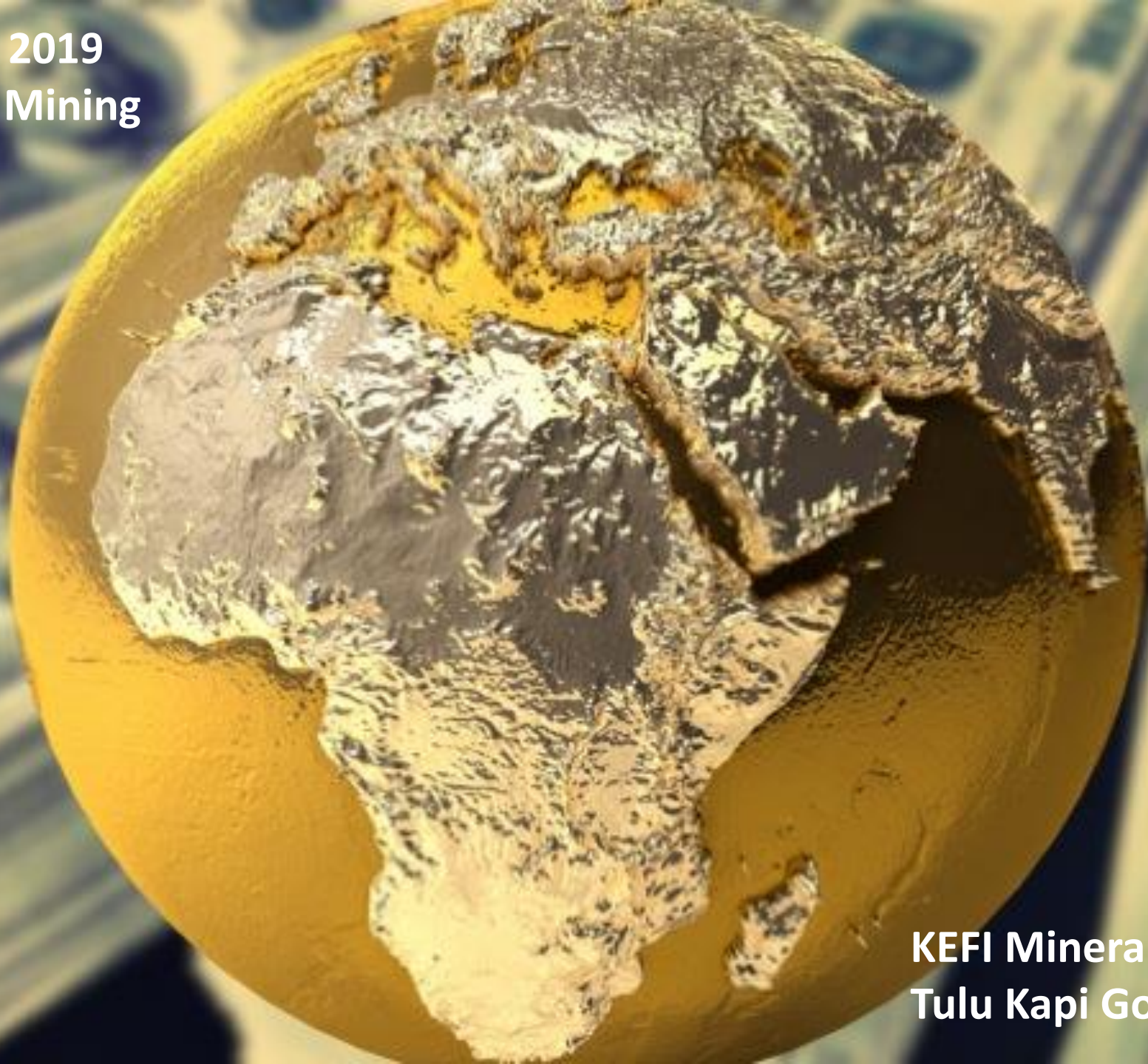


PDAC 2019
African Mining



KEFI Minerals
Tulu Kapi Gold Mines

African Mining - So Much Untackled Potential.

Yet Most Mining Investors Do Not Perceive Africa as Attractive for Investment

Africa Should Have More Exploration, More Development, More Mining

It is a Wonderful Opportunity for Those Who Really Want to Make a Real Effort

Why Ethiopia Has Now Become Especially Attractive

KEFI's Tulu Kapi Gold Project – 1st Mover In the New Ethiopia

Africa is Huge but the Potential is Largely Untackled

The True Size of Africa

A small contribution in the fight against rampant immappancy, by Kai Krause

Graphic layout for visualization only (some countries are cut and rotated)
But the conclusions are very accurate: refer to table below for exact data

COUNTRY	AREA x 1000 km ²
China	9.597
USA	9.629
India	3.287
Mexico	1.964
Peru	1.285
France	633
Spain	506
Papua New Guinea	462
Sweden	441
Japan	378
Germany	357
Norway	324
Italy	301
New Zealand	270
United Kingdom	243
Nepal	147
Bangladesh	144
Greece	132
TOTAL	30.102
AFRICA	30.221

In addition to the well known social issues of *illiteracy* and *innumercacy*, there also should be such a concept as *"immappancy"*, meaning *insufficient geographical knowledge*.

A survey with random American schoolkids let them guess the population and land area of their country. Not entirely unexpected, but still rather unsettling, the majority chose "1-2 billion" and "largest in the world", respectively.

Even with Asian and European college students, geographical estimates were often off by factors of 2-3. This is partly due to the highly distorted nature of the predominantly used mapping projections (such as *Mercator*).

A particularly extreme example is the worldwide misjudgement of the true size of *Africa*. This single image tries to embody the massive scale, which is larger than the *USA*, *China*, *India*, *Japan* and *all of Europe*.....combined!

