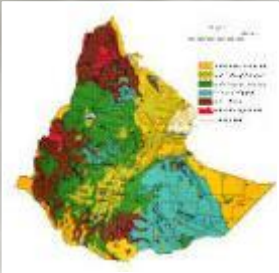




# TULU KAPI GOLD PROJECT: A HISTORY OF “REPEATED” DISCOVERIES IN WESTERN ETHIOPIA

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Focused on gold & copper in the under-explored Precambrian **Arabian-Nubian Shield (ANS)**

Principal projects: **Tulu Kapi** gold deposit in Ethiopia and **Jibal Qutman** gold deposit in Saudi Arabia;

**ETHIOPIA (TULU KAPI: KEFI 75% AND THE GOV'T 25%):**

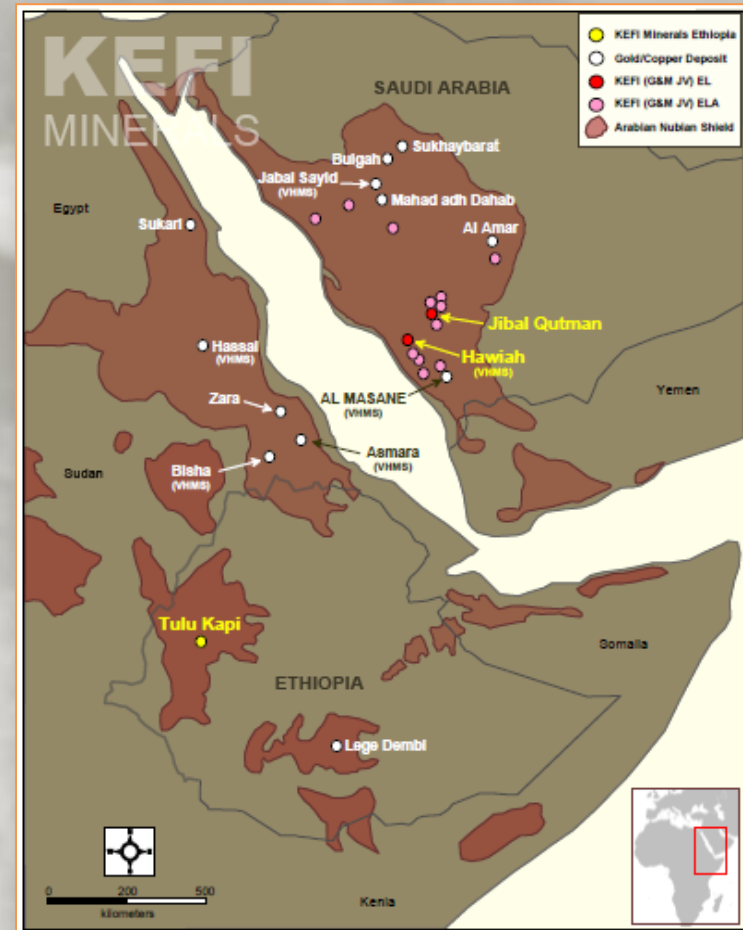
**Tulu Kapi** finalizing financing for **construction 2018-19;**

Indicated & Inferred Resource is **20.2 Mt @ 2.65 g/t Au** for **1.72 Moz**; open pit **Ore Reserve of 1.05 Moz Au**;

A high grade resource under the open pit is open along strike and presents a **potential underground mine**;

**Open pit 144koz pa + underground lifts to c.200Koz pa**

A large **EL (1000Km<sup>2</sup>)** containing a number of shear hosted gold and VMS deposits is reserved for KEFI for potential sources of **additional mill feed** at Tulu Kapi;





### SAUDI ARABIA : GOLD & MINERALS JV ARTAR 60% TO KEFI 40%

Mining Licence Application (MLA) at **Jibal Qutman** to develop an initial 200,000 oz Au **heap leach mine** to treat oxide ore. Total Mineral Resources are 28.4Mt at 0.80g/t gold for 0.73 Moz Au. There is potential to increase oxide resources to +1-2Moz in 4 adjacent ELAs.

A further **15 Exploration Licence applications** (ELAs) have been lodged over outcropping Au and Au-BM targets, all of which have historic workings for Au or VMS Cu-Au.

KEFI has a **large database** of over 5000 mineral occurrences in ANS, enabling quick **quality selection**, and a +100km long VMS mineral belt



**Hawiah VMS**, 6 Km long and up to 40m wide. Surface channel sampling returns up to 24g/t Au. 2km long +125mV SP anomaly. Plan to drill in H1-2018.

In 2012, KEFI in the G&M JV in Saudi Arabia discovered new gold mineralisation associated with albite alteration at the contact and within felsic to intermediate dykes at its Selib North project. Best trench results included 17m @3.4 g/t Au. Follow up drilling in early 2013 returned best results 11m @ 3.11g/t Au;

The prospect was not big enough for “stand-alone”, but the **association of Au with anomalous Na** led KEFI to re-examine all Au and ICP results from sampling work in KSA;

This **turned up many new minor discoveries** amongst what seemed to be isolated anomalies in the geochemical data base and was the **initial reason KEFI was to later focus on the Tulu Kapi deposit in Ethiopia;**







### Pharaohs' Gold

The **ANS** has been exploited for gold since the Pharaohs of **Ancient Egypt**. From 3,000 BC, the Pharaohs defined North Ethiopia as the Land of Punt, rich in gold, myrrh and ivory

### Queen of Sheba

A local prospector led British archaeologist Dr. Louise Schofield to a mysterious mine in **Ethiopia's northern Tigray region**. Schofield believes that this was the source of the Queen of Sheba's **fabulous gold**, a large pile of which she gave to **King Solomon** when she visited the Holy Land, as is reported in the Old Testament, the Koran, and the Kebra Nagast, one of the holy books of the Ethiopian Orthodox

(<http://gadling.com/2012/02/13/queen-of-shebas-gold-mine-discovered-in-ethiopia/>)



*Photo of an Ethiopian painting of the Queen of Sheba on her way to meet King Solomon courtesy [Wikimedia Commons](#).*

The Tulu Kapi gold project is located in the West Oromia region of Ethiopia, approximately 550km west of Addis Ababa;

Tulu Kapi has had a stop-start history of exploitation due to its modest grade in ancient times, wars, civil uprising, communist regimes, the collapse of the gold price in the late 1990s and, most recently, over-capitalisation of the project in times of gold price instability;

**Tulu Kapi has been “re-discovered” several times** through the 20th and 21st centuries. At the start of the 20th Century these East African regions were the centre of a gold rush;

In Egypt and Sudan, a number of mining companies were operating, while in Ethiopia in 1901 the company **Mines d’or du Wallaga**, with capital of one million francs, was established in Antwerp and listed on the stock exchange;

In **1935**, Fascist **Italy** invaded **Ethiopia**, commencing a war which ended with the annexation of the country to the Italian Colonial Empire, but only briefly until 1941;

In 1936, the Colonial Mining Service (SMC) was set up to carry out rapid exploration of Ethiopia. Western Ethiopia was entrusted to **S.A.P.I.E.** (Italian mining company);

The activities of S.A.P.I.E. at Tulu Kapi were mainly focused on the exploitation of the “placers”. Eluvial and alluvial gold mining took place in a number of nearby places including Ankori, Komto, Yaven, Buneya and KEFI’s tenements;

Gold recovery using gravity methods was also made possible thanks to the construction of a canal network;

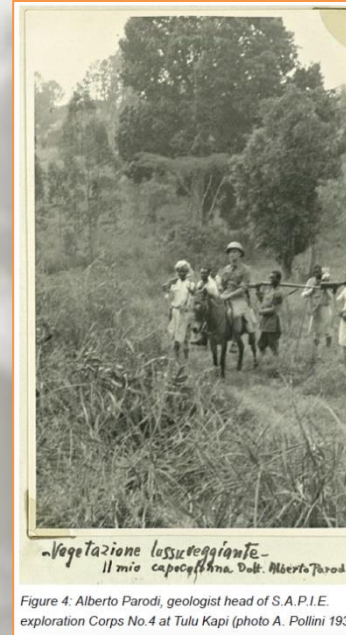


Figure 4: Alberto Parodi, geologist head of S.A.P.I.E. exploration Corps No.4 at Tulu Kapi (photo A. Pollini 1938)

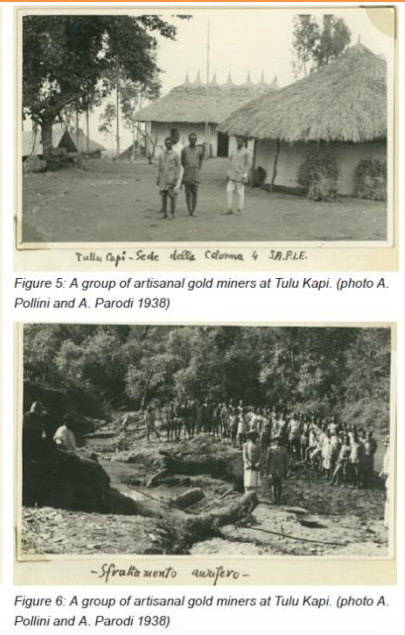


Figure 5: A group of artisanal gold miners at Tulu Kapi. (photo A. Pollini and A. Parodi 1938)

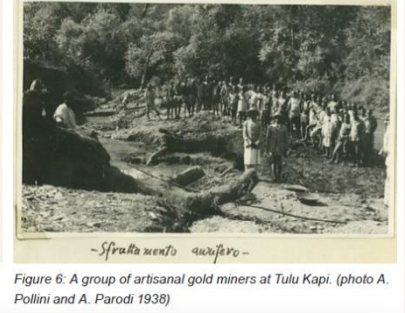


Figure 6: A group of artisanal gold miners at Tulu Kapi. (photo A. Pollini and A. Parodi 1938)



