

## **RECENT MILESTONES FOR TULU KAPI GOLD PROJECT**

**Ethiopia has accelerated, including Tulu Kapi regulatory approvals**

**Tulu Kapi development financing lining up at project level**

**Board and Management expanded for project development**



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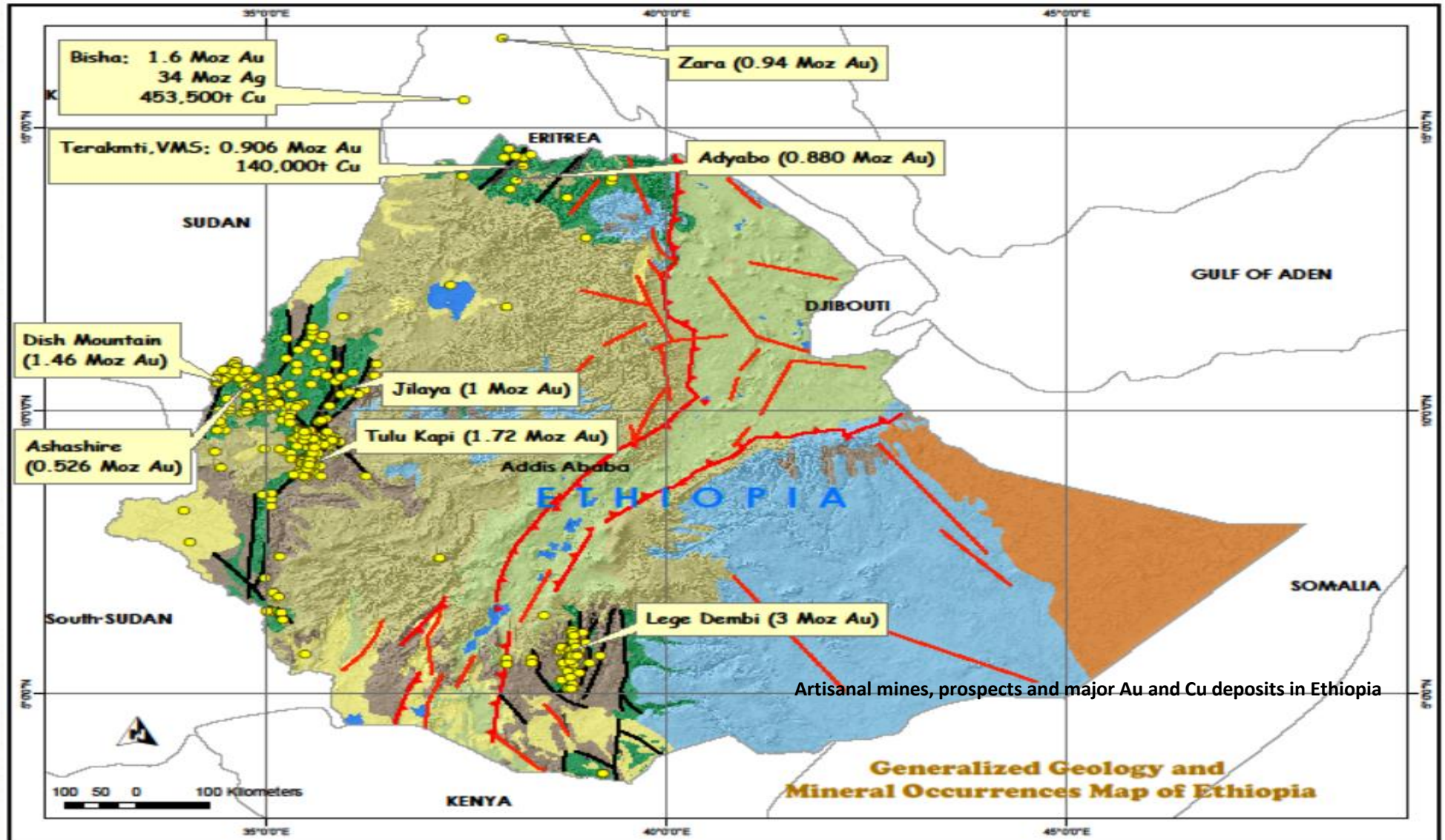
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**Note:** All references to \$ within this presentation refer to US dollars.



## Tulu Kapi's Location -in Ethiopia's most gold rich area



This presentation summarises some important developments for KEFI over the past few months:

- **ETHIOPIA IS ACCELERATING**

- TRANSFORMATIONAL POLITICAL CHANGE
- REGULATORY PERMITTING OF TULU KAPI PROJECT

- **DEVELOPMENT FINANCING AT THE PROJECT LEVEL**

- PROJECT EQUITY
- PROJECT NON-EQUITY CAPITAL

- **BOARD AND MANAGEMENT PREPARED FOR DEVELOPMENT**

- DIRECTORS
- MANAGEMENT
- CONTRACTORS

- **ETHIOPIA IS ACCELERATING**
  - **TRANSFORMATIONAL POLITICAL CHANGE**
  - **REGULATORY PERMITTING OF TULU KAPI PROJECT**



**The pace of change in Ethiopia has been so fast since Abiy Ahmed became Prime Minister in April that it is almost like observing a different country – BBC 14 Sep 18**



BBC: The reforms he has introduced were unthinkable not so long ago. The 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: In just a few months, Mr Abiy has lifted the state of emergency, ordered the release of thousands of prisoners, allowed dissidents to return home and unblocked hundreds of websites and TV channels.

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





## Hundreds of thousands in Ethiopia welcome once-banned group 15-17 Sep 18

Associated Press: ADDIS ABABA, Ethiopia — Hundreds of thousands of Ethiopians gathered on Saturday to welcome returning leaders of the once-banned Oromo Liberation Front amid sweeping reforms to bring opposition groups back into politics. The OLF and two other organizations were removed from a list of terror groups earlier this year after PM Abiy Ahmed took office. He invited them to come home as he vowed to widen the political space in a country where the ruling coalition, in power since 1991, and affiliated parties hold every seat in parliament. ©

Speaking to Al Jazeera from Addis Ababa, Jawar Mohammed, executive director at Oromia Media Network, called the return of the OLF leadership "a historic day in their nearly 50-year-old struggle". "We are in a positive transition now. This day is a significant milestone in Ethiopia's transition to democracy," he said, adding that the Oromos have a "vested interest" in keeping the country together. "It paves the way for a peaceful election within the next two years," he said. ©

Associated Press and The Reporter, some headlines : ©  
"Five die, bombs apprehended in Addis Ababa's demonstration."  
"Ethiopians protest in capital against weekend violence."  
"Bomb attack suspects to be charged."  
"Navigating the kinks of Ethiopia's federalism."

Photo © : News Ethiopia, Al Jazeera : Thousands of people have taken to the streets of the Ethiopian capital to express their anger after a weekend of deadly ethnically motivated violence. "We demand justice," some of the rally-goers chanted as they passed by the office of the first Oromo to hold the office of prime minister.



- April 18: appointment of new Prime Minister Dr Abiy Ahmed – a smooth leadership change. Lifted the State of Emergency that had prevailed for 2 years and introduced a series of initiatives that have been welcomed.
- April-Aug 18: new Mines Ministry, new central bank Governors and new V.P. of Oromia Regional Govt. Peace Agreement with Eritrea, reconciliation with Oromia Liberation Front, commitment to privatisation and deregulation of major Government enterprises.
- Sep 18: many changes in the administration of the Oromia Region and engagement with Tulu Kapi project

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- Tulu Kapi Gold Project, in Oromia, has full permit for its development, operation, social & environmental plans.
- Project Company TKGM also has had approved its capital ratios, hedging policy and banking arrangements.
- Remaining administrative consents for development trigger are being addressed in the lead-up to closing:
  - Ministry of Mines to endorse all past equity investment (+US\$60M) and refined project plan
  - Central bank to approve finance plan details (security, leasing components, cash control)
  - Oromia Regional Govt to trigger detailed community resettlement action plan



