FUNDING ACQUISITION, EXPLORATION AND DEVELOPMENT IN A NEW MINING JURISDICTION DURING A CYCLICAL LOW

ETHIOPIA INTERNATIONAL MINING CONFERENCE
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WE ARE COMMITTED TO DEVELOPMENT THAT PROVIDES ENORMOUS BENEFIT TO THE COMMUNITIES WHERE OUR PROJECTS ARE LOCATED AND TO KEFI’S SHAREHOLDERS, WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS SOCIALLY, ECONOMICALLY AND ENVIRONMENTALLY.
Ethiopia: 100% of KEFI Minerals Ethiopia with Gov’t right to 5% free carry

- Acquired Tulu Kapi Gold Project Dec 2013 for $5/oz resource
- Overhauled the plan to achieve AISC of $760/oz, best quartile globally
- Minimise debt via use of gold streaming and project-level equity
- Plan base production of 100,000 oz pa over 10 years from 2017
- Target to add production from underground deposit and from nearby deposits
- KEFI’s large exploration team will increase upside leverage in Ethiopia

Saudi Arabia: operator of 40%-owned Gold & Minerals LLC

- Gold discovery Jibal Qutman, within 12 months of licence grant
- Now testing 6km-long gossan for gold VHMS system at Hawiah
- Large exploration portfolio with outcropping gold or copper
• Most explorers fail: KEFI is a proven discoverer and big successes that will pay for the small failures

• **KEFI focuses on discovery and not exploration, within targeted areas of the highly-prospective Arabian Nubian Shield**

• Invest capital in stages, demanding results against clearly enunciated objectives; and drop non-performing targets

• **KEFI has examined hundreds of targets and spent 90% of its investment on less than five targets**

• Build long-term operations to underpin a sustainable business plus a pipeline of targets for growth

• **KEFI plans to build Tulu Kapi in Ethiopia and Jibal Qutman in Saudi Arabia to underpin returns to shareholders and growth**
+ 1 Million ounce gold deposits
Africa dominates those with high grade

Tulu Kapi; 20.2Mt at 2.65g/t Au, 1.72Moz Resources
The first Ethiopian mine to be financed by international capital

Weak capital markets weak for mining projects, especially for juniors

Infrastructure is needed for community and for the project

KEFI assembling a syndicate of proven international specialists (builders, operators, streaming, banking)

KEFI reducing capex from $289M to $120M and minimising debt via gold streaming and project equity

KEFI shares the burden through its partnership with the Government

*8% discount rate, unleveraged, after tax
GFMS’s 2014 All-In-Costs curve for existing gold mining operations:
50% of gold mining sector is loss making due to All-in costs at $1,200 gold price of existing mines.

KEFI is exploring and developing mines in low cost jurisdictions:
Estimated AISC at Tulu Kapi c. $760 p oz.
GREATEST VALUE GROWTH IS FROM DISCOVERY AND STARTING UP PRODUCTION

Entry point on the “value curve” of the mine development lifecycle will be dependent on risk appetite.

New discoveries

Value build

Fund “sweet spot”

Prospecting and exploration

Discovery & advance exploration

Development/construction

Operation and production

Closure

1. Select target areas of exploration
2. Identify areas of likely mineralisation (sampling)
3. Drilling, channel sampling to establish mineralisation
4. Secure permits, leases and licenses
5. Resource definition
6. Pre-feasibility study
7. Reserve definition
8. Feasibility study
9. Raise funding
10. Project construction
11. Commissioning
12. Begin commercial production
13. Reach steady state
14. Declining production
15. Closure
16. Environmental rehabilitation

Potential IPO timing
Potential sale of business
M&A
MATCH CAPITAL SOURCES WITH THE APPLICATIONS:

Tulu Kapi

SURPLUS CASH FLOWS TO FUND LOAN REPAYMENTS AND RETURN TO SHAREHOLDERS

PAST EXPENDITURE OF $65M FOR EXPLORATION AND PLANNING SOURCED FROM SHAREHOLDERS

EXPLORATION TO BE SOURCED FROM EQUITY OR SURPLUS CASH FLOW

NEXT $120M FOR DEVELOPMENT TO BE AT PROJECT LEVEL FROM DEBT AND STREAM + EQUITY
MACRO BENEFITS
• GDP and Exports
• Foreign Direct Investment
• Foreign Exchange Reserves

DIRECT BENEFITS
• Company Tax
• Tenement Rental
• Royalties
• PAYE Taxes
• VAT

INDIRECT BENEFITS
• Increased mining and exploration
• Increased foreign investment
• Setting safety standards and procedures
• Setting environmental and social standards

FLAGSHIP BENEFITS
• Health: health & hygiene facility upgrades, water infrastructure
• Education: local school support, scholarship program
• Business: cash crop improvements, animal husbandry, microfinance

EMPLOYMENT & TRAINING
• 60% local, 30% other Ethiopian employees
• Apprenticeship & scholarship programs

COMMUNITY DEVELOPMENT PROGRAM
• Health: health & hygiene facility upgrades, water infrastructure
• Education: local school support, scholarship program
• Business: cash crop improvements, animal husbandry, microfinance

GROWTH
• GDP and Exports
• Foreign Direct Investment
• Foreign Exchange Reserves

GOVERNMENT
• Company Tax
• Tenement Rental
• Royalties
• PAYE Taxes
• VAT

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

TULU KAPI OPERATION – BENEFITS FOR ETHIOPIA
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Wayne Nicoletto, Head of Operations

England - Registered office
Cyprus - Group corporate team
Ethiopia - Development and exploration teams
Saudi Arabia - Exploration team
Turkey - Support

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