Top 100 Countries

Area in square kilometers, Percentage of World Total
Sources: Britannica, Wikipedia, Almanac 2010

AREA		%
1	Russia	17 098 242
2	Canada	9 984 670
3	China	9 596 961
4	United States	9 629 291
5	Brazil	8 511 477
6	Australia	7 692 024
7	India	3 287 263
8	Argentina	2 780 400
9	Kazakhstan	2 724 900
10	Bolivia	2 685 413
11	Algeria	2 381 741
12	Congo	2 344 858
13	Greenland	2 186 086
14	South Africa	2 149 000
15	Mexico	1 964 375
16	Indonesia	1 905 360
17	Liberia	1 109 340
18	Iran	1 628 700
19	Mongolia	1 584 100
20	Papua	1 302 216
21	Chad	1 284 000
22	Niger	1 267 000
23	Angola	1 246 700
24	Malawi	1 240 100
25	South Africa	1 201 000
26	Colombia	1 141 748
27	Ethiopia	1 104 300
28	Bolivia	1 098 581
29	Mauritania	1 025 500
30	Yemen	1 002 000
31	Tanzania	945 000
32	Nigeria	923 768
33	Venezuela	912 000
34	Norway	385 000
35	Malawi	117 000
36	Pakistan	796 000
37	Turkey	783 562
38	China	769 100
39	Zambia	752 612
40	Myanmar	676 000
41	Japan	377 930
42	Somalia	637 657
43	France	643 800
44	C. African Rep.	622 904
45	Senegal	603 000
46	Madagascar	597 000
47	Belarus	501 000
48	Kyrgyz	500 000
49	Taiwan	500 000
50	Thailand	513 120
51	Spain	505 000
52	Turkmenistan	488 100
53	Cambodia	475 000
54	Papua New Guinea	462 000
55	Uzbekistan	447 000
56	Sweden	448 000
57	Sweden	441 379
58	Iran	408 317
59	Paraguay	408 700
60	Zimbabwe	390 700
61	Japan	377 930
62	Germany	357 014
63	Rep. of Congo	342 000
64	Finland	304 000
65	Vietnam	331 212
66	Myanmar	300 000
67	Norway	300 000
68	Cote d'Ivoire	300 000
69	Poland	312 685
70	Oman	309 000
71	Italy	301 336
72	Philippines	300 000
73	Burkina Faso	274 000
74	New Zealand	270 000
75	Gabon	267 668
76	Western Sahara	266 000
77	Russia	200 000
78	Guinea	246 000
79	United Kingdom	246 000
80	Uganda	241 000
81	Ghana	239 000
82	Romania	238 000
83	Laos	236 000
84	Cyprus	214 000
85	Belarus	207 000
86	Kyrgyzstan	199 000
87	Senegal	198 000
88	Syria	185 000
89	Cameroon	181 000
90	Uruguay	178 000
91	Suriname	163 000
92	Tunisia	163 000
93	Nepal	147 000
94	Bangladesh	144 000
95	Tajikistan	143 000
96	Greece	131 957
97	Micronesia	120 000
98	North Korea	120 000
99	Malawi	117 000
100	Enron	117 000
TOP 100		59 628.2

TOP 100 TOTAL: 130 632 000 89.34



United States



Europe



India



Japan



China

"Africa produces fewer minerals overall compared to the global average (in both per capita and per square mile terms), and that production is super-concentrated in a very few countries."

- IMANI, think tank Ghana.

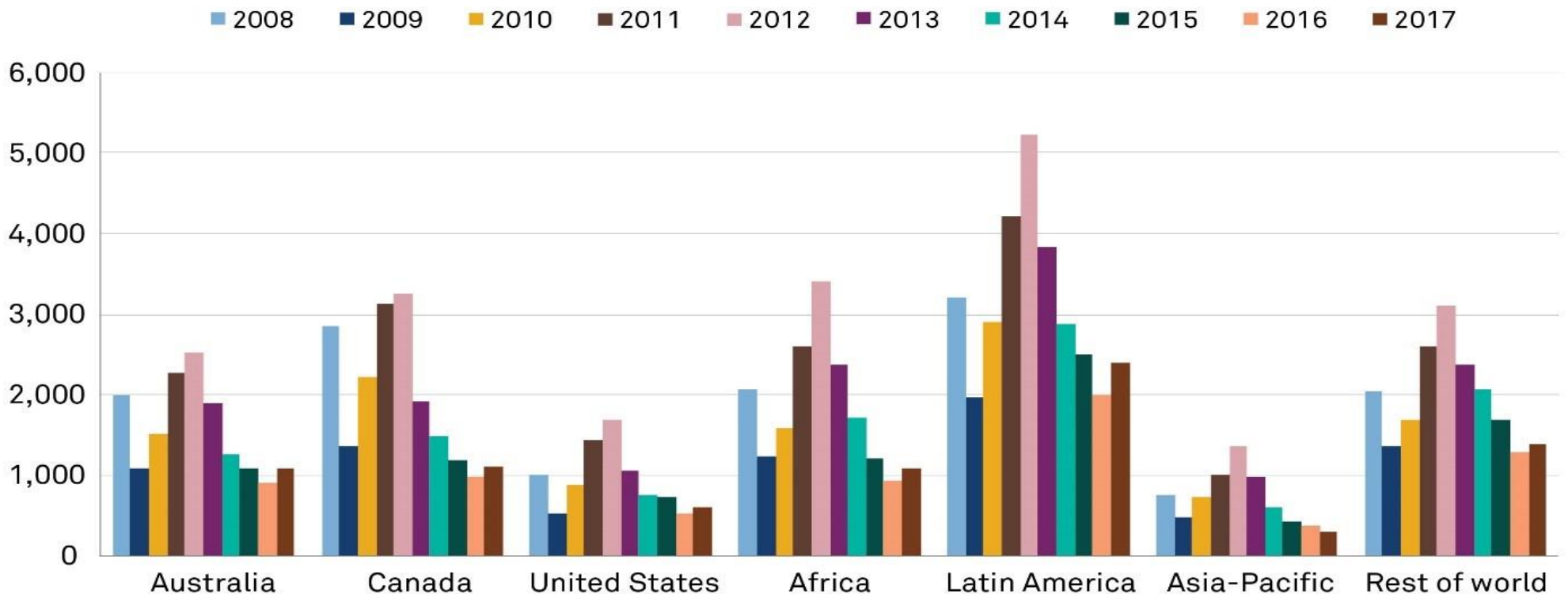
The Crowd's Perception
or, What Mining Investors Generally Think
- Fraser Institute Survey

