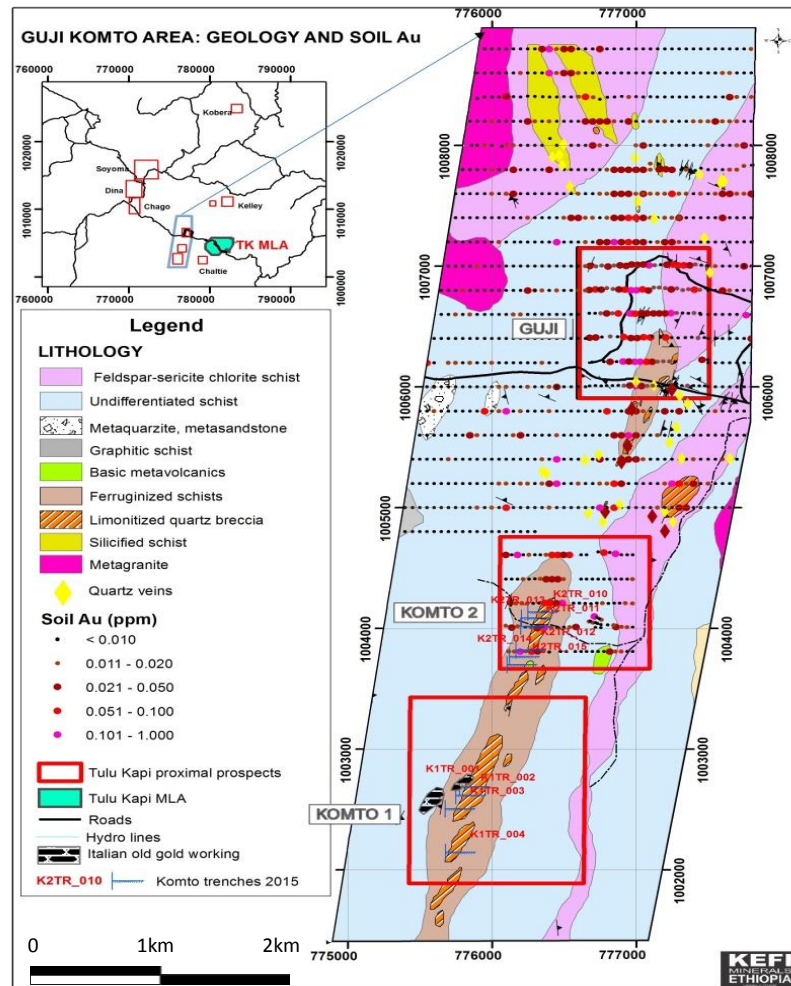
**Tulu Kapi is the first modern development**

**KEFI has opportunity to establish a leadership role**



Source: KEFI Minerals





**Guji: Visible gold in drill Core**



**Komto: Primary gold mineralisation**

Source: KEFI Minerals

### Jibal Qutman

- 0.7Moz gold resource defined at Jibal Qutman
- Evaluating low-cost, heap-leach treatment of oxide ore
- Low capex & quick start-up
- Mining Licence Application being discussed with regulators
- Target that Jibal Qutman cash flows fund exploration of Saudi Arabian portfolio of targets



*Drilling at Jibal Qutman*

### Hawiah

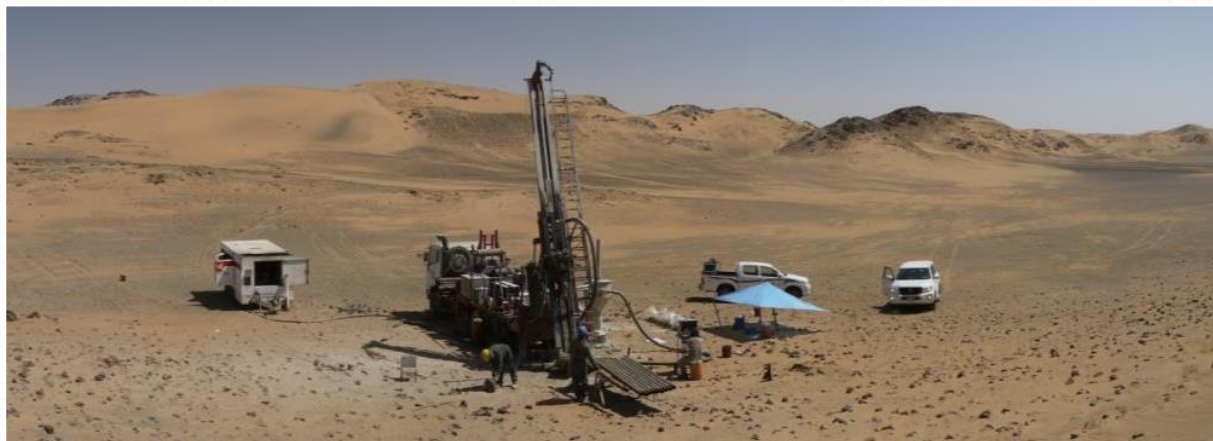
- Potential for very large Cu-Au-Zn orebody
- Gossan horizon extends 6km
- Trenching indicates gold enriched near surface
- Geophysics indicates large metal-bearing body below gossan
- Establishing stakeholder relationships prior to drilling

