

## **GOLD PRODUCTION IN THE ARABIAN-NUBIAN SHIELD**

THE EMERGING GOLD MINER



TULU KADIT AND AROUND

### **SHAREHOLDER UPDATE**

**APRIL 2014**

London, April 1st 2014

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References in this Presentation to exploration results and mineral resources have been approved for release by Mr. Jeffrey Rayner. Mr. Rayner is a geologist and has more than 25 years' relevant experience in the field of activity concerned. He is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has consented to the inclusion of the material in the form and context in which it appears. Recipients of this Presentation should note that the exploration results and minerals resources referred to in this presentation have not been verified by an independent competent person.

- **The Arabian-Nubian Shield (ANS)**
  - Similar to the shields of Australia and Canada, but under-explored
  - Runs from Israel in north to Ethiopia in south, underlying much of Jordan, Egypt, Saudi Arabia, Sudan, Eritrea, Yemen and Somalia
- **Focussed on ANS, specifically Ethiopia & the Kingdom of Saudi Arabia (KSA)**
- **Experienced management and technical team with clear development strategy**
- **Transformational acquisition completed in December 2013**
- **Potential to be in production by 2016 and producing approximately 80Koz per year of gold by 2017**
- **Peer comparative statistics rate KEFI highly**



### Ethiopia

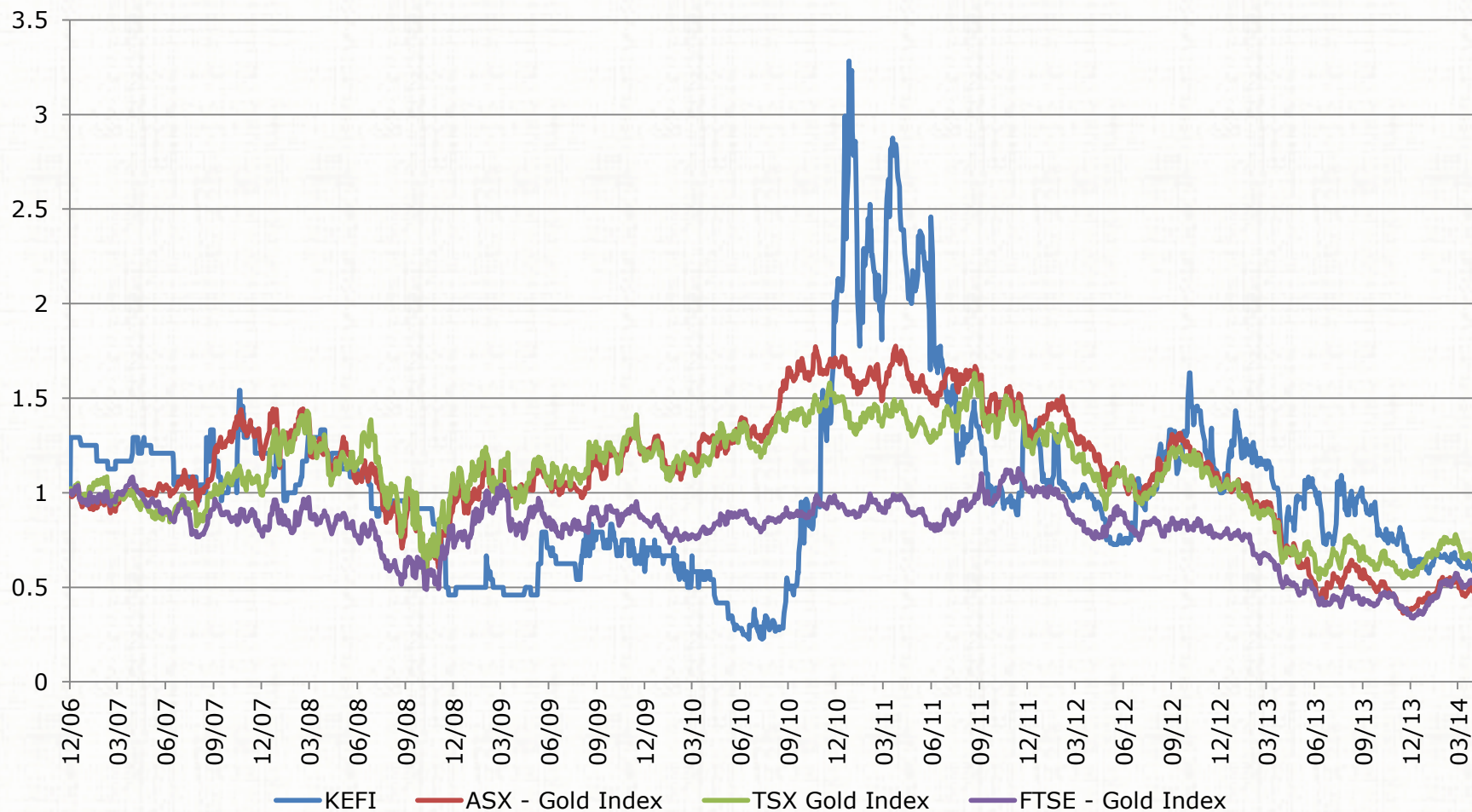
- Transformational acquisition of Tulu Kapi gold project in Dec 2013 for £4.5m following five months of detailed due diligence
- Project had already undergone significant technical evaluation to a DFS standard and received over \$50m in investment
- In March 2014 JORC-compliant Mineral Resource was updated, which increased the Indicated category resource by 65% to 1.9Moz Au, in a resource totalling 2.05Moz Au - making acquisition cost < \$5/oz
- KEFI has re-directed strategy. Revised DFS to be completed in Q4 2014