**Global Mining Investment
Attractiveness Ranking**



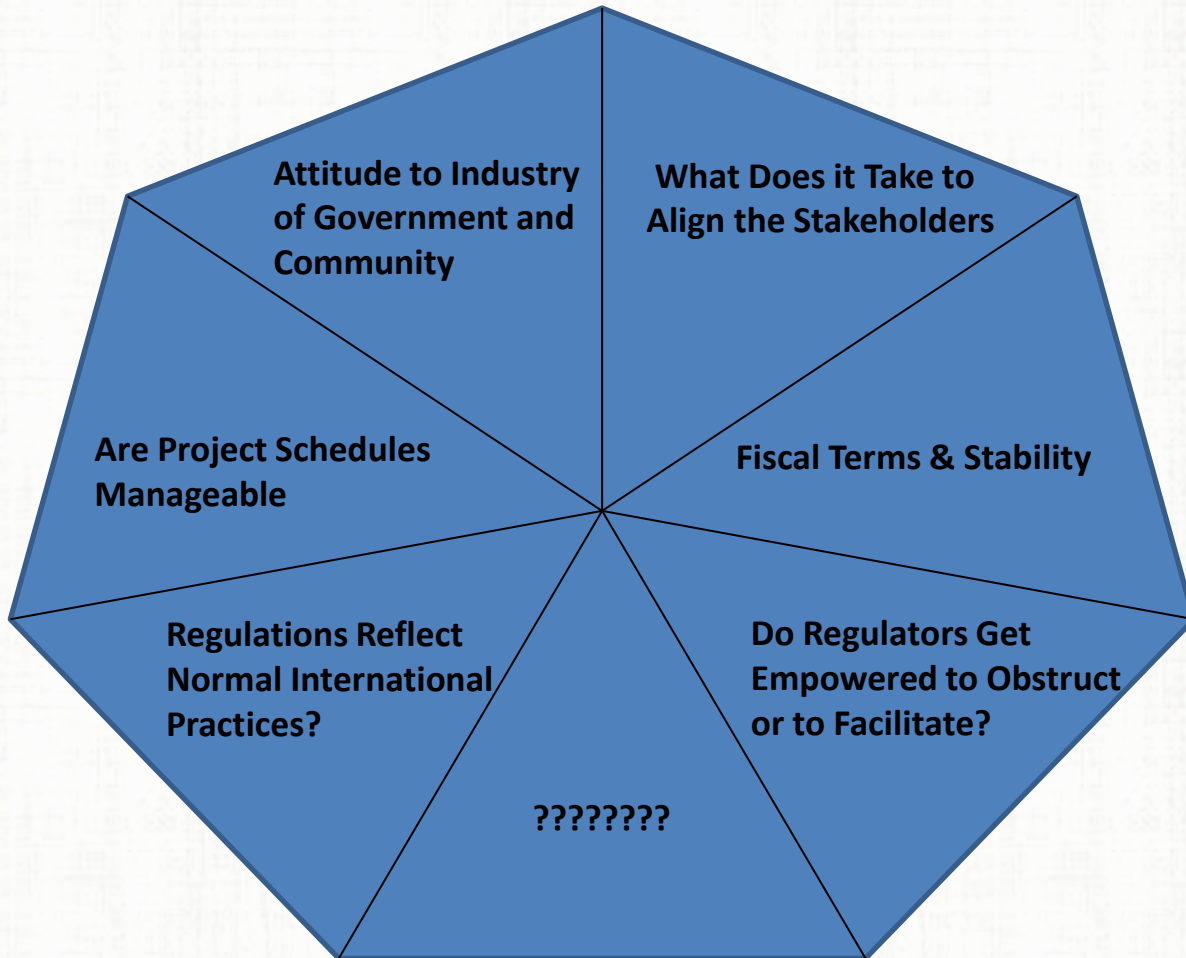
Africa Only Attracts the Same Exploration Spending As Much Smaller Canada or Australia

Exploration budgets by region, 2008-2017 (US\$M)



Data as of Nov. 15, 2017.
Source: S&P Global Market Intelligence

The Industry Already Believes in Africa's Potential - The Challenge is Not the Technical Stuff



