



INVESTOR PRESENTATION  
MARCH 2018

# DISCLAIMER



This presentation does not constitute investment advice. Neither this presentation nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction. This presentation does not take into account any person's particular investment objectives, financial resources or other relevant circumstances and the opinions and recommendations in this presentation are not intended to represent recommendations of particular investments to particular persons. To the fullest extent permitted by law, Armadale Capital PLC does not make any representation or warranty, express or implied, as to the accuracy or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this presentation. No responsibility for any errors or omissions from this presentation arising out of negligence or otherwise is accepted.

This presentation may include forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Armadale Capital Plc. These risks, uncertainties and assumptions include commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates. Actual values, results or events may be materially different to those expressed or implied in this presentation. Given these uncertainties, readers are cautioned not to place reliance on forward looking statements. Any forward looking statements in this presentation speak only at the date of issue of this presentation subject to any continuing obligations under applicable law, Armadale Capital Partners Ltd does not undertake any obligation to update or revise any information or any of the forward looking statements in this presentation only changes in events, conditions or circumstances on which any such forward looking statement is based.

Exploration Targets: It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this presentation relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context in this presentation. The potential quantity and grade of resource targets are conceptual in nature since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.



CORPORATE



# OVERVIEW

- AIM listed investment company providing investors with exposure to high quality resource assets in Africa
- Portfolio of interests:

<b>Mahenge Liandu Graphite Project</b> Tanzania – 100% owned	<ul style="list-style-type: none"><li>High grade coarse flake graphite project – contiguous with world-class graphite development projects</li></ul>	<ul style="list-style-type: none"><li>Provides exposure to the rapidly expanding lithium battery market and other high-tech industries</li></ul>	<ul style="list-style-type: none"><li>JORC resource of 40.9Mt @ 9.41% TGC, of which at least 32Mt has an average grade of 10.47% TGC</li></ul>
<b>Mpokoto Gold Project</b> Democratic Republic of Congo – 80%	<ul style="list-style-type: none"><li>HoA signed with Radismore Ltd for sale of the Mpokoto Gold Project in the DRC</li></ul>	<ul style="list-style-type: none"><li>US\$562,500 payment and a 1.5% royalty on gold produced ensuring near term capital plus long term exposure to production upside</li></ul>	<ul style="list-style-type: none"><li>Enables the Company to crystallise value of Mpokoto and redirect capital and resources to core graphite interests</li></ul>
<b>Listed investment portfolio</b>	<ul style="list-style-type: none"><li>JSE listed portfolio which are rebalanced periodically</li></ul>		

- Highly experienced board and management team focussed on the development of its priority investments, identification of complementary interests and the creation of value for shareholders



\* See announcement of 12 January 2018 “Armada le agrees to sell non-core Mpokoto Project”

## STRATEGY



- Primary focus on the Mahenge Liandu Graphite Project – high grade coarse flake graphite project which the Board believe has significant commercial and strategic value
- Graphite focus provides exposure to two rapidly growing markets:
  - Spherical graphite for lithium-ion battery manufacturers to meet accelerating demand for electric vehicles and power storage equipment
  - Expandable graphite for flammable retardant building materials to replace toxic brominated products, due to likely regulatory changes
- Heads of Terms signed to sell Continued support of advancing Mpokoto Gold Project towards production with updated mine plan to fast track production expected in Q4 – development and funding managed by JV partner Kisenge Mining Pty Ltd
- Active management of the Company's JSE listed portfolio to generate returns for ACP investors
- Evaluation of additional potentially value accretive opportunities which meet the Company's investment criteria

# CORPORATE INFORMATION



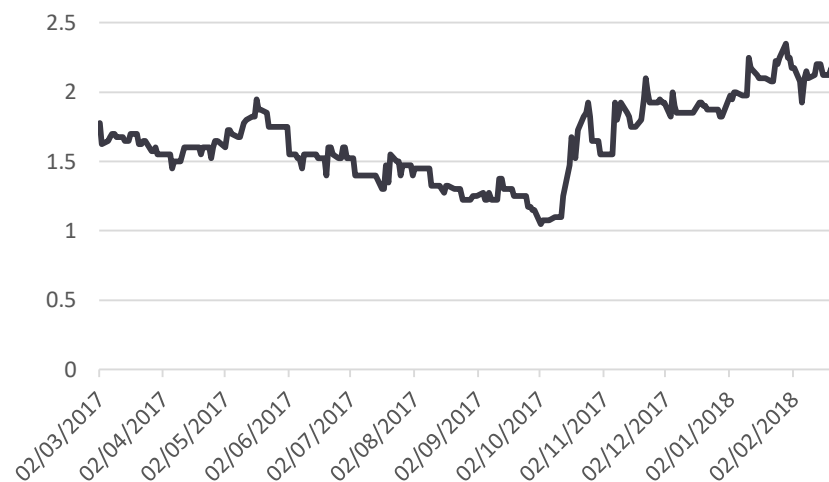
## CAPITAL STRUCTURE

EPIC	ACP
Shares on issue	244.64m
Share Price (22 Feb 2018)	2.02p
52 week high / low	2.66p/1.00p
Market cap	£4.94m
Avg. daily volume (shares)	813,000 (3 mths)

## SUBSTANTIAL SHAREHOLDERS

Kabunga Holdings Pty Ltd	12.05%
HSDL stockbrokers	7.20%
SVS Securities	6.25%
Hargreaves Lansdown	5.83%
Barclays Stockbrokers	5.40%
Pershing Nominees	4.85%
Resource Corporate	4.70%
TD Waterhouse stockbrokers	4.35%
Directors	1.70%
Private Investors	16.44%

## ACP SHARE PRICE CHART (12-MONTHS)



## ADVISERS

finnCap Ltd	Nomad & Joint Broker
Beaufort Securities	Joint Broker
St Brides Partners	PR & IR Consultant

# BOARD & MANAGEMENT



**EMMANUEL STEVE MAHEDE  
BENG MBA**

**NON-EXECUTIVE DIRECTOR**

- Originally from Tanzania and has some 35 years' experience in mining related project management, including as CEO for many years, in Australia and Africa.
- Has an MBA from Murdoch University and engineering degree from the University of Western Australia.

**NICHOLAS JOHANSEN  
BECON GDLP LLB (HONS)**

**NON-EXECUTIVE DIRECTOR**

- Considerable legal experience in junior mining exploration and producing companies in many different commodities as well as an expert on environmental regulation.