### Large Portfolio of Exploration Licence Applications

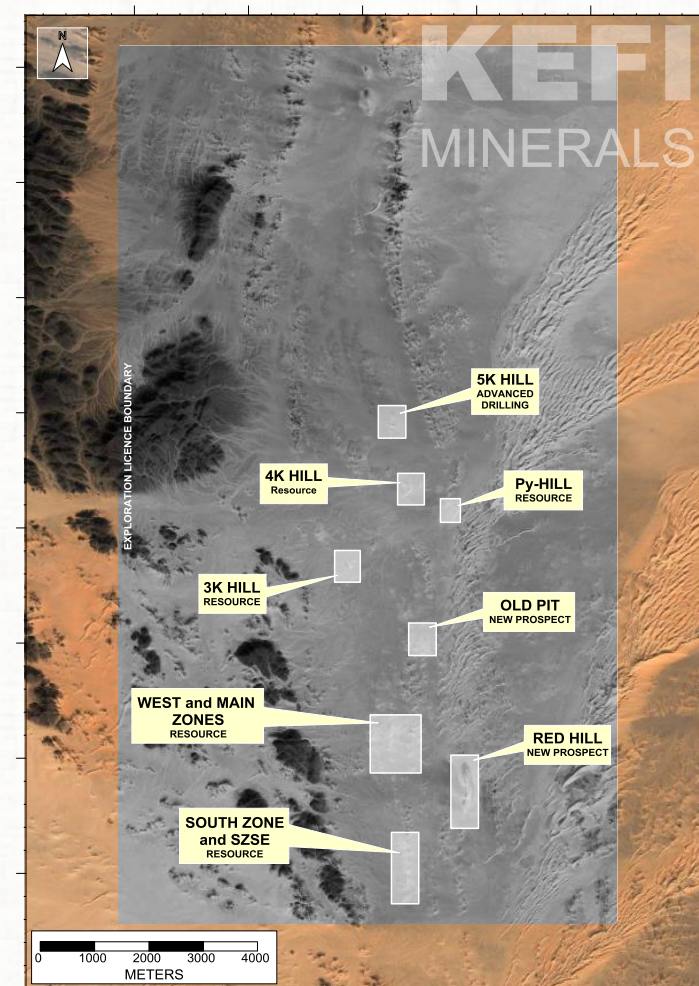
- **23 Exploration Licences under application (1,303km<sup>2</sup>);** all with ancient workings
- Joint venture with leading family conglomerate and minerals sector now a Govt priority