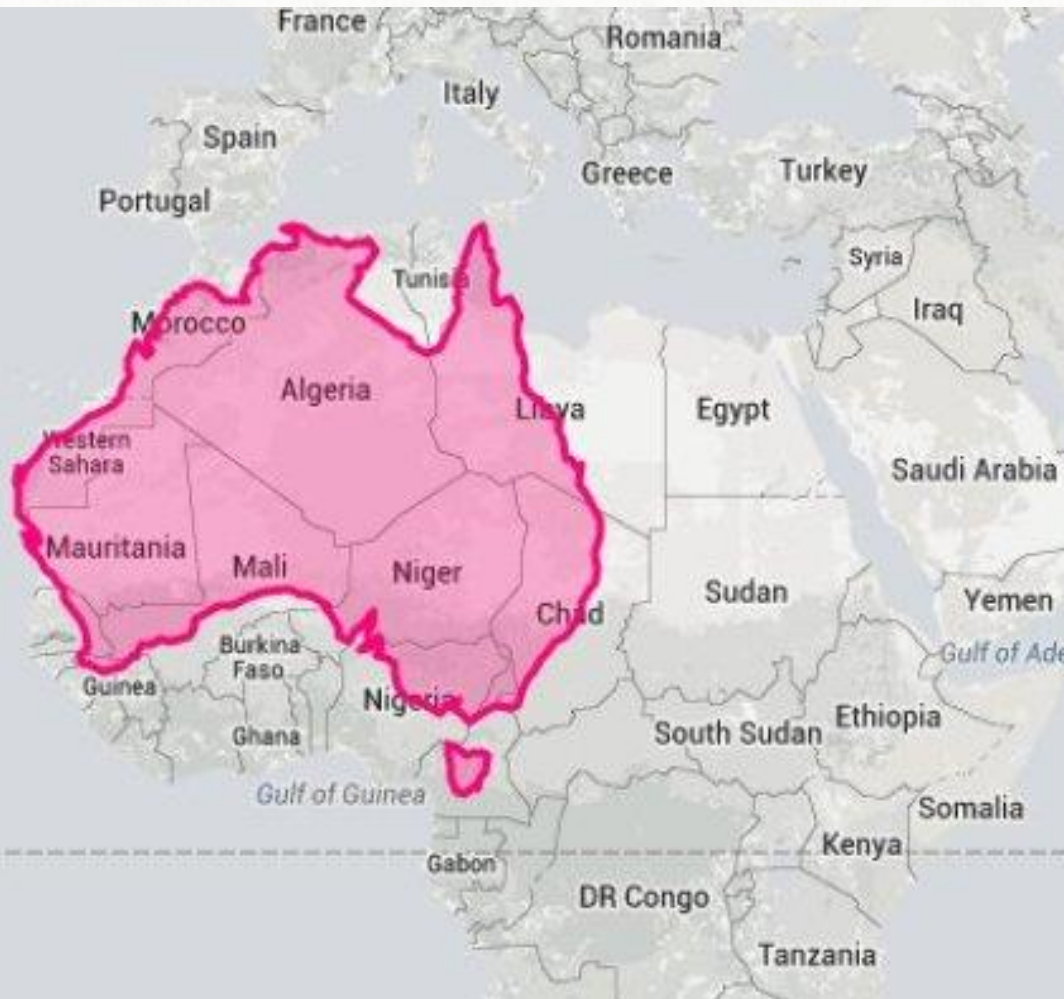
In new jurisdictions, the teams of both the Governments and the Companies take on unfamiliar risks.

Like no other industry, mining investment is front-end loaded.

Requires planning and independent validation, as relationships are built.

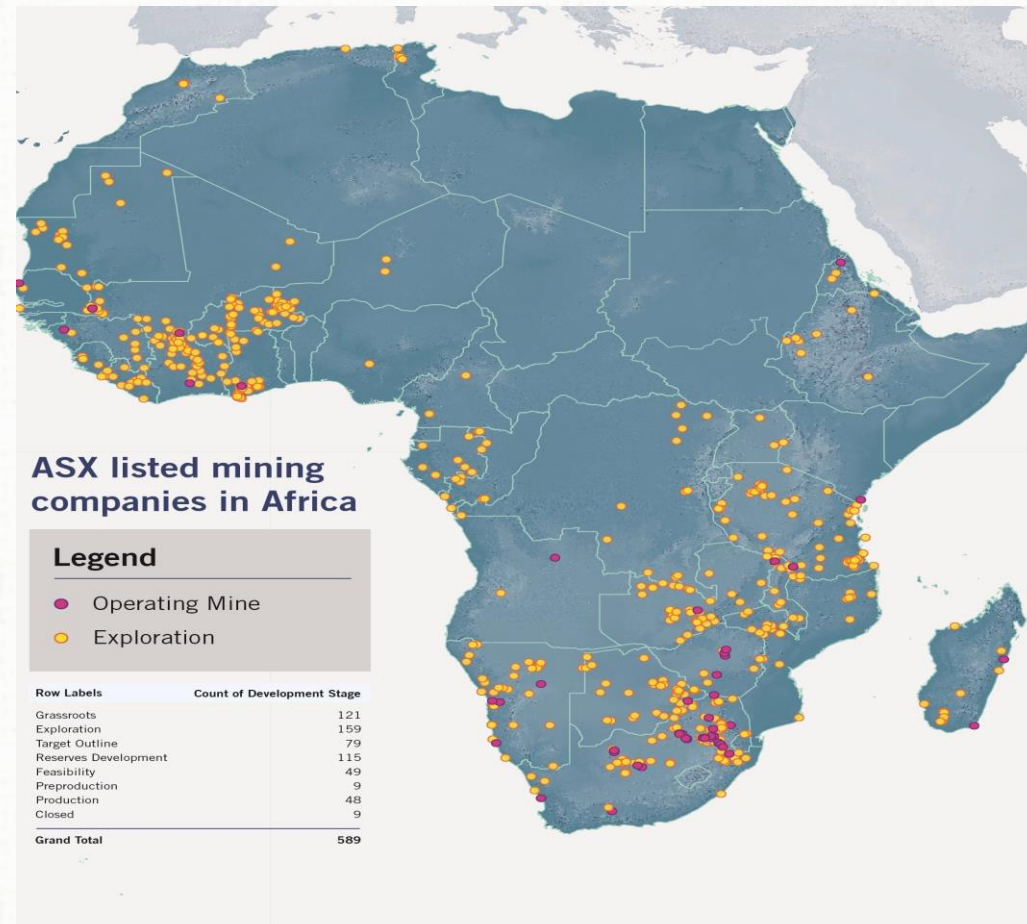
And then to jointly structure for international project lenders who have little tolerance for country idiosyncracies. Standards and norms are well established globally.

All Governments Want to Improve Their Countries But Few Treat the Mining Industry as a Partner. Trust must be built and it takes time and commitment.



- *Exploration spending p.a. : both Africa & Australia ~\$2 billion.*
- *Export revenues p.a. : both Africa & Australia ~ \$150 billion.*
- *But Africa is 4 X Australia.*
- *Africa will be attracting much higher exploration spending when it wants to. The tools are known.*
- *Therein lies the opportunity for those that want it.*

A Lot of People Are Ignoring the Naysaying Crowd 170 Australian Companies Now Operating in Africa They See the Opportunity, as do Others



There are currently 170 Australian listed mining and other resource companies operating in over 400 projects in some 35 African countries.

Nowhere else in the world have Australian firms so much invested.