### Kingdom of Saudi Arabia

- May 2009, KEFI formed Gold and Minerals (G&M) joint venture with Saudi construction and investment group ARTAR
- In 2011-12, three Exploration Licences were granted - Jibal Qutman, Hikrin and Hikrin South. G&M has applied for further 23 ELs covering ≈1,600km<sup>2</sup>
- In February 2014, increased JORC-compliant Mineral Resource for Jibal Qutman to 495Koz Au
- In March 2014, completed the Preliminary Feasibility Study (PFS) and draft Mining Licence Application for review by G&M before submittal to the authorities



## KEFI SHARE PRICE SINCE IPO INDEXED TO KEY MARKET INDICES



|                                     | Project          | Country         | Status             | Mine Life<br>@ Kozpa  | IRR        | C1 Costs<br>(US\$/oz) | Capex<br>(US\$m) | Market<br>Cap |
|-------------------------------------|------------------|-----------------|--------------------|-----------------------|------------|-----------------------|------------------|---------------|
| <b>Amara Mining</b>                 | Yaoure           | Cote d'Ivoire   | PEA                | 12 yrs<br>@325        | 32%        | 598                   | 408              | £35m          |
| <b>Belo Sun Mining</b>              | Volta Grande     | Brazil          | PEA                | 21 yrs<br>@167        | 16%        | 715                   | 329              | C\$88m        |
| <b>Premier Gold<br/>Mines</b>       | Brookbank        | Canada          | PEA                | 7 yrs<br>@49          | 31%        | 620                   | C\$107           | C\$292m       |
| <b>Premier Gold<br/>Mines</b>       | Hardrock         | Canada          | PEA                | 15 yrs<br>@232        | 23%        | 698                   | C\$411           | C\$292m       |
| <b>Orezone Gold<br/>Corporation</b> | Bomboré          | Burkina Faso    | PEA                | 8.1 yrs<br>@123       | 24%        | 627                   | 180              | C\$50m        |
| <b>Endeavour<br/>Mining</b>         | Houndé           | Burkina Faso    | Feasibility        | 8.1 yrs<br>@178       | 26%        | 636                   | 315              | US\$330m      |
| <b>True Gold<br/>Mining</b>         | Karma            | Burkina Faso    | Feasibility        | 8.5 yrs<br>@97        | 48%        | 591                   | 131              | US\$151m      |
| <b>KEFI Minerals</b>                | <b>Tulu Kapi</b> | <b>Ethiopia</b> | <b>Feasibility</b> | <b>11 yrs<br/>@85</b> | <b>37%</b> | <b>500</b>            | <b>143</b>       | <b>£17m</b>   |