### AGREEMENT

### BETWEEN

THE FEDERAL DEMOCRATIC REPUBLIC OF  
ETHIOPIA MINISTRY OF MINES

### AND

KEFI MINERALS (ETHIOPIA) LIMITED

### TO

### MINE

### GOLD AND SILVER

### IN

OROMIA NATIONAL REGIONAL STATE, WEST  
WOLEGA ZONE, GENJI WOREDA, KAPI  
GURACHO AND BIKILTU ANKORE  
LOCALITY

## Investment and Shareholders' Agreement

relating to the subscription for shares in and operation of KEFI Tulu  
Kapi Gold Mine Share Company

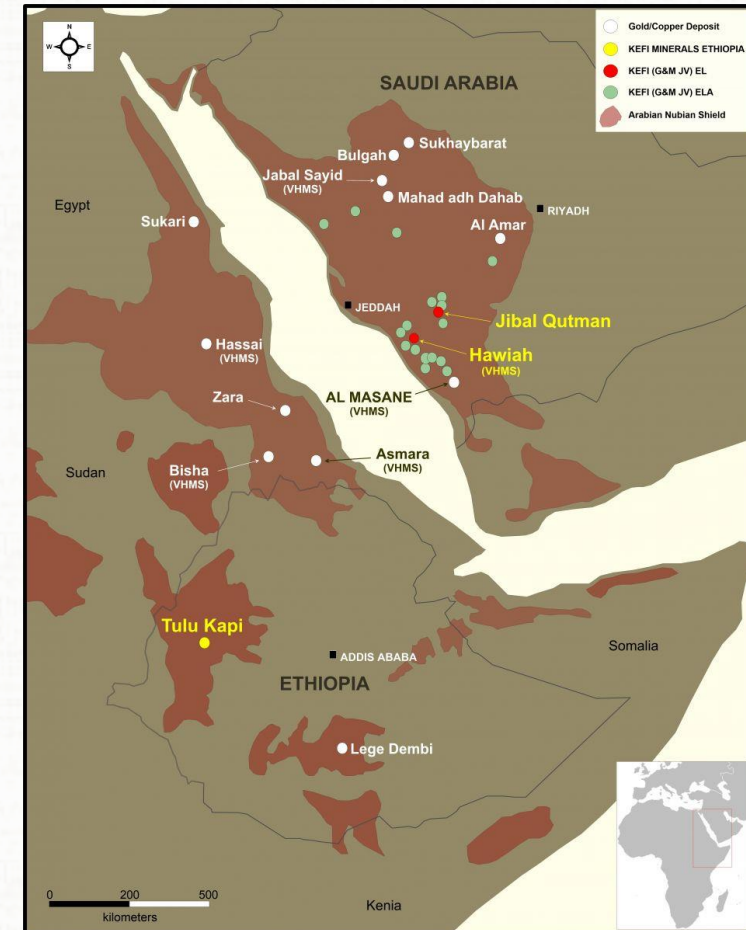


Drilling with community collaboration whilst they still remain land occupants, awaiting the triggering of financial compensation, resettlement to already-selected new host lands and participation in livelihood restoration programs

- **DEVELOPMENT FINANCING AT THE PROJECT LEVEL**
  - PROJECT EQUITY
  - PROJECT NON-EQUITY CAPITAL

KEFI's vision is to be a dividend-paying high-growth mining leader in the ANS.

- Tulu Kapi is KEFI's first planned production site, within a district that has potential additional production sites. Its development is being financed at the project level.
- KEFI also has an exploration pipeline in the Saudi Joint Venture it manages.
- Shares on issue 553M
- Market Capitalisation at 2-5p £11-28M
- NPV of 54% of Tulu Kapi Open Pit only, at start construction £48M
- NPV of 54% of Tulu Kapi Open Pit only, at start production £81M
- NPV is at \$1,300/oz flat for Life-of-Mine, KEFI interest only, after debt and after tax
- A 10% increase in tpa throughput at Tulu Kapi increases NPV by c. 50%
- Upside provided by underground extensions, satellite deposits and Saudi targets
- KEFI's shareholders include Management & Contractors holding 15%, 6 institutions (mainly emerging markets specialists) at 20% and ~ 5,000 others holding 65%

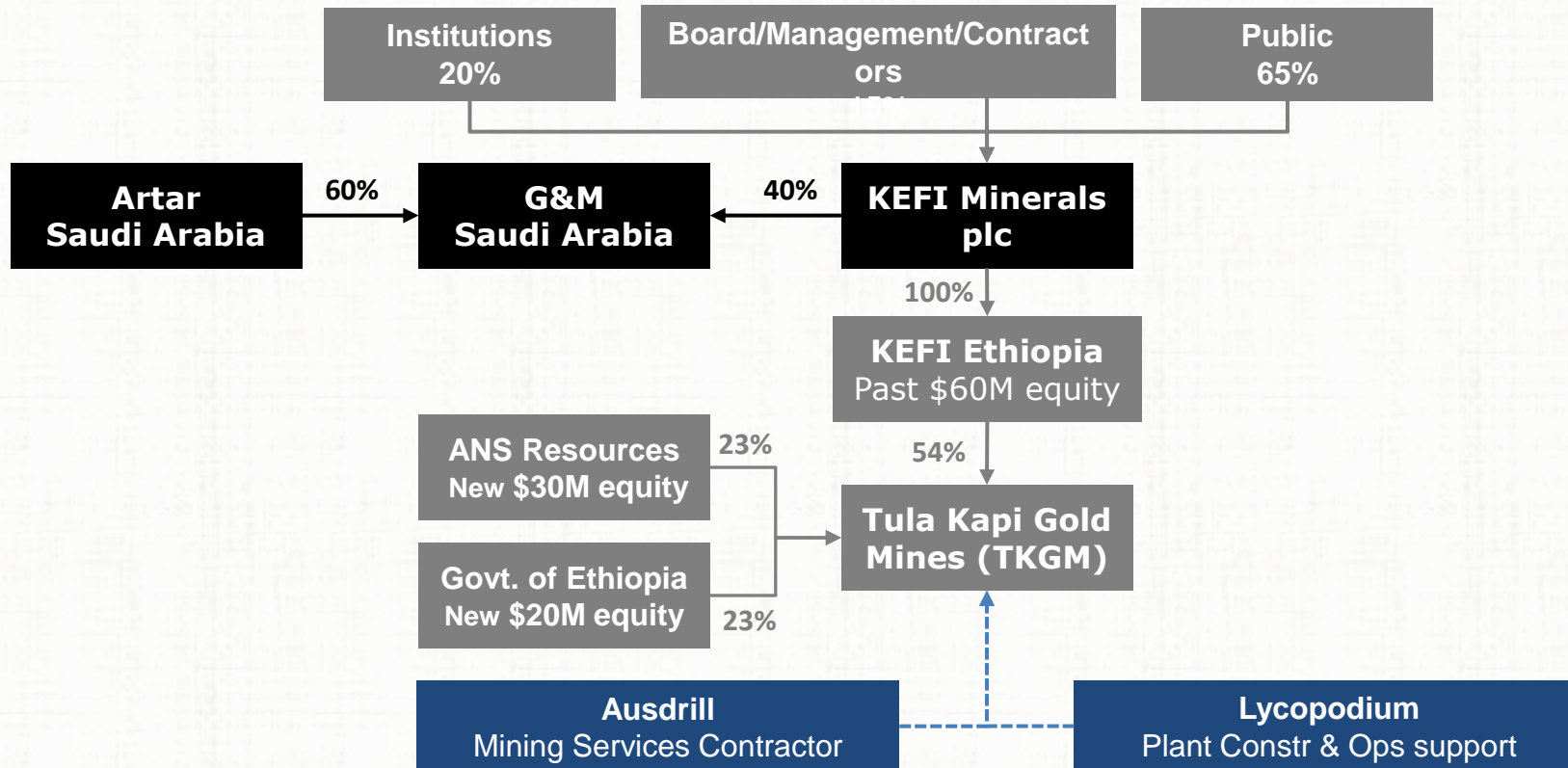


Location of KEFI's portfolio within Ethiopia and Saudi Arabia, in the Arabian-Nubian Shield (ANS)