Figure 7: Nugget weighing approximately 1.5kg found at Tulu Kapi placer (picture after Usoni, 1952)

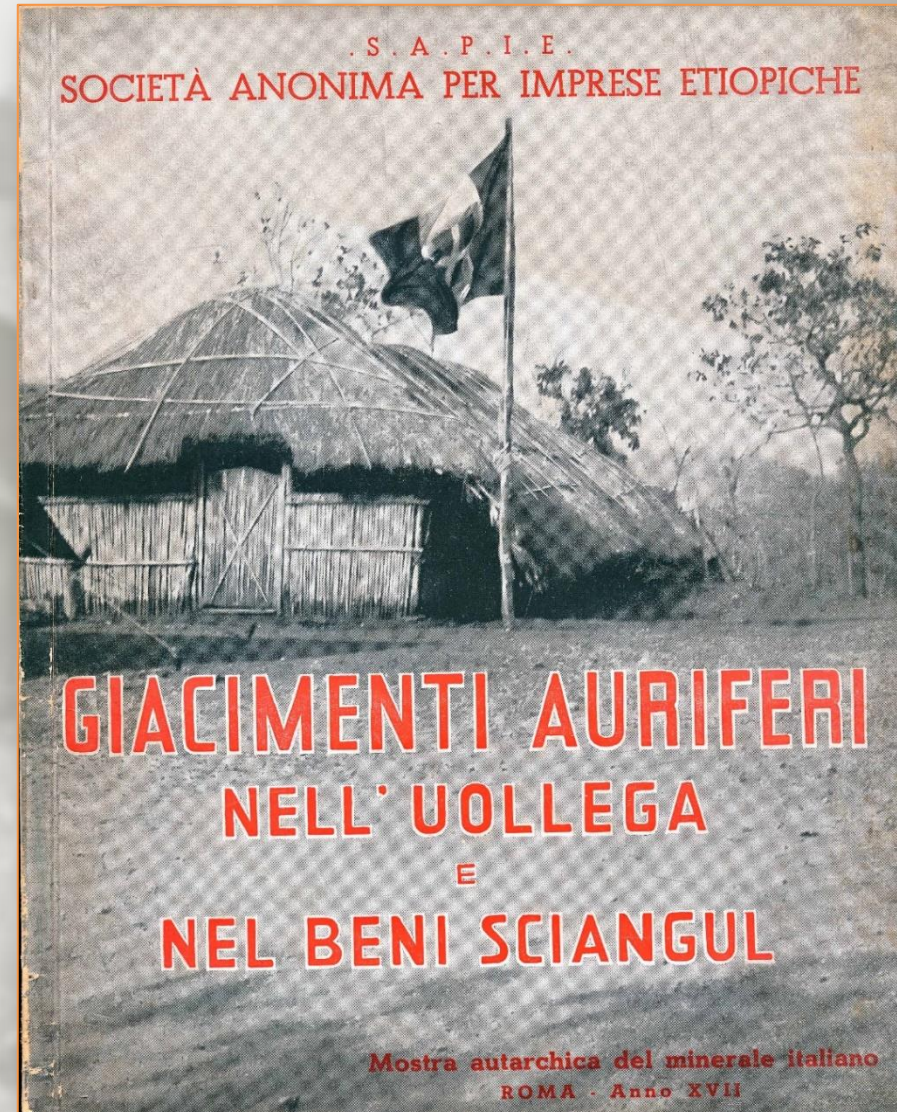


In 1939, S.A.P.I.E. reported **reserves** of c. **37,000 oz Au** in alluvials, saprolite and in quartz veins at Tulu Kapi (UNDP, 1980);

The area of saprolite mining is located in the centre of the planned open cut at Tulu Kapi;

Italian mining initiatives however registered high production costs due to higher transport costs, fuel and electricity and the need to pay for transit rights through the Suez Canal for transport to Italy;

**Italian exploitation** of Tulu Kapi **ceased in 1941**. There is no news of gold mining exploitation by the British liberators;





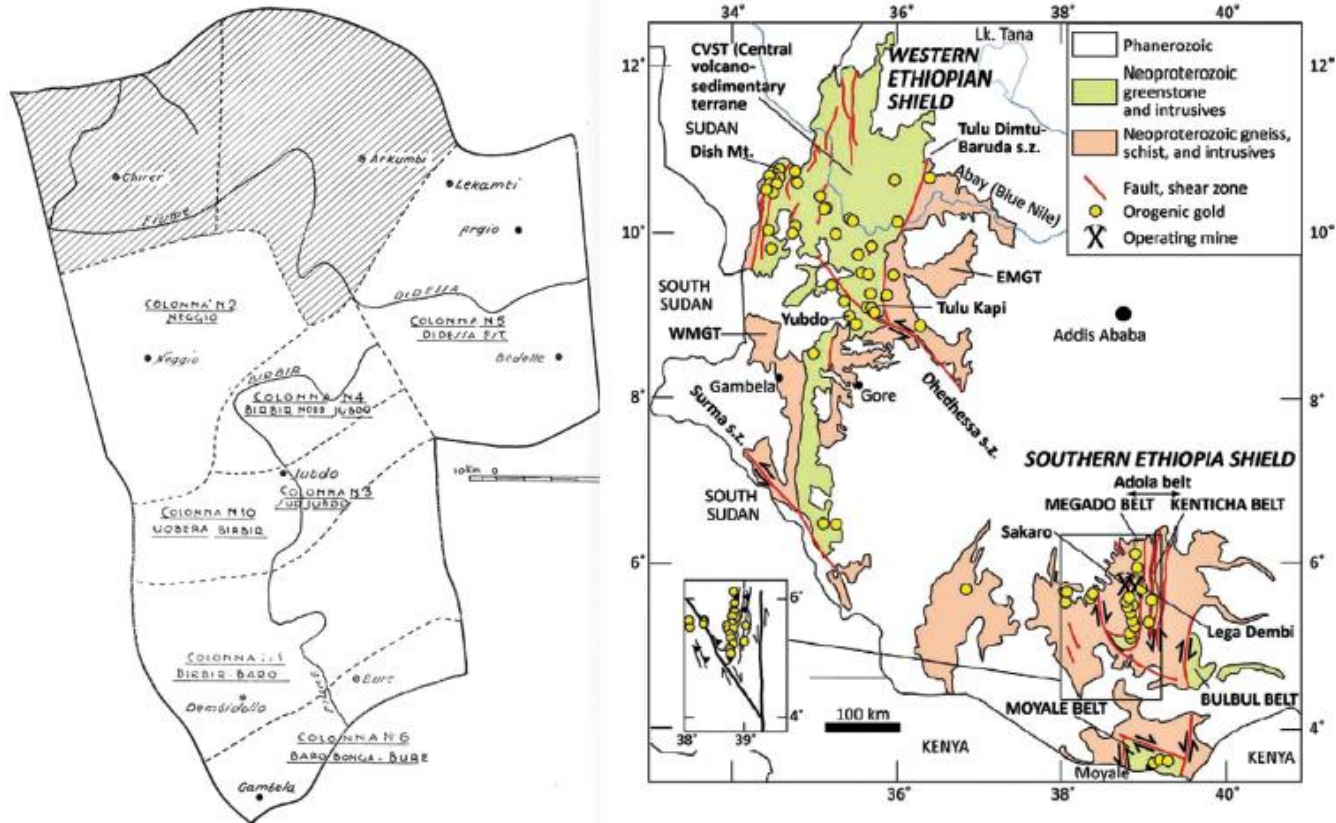


Figure 2: The map to the left shows the dislocation of S.A.P.I.E. Exploration Corps in western Ethiopia (from "Giacimenti Auriferi nell'Uollega e nel Beni Sciangul", S.A.P.I.E., 1938). In a paragraph the book reports: "During the rainy seasons, the exploration corps, reduced to eight, were located: two at Yubdo's mining district (platinum) for the elaboration of the obtained results and completion of the geological and mineralogical studies, while the other six were based in Cata, Gordoma, Tullu Capi-Gulissó (Tulu Kapi), Uabera and Burè, for the continuation of the exploration and organization of semi-industrial and indigenous exploitation under the supervision of SAPIE technicians". Map to the right: gold occurrences and producing mines plotted on a simplified map of Precambrian geology of Western and Southern Ethiopia (after Johnson et al. 2017)









“local labour digging a trench for research”