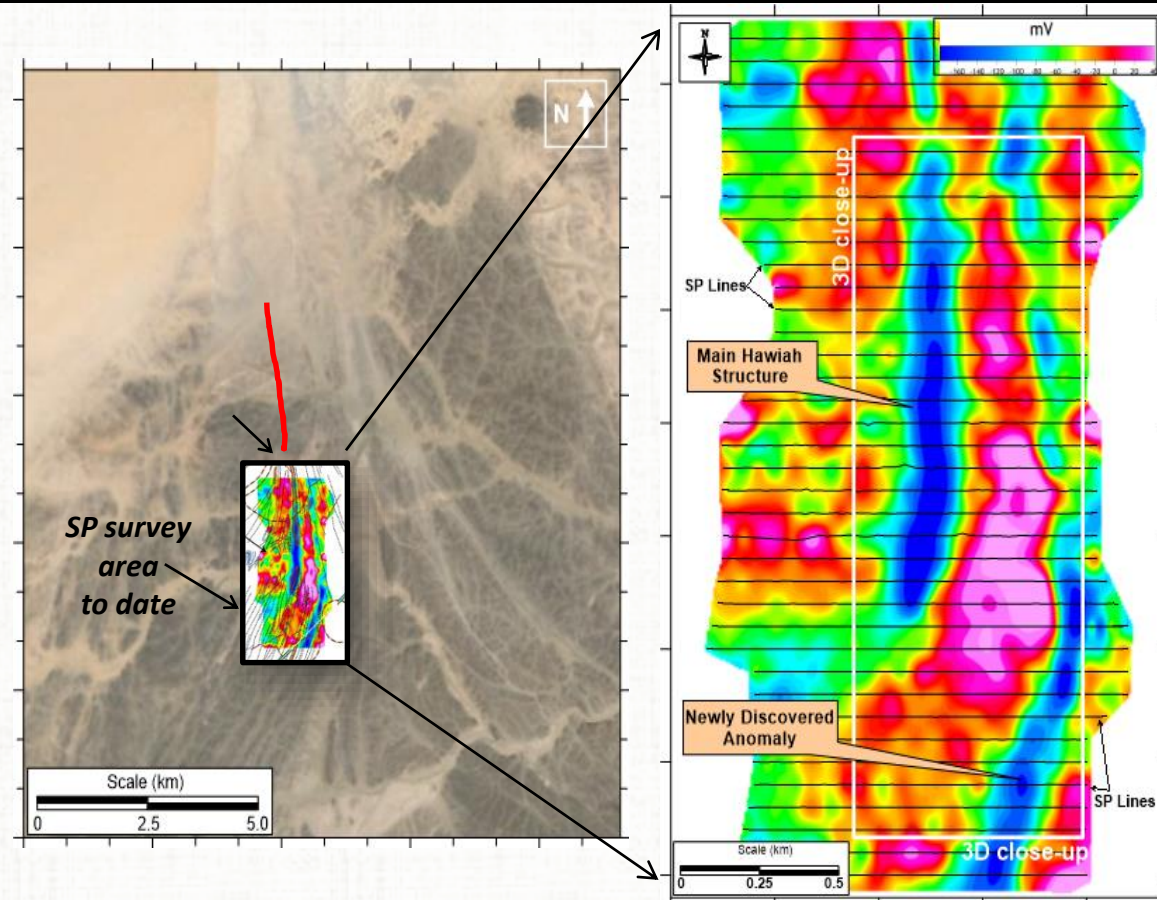
- c.99km<sup>2</sup> EL was granted in July 2012
- Rapidly delineated initial JORC Resource in 2013
- Resource increased to 0.73Moz in 2015
- Four ELAs around Jibal Qutman EL with satellite open pit targets



- Delineating further shallow oxide gold but now sufficient to start Mining Licence process and completion of full feasibility study
- Mining Licence Application being discussed with regulators for planned Heap Leach operation to fund exploration of portfolio



- New c. 95km<sup>2</sup> Hawiah EL granted in Dec 2015
- Potential for very large Cu-Au-Zn VHMS orebodies
- Hosted in **+120km north-south trending Wadi Bidah Mineral district** which hosts some large VHMS deposits
- Analogs include Jabil Sayid (Barrick) and Bisha (Nevsun)
- **Gold-bearing gossans** at surface based on trench results
- Geophysical survey results indicate large buried metal-bearing structures
- Trench results, Landsat-7 imagery analysis and geophysical survey results **define shallow and deep drill targets**
- Finalising community compensation agreement before drilling



Source: KEFI Minerals



### *Tulu Kapi, Ethiopia*

#### **H2-2016:**

- Financial completion of Project Finance
- Implement community resettlement
- Start construction

#### **2017:**

- Complete construction, commission production
- Start testing satellite gold deposits



### *Jibal Qutman and Hawiah, Saudi Arabia*

#### **H2-2016:**

- Jibal Qutman – submit Mining Licence Application and commence prospecting adjacent licences
- Hawiah – start testing large Cu-Au-Zn target

#### **2017:**

- Trigger Jibal Qutman feasibility studies for development to follow start-up at Tulu Kapi





*Local community briefing at Tulu Kapi*

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**Ethiopia** - Development and exploration teams

**Saudi Arabia** - Exploration team

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