- KEFI to remain majority shareholder of TKGM, having provided most equity capital and ongoing management
- Ethiopian equity investment at project level reinforces the commitment to local benefits and social licence
- Planned Ethiopian equity investment \$50M (local Birr equivalent) for shares in project Company TKGM :
  - Ministry of Finance and Economic Cooperation has executed binding Investment and Shareholders Agreement to subscribe \$20M (local Birr equivalent)
  - Ethiopian institutional investment company ANS Resources has signed Heads of Agreement to subscribe \$30-35M (local Birr equivalent)
- The new gold sector is a high priority for Ethiopia, for hard currency exports and regional development
- Local investors cannot invest outside Ethiopia and are seeking exposure to gold-hard-currency based assets
- This is the only local opportunity for institutional-quality investment in gold production
- DIVIDENDS: The cash flow outlook for Tulu Kapi indicates good potential dividends after first servicing lease/debt commitments and setting aside reserves to protect the non-equity capital and for organic growth

## KEFI Group Equity Finance Structure



- All consortium parties are either listed or government entities (thereby providing transparency, suitable regulation and accountability at all levels).
- TKGM – \$110M of equity funding and management of the project (past equity is \$60M and additional planned is \$50-60M)
- Government of Ethiopia – to invest new equity \$20M funding and operate all off-site infrastructure
- ANS Resources – signed heads of agreement to invest new equity \$30-35M in TKGM
- Ausdrill – to supply and operate the \$50M mining fleet (on a cost per tonne basis)
- Lycopodium – performance guarantee on process plant designed and supplied for fixed price. Cost-based assembly with incentivised targets

### Addis Herald

AUGUST 28, 2018

[KEFI Minerals plc Heads of Agreement Signed with Ethiopian Syndicate Investors](#)



ETHIOPIAN INVESTMENT COMMISSION

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**KEFI Minerals prepares for development at Ethiopian asset**

16 August 2018



KEFI MINERALS:  
**STRIKING GOLD  
WITH ETHIOPIAN  
EXPERTISE**

PROJECT PARTNERS



AMS

Lycopodium

<http://www.africanbusinessreview.co.za/>

**KEFI Minerals: Striking gold with Ethiopian expertise** - Aug 23, 2017

Hidden in the remote hills of Western Ethiopia lies the Tulu Kapi Gold Project - a lucrative mining operation owned by KEFI Minerals. Thanks to the company's hands-on business approach, Tulu Kapi Gold Project will not only generate an impressive gold yield once operational in 2019, it will also make a lasting contribution to the local community.

**THE  
Reporter**  
FREE PRESS FREE SPEECH FREE SPIRIT

[Ministry to grant gold exploration concession to KEFI Minerals](#) 28 October 2017

The Ministry of Mines Petroleum and Natural Gas is going to award gold exploration area for KEFI Minerals near the Tulu Kapi gold mine.

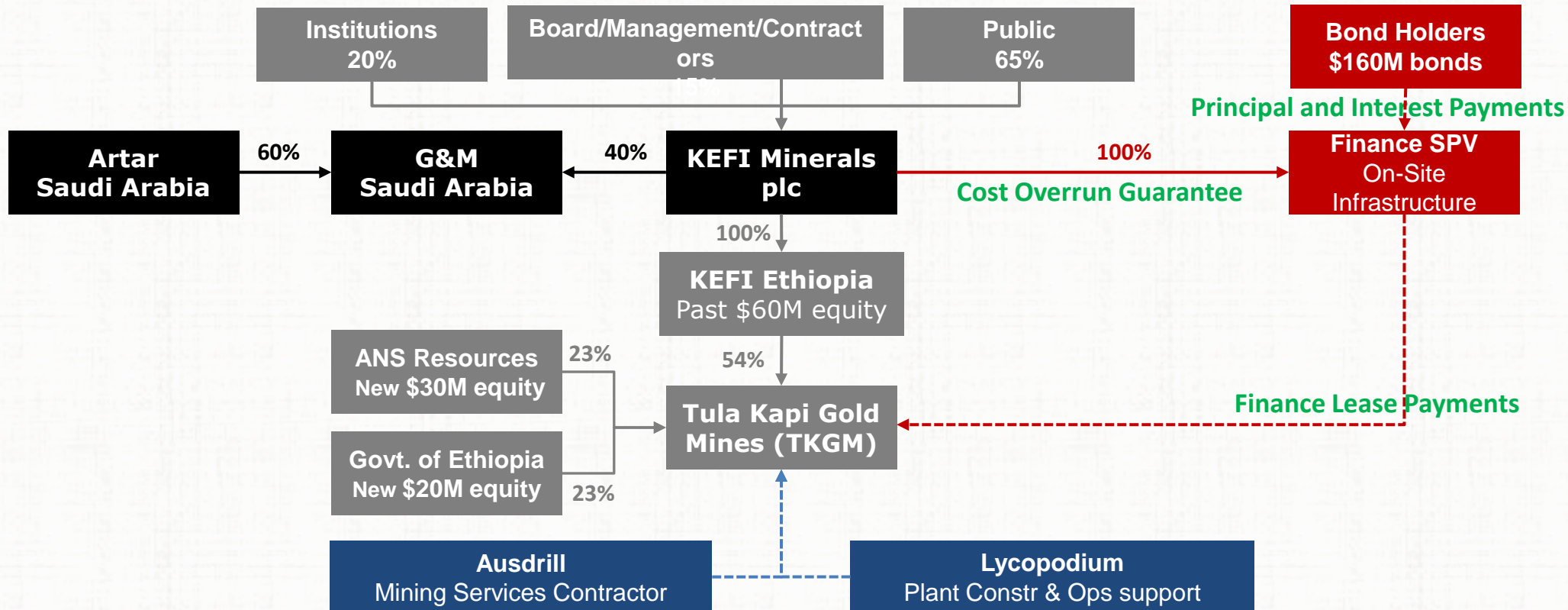


**Connecting Oromo Women's Voice Heard!**

**KEFI Minerals forms joint venture with Ethiopian government at Tulu Kapi gold** [August 29, 2017](#)



## Non-Equity Project Finance Structure (bond proposal mandated May 18)



### Finance SPV

- Domiciled in Luxembourg
- Owner of all on-site infrastructure (process plant etc) to be
- Leased to TKGM on a 9-year tenor with 2.5-year grace period
- Exercises control over gold proceeds
- To issue listed senior secured sinking fund bonds
- To appoint Independent monitoring engineers

### Bond Financing

- The placing of listed bonds formally mandated; remains subject to completion of documentation and due diligence
- Funding timed to synchronise with project construction activities
- Pre-works started; 1<sup>st</sup> step on the ground is community resettlement
- Annual debt-service costs during production c. \$27M: base case EBITDA c. \$73M

## • BOARD AND MANAGEMENT PREPARED FOR DEVELOPMENT

- DIRECTORS
- MANAGEMENT
- CONTRACTORS





### **Mark Wellesley-Wood, Non-Executive Chair, Chair Technical Review Committee – BEng (Mining)**

Mark is a mining engineer, with over 40 years' experience in both the mining industry and investment banking. He has been closely involved in mining activities in Africa, having started his career on the Zambian copper-belt. Mark is a former Executive Chairman and CEO of South African gold miner, DRDGold Limited, and a former director of Investec Investment Banking and Securities in London. He is currently Chairman of AIM quoted Tri-Star Resources plc.



### **Harry Anagnostaras-Adams – Managing Director – B. Comm, MBA, Fellow of Australian Institute of Company Directors**

Harry was founder or co-founder of Citicorp Capital Investors Australia, investment company Pilatus Capital, Australian Gold Council, EMED Mining, KEFI Minerals and Cyprus-based Semarang Enterprises. He has overseen a number of start-ups in those and their related organisations principally through the roles of Chairman, Deputy Chairman or Managing Director. He qualified as a Chartered Accountant early in his career while working with PricewaterhouseCoopers.



### **Norman Ling, Non-Executive, Chair Nominations Review Committee – BA German and Economic History [Hons]**

Norman was a member of the British diplomatic service for more than 30 years, for the last ten with the rank of ambassador. He has served in a wide range of countries in the Middle East and Africa. His last post, before retirement, was as Ambassador to Ethiopia, Djibouti and the African Union. For the last two years he has been actively involved with development of the mining industry in Ethiopia.