## GOLD PRODUCTION IN THE ARABIAN-NUBIAN SHIELD



TULU KAPI TURNED AROUND

**KEFI in Ethiopia**

**Tulu Kapi Gold Project (75%)**

- **Fastest** growing non-energy economy in Africa, 2<sup>nd</sup> largest population in Africa (+80m)
- **Dynamic economy:** GDP grew by 8.45% and 7.07% in 2013. \$2.75bn in exports (2011). Main economic partners: China, Germany, Saudi Arabia, USA, Belgium. Landmass greater than Spain plus France
- **Diverse and huge mineral resources.** Currently 136 companies working on 246 licences and the number is still growing. Newmont and Gold Fields recently commenced Au exploration
- **Government actively boosting mining sector:** Corporate tax reduced to 25%, royalty on Au production reduced to 7%, legislative incentives to mining companies include security of tenure; exemption from customs duty and taxes on mining equipment; accelerated depreciation on pre-production and capex over 4 years
- **Gold is main mineral export**, with exports rising from \$5m in 2001 to \$602m in 2013
- **Lege Dembi - the largest Au mine in Ethiopia**, 135,000oz pa production, reserve 1.98Moz Au

### Deal Highlights

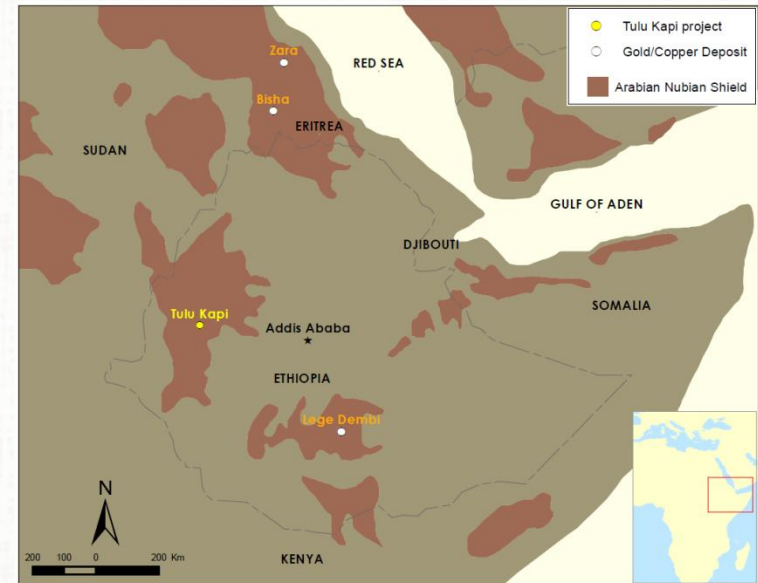
- 75% acquisition of Nyota Minerals (Ethiopia) Ltd (since renamed KEFI Minerals (Ethiopia) Ltd), a wholly-owned subsidiary of Nyota Minerals and holder of Tulu Kapi and surrounding Exploration Licences
- Cash and share deal totalling £4.5m
- Following acquisition, Nyota retained 25% free carry in the project pending update of JORC-compliant resource
- Following publication of JORC-compliant resource in March 2014, Nyota must now contribute or be diluted further
- Ethiopian government will receive 5% free carry when a Mining Licence is issued

### Project History

- GPMC Ltd received Exploration Licence in 2005. Undertook detailed geological mapping, trenching and diamond drilling. GPMC then merged with Palladex to form Minerva Resources
- In 2009, Dwyka Resources acquired Minerva Resources and changed its name to Nyota Minerals
- Nyota work included a further 120,000m of drilling, which formed the basis of JORC-compliant Indicated and Inferred Resource estimate of 25Mt at 2.34g/t Au (1.98Moz) and a Probable Reserve of 17Mt at 1.82g/t Au (1.0Moz Au)
- In Dec 2012, Nyota produced a DFS that generated an NPV of \$69m an IRR of 11%, using \$1,500 gold price and a 5% pre-tax discount rate with \$289m capex
- Under Nyota, Tulu Kapi has undergone an aggregate expenditure of over \$50m
- Falling gold price in 2013 rendered the project uneconomic under Nyota's development strategy