Current and planned investment c. \$40 billion

-AAMEG

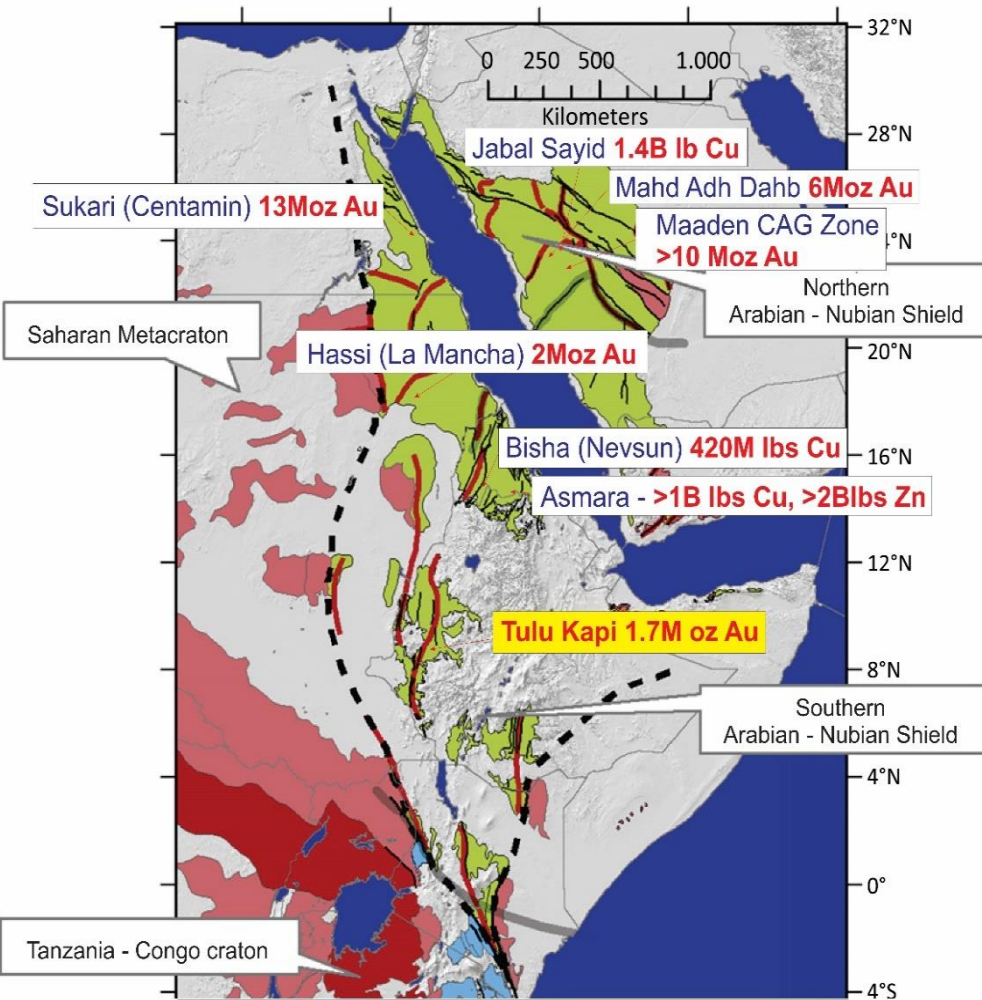
There needs to be a willingness to take on unfamiliar risks. Many entrepreneurs are demonstrably willing. Although it is harder for Governments, it is nevertheless necessary.

**Surely It All Starts with the Requisite Mission
And to Do It Right**

**To Commit to Safe and Secure Development
that Provides Enormous Benefit to
Today's Generation of Projects' Communities
and Company Shareholders,
Without Compromising the Ability of Future Generations
to Meet Their Own Needs
Socially, Economically and Environmentally.**

This is opposite to certain situations where mining has had a negative impact. We must squash any repeat of such possibilities daily.

Why Did KEFI Focus on the Arabian Nubian Shield?



NRH Research – 2013 Ranking Gold Mines & Deposits

It is early days but world-class discoveries have already been made in the Arabian Nubian Shield

Arabian Nubian Shield can be as productive as the comparable Australian shield which grew from <10tpa gold in 1970's to >300 tpa now. Plus other minerals.

KEFI was invited into Saudi Arabia and then Ethiopia and we were able to establish a pole position in both countries.

KEFI's patience and commitment is now being rewarded due to significant changes in policy, attitude, leadership and actions of the Governments.



Community consultation.

We have lived and worked in Tulu Kapi for more than a decade without any disruption.

On Thursday 28 February 2019, Ethiopian Prime Minister Dr Abiy Ahmed issued all the relevant instructions to get this project started this month.

TKGM is the first major mining project in decades and is intended to mark the start of a modern Ethiopian mining sector, the regulations for which are being streamlined for rapid growth.

This signals the Ethiopian Government's determination to build a modern mining sector of international standing and to take advantage of the nation's significant minerals potential.

A key feature of the Tulu Kapi Gold Project is its strong community support and its emphasis of maximum local participation through employment, procurement and approximately 50% ownership by Ethiopian Government-sector institutions and Ethiopian private-sector institutions.

- **Base for the African Union and well-serviced for all needs.**
- **In the world's top 10 growth countries for over 15 years. Now Africa's highest growth country.**
- **The new Government led by Prime Minister Dr Abiy Ahmed is Ethiopia's peaceful and effective response to political pressure for change.**
- **Far-reaching progressive change has been initiated across many fronts and dimensions.**
- **The Government's focus in Dr Abiy's first year was political, which has been a profound success.**
- **The Government has demonstrated that it 'can do' and 'is doing'.**

The pace of change in Ethiopia has been so fast since Dr Abiy Ahmed became Prime Minister it is almost like observing a different country – BBC