### **Mark Tyler – Non-Executive Director – Bsc (Eng) Mineral Processing, GDE (Mineral Economics)**

Mark has over 20 years of mining finance experience, having participated in mining equity investments at the IDC of South Africa and as the Co Head of Resources Finance and subsequently a resources investment banker in London for Nedbank, a South African bank. He is currently also a resources adviser to Exotix Capital, an emerging markets investment bank and the London representative for Auramet International, an international precious metals financier.



### **John Leach – Finance Director – BA Ec, MBA, CA (Aust & Canada)**

John has over 25 years' experience in senior executive positions in the mining industry internationally and is a former non-executive Chairman of Australian-listed Pancontinental Oil and Gas NL. He is a Member of the Institute of Chartered Accountants (Australia), a Member of the Canadian Institute of Chartered Accountants, and is a Fellow of the Australian Institute of Directors.



### David Munro - Operations

David began his career as a mining engineer in underground mining and progressed to manage all parts of the minerals value chain. He has been responsible for mining and smelting operations on five continents and every major commodity.

MD of Billiton BV. Under his leadership this business grew into one of the world's largest and lowest cost integrated producers of primary aluminium. After the merger of Billiton and BHP to form the world's largest mining company, he was appointed President of Strategy and Development.

As CEO of the then ailing RMC Group plc, once a constituent of the FTSE 100 Index, he overhauled the company's strategy and management. By 2005 the company's prospects had improved and it was sold.

He was also one of the original UK based directors of Kazakhmys plc, the first former Soviet mining company to list on the LSE main board in 2005. As Strategy Director he was instrumental in the establishment of their two major open pit copper projects in Kazakhstan, both of which are now in production.

### Eddy Solbrandt - Systems

Eddy began his career in the mining industry in 1986 and has since worked in open cut and underground metalliferous mines, as well as in coal, gold and mineral sands in Australia, New Zealand, USA, Canada, Mexico, UK, Ukraine, Russia, Kazakhstan, Indonesia, Thailand, South Africa, Mozambique and Namibia.

Eddy is founder of GPR Dehler, an independent, international management consultancy which specialises in productivity improvement for mining companies worldwide, especially in the areas of human resources development and performance improvement.

He is adept at providing swift assessment, analysis and development of solutions and strategies for achieving strategic, operational and financial objectives integrating process, people and technology. He is a seasoned facilitator experienced in designing and conducting interactive strategy workshops.

### Brian Hosking - Planning

Brian began his career as a geologist and technical planning in a variety of mining operations.

In 1990 he set up his own human resource consulting firm, then led its growth and integration into Transearch, a large global search firm. In 1999 he was elected to serve on the Transearch Board as Executive Director and COO.

In 2003 Brian set up Meyer Hosking and focused on the mining sector developing this niche in London providing strategic services including remuneration advice, management assessment and executive search to a wide range of clients.

Brian has established a strong international reputation as a consultant with an in depth knowledge of the industry. In this capacity he is regularly retained as a strategic advisor to executive management teams and boards across the mining industry.

### Norman Green – Development

Norman is a graduate mechanical and professional engineer with the key experience of having managed large mining and refining construction projects from concept to completion with more than 30 years experience in this field. Major projects Hillside Aluminium smelter, the Skorpion Zinc project and the Husab Uranium mine are included in his handiwork, as well as a number of pure deep level underground mines.

He founded and built Green Team International (GTI) into a successful project engineering firm providing or supporting construction implementation and other engineering support to mainly African mines. Projects studied or handled by GTI as the Project Implementation Team or "Owner's Team" included major gold, uranium, copper, nickel, iron ore and platinum projects in Namibia, South Africa, DRC, Peru and Madagascar.

Norman now conducts projects of special interest with his long-standing associates for long-established clients.

## Some other projects constructed under the oversight of KEFI's recently appointed Project Implementation Team





**The mining fleet and operators will be provided by  
Ausdrill/African Mining Services  
Planning and Control by KEFI/TKGM**



Ausdrill / African Mining Services has developed a mainly African based business over a 27 year period where 97% of employees are nationals. It currently conducts mining operations for clients in Ghana, Mali, Burkina Faso, Senegal and drilling services in other countries also





Lycopodium is mainly African-based, having built 57 gold plants and worked in over 20 African countries over a period of over 20 years. It has also worked in Australia, Asia and Europe.

Lycopodium will be co-ordinated and controlled by KEFI/TKGM.

## MILESTONES

- **2014-2015**
- **2016-2017**
- **2018**

### 2014+2015:

- Resource revised to 1.7Moz from 1.1Moz;
- Reserve revised to 1Moz of 2.1g/t ore from 1Moz of 1.8g/t ore
- Overhauled Definitive Feasibility Study, approximately halving capex of near \$300M
- Permitted development, production, environment, social

### 2016-2017:

- Appointed contractors based on consecutive international tenders
- Signed up project equity \$20M from Government of Ethiopia
- During state of emergency, strengthened community relations and agreed resettlement compensation
- Replaced lender who withdrew due to state of emergency
- Refined production plans to 140Koz pa at AISC \$800/oz



2018:

- New Government has triggered transformational progressive change
- Board and Management has been strengthened for project implementation
- Financing policy permitted (capital ratios, hedging, banking). Now administrative permits only left
- Increased Project-level equity to minimum \$50M:
  - \$20M committed from Govt
  - \$30-35M heads of agreement from ANS Resources
- Proposed infrastructure financing in progress so as to follow project equity commitments
- Pegged targeted areas of interest in both Ethiopia and Saudi Arabia for drilling during construction:
  - For satellite deposits within trucking distance of Tulu Kapi
  - The VMS targets within the Saudi Arabian Wadi Bidah Belt, starting with Hawiah



Local community consultation before development starts at Tulu Kapi

Email: [info@kefiminerals.com](mailto:info@kefiminerals.com)

Website: [www.kefi-minerals.com](http://www.kefi-minerals.com)

 [@kefiminerals](https://twitter.com/kefiminerals)

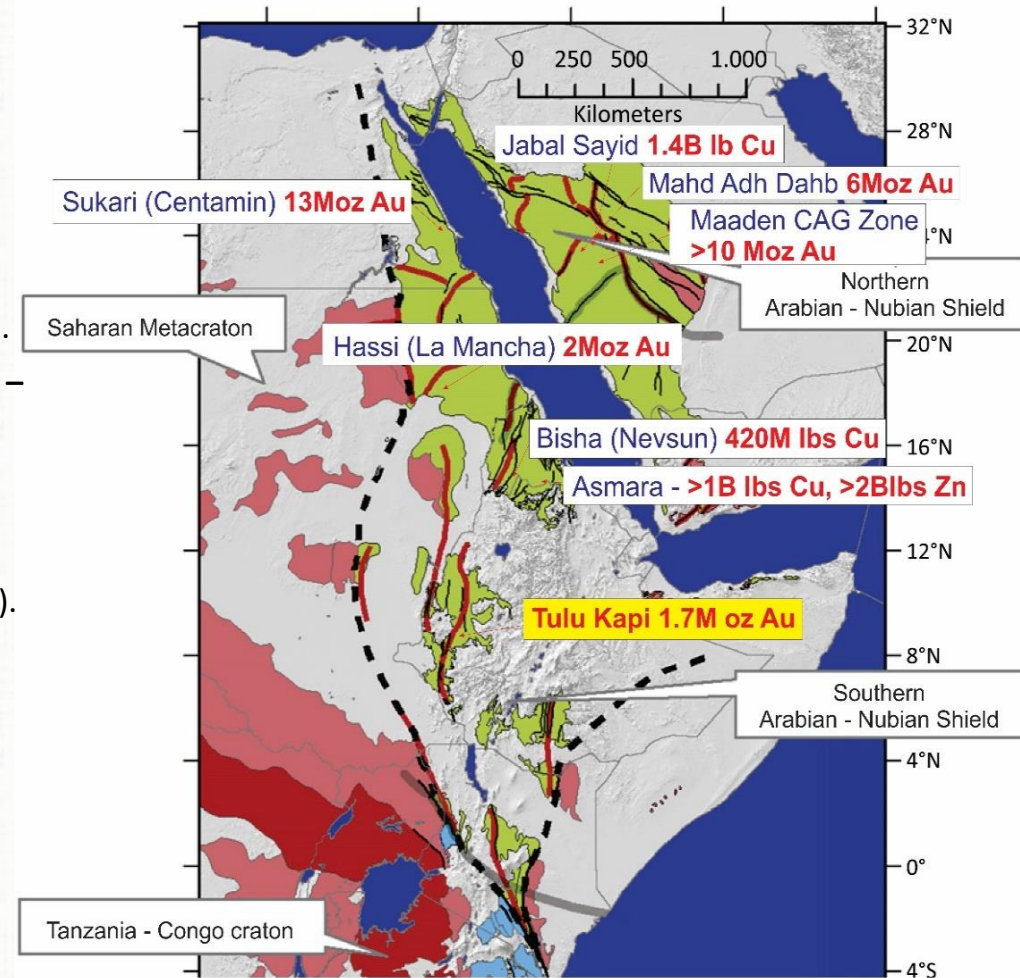
 [KEFI Minerals plc](https://www.linkedin.com/company/KEFI%20Minerals%20plc)