### Revised development strategy includes:

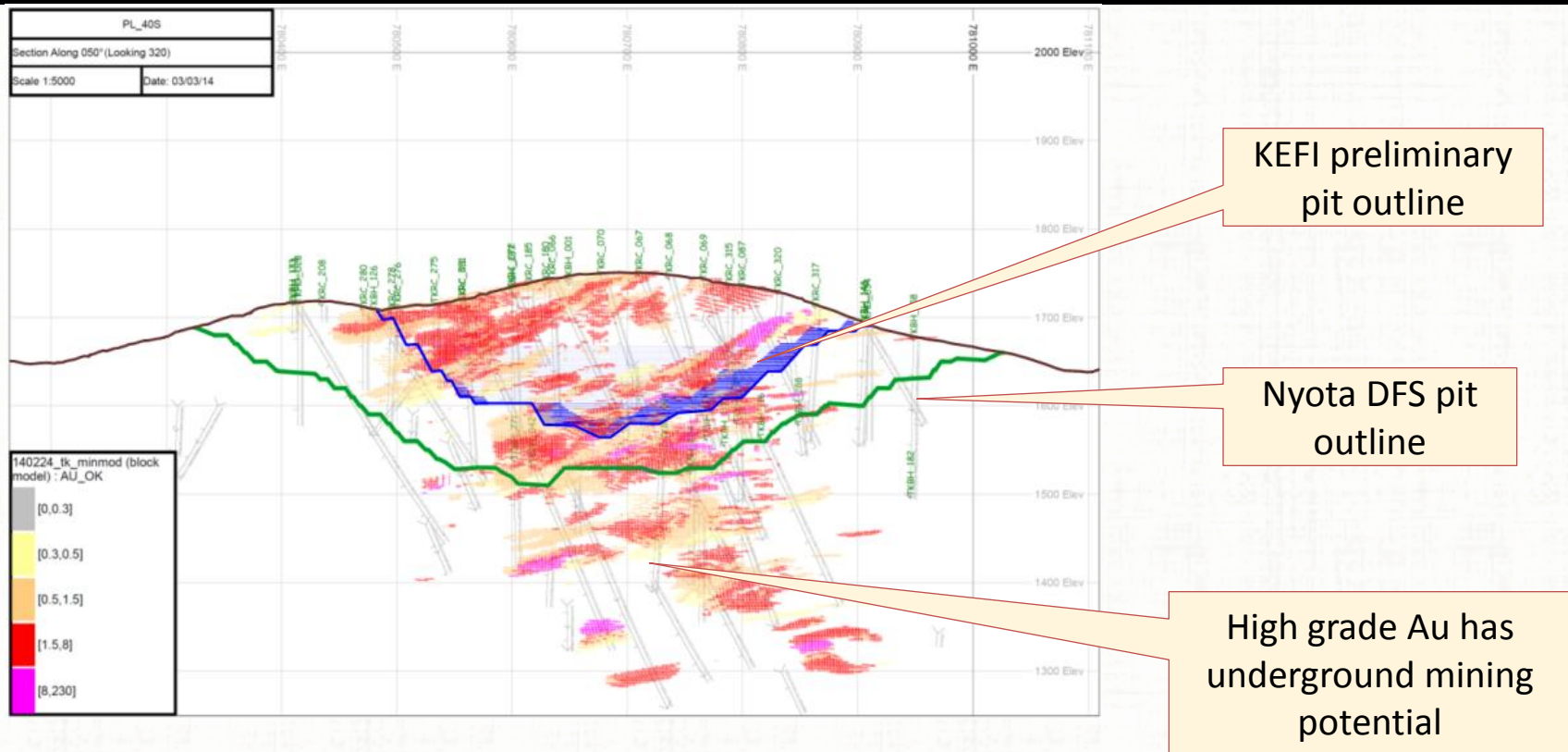
- Selective mining of the orebody to:
  - Reduce pit size and associated waste:ore ratio
  - Increase head grade from 1.8g/t to > 2g/t Au
- Reduce original 2Mtpa plant to ≈1.2Mtpa, targeting halving of capex from \$289m to ≈\$143m
- Reduce overall operating costs by mining fewer tonnes at a higher grade and reducing closure costs
- Management believes this will reduce operating costs from \$600/oz to ≈\$500/oz



| Opex Metrics for Tulu Kapi | Nyota<br>Dec 2012 DFS Estimate | KEFI<br>Dec 2013 Prelim Estimate |
|----------------------------|--------------------------------|----------------------------------|
| Mining cost - \$/t         | 2.5                            | 2.75                             |
| Processing cost - \$/t     | 8.5                            | 8                                |
| G&A - \$/t (LoM )          | 5.66 (\$96m)                   | 5.66 (\$48m)                     |
| Closure cost<br>\$/oz Au   | 22                             | 7                                |
| Total Opex - \$/oz         | 600                            | 500                              |