Construction of a water canal, presumably from the Birbir River to Tulu Kapi

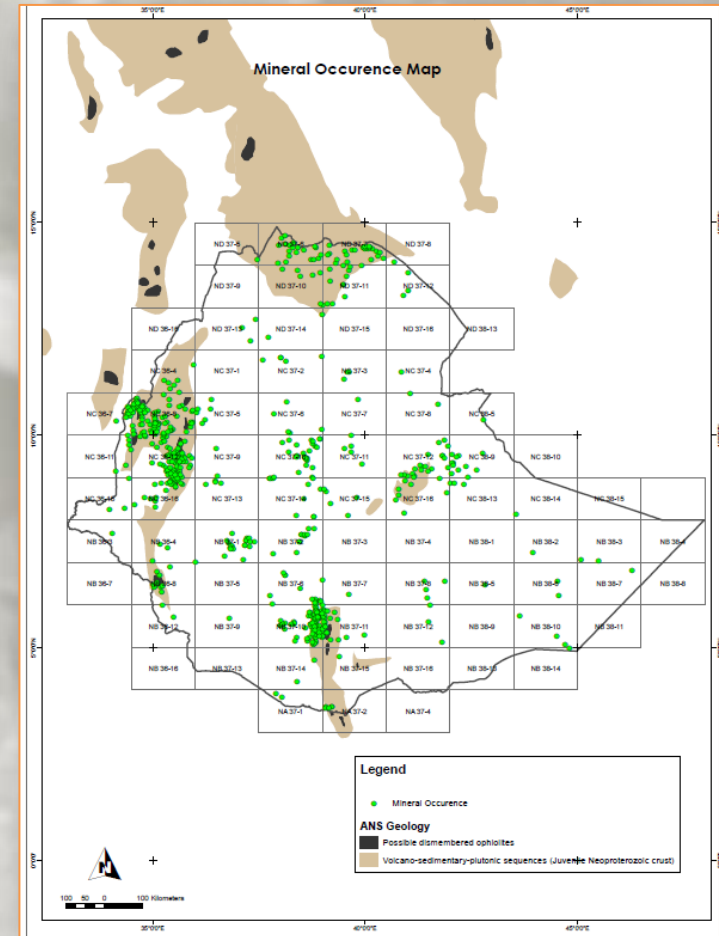


Modern exploration and prospecting works started in the area after the creation of the **Geological Survey of Ethiopia** in 1968. Reconnaissance and detailed mapping and mineral surveys were carried out by the **United Nations Development Program (UNDP)** from 1969 to 1972;

These were the first important reported works which outlined the **“Nejo-Yubdo” mineralised belt**, including the Tulu Kapi deposit and many other sites of historical and active alluvial, eluvial and hard rock gold mining;

At Tulu Kapi, **UNDP drilled** three diamond holes for a total of 362m immediately north of the planned open pit, and reported **hard rock gold mineralisation** in the area for the first time. The best gold intersections in diamond holes include 0.7m @ 27 g/t gold (BH-10) and **26.2m @ 2.8 g/t** (BH-11) associated with altered syenite with disseminated sulphide and quartz veins;

**Geological and exploration activities in Ethiopia ceased from 1973 to 1996**, during the socialist regime (1974-1993) which saw periods of war (with Somalia and Eritrea), civil war and famine;



Mineral Occurrence map sheets 1:250,000 scale,  
Geological Survey of Ethiopia

## 1969 TO CURENT: MODERN EXPLORATION TTR & GPMC

In 1996, Canadian company **Tan-Range Resource (TRR)** was granted the first privately owned exploration licence in the Tulu Kapi area. Despite encouraging surface and test drilling results, TRR abandoned the licence area in 1998, possibly due to a significant drop in the gold price.

DATE	ACTIVITY	BY	FINDINGS
1930's	Gold mining took place largely by hydraulicking.	Various Italian Firms	
1939	Assumed mining and sampling.	SAPIE	Estimated 1,155kg Gold 'Reserve' at a grade of 0.9 - 2.23 g/m <sup>3</sup> .
1947	Study.	Dahlstrom	4.3 g/t from adit samples.
1966	Study.	Jelenc	0.1 - 0.25 g/t contained in elluvial cover of Ankore.
1969	Soil sampling study.	Kochamasov	Arsenic anomalies reaching 2655 ppm.
1969	Geological mapping study.	Kazim from Ethiopian Mineral Survey	
1969 -1972	Various work including: geological mapping, soil sampling, geophysical survey and drilling.	United Nations Mineral Survey	Drillholes intersected gold and silver mineralisation; stream sediment sampling yielded 0.02 - 0.1 g/m <sup>3</sup> .
1970's	Exploration activities and resource estimation.	United Nations Development Programme (UNDP)	Demonstrated that anomalous gold grades continue for 1.2km along the shear structure. This was confirmed by an UNDP drillhole UN11 which intersected 0.7m of mineralisation at a grade of 27.0g/t some 570m north of the current drilling area along shear.
1996 - 1998	Various work including: detailed geological mapping, geophysical and geochemical survey, trenching, Mobile Metal Ion (MMI) sampling and drilling.	Tan-Range Exploration Corporation (TREC)	Soil sampling campaign mapped with ranges of 200 - 3200 ppb; drilling intersected numerous hydrothermal altered syenite mineralisation; MMI samples delineated various anomalous zones.
2000	Geological mapping study.	Alemu and Abebe	
2000 -	Preliminary Due Diligence, sampling, drilling etc sampling.	Golden Prospect Mining Company Limited (GPMC) - Current Operator.	Cause for further work.

The exploration and prospecting results of **UNDP** and TRR were the basis for **Golden Prospect Mining Company (GPMC)** to apply for the Tulu Kapi-Ankori exploration licence, which was converted later (in April 2015) by KEFI to a large-scale gold mining licence.



**“The discovery”:** GPMC (May 2005 to August 2009)

**Golden Prospect Mining Company (GPMC)**, acquired the exploration licence (20sq km), in May 2005. At Tulu Kapi GPMC carried out further detailed exploration including geological mapping, trenching, and ground geophysics (IP-Resistivity), and conducted three drilling phases for a total of about 6,908m over 34 diamond drill holes (TKBH\_001 to TKBH\_034) using a 80m by 80m grid layout;

The **“discovery hole”** TKBH\_004, **37m @ 4.61 g/t Au**, was made in Phase one and encouraged further funding for drilling in the area;

**Nyota Minerals (2009-2013)**. Minerva, GPMC’s parent company, was acquired by Nyota Minerals Ltd in July 2009. Immediately after the takeover, a maiden inferred resource of 690,000oz gold was independently estimated by Hellman & Schofield Pty. Ltd (H&S) in September. Nyota carried out systematic exploration at Tulu Kapi, performing an early trenching programme (234m); 42,000km-lines of airborne geophysics (magnetics and radiometrics) covering all licences and ground magnetic and IP-resistivity surveys;

By Dec 2012, Nyota had drilled a total of 305 diamond holes for 71,015m and 401 RC holes for a total of 51,543m, including 70 hydro RC holes totaling 6,202m, and excavated 16 trenches for a total length of 349m and had spent a total of ca. US\$50M;

The **Oct 2012** resource estimate was based upon 189 diamond holes and 302 RC holes totaling 86,873m. The resource comprised **14.6mt @ 2.36 g/t for 1.11 Moz (indicated) and 10.3mt @ 2.3 g/t for 764,000oz (inferred)**, using a 0.5 g/t gold cut-off;

Deeper drilling discovered a high-grade **“feeder zone”** at depth, immediately below the planned open cut: drill hole TKBH-074 intersected **25.7m @ 23 g/t**. The high-grade gold mineralisation remains open along strike, down plunge and at depth. Notably, the most northerly hole drilled into the deepest portion of the deposit intersected **90m @ 3 g/t** gold;

Nyota completed the DFS in December 2012 and submitted it to the Ministry of Mines in 2013. The DFS evaluated construction of a 2 Mtpa CIL processing plant and estimated initial **capital expenditure of US\$289 million**, including an allocation for working and sustaining capital. The gold price reached US\$1,800/oz in 2012 and the DFS was based on a gold price of US\$1,500/oz. But the gold price declined rapidly in 2013 to close the year at US\$1,200/oz. Unable to finance, Nyota could not apply for a Mining Licence and was forced to sell out; <sup>16</sup>



### KEFI Minerals (December 2013 to date)

The “**discovery**” by KEFI was essentially one of geological interest as KEFI had discovered several new gold occurrences in its JV exploration properties in Saudi Arabia that were associated with felsic dykes and albite alteration. A search of similar styles of mineralisation led to the company geologists to research the Tulu Kapi deposit in early 2013;

The decline of the market capitalisation of Nyota soon after the announcement of the DFS and its 2 Moz @ 2.3 g/t Au Resource led **KEFI to approach the vendor** for a business arrangement in mid-2013. **Due diligence** showed that capital costs could be significantly lowered for mining infrastructure, equipment and plant, and a switch to contract mining rather than owner-operated mining;

Furthermore, **some selective mining** was possible as a means of minimizing ore dilution thanks to the distinction in colour between ore (white albite alteration) and waste (green);

KEFI acquired **100% project ownership** from Nyota in two tranches; 75% in December 2013 and the remaining 25% in September 2014. The Government of Ethiopia is entitled to a 5% free-carried interest in an operating mine;

KEFI's subsequent **desk-top study in 2013** confirmed KEFI's earlier notion that the Tulu Kapi deposit should be an economic 1Moz Au open cut mine. The 2012 DFS had a reasonable SR of 9:1, metallurgical recoveries of 93%, cheapest electricity in the world (3c/kWh), and reasonably close to major infrastructure and supply centres;

KEFI has confirmed its initial findings and completed a new **DFS in 2015**;

KEFI has succeeded in **upgrading the Resource Model and Ore Reserves**, and significantly **lowering costs for Capex** from the previous vendor's \$290M to **\$180M**;