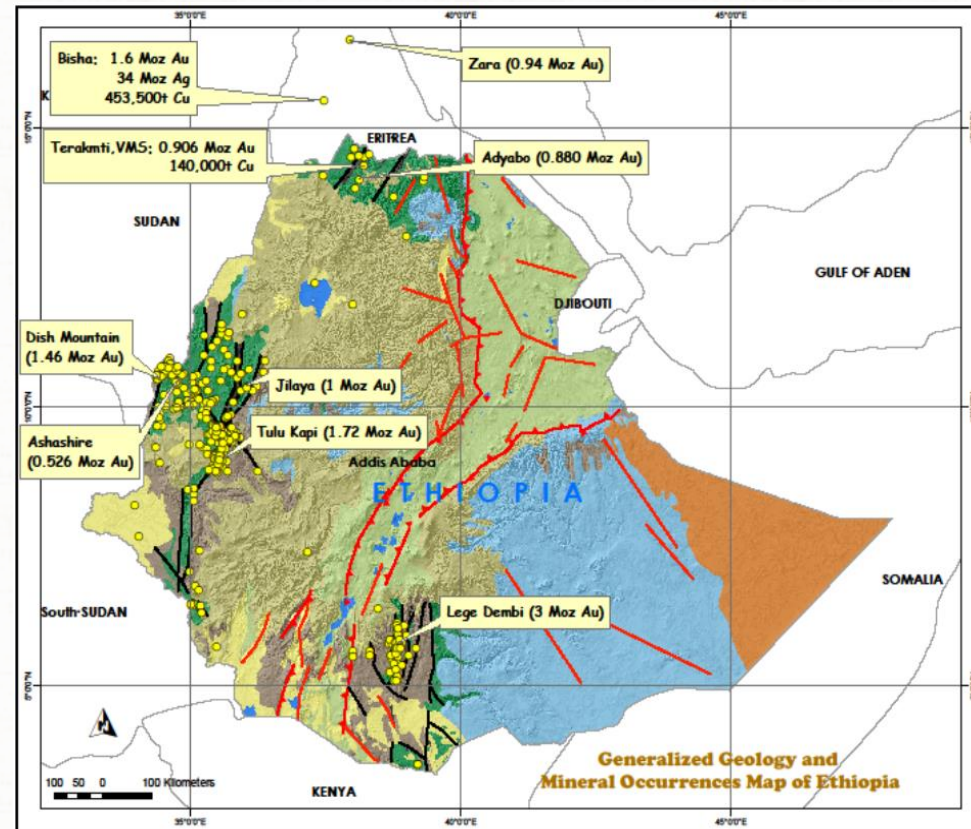
## The Arabian-Nubian Shield

- The Arabian-Nubian Shield (ANS) is an exposure of Precambrian crystalline rocks on the flanks of the Red Sea.
- ANS includes Israel, Jordan, Egypt, Saudi Arabia, Sudan, Eritrea, Ethiopia, Yemen, and Somalia.
- Believed to be the next major exploration frontier in Africa
- Potential to that of recent West African mineral exploration boom.
- **ANS growth potential illustrated by Nth Sudan's gold production – 20-fold increase in the past 10 years (<5tpa to >100tpa).**
- Mineral potential under-explored using modern techniques
- A variety of deposit types - mesothermal gold or polymetallic, quartz vein gold and volcanogenic massive sulphide (VMS).
- Significant deposits in the Arabian-Nubian shield:
  - **Sukari deposit in Egypt** – Centamin
  - **Bisha in Eritrea** – Nevsun Resources
  - **Hassai in Northern Sudan** – La Mancha Resources
  - **Jabal Sayid in Saudi Arabia** – Barrick Gold
- Major regional explorers include Newmont and Menagem.



## Platform established in Ethiopia

- Tulu Kapi Gold Mines Share Company Limited (“TKGM”) established by KEFI Minerals with local partner the Government of Ethiopia.
- Now signed Heads of Agreement with Ethiopian institutional investors via ANS Resources Limited. KEFI remains majority shareholder.
- First major mine development in Ethiopia since the early 1990’s.
- Tulu Kapi located in the Ethiopian district with the highest intensity of locations with recorded gold mineralisation.
- Government set aside adjacent area within trucking distance of the planned processing facility for TKGM to explore and develop prospects pursuant to the grant of Exploration Licence once development begins.
- Open pit Ore Reserves 1Moz open pit at 2g/t+. Planned production ~140Kozpa at c.US\$800/oz AISC. NPV £90M (after-tax, net of debt)
- High-grade underground indicated resource at Tulu Kapi has potential to expand to over a million ounces and to complement open pit production.
- Low cost, open-pit satellite mines within 50km of Tulu Kapi have the potential to add resource/reserve/production relatively rapidly.
- A VMS copper district 50 km north of Tulu Kapi has been identified. Drilling from the 1970s intersected high-grade copper (14.3m at 3.2% copper)