## COMPARISON OF ORIGINAL & PROPOSED PROJECT PARAMETERS

| Difference             | Nyota DFS | KEFI's Prelim estimates | Impact  |
|------------------------|-----------|-------------------------|---|
| <b>Capex</b>           | \$289m    | ≈\$143m                 | Reduces funding requirements and increases ROI (includes sustaining capital)          |
| <b>Head grade</b>      | 1.8g/t Au | 2.4g/t Au               | Increases revenue per tonne mined   |
| <b>Mining rate</b>     | 2Mtpa     | 1.2Mtpa                 | Reduces capex   |
| <b>Operating costs</b> | \$600/oz  | ≈\$500/oz               | Smaller initial pit; lower strip ratio and less tonnes processed, but at higher grade |
| <b>NPV \$1500 Au</b>   | \$253m    | \$155m                  | KEFI post-tax NPV is based on 10% discount rate and is only for 75% of the project    |
| <b>IRR \$1500 Au</b>   | 24        | 52%                     |   |
| <b>NPV \$1200 Au</b>   | \$69m     | \$90m                   | Nyota pre-tax NPV is based on 5% discount rate and is for 100% of the project         |
| <b>IRR \$1200 Au</b>   | 11%       | 37%                     |   |



- A **RC drill programme** of 20 holes is in progress, to infill the existing drill database for final confirmation of mineralisation within the revised open-pit reserve. Current mine planning indicates 80-85,000oz pa production over 10+ years (on revised resource/reserve)
- Further potential lies beneath the planned open pit with high-grade intercepts that are encouraging for **future underground development**. Plus potential for pit cut-back under gold price scenarios > \$1,200/oz

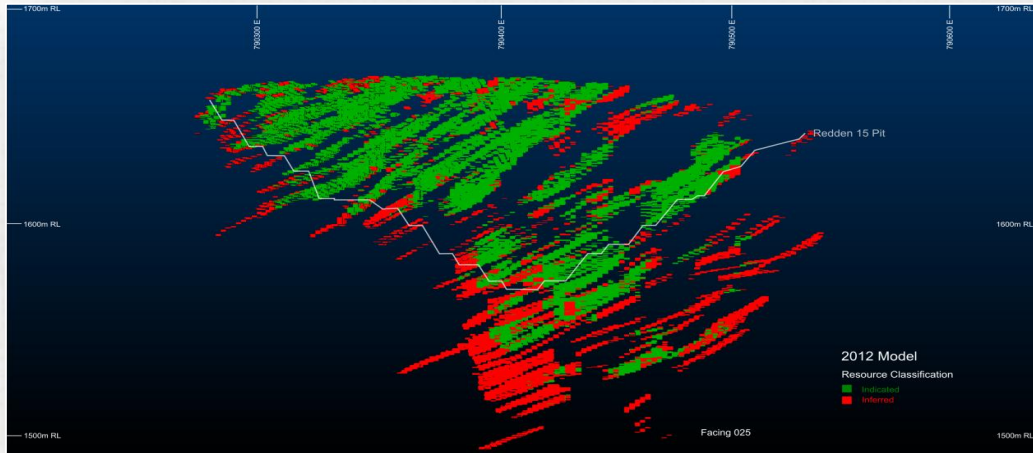
- KEFI published a **resource totalling 2,051,000oz Au (24.1Mt at 2.64g/t Au)** in March 2014
- This estimate increased ounces in the Indicated category by 65%
- 91% of the total resource now in the Indicated category

|                  | <b>Tonnes<br/>(Mt)</b> | <b>Au<br/>(g/t)</b> | <b>Contained Au<br/>(Moz)</b> |
|------------------|------------------------|---------------------|-------------------------------|
| <b>Indicated</b> | 21.2                   | 2.73                | 1.86                          |
| <b>Inferred</b>  | 2.89                   | 2.03                | 0.19                          |
| <b>Total</b>     | <b>24.09</b>           | <b>2.64</b>         | <b>2.05</b>                   |

- Resource upgraded by including data from 71 holes drilled by Nyota in late 2012 that missed the cut-off for the resource estimate included in the DFS published in Dec 2012