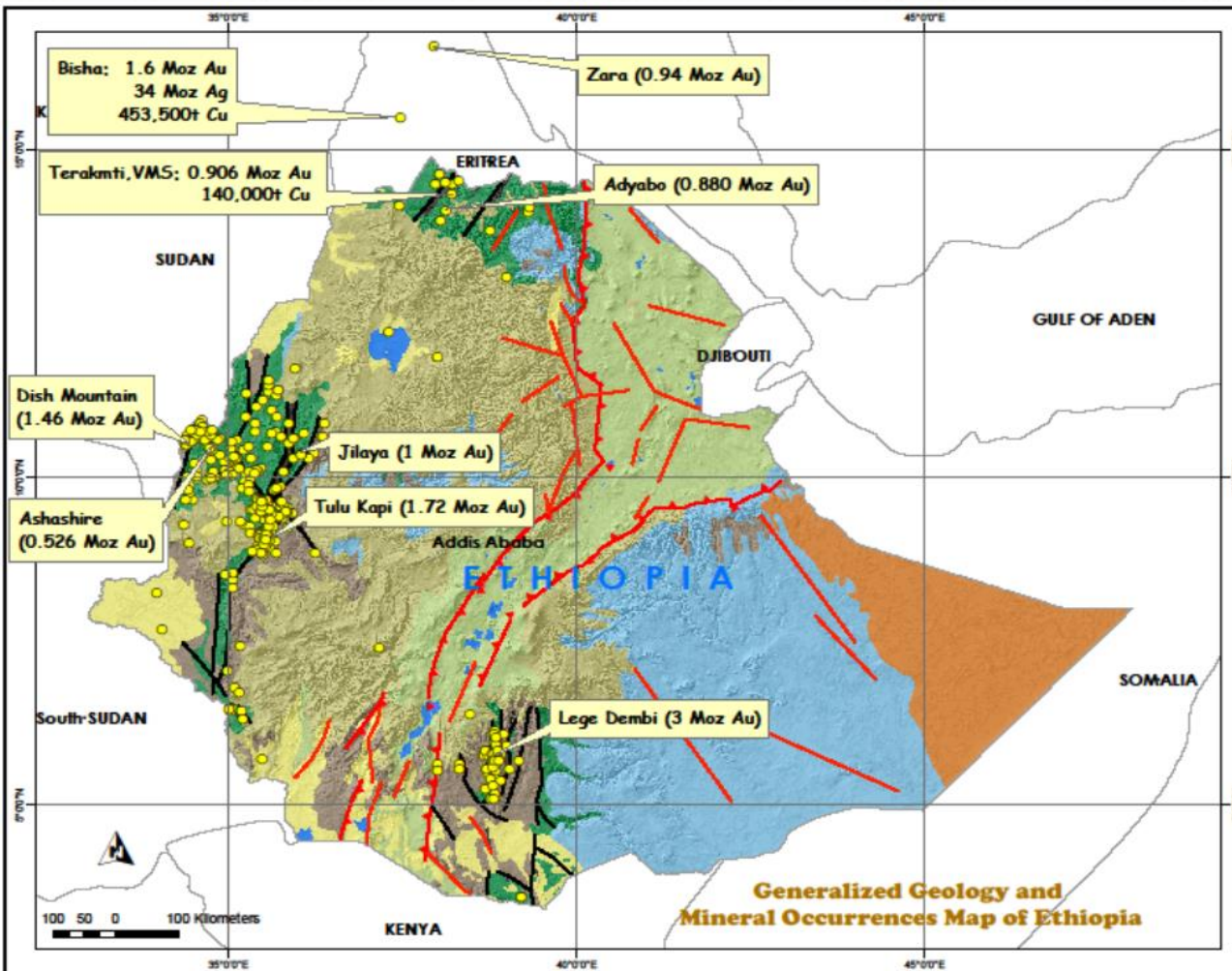
BBC: The reforms he has introduced were unthinkable not so long ago. The (previous) government seemed impervious to criticism from human rights groups that the state stifled free expression, sidelined and imprisoned opposition leaders and cracked down on protests. But all that has changed©

BBC: Mr Abiy lifted the state of emergency, ordered the release of prisoners, allowed dissidents to return home and unblocked hundreds of websites and TV channels.

He also ended the state of war with Eritrea by agreeing to give up disputed border territory...normalising relations with the long-time foe. ©



- **The Government's focus is now on the economy. When Ethiopia commits...it happens:**
 - **Ethiopian Airlines, Renaissance Dam, Industrial Parks.**
 - **Now for pushing the extractive industries as well as the deregulating other sectors.**
- **Ethiopia is the single largest part of Canada's international development funding program. Likewise the largest recipient of UK development aid. Ethiopia's importance is self-evident.**
- **Ethiopia has committed to regulatory improvement...CIRDI (Canadian International Resources Development Institute) is Supporting the Ethiopian Ministry of Mines Program (SUMM).**
- **EITA (Extractive Industry Transparency Initiative). KEFI is Industry Board Member in Ethiopia**
- **Mining is a Government priority and Tulu Kapi is 'First-Mover'.**
- **On 4 March, 2019 the Ethiopia Council of Ministers approved the 2019 budget allocation for constructing the infrastructure for the Tulu Kapi Gold Project.**