Artisanal mines, prospects and major Au and Cu deposits in Ethiopia

## KEFI's project pipeline:

Step 9 for Tulu Kapi open pit

Step 4&6 for Jibal Qutman

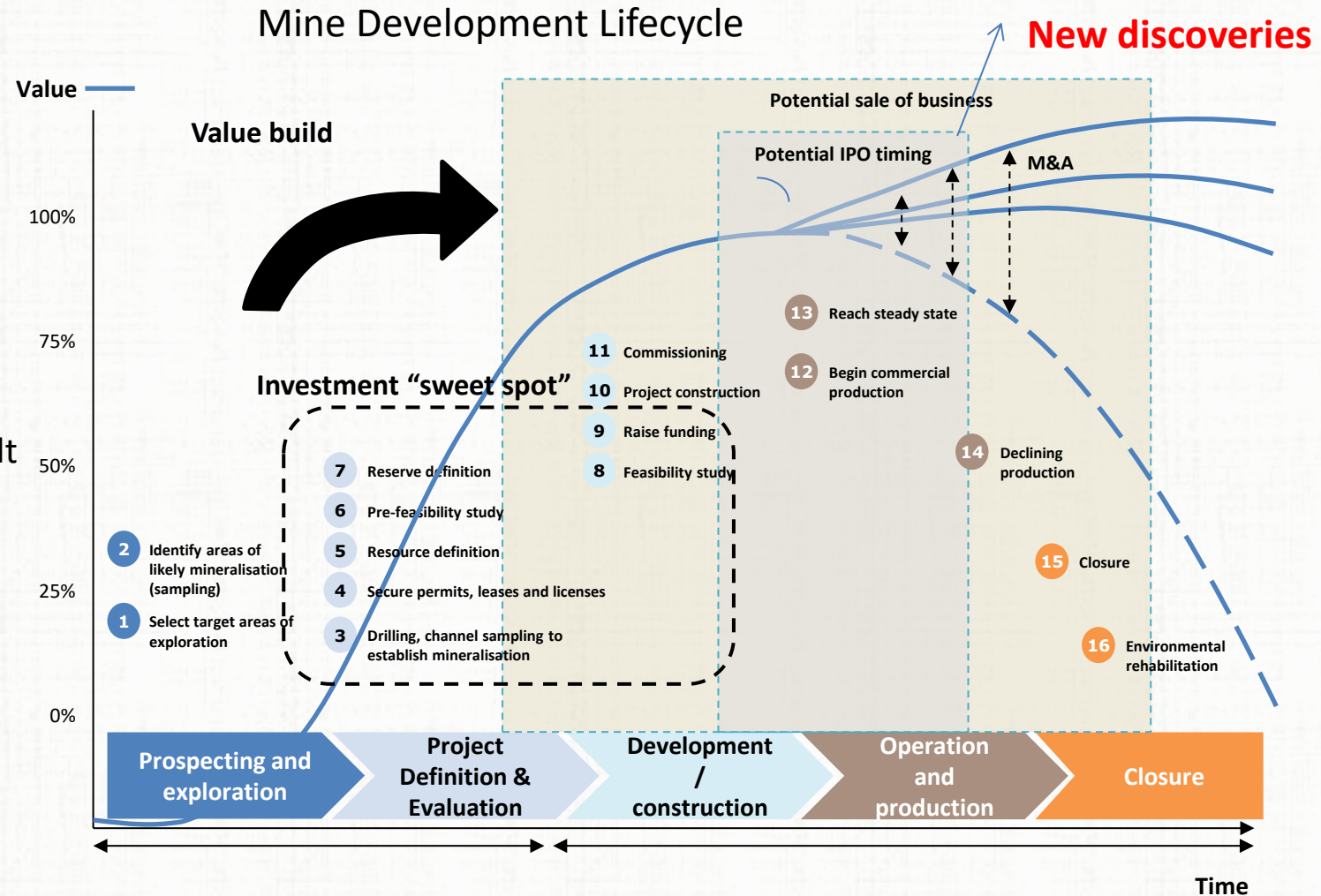
Step 4 for Tulu Kapi satellites

Step 2 for Wadi Bidah VMS Belt

## Jeff Rayner – foundation MD now Exploration Adviser

Jeff stepped down as MD at end of 2014, as part of KEFI's transition to development and production.

Jeff remains strategist on exploration.





## Comparison of Current Market Capitalisation ( This ignores the exploration assets )

			Implied KEFI EV GBP mill	Implied KEFI EV per KEFI share
KEFI current market capitalisation, at 2.5p	GBP mill	14		
KEFI's interest in Project NPV at start construction	GBP mill	48		
KEFI interest in Project NPV at start production	GBP mill	81		
Peer Average Ratio of EV vs NPV				
-Feasibility Completed but Finance Not Yet Secured		0.55X	26	4.8p
-Project Actually In Construction		1.15X	55	10.3p
-Project Actually In Production (18 months or less)		1.14X	92	17.3p

### Notes:

- EV: Enterprise Value. KEFI has no debt. Therefore KEFI's EV is the same as its Market Capitalisation
- Sunk Cost by KEFI shareholders (via Nyota and via KEFI) is approximately \$60M or £47M
- Co-investment by Govt under binding agreement and by ANS Resources under signed Heads of Agreement, imply KEFI's stake is valued at c. £46M
- Peers selected by independent research analyst for compilation of averages. 6-7 companies in each category listed on TSX, ASX and AIM. Aug 18

### Other peer comparatives (measuring EV against Resources, Reserves, Oz Prod'n) also indicate rerating possibilities:

	Peer Average vs KEFI	Implied Rerating Multiple at current stage of project	Implied KEFI EV per KEFI share at current stage of project
• EV per oz Reserve	\$101:20/oz	5 X	10.5p
• EV per oz Resource	\$42:14/oz	3 X	7.5p
• EV per Production Oz	\$112:21/oz	5 X	10.5p

## Tulu Kapi Gold Project Overview of Post-DFS Refinements 2018 Plan Agreed with Contractors & Financier

KEFI has agreed the 2018 Plan with the proposed bond financier and with contractors.

Whilst resources and reserves and the mine plan remained essentially unchanged, the planned process plant has been expanded to a nameplate of 1.9-2.1Mtpa, to reduce stockpiles and expand cash flows.

The 2018 Plan is supported by the:

- draft mining agreement with Ausdrill/African Mining Services
- draft plant design, supply & const'n contracts with Lycopodium
- commitment and schedules from Ethiopian Roads Authority and Electricity & Power Corp'n for roads and power
- draft operational arrangements with the explosives, fuel, laboratory services and other ancillary support services
- draft report by independent technical experts for the lenders

The implementation plans have been agreed on a base schedule of 24 months from trigger of construction to 1<sup>st</sup> gold pour. Incentivised arrangements are proposed for faster start-up.

### 2018 Plan compared with most recent DFS

Key mining and financial parameters from these studies are summarised in the table below.

	2018 Plan	2017 DFS Update	2015 DFS
Stripping Ratio	7.4	7.4	7.4
Total Ore Processed	15,400 kt	15,400 kt	15,400 kt
LOM Head Grade	2.1 g/t	2.1 g/t	2.1 g/t
Gold Recovery	93.3%	93.3%	91.5%
Total Gold Production	980 koz	980 koz	961 koz
Process Plant Throughput	1.9-2.1 Mtpa	1.5-1.7 Mtpa	1.2 Mtpa
Avg. Gold Production (first 8 years)	135koz p.a.	115 koz p.a.	95 koz p.a.
Cash Operating Costs	\$701/oz	\$684/oz	
All-in Sustaining Costs	\$793/oz	\$801/oz	
All-in Costs (incl. initial capex)	\$973/oz	\$937/oz	
NPV at start of construction (8% real discount rate) (after debt)	\$115M/£90M	\$69M	
NPV at start of production (8% real discount rate) (after debt)	\$192M/£150M	\$159M	
NPV at start of production (8% real discount rate) (before debt)	\$337M	\$289M	
Payback Period	3 years	3 years	
Net Operating Cash Flow (average for first 8 years)	\$73M p.a.	\$60M p.a.	

*Note: Both cases at a gold price of \$1,300/oz.*

- KME/TKGM has already provided a local school and water wells
- Majority local employment of current site teams
- Extensive consultation, as co-ordinated by Woreda, for resettlement compensation and actual move
- Facilitated selection of new host lands from 17 alternative sites offered by the authorities
- Committed to supporting development of new host lands
- Committed to Livelihood Restoration Programs
- Committed to Community Development Programs
- Committed to maximisation of local procurement and employment, with support for training
- We plan over 1000 local jobs by the end of 2019





The Tulu Kapi project lies 360 km due west of Ethiopian capital, Addis Ababa. Access is via a sealed road and the site benefits from main electricity grid access within 50km of the project. Tulu Kapi has a probable ore reserve of 1.05Moz and mineral resources totalling 1.72Moz.

**The project is fully permitted** – the mining agreement formalised in Apr-15, with terms including a 20-year mining licence, 5% Government free carried interest and full permitting for development and operation. Minor ancillary licences are being processed for issuance once community resettled.

Planned gold production is 144koz p.a. for the first 3 years, with net operating cash flow c.\$78M p.a. (at assumed gold price \$1,300/oz) and life of mine open-pit gold production of 980koz at an AISC of c. \$800/oz.

### Project Timeline

- **1930s** Discovered and mined on a small scale by an Italian consortium
- **2009** Nyota Minerals Limited acquired the licences and undertook extensive exploration and drilling
- **2012** Nyota Minerals publish an initial DFS based on a 2.0 Mtpa processing plant, capex \$290M for ~100 Koz pa gold over 10 years
- **Dec-13** KEFI acquires 100% of the project for ~\$10M, equating to a cost of ~\$10/oz reserves for a project with ~\$50M historical expenditure
- **Jun-14**
- **2015** **Mining Licence Granted**
- **2015** DFS completed, evaluated conventional open-pit mining operation and carbon-in leach (CIL) processing
- **2016** International tenders to select project contractors
- **May-17** DFS update, incorporates due diligence and refinements on the 2015 DFS. Process plant capacity of 1.7-1.9Mtpa
- **Oct-17** KEFI announced increased process plant capacity to 1.9-2.1Mtpa, capex c. \$160M for ~140Koz pa gold over 7 years
- **2018** **Financing to start development**