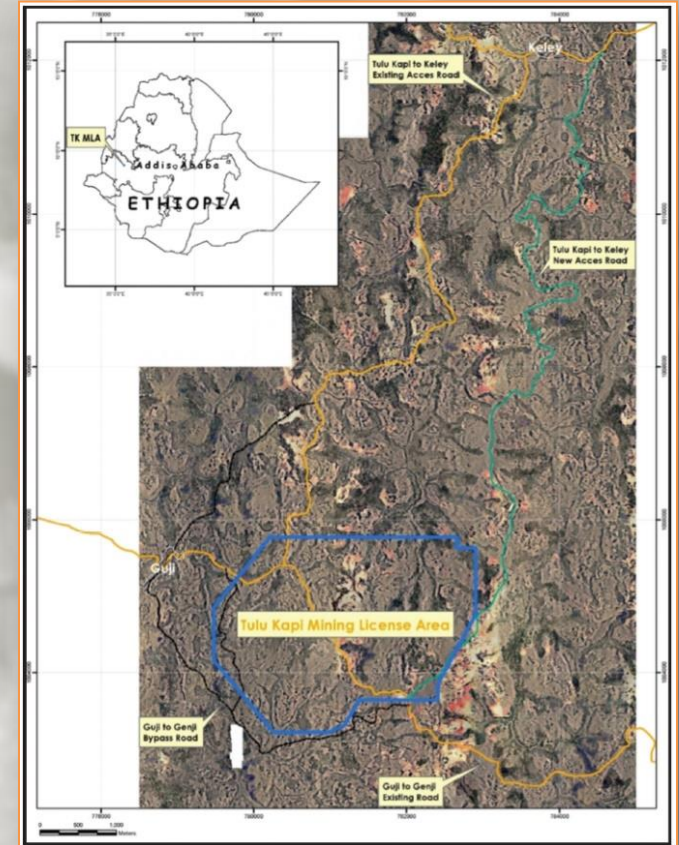
**At \$1,250 oz Au price, projected cash flow is \$74M pa before debt service & tax;**

**Unit Costs are AISC c. \$800/oz and AIC c. \$933/oz, which is in the best quartile globally;**

After **acquiring** Tulu Kapi in **December 2013**, KEFI reviewed and interpreted the extensive previous data assembled, carried out trenching and limited drilling to increase geological understanding and to verify the previous resource model;

In **March 2014** using the same resource estimation methodology of the vendor, KEFI was able to **upgrade the Indicated Resource by 68% to 21.2mt @ 2.73 g/t for 1.86 Moz gold (from 1.11 Moz @ 2.36 g/t)** by updating the database to include a total of 71 infill holes drilled by Nyota in late 2012 after the October 2012 DFS resource estimate;

As a result of upgrading the Indicated Resource, the Inferred Resource was reduced to 2.9mt @ 2.03 g/t for 189,000oz gold (from 764,000oz @ 2.30g/t);



**Tulu Kapi Mining Licence (blue) and access tracks, orange. A sealed road lies 12km to the west. Power will be brought from Gimbi 49km to the north**



To support this new resource estimate and geological interpretation, **KEFI** carried out **trenching** and **RC drilling** from Feb to **May 2014**. 82 trenches (1,050m) and 30 RC holes (4,283m) in the open pit area;

Results confirmed the north-east strike continuity of mineralisation. The individual vein zones can be traced for up to 200-400m along strike at surface and up to 500m down dip in drilled sections;

In **August 2014**, Snowden Consultants performed an independent resource estimate using ordinary kriging with dynamic anisotropy to align the local strike and dip of the mineralised trends and confirmed KEFI's previous March resource estimate;

In **February 2015**, Snowden confirmed an updated resource at a 0.3g/t gold cut-off by KEFI which incorporated wire framing of the mineralised lodes to improve the confidence in the geological model. The main difference in this estimate and the August 2014 estimate is a lower inferred resource, the indicated remaining the same at slightly higher grade and total ounces;

**Total Resource is 20Mt at 2.65g/t Au, 1.72oz and Reserves of 15Mt at 2.12g/t Au, 1.05Moz.**



JORC (2012) Resource category	Reporting elevation	Cut-off (g/t Au)	Tonnes (Mt)	Au (g/t)	Ounces (million)
Indicated	Above 1400 RL	0.45	17.7	2.49	1.42
Inferred	Above 1400 RL	0.45	1.28	2.05	0.08
<b>Indicated and Inferred</b>	<b>Above 1400 RL</b>	<b>0.45</b>	<b>19.0</b>	<b>2.46</b>	<b>1.50</b>
Indicated	Below 1400 RL	2.50	1.08	5.63	0.20
Inferred	Below 1400 RL	2.50	0.12	6.25	0.02
<b>Indicated and Inferred</b>	<b>Below 1400 RL</b>	<b>2.50</b>	<b>1.20</b>	<b>5.69</b>	<b>0.22</b>
Total Indicated	All		18.8	2.67	1.62
Total Inferred	All		1.40	2.40	0.10
<b>Total Indicated and Inferred</b>	<b>All</b>		<b>20.2</b>	<b>2.65</b>	<b>1.72</b>

Table 3: Tulu Kapi resources as reported by Snowden in February 2015

JORC (2012) Reserve category	Cut-off (g/t Au)	Tonnes (Mt)	Au (g/t)	Ounces (Moz)
Probable - High grade	0.90	12.0	2.52	0.98
Probable - Low grade	0.50 - 0.90	3.3	0.73	0.08
<b>Total</b>	<b>Total</b>	<b>15.4</b>	<b>2.12</b>	<b>1.05</b>

Table 4: Tulu Kapi in-pit ore reserves as reported by Snowden in April 2015

KEFI pursued an alternative approach for Tulu Kapi aimed at significantly reducing the anticipated aggregate capital and operating expenditure, which provides less start-up risk and a higher overall return. Further refinements since the 2017 DFS Update further lifted annual processing capacity along with EBITDA and other estimates.

COMPARISON OF PROJECT PARAMETERS TULU KAPI GOLD DEPOSIT	KEFI DFS UPDATE MAY 2017 & ADJUSTED FOR CONTRACT MINER	KEFI SEP 14 OWNER-MINER REVIEWED	KEFI DEC 13 OWNER-MINER PRELIM EST	VENDOR OWNER-MINER DFS 2012
Total Investment	\$180M	\$150M	\$163M	\$289M
Project Finance	\$135M*	\$100M	\$100M	N.A.
Equity & Other	\$45M**	\$50M	\$63M	N.A.
Gold Production	980Koz	925Koz	852Koz	986Koz
All-in Costs	\$933/oz	\$844/oz	\$773/oz	\$995/oz
TPA Ore and Grade	1.5 to 1.7Mt@2.1g/t	1.2Mt@2.4g/t	1.2Mt@2.4g/t	2Mt@1.8g/t
Waste : Ore	7.4:1	10:01	7:01	9:01
EBITDA pa at \$1,250/oz	\$55M over 8 years	X 11 years	X 11 years	X 9 years
IRR A/T at \$1,250/oz (4)	22%	26%	42%	N.A.
NPV8% A/T@\$1,250/oz	\$97M***	\$83M	\$88M	N.A.

Notes: \*Includes capitalised interest over 30 months

\*\*Includes Government of Ethiopia buying 20% at Project level for \$20M

NPV\*\*\*At start of construction, \$272M at start of production

All-in Costs are All-in Sustaining Costs plus initial capital expenditure divided by gold production over life of mine



The Tulu Kapi region has typical **Precambrian geology** which is characterised by prominent hills of intrusive rocks and deeply incised valleys containing meta-sediments and meta-volcanic rocks;

At Tulu Kapi **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 been intruded. **Gold mineralisation extends over a 1,500m by 500m zone and is open at depth;**

The mineralisation is characterised by a simple mineralogy comprising gold, silver, pyrite and minor sphalerite and galena. The gold is free milling with **metallurgical recoveries averaging 93%** for oxide and sulphide ore in the planned open pit;