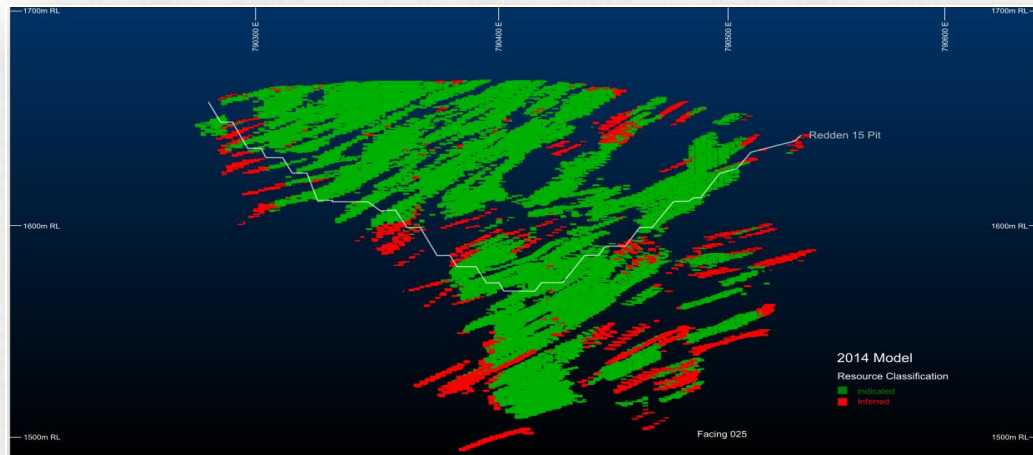
## TULU KAPI: UPDATED RESOURCES GIVE HIGHER CONFIDENCE

2012



**Green** = Indicated

2014



**Red** = Inferred

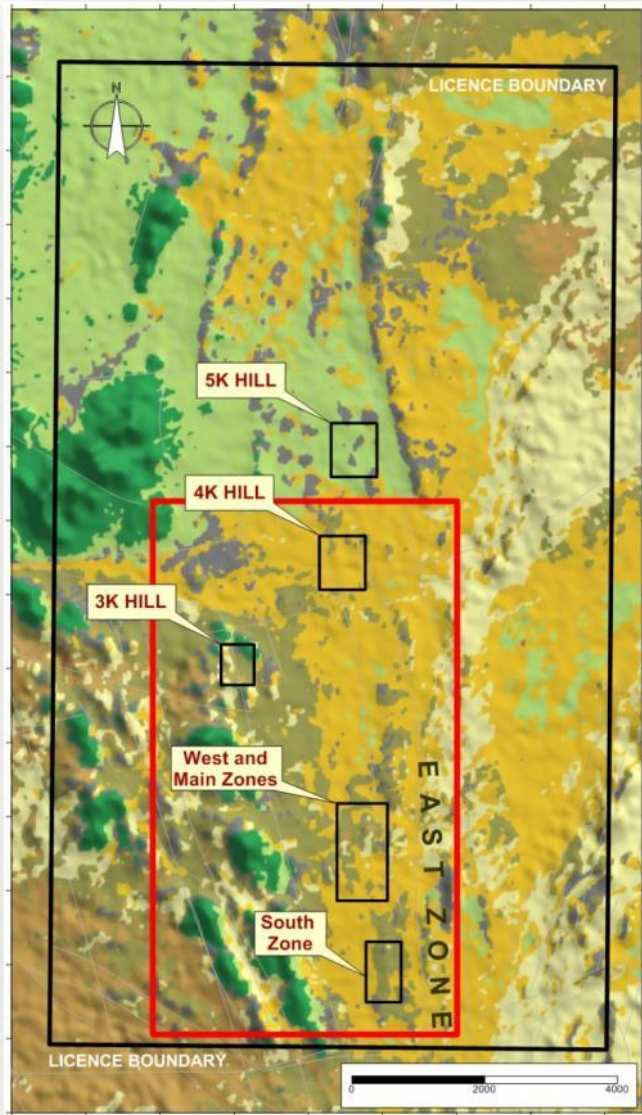
## GOLD PRODUCTION IN THE ARABIAN-NUBIAN SHIELD



