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

“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 Instute Survey
The Tulu-Kapi Gold Project is ready for development.

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 idiosyncrasies. Standards and norms are well established globally.

- Fiscal Terms & Stability
- Do Regulators Get Empowered to Obstruct or to Facilitate?
- Regulations Reflect Normal International Practices?
- Are Project Schedules Manageable
- What Does it Take to Align the Stakeholders
- Attitude to Industry of Government and Community
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?

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

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

- Resources & Reserves
- Definitive Feasibility Study
- Environmental & Social
- Financial Model
- Due Diligence

Bankable Open Pit (JORC 2012)

- Ore Reserve 1.0M oz (15M t at 2.1g/t)
- 91-94% recovery
- DFS Annual production 140,000 oz pa
- AISC ~$800/oz
- EBITDA ~ $70M @ $1300/oz
Economic and Other Benefits

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

DIRECT BENEFITS
- GOVERNMENT
  - Company Tax
  - Tenement Rental
  - Royalties
  - PAYE Taxes
  - VAT

- GOVERNMENT AS INVESTOR
  - Dividends

INDIRECT BENEFITS
- 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

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

GROWTH
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The Economic Pie - An illustrative dissection

**Total Historic & Future Investment**

- **Total US$333m (Govt $20 million)**
  - 63% KEFI - Foreign Capital
  - 20% Project Debt and Contractors - Foreign Capital
  - 17% Local Equity Partners (ERA and EEPCO 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)
  - 44% Non-Government Shareholders of TKGM
  - 12% Lenders Interest Received on the Loan
  - 44% 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