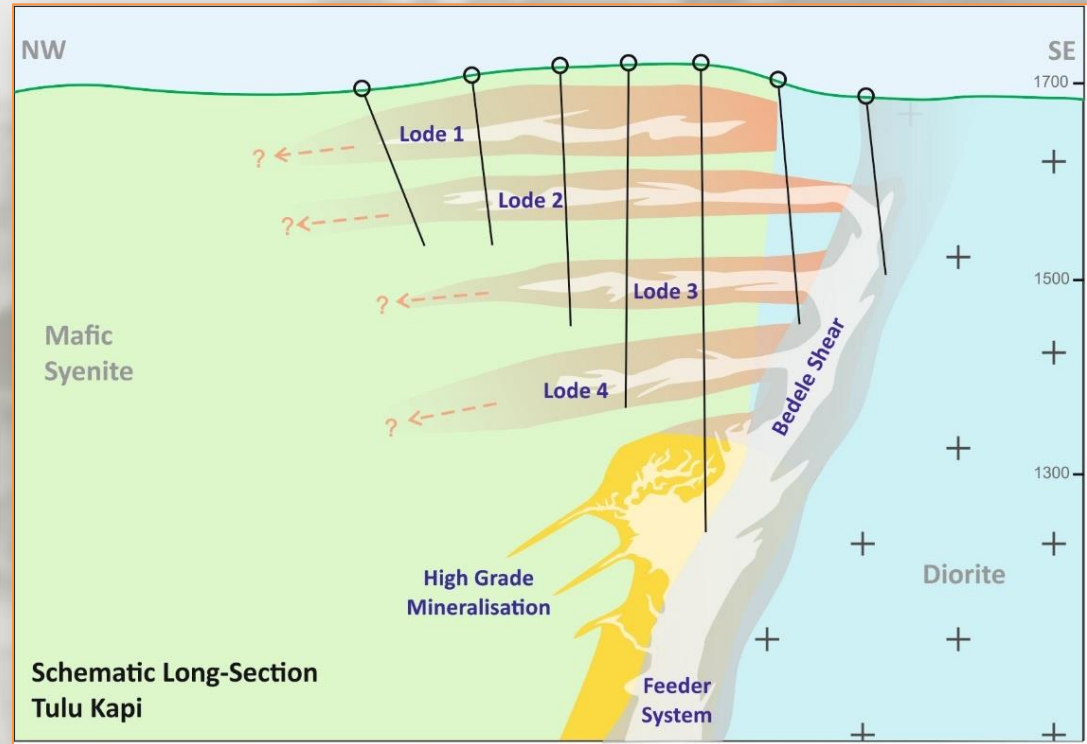
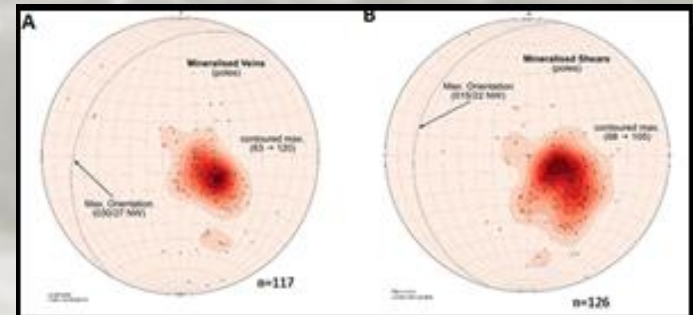
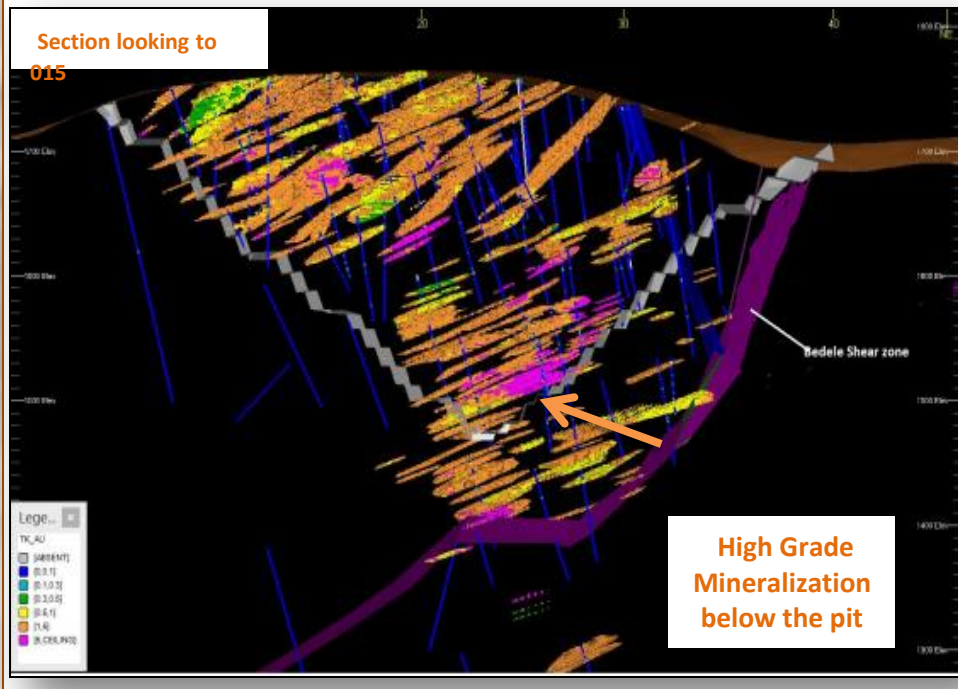


Figure above shows a simplified version of the vein swarm and a zone adjacent to the Bedele Shear Zone that is characterised by significantly higher gold grades, with occasional coarse visible gold, more base metal sulphides. It was initially called a “feeder zone”, but more likely just a higher grade zone of the stacked Qtz-Ab vein system

Tulu Kapi deposit comprises a series of stacked gold bearing quartz-pyrite-carbonate veins within albite altered zones that dip 20-30° WNW



Stereographic plot:

- (A) Pole to mineralised veins Max= 030/27NW
- (B) Pole to mineralised shears (015/22 NW)





The mineralisation commonly occurs in veins, crackle zones and minor breccia zones. The typical Tulu Kapi **gold mineralisation** is associated with **sulphide-bearing albite alteration and quartz veins** (replacement and fracture fillings). Albite occurs as overgrowths on original syenite feldspar and also as newly formed crystals in veins and cavities.

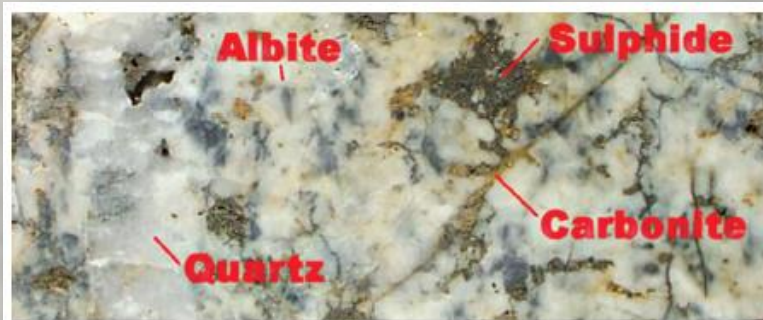


Figure 16. Hand Specimen. Albitised syenite (white) with quartz vein and sulphide overprint. WOF c5.0cm. Slab (Taylor, 2008)



Figure 17. Specimen from interval with 8.85 g/t Au. Albitised syenite (white) with sulphide overprint. WOF 5.0cm. Slab. (Taylor, 2008)



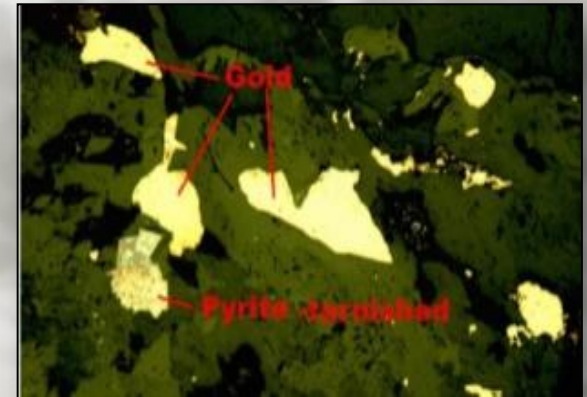
Figure 11: Quartz and pyrite in albitised syenite overprinted by a shear fabric. GKP-11. (photo Pollard, 2008)



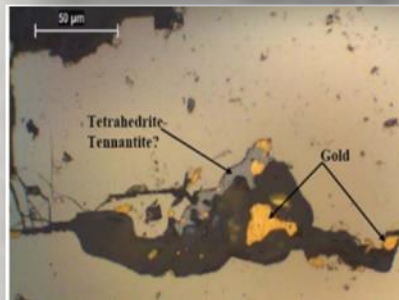
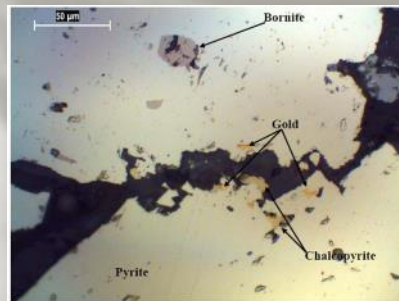
Figure 13: Albitised syenite cut by a vein with quartz, carbonate and pyrite. Core specimen TKBH-010 (photo Pollard 2008)



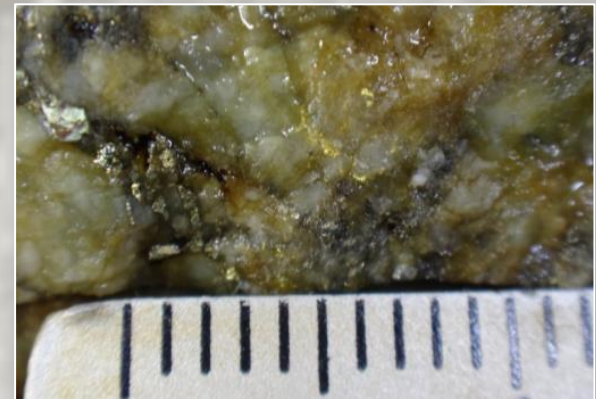
Sulphide assemblage, reflected light:  
TKBH\_014, (Taylor, 2008)



Gold cluster, reflected light: TKBH\_014 (Taylor, 2008)



Gold grains reflected light  
(Pollard, 2007)



BHID	FROM	TO	Au	Ag	As	Bi	Cd	Cu	Pb	Sb	Se
TKBH_285	384.1	385	42	4.68	2.9	0.11	0.37	43.1	16.5	3.4	0.7