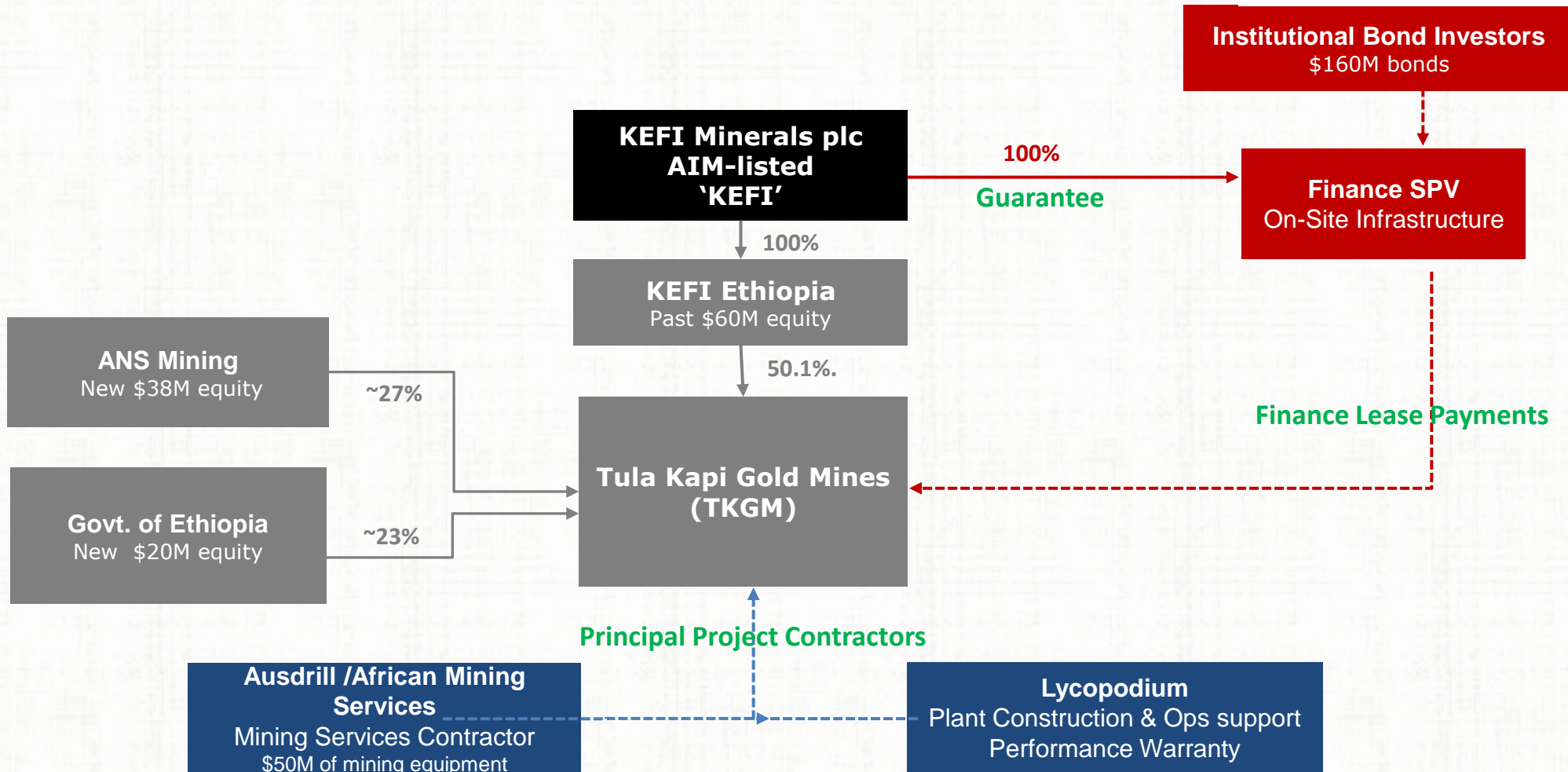
Ethiopia's only 'ready to start' industrial-scale mining project. The first development for decades.

Located in largest gold district. Gold mining since Queen of Sheba.

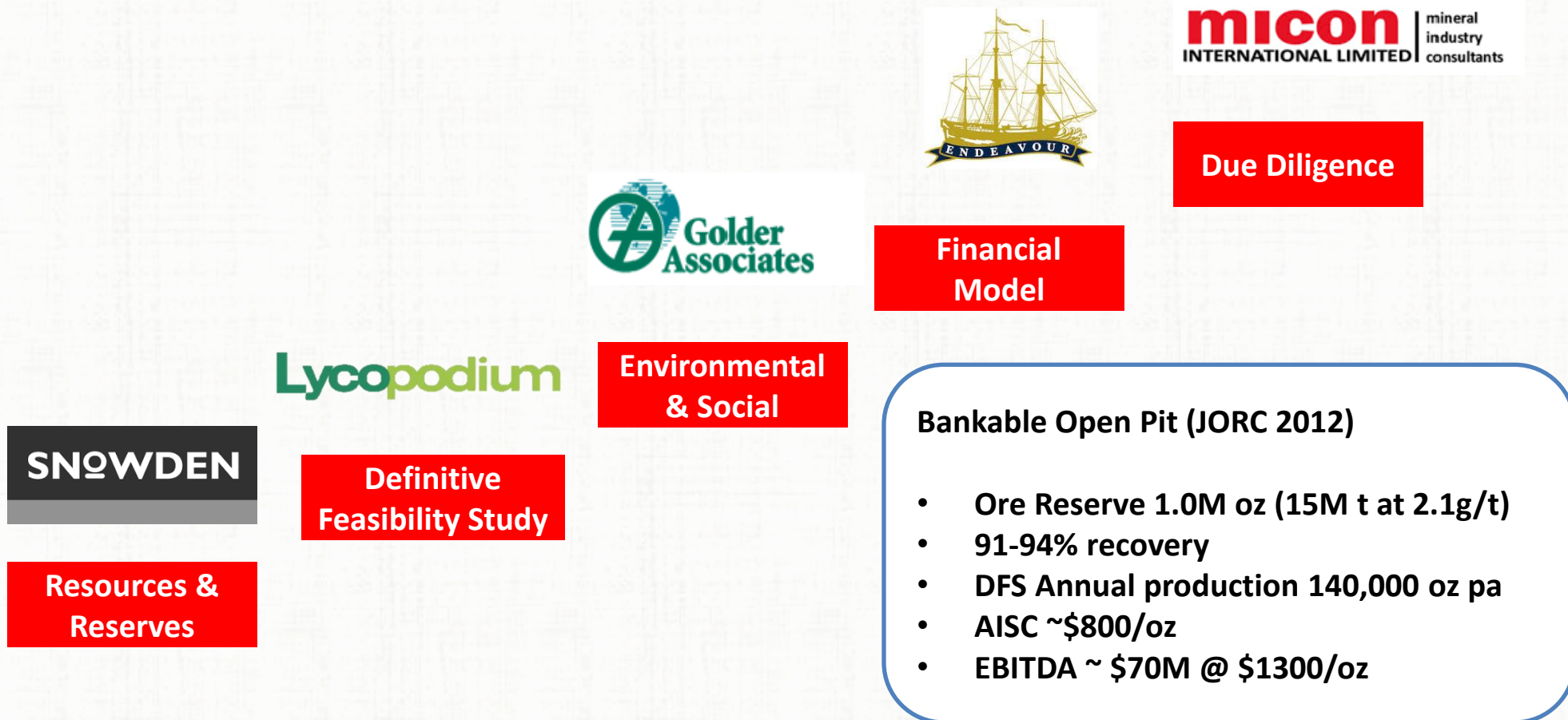
Next to Sudan, where gold exports have grown from 10tpa to >100tpa in past 10 years, from artisanal.