**KEFI in Kingdom of Saudi Arabia**  
**Jibal Qutman Gold Project**

- Country largely unexplored and underdeveloped with few companies exploring for gold
- Only western mining company operating in the country is Barrick Gold, which owns the Jabal Sayid Mine. Once in production, annual production expected at 100-130 m lbs of Cu
- KSA looking to expand further and develop its mineral sector, diversifying the country's revenues away from oil by implementing new mining code
- Exploration and development costs are low by industry standards
- Saudi Industrial Development Fund (SIDF) is in place to provide loans for local KSA projects of up to 75% of the capital cost of mine development at nominal interest rates
- Overall economic effect of increased activity in mining industry could be significant for ongoing unemployment challenges

- **G&M JV (KEFI 40%, ARTAR 60%)** – Strategic Saudi partner, Abdul Rahman Saad Al Rashid and Sons (ARTAR) - a major local group that provides administrative, logistical, financial support
- **Database** – G&M's proprietary database for selective targeting in the ANS (historic workings, geology, geophysics, remote sensing, prospect geology, alteration and structure)
- **Licences** – G&M, through ARTAR, has 4 Exploration Licences (Jibal Qutman, Selib North, Hikyrin and Hikyrin South). Further ELs expected in 2014 with applications for a further 23 Exploration Licences (1,600 sq km) in the Arabian Shield; EL granting process has extensive social licensing up-front to secure tenure for possible future development
- **0.5 Moz JORC resource defined** at Jibal Qutman within 18 months of licence grant
- **Potential** – All ELs and ELAs have ancient Au and/or Cu workings and were selectively targeted using G&M's proprietary database



RC drilling at Jibal Qutman

- The JQ deposits consist of **five separate ore bodies. Main Zone and South Zone, and new discoveries; West Zone, 3K Hill and 4K Hill**
- Hosted in the +300km north-south trending Nabitah-Tathlith fault zone. Another area under evaluation is 5K Hill
- The EL was granted in July 2012 and is approx 99km<sup>2</sup> in area



RC drilling in Jibal Qutman's South Zone

## JIBAL QUTMAN: RESOURCES UPDATED & GROWING

KEFI published a **Jibal Qutman resource totalling 495,194 oz Au (16.7Mt at 0.92g/t Au)** in March 2014:

|                  | Zone               | Tonnes            | Grade<br>(g/t Au) | Contained Au<br>(ounces) |
|------------------|--------------------|-------------------|-------------------|--------------------------|
| <b>Indicated</b> | Main               | 2,169,070         | 0.99              | 69,030                   |
|                  | West               | 6,531,750         | 0.89              | 186,188                  |
|                  | South              | 2,924,909         | 0.79              | 74,073                   |
|                  | 3KHill             | 2,649,290         | 1.19              | 101,262                  |
|                  | 4K Hill            | 140,828           | 1.06              | 4,785                    |
|                  | <b>Total</b>       | <b>14,415,847</b> | <b>0.94</b>       | <b>435,338</b>           |
| <b>Inferred</b>  | Main               | 557,159           | 0.78              | 13,924                   |
|                  | West               | 555,973           | 0.85              | 15,244                   |
|                  | South              | 482,443           | 0.60              | 9,336                    |
|                  | 3KHill             | 675,395           | 0.94              | 20,477                   |
|                  | 4K Hill            | 29,328            | 0.93              | 875                      |
|                  | <b>Total</b>       | <b>2,300,299</b>  | <b>0.81</b>       | <b>59,856</b>            |
|                  | <b>Grand Total</b> | <b>16,716,145</b> | <b>0.92</b>       | <b>495,194</b>           |

- **Pre-feasibility Study** at Jibal Qutman completed in March 2014 for review with partner and regulators

- [illegible]

### **Harry Anagnostaras-Adams**

#### ***Chairman***

Founder or co-founder Citicorp Capital Investors Australia, Pilatus Capital, Australian Gold Council, EMED Mining and KEFI Minerals. Chairman Semarang Enterprises. Has overseen a number of start-ups.



### **Jeff Rayner**

#### ***Managing Director***

BSc (Hons) Geology. Over 27 years experience; BHP Gold, Newcrest Mining in Australia and Indonesia; Chief Geologist Gold Mines Sardinia, VPE Medoro Resources and EM Central Europe EMED Mining.

### **Ian Plimer**

#### ***Deputy Chairman***

Numerous Geology Professorships including Newcastle, Melbourne, Munich and Adelaide Universities. Past and present Directorships include Ivanhoe Australia, Lakes Oil, Sun Resources, CBH Resources, Silver City Minerals, Niuminco and various Hancock Prospecting Pty Ltd entities. Much of career in industry.