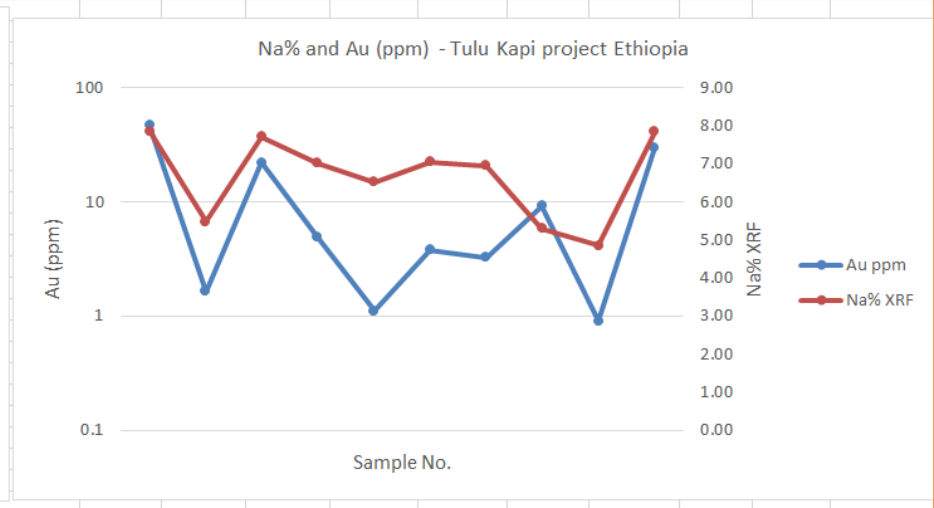
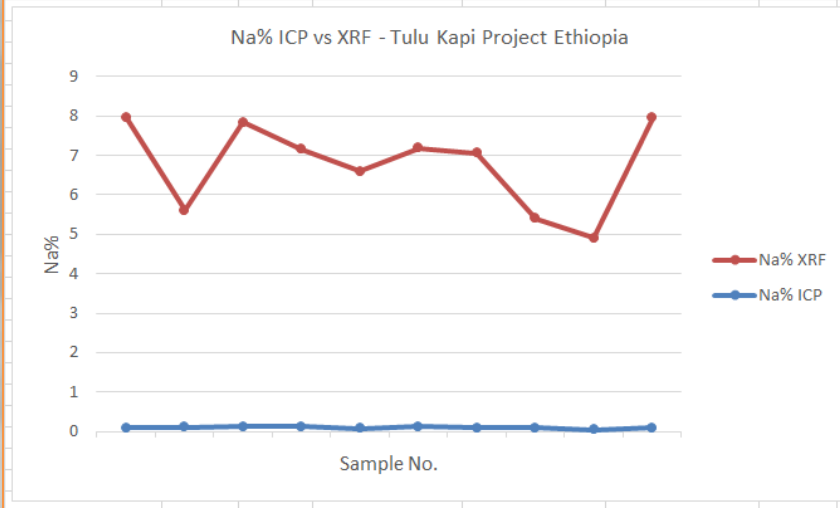
- Sulphides represented mainly by pyrite often associated with Ilmenite, lesser marcasite bornite,) sphalerite, galena and trace of chalcopyrite & arsenopyrite
- Lack of considerable arsenic, antimony and tellurium minerals suggest that the majority of gold could found as a free gold



BHID	From	To	Au (ppm)_ALS	Na(%)_ALS	Na (%)_XRF	CaO(%)	Al2O3(%)	Fe2O3(%)	SiO2(%)	P2O5(%)	TiO2(%)	MnO(%)	MgO(%)	Cr2O3(%)	K2O(%)	LOI(%)	NYO_log
THBH_074	422	423	46.9	0.09	7.87	1.88	14.08	17.29	49.04	0.09	0.69	0.09	0.56	<0.01	0.19	5.30	Ab. Si, Py
THBH_109	131	132	1.65	0.11	5.49	0.32	10.71	4.34	72.77	0.02	0.25	0.02	0.01	<0.01	0.53	2.27	Ab. Si, Py
TKBH_070	240.5	241.5	22.1	0.13	7.71	1.22	13.74	9.04	58.55	0.08	0.55	0.13	0.14	<0.01	0.51	5.26	Ab. Py
TKBH_086	141.32	142.8	4.87	0.13	7.02	0.57	12.63	14.54	49.16	0.11	0.45	0.06	0.15	<0.01	0.17	12.01	Ab. Py
TKBH_141	161.56	162.82	1.11	0.07	6.53	3.04	14.17	7.91	59.68	0.13	0.79	0.22	0.42	<0.01	1.53	3.99	Ab. Py
TKBH_192	43.46	44	3.8	0.13	7.05	0.27	12.93	15.10	53.49	0.10	0.52	0.29	0.13	<0.01	0.28	7.42	Ab. Py
TKBH_215	83	84	3.27	0.1	6.96	0.42	13.54	9.88	59.96	0.19	0.69	0.43	0.14	<0.01	0.47	5.87	Ab. Py
TKBH_216	121.00	122.00	9.22	0.1	5.30	0.42	14.18	7.08	64.28	0.25	0.69	0.04	0.25	<0.01	1.66	3.89	Ab. Py
TKBH_220	100	101	0.91	0.05	4.86	2.32	10.77	5.72	69.66	0.06	0.51	0.07	0.32	<0.01	1.05	2.43	Ab. Py
TKBH_228	29	30	30	0.1	7.85	0.12	13.94	7.28	64.48	0.07	0.20	0.18	0.10	<0.01	0.15	3.37	Ab. Py

ALS Chemix Lab\_NYO (ICP\_AES\_Na) (Au\_FA with AAS finish)

Al\_Amri 2014\_XRF



Further research for similar deposit styles in Saudi and the ANS resulted in KEFI's attention on the Tulu Kapi prospect in Ethiopia.

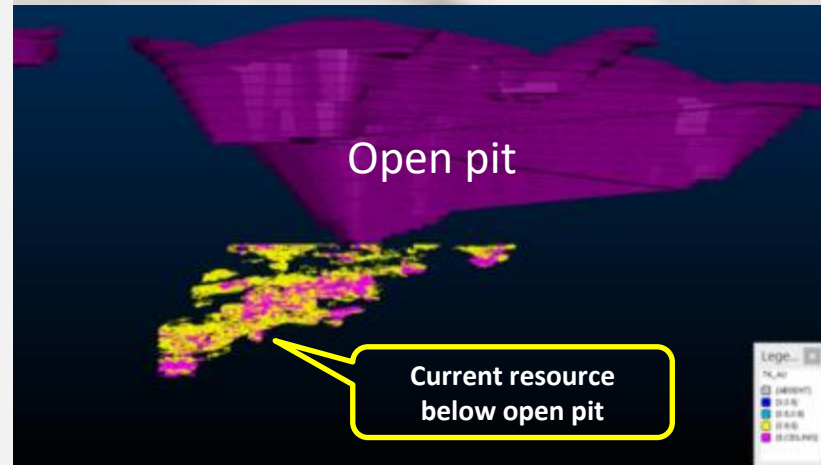
### The underground provides strong upside

Thick, high-grade gold zones below open pit

#### Preliminary studies based on current resource only:

- **Open Pit + Underground production ≈ c. 200Koz pa**
- Additional NPV<sub>8%</sub> ≈ \$23M (at \$1,200/oz)
- **Low AISC of c.\$845/oz** for underground
- Mineable resource outside open pit is Gold**1.3Mt @ 5.2g/t Au containing 220Koz**
- Mineralisation open at depth, along strike and down plunge
- Gold grades increase and ore lenses thicken with depth
- **Gold mineralisation is expected to extend deeper and +800m further north**
- **Potential to mine 1Moz below open pit**

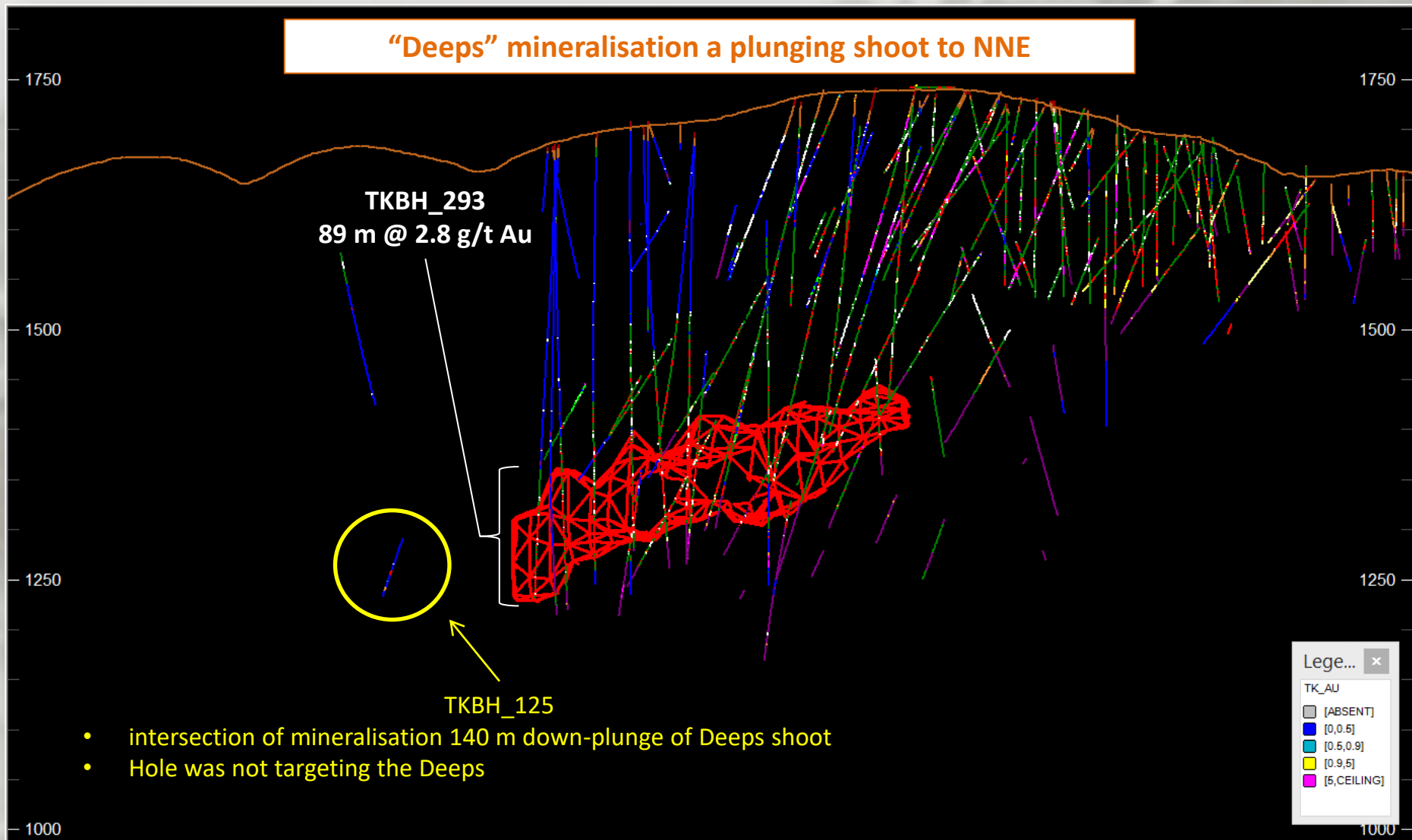
### Current underground resource<sup>1</sup>



1) Resource blocks below open pit: >1.5g/t Au (yellow) >5g/t Au (pink)



### "Deeps" mineralisation a plunging shoot to NNE

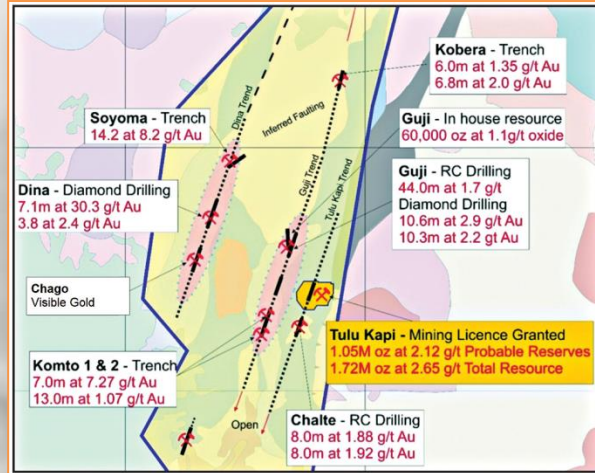




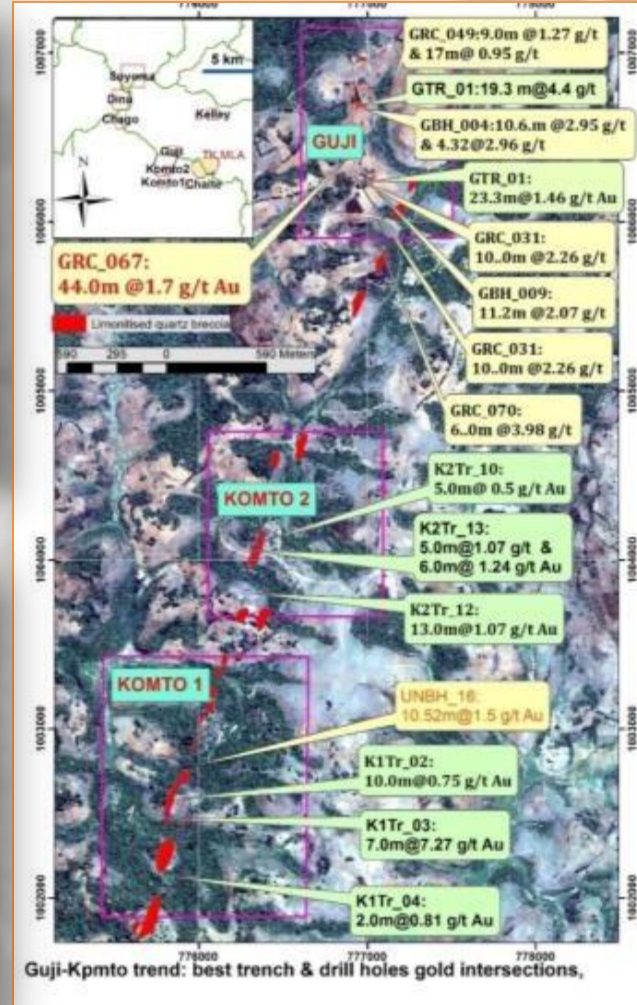
BHID	FROM	TO	Au	Ag	Ratio	As	Bi	Cd	Cu	Fe	In	Mo	Pb	Sb	Se	Te	Zn
TKBH_285	378	379	10.45	3.98	0.38	23.4	0.04	0.17	117	7.4	0.01	1.49	82.2	0.77	0.7	0.02	13
TKBH_285	379	380	5.52	2.97	0.54	44.3	0.17	2.24	101	5.71	0.01	1.36	373	1.19	0.6	0.03	461
TKBH_285	380	381	9.29	3.1	0.33	39.1	0.18	7.09	106	6.88	0.01	1.32	328	2.21	0.8	0.03	1660



## TULU KAPI NEAR-MINE EXPLORATION FURTHER TESTING OF GUJI-KOMTO BELT



Stockwork quartz + FeOx mineralisation in meta-sediments at Komto 2



KEFI can quickly add to Tulu Kapi low-cost, open-pit gold production

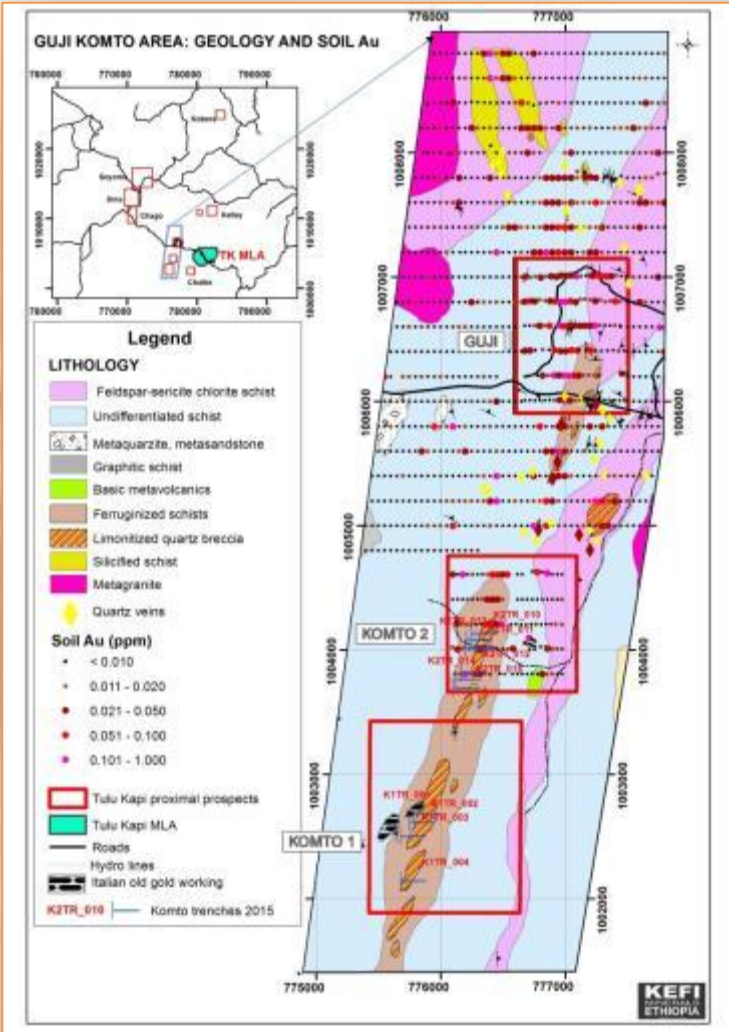
Shallow gold resources within trucking distance of TK processing plant or as a stand-alone heap-leach operations

Potential for **300-500Koz** at **1.5g/t Au** of oxides in shallow open pits (40m depth) along the +9km long Komto-Guji Belt

Initial heap leach operations could produce an **additional 50Koz p.a.** with low stripping ratios and high gold recoveries

**Low operating and capital costs** as infrastructure provided by the planned Tulu Kapi mine






**VG in Guji drill sample**



**Limonitised quartz stockwork: Komto primary gold mineralisation**



- Eight gold targets proximal to Tulu Kapi (from 2 to 15 km) with significant and encouraging trench and drill intersections
- Longer term target to increase Tulu Kapi Mine life

Targets	Best Trench	Best Drill	Remarks
<b>Guji</b>	19.3 m @ 4.4g/t Au 32.6 m @ 0.76 g/t Au, (Including 7m @ 1.2 g/t Au)	10 m @2.85 g/t 44 m@ 1.7 g/t 10.3 m@2.23g/t (Inc.2.3 m@6.24g/t) 10 m @ 2.26 g/t;	Significant intersections at shallow depth, quartz vein and pyrite zone
<b>Komto I Komto II</b>	7 m @ 7.27 g/t; 13 m@1.07 g/t 6 m@1.24 & 5 m@1.07	Historical drilling (UN, 1972) 10.52 m @1.6 g/t	
<b>Soyoma</b>	14.2 m @8.2g/t 3 m @ 4.2 g/t & 2 m@2.75 g/t 4.8m@ 2g/t		Au in soil, mineralized quartz vein & Au old working sites indicates a possible strike continuity of > 1km
<b>Dina Chago</b>	8.75m@ 1.23g/t	7.1 m@30.3g/t 3.8 m @2.4g/t	Strong geochemical anomaly (Au+ As) > 3km, old primary Au workings

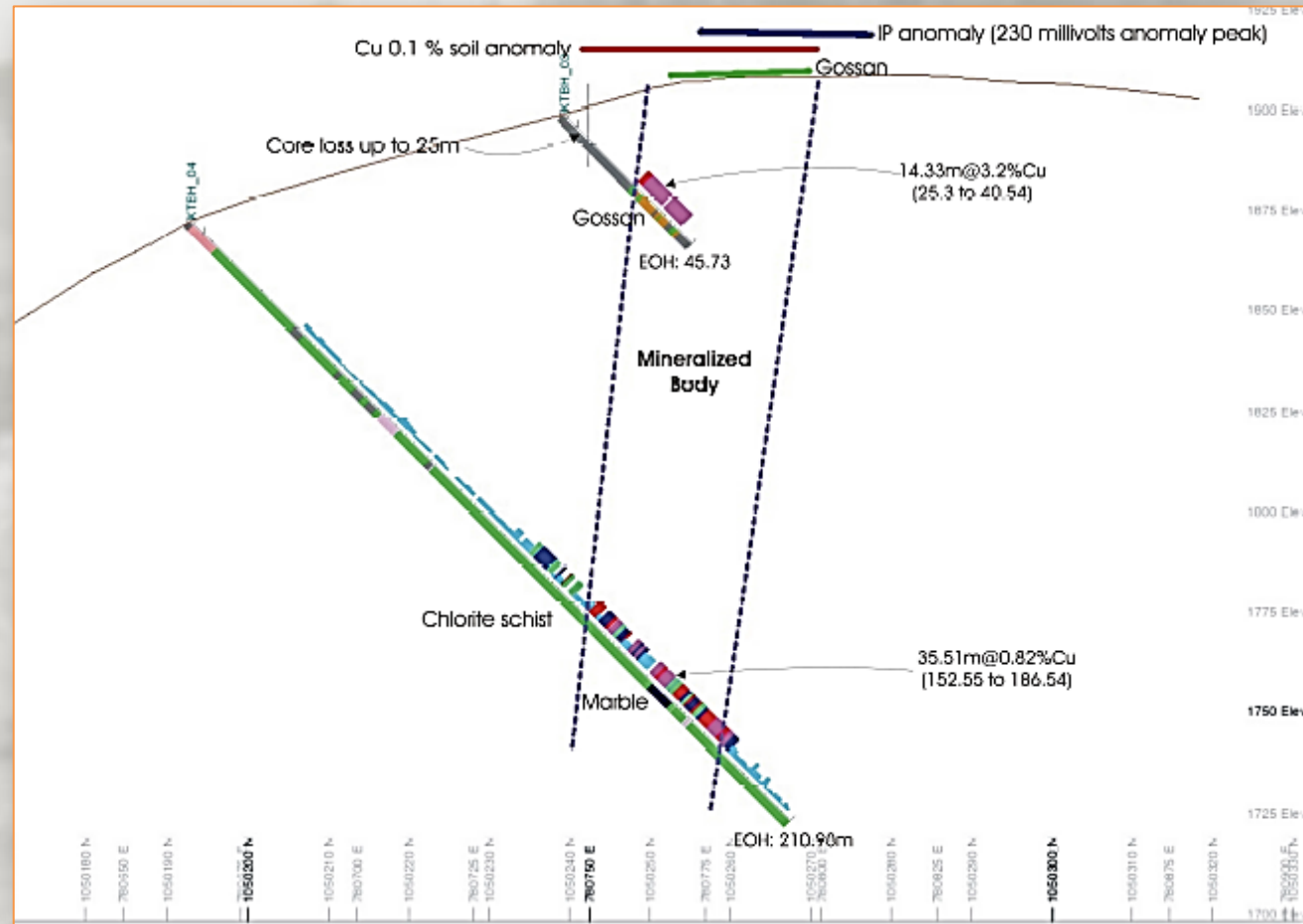
High grade copper in new VMS prospect within 50km of Tulu Kapi Mining Licence;

United Nations identified 6 new Cu bearing gossans in 1974 and drilled 6 diamond drill holes in the 1970's over a 600m strike in one gossan;

Best intercept of **14.3m at 3.2% Cu** at end of hole;

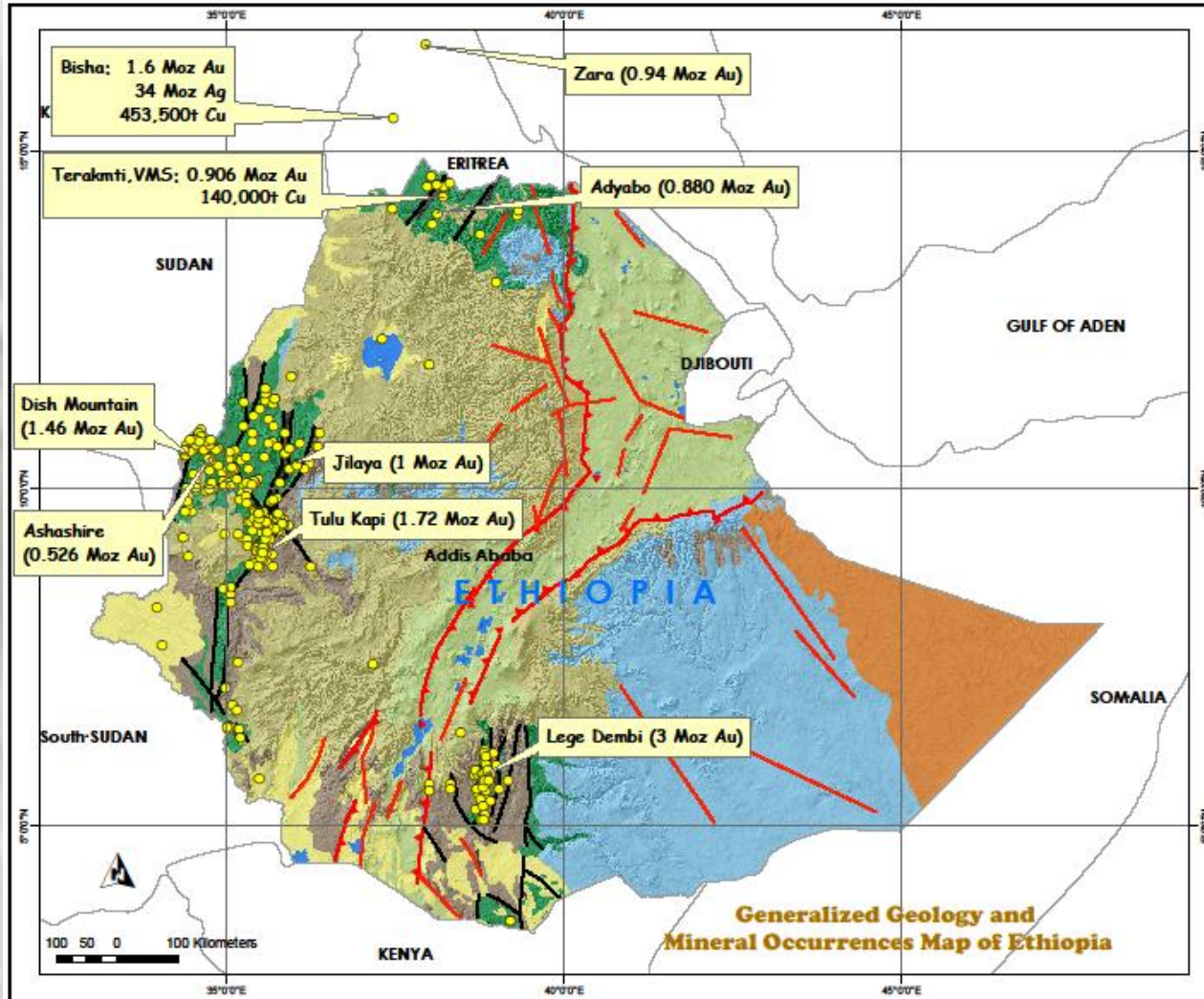
The **gossan is 30m wide**, is open along strike and depth. Soil geochemistry defines a +2km copper anomaly. Gold was not assayed;

**Potential for 10-20Mt at 1.5% Cu**





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



- **Highly prospective - limited modern exploration**
- Lege Dembi is the only operating Au mine
- Dish Mountain and Ashashire represent an undeveloped +2Moz Au district
- East African's high-grade Au and Cu at Terakimti and Adyabo are at feasibility stage
- **KEFI is targeting gold, base-metals and strategic metals throughout Ethiopia**
- Strong support and investment from **Ethiopian Government**

**Discovery of Tulu Kapi** was a culmination of many factors over a long period of time. The Arabian-Nubian Shield was long known to host many thousands of gold and base metal occurrences and was a good place to explore, which brought the initial Italian interest.

The long history of discovery involved at least **seven entities**; S.A.P.I.E, UNDP, GSE, Tan Range, Minerva, Nyota and KEFI over circa 80 years.

World wars and politics and gold price retarded recognition of the resource potential until the **multi-million ounce potential** was realised in 2009-2010.

**KEFI's** interest and **100% acquisition** of the Tulu Kapi started in **2013** with researching other gold deposits in the ANS associated with albite alteration and having an experienced team recognising that the project could be made to be a **viable and profitable** gold mine.

**KEFI has over-hauled the project** and reduced **Capex** from the previous vendor's \$290M to **\$ 180M** and is in the advanced stages of financing the project and planned construction to start in H1 2018.

**At \$1,250 oz Au price, DFS-level cash flow is \$55M pa before debt service & tax over 8 years. Recent revised plan to increase annual throughput by 25% lifts EBITDA to \$74M and improves other economics**

**Unit Costs are AISC ca. \$800/oz and AIC ca. \$933/oz, which is in the best quartile globally.**





**THANK YOU**



**Harry Anagnostaras-Adams, Executive Chairman**  
**Wayne Nicoletto, Chief Operating Officer**  
**John Leach, Finance Director**

**Cyprus** - Group corporate team

**Ethiopia** - Development and exploration teams

**Saudi Arabia** - Exploration team

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