Tulu Kapi has no artisanal mining due to microscopic gold particles.

Mining Licence & exploration rights to 1,900 sq km district. Many drill-hits, including a large VMS system.



The financing structure is conventional for junior mining and infrastructure funding. The major accomplishment has been to assemble a consortium especially tailored to and focused on the Tulu Kapi Gold Project and Ethiopia.



GROWTH

- Immediate ~\$270 mill Foreign Direct Investment
- Exports of ~\$200 mill pa from Initial Project
- Multiplier 7-10 on local spending ~\$130 mill pa

EMPLOYMENT & TRAINING OF > 600 PERSONNEL

- >80% local, 10% other Ethiopian, <10% foreign
- Apprenticeship & scholarship programs

COMMUNITY DEVELOPMENT PROGRAM

- Health: health & hygiene facilities, water infrastructure
- Education: local school facilities, scholarship program
- Business: cash crop improvements, animal husbandry, microfinance

MACRO BENEFITS

DIRECT BENEFITS

INDIRECT BENEFITS

FLAGSHIP BENEFITS

GOVERNMENT

- Company Tax
- Tenement Rental
- Royalties
- PAYE Taxes
- VAT

GOVERNMENT AS INVESTOR

- Dividends

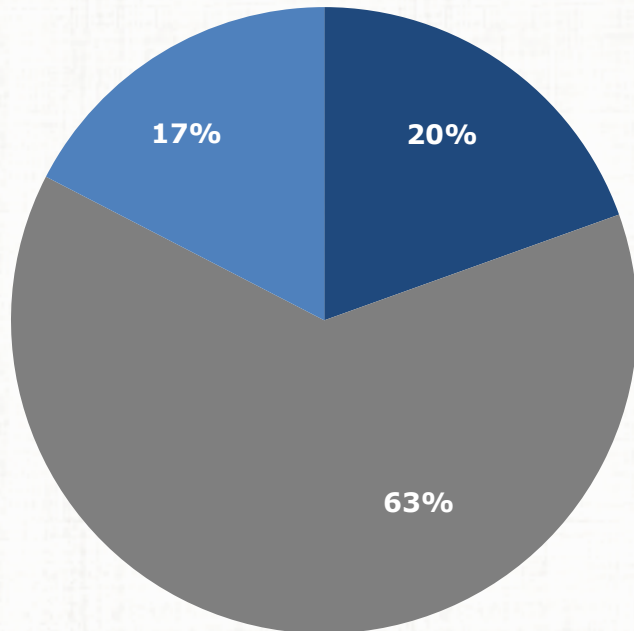
DEMONSTRATION BENEFITS

- Increased mining and exploration
- Increased foreign investment
- Setting safety standards and procedures
- Setting environmental and social standards

The Economic Pie - An illustrative dissection

Total Historic & Future Investment

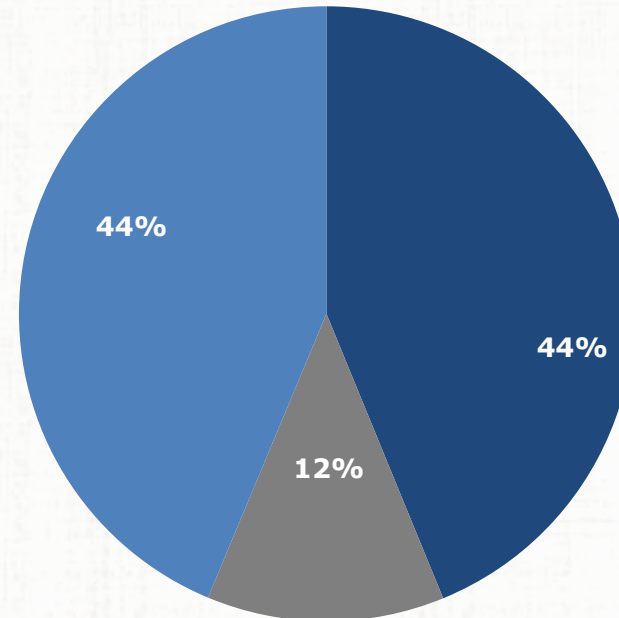
Total US\$333m (Govt \$20 million)



- KEFI - Foreign Capital
- Project Debt and Contractors - Foreign Capital
- Local Equity Partners (ERA and EEPKO 20 and ANS 38) in ETB

Share of TKGM Cash Flows -Gold Price \$1,350/oz

Cashflow US\$511m after debt repayment (Govt \$223 million)



- Non-Government Shareholders of TKGM
- Lenders Interest Received on the Loan
- Government of Ethiopia (Royalties, Taxes and Dividends)

KEFI Shareholders Intrinsic Value and Targeted Growth

- SAUDI ARABIA JOINT VENTURE HAS PEGGED 24 VMS SYSTEMS AND STARTS DRILLING 2019
- RECENTLY GRANTED 1ST LICENCE UNDER NEW REGULATIONS

- EXPLORATION RIGHTS TO 1,900 SQ KMS OF TULU KAPI DISTRICT WITH MANY SHALLOW DRILL-HITS

- THE TULU KAPI UNDERGROUND HAS 200K OZ INDICATED RESOURCES AT 5.6 G/T AND IS OPEN
- WILL TAKE UNDERGROUND THROUGH RESOURCE EXPANSION, DFS, DEVELOPMENT IN FIRST YEARS OF OPEN PIT

- ~\$90M IS 50.1% OF NPV OF OPEN PIT AT COMMISSIONING 2020
- ~\$60M IS 50.1% OF INVESTED TKGM SHAREHOLDERS' FUNDS AT CLOSING 2019
- ~\$15M IS TODAY'S MARKET CAPITALISATION

Thank You

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