### **John Leach**

#### ***Finance Director***

BA(Econ.), MBA, MICA (Aust & Canada). Over 25 years' in senior positions within the mining industry. Exec. Director EMED Mining, Former Directorships with Resource Mining Corporation Limited and Gympie Gold Limited.

### **Fabio Granitzio - Exploration Manager**

Geologist (PhD. Cagliari, Italy). Track record of gold discoveries in Sardinia and Saudi Arabia. Over 15 years experience in the Americas (Escondida), Europe, North Africa and Mid East.



### **Simon Cleghorn - Resources Manager**

(B. Eng. Min. Exploration & Mining Geology (Hons.) WA School of Mines). Over 20 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 KSA**

(BSc. Murdoch, Perth, MAUSIMM). Over 22 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.



### **Patrick Gorman - Development Advisor & Consultant Mining Engineer**

(BSc (Hons.) Mining, Imperial College UK, MSc Mining, Colorado School of Mines) A Chartered Engineer (UK) with 35 years of international technical and project experience.



### **Kebede Belete - Country Manager Ethiopia**

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

### **Tadesse Worku - Chief Geologist**

(BSc, AAU., Ethiopia, Msc IIT-KGP. India): Over 20 years as exploration geologist and exploration leader in national, multinational and international projects for gold and base metals in the ANS of Ethiopia. Responsible for discovery & development of Tulu Kapi and all other prospects of KEFI/Nyota JV in Ethiopia, since 2005.

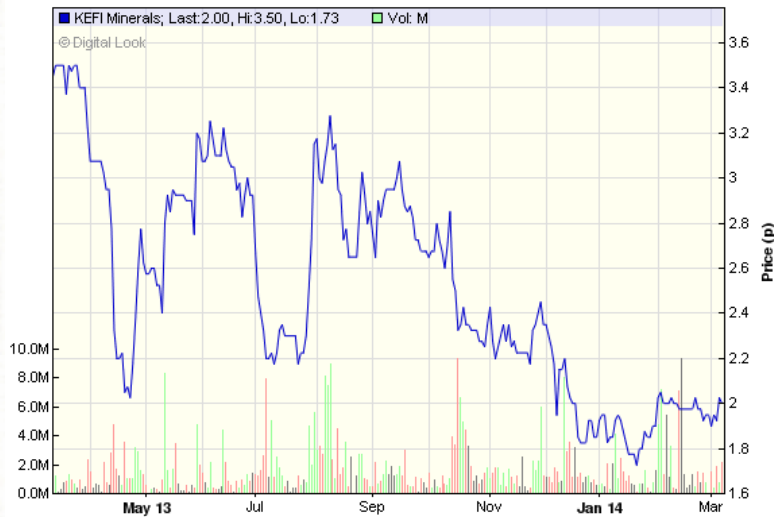


### **Abera Fantaye - Database & GIS Manager**

Geologist (BSc., AAU), Remote Sensing and GIS (MSc., AAU). 30 years experience in mineral exploration and as GIS and database expert (17 years in government & 13 years in private sector).



- Potential to be in production by 2016 and **producing approx 80Koz Au per year by 2017**
- Operating in the Arabian Nubian Shield (ANS), comparable to the shields of Australia and Canada which host most of their gold production, but **ANS is under-explored**
- Attributable resources 1.7Moz Au – **Enterprise Value of \$14/oz**
- Projects targeted to have opex of  $\approx \$500/\text{oz Au}$  and **total costs (C3) of  $\approx \$800/\text{oz}$** , significantly below global averages
- **Experienced management team** for discovery, development and financing
- Finance plan targets  $\approx 10\%$  of capex to be equity funded. **Projected robust cash flow** for payback, returns on equity invested, organic growth and dividends
- **Milestones during this quarter** include update to Tulu Kapi production plan and drilling results in both Ethiopia and Saudi Arabia



**Ticker: KEFI (AIM)**

**Market Cap: £17.0m at 2p (28 March 2014)**

**Shares in Issue: 853,670,212**

**Shareholders > 5%:**

ODEY, Standard Life, EMED Mining, Board

**Broker/Nomad**

Fox-Davies Capital, finnCap (Joint Broker)

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**Saudi Arabia** - Exploration team

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