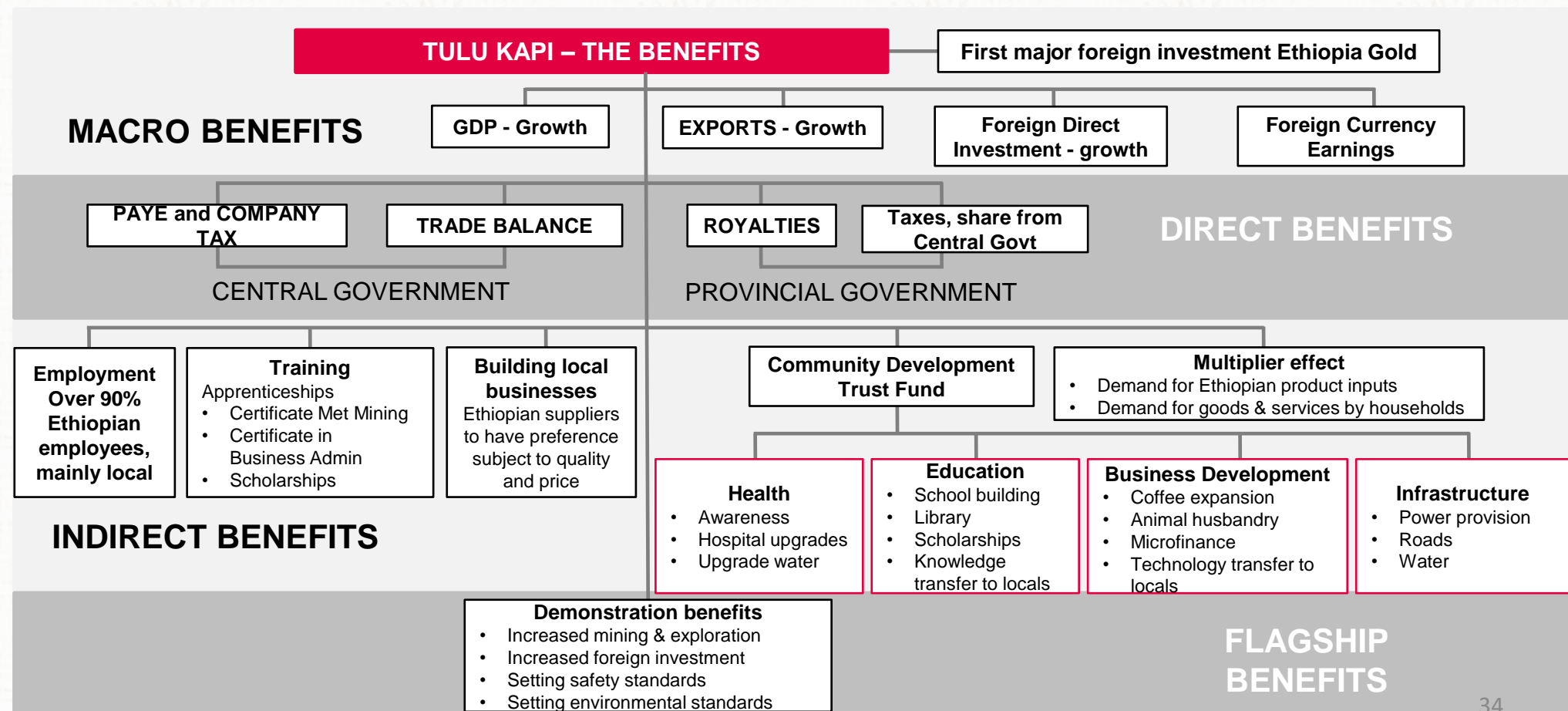


Project development- 1930's to present day

## CASE STUDY: BENEFITS OF TULU KAPI MINING PROJECT TO ETHIOPIA

**Mining is a long-term activity and has high social impact**

Mining represents c.20% of Africa's economic activity and minerals are the continent's second-largest export category



### Geological Overview

- The Tulu Kapi region comprises typical greenstone characterised by prominent hills of intrusive rocks and deeply incised valleys hosting both metasediments and metavolcanic material
- Gold is hosted in quartz-albite alteration zones as stacked sub-horizontal lenses in a syenite pluton into which a swarm of dolerite dykes and sills have intruded
- Gold mineralisation extends over a 1,500m by 400m zone and is open at a depth of over 400m
- Relatively simple mineralogy comprises gold, silver, pyrite and minor sphalerite and galena – metallurgical recoveries of gold average ~ 93%



Examples of Mineralised Tulu Kapi Drill Core

### Reserves

	Cut-off (g/t)	Tonnage (millions)	Gold Grade (g/t)	Cont. Gold (Moz)
High grade	0.90	12.0	2.52	1.0
Low grade	0.50 - 0.90	3.3	0.73	0.1
		<b>15.4</b>	<b>2.12</b>	<b>1.05</b>

### Resource

		Tonnage (millions)	Gold Grade (g/t)	Cont. Gold (Moz)
Indicated	Above 1,400m	17.7	2.49	1.4
Inferred		1.3	2.05	0.1
		<b>19.0</b>	<b>2.46</b>	<b>1.5</b>
Indicated	Below 1,400m	1.1	5.63	0.2
Inferred		0.1	6.25	0.0
		<b>1.2</b>	<b>5.69</b>	<b>0.2</b>
Indicated	Total	18.8	2.67	1.6
Inferred		1.4	2.40	0.1
		<b>20.2</b>	<b>2.65</b>	<b>1.7</b>

#### Note:

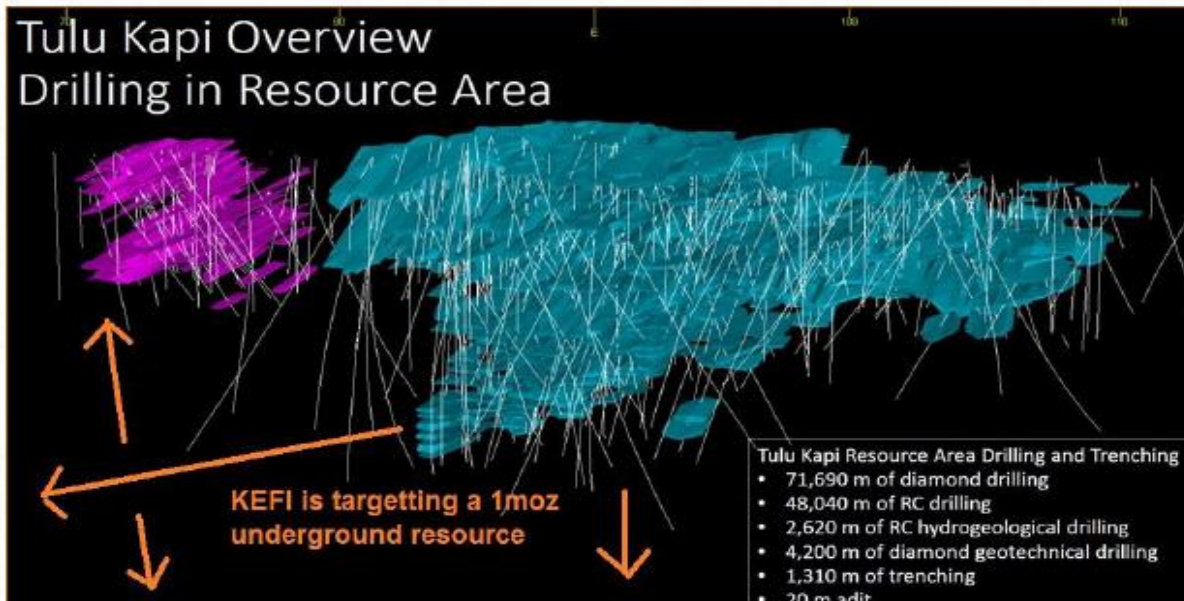
Resources were reported above and below 1,400m RL to reasonably reflect the portion of the resource that would likely be exploited via either open-pit or underground methods.



## Tulu Kapi – Underground Potential

Gold mineralisation may extend both beneath the current drilling, and 600m to 800m further to the north – potential for 1 Moz below current open pit.

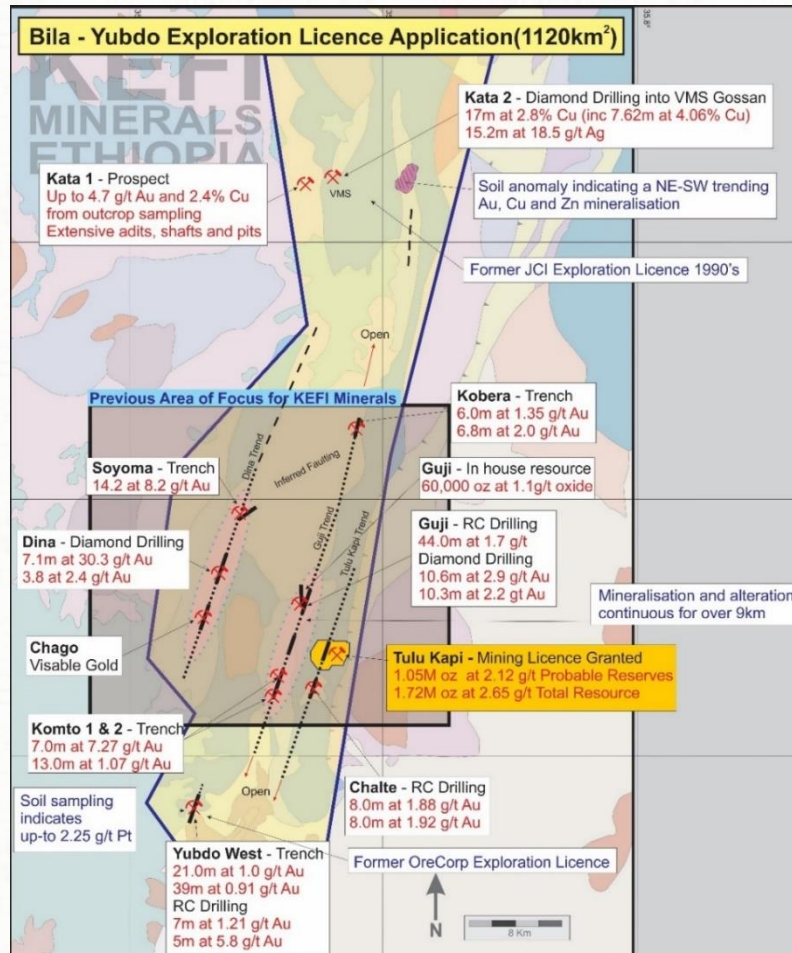
- Base Case Internal PEA on the August 2014 resource of 1.45Mt at 6.3g/t (333koz contained gold) extends beyond current open pit both laterally and horizontally
- Applied mining dilution of 15% at 0.75g/t gold and 10% ore losses
- Converted (76% conversion rate) to a mineable resource of 1.3Mt at 5.2g/t, (217koz gold)



View looking East

### EXISTING UNDERGROUND RESOURCE

Ore mined	320,000 tpa at 5.2g/t
Life of Mine	4 years
Gold production	47,600 oz p.a.
CapEx	\$36.5M (initial)
Operating costs	\$85/t
All-in Cost (including capex)	\$765/oz
Cash flow A/Tax at \$1,300/oz	\$19M p.a.
After-Tax NPV (8%) at \$1,300/oz*	\$33M



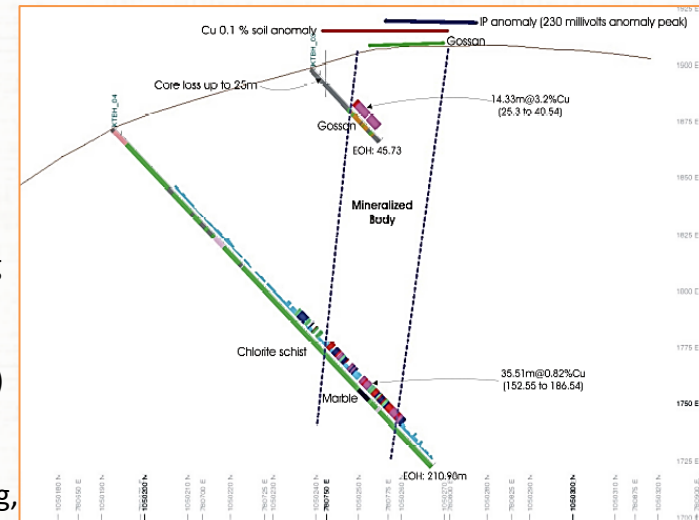
### District Exploration Opportunities

KEFI can quickly add to Tulu Kapi open-pit gold production by developing:

- Potential for oxide ore in a series of shallow open-pits (40m depth) along the more than 9km of Komto-Guji Belt, all within trucking distance of planned TK plant
- Tulu Kapi plant has potential for elevated throughput rates on soft oxidised ore
- Preliminary metallurgical testing also indicates amenability for heap leach if TK plant capacity becomes restrictive

### VMS Prospect

- High-grade copper in new VMS prospect within 50km of Tulu Kapi Mining Licence
- United Nations drilled six diamond holes in the 1970's along a 600m strike, mineralisation is open along strike and at depth, and soil geochemistry defines a >2km copper anomaly (gold not assayed)
- KEFI would twin some previous holes and extend the strike of the known 600m defined by UN drilling, mapping and IP





# **Saudi Arabian Projects**

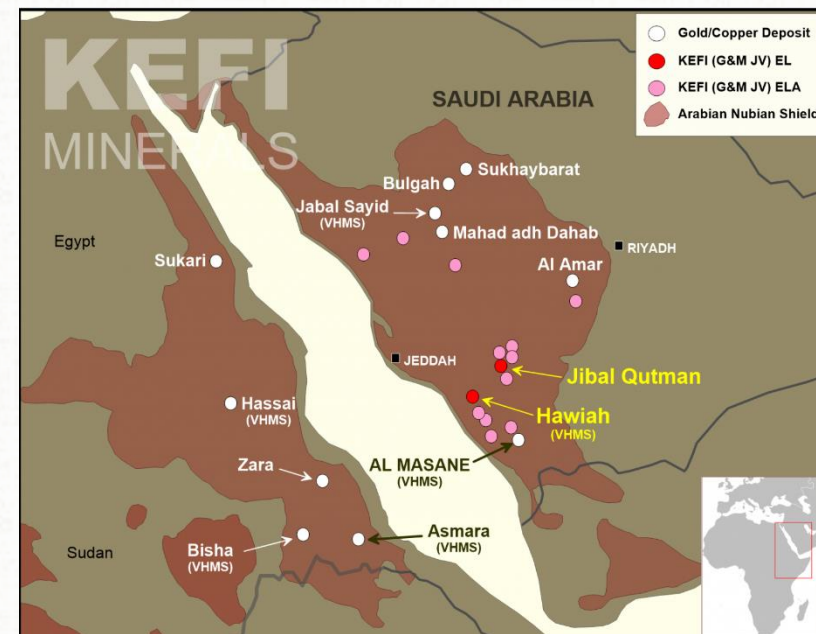
**A 40/60 joint venture with Saudi conglomerate ARTAR**





### ARTAR Partnership – Gold and Minerals Ltd (G&M) Joint Venture

- Saudi Arabia has just promulgated new regulations to encourage minerals exploration and development, targeting a resurgence of its minerals sector
- KEFI has been active in Saudi Arabia since 2008 and is partnered with ARTAR, a leading locally owned industrial group
- KEFI, as 40% shareholder and technical partner in G&M, is well placed to advance and develop projects in line with the new regulations
- G&M's primary goal is the discovery and development of a one million ounce plus gold equivalent deposits. Currently the company is focused on two projects:
  - **Hawiah and the Wadi Bidah Belt** – Exploration Licence granted in Dec-14, KEFI commenced exploration of an unusually large gossan for gold at the surface and a VMS copper-gold-zinc sulphide ore body at depth. The geological setting is analogous with the large VMS deposits in the Arabian-Nubian Shield that are known for well-preserved, mature oxidised zones enriched with near surface gold. KEFI has applied for most of the adjacent structural belt which contains many VMS targets.
  - **Jibal Qutman** – Exploration Licence granted in Jul-12, since then KEFI rapidly identified mineral resources totalling more than 700koz and is now evaluating gold production via an open-pit, heap leach operation. This project will await tenure clarity and increased resources before development is triggered.





## Tenement Locations in the Arabian Shield



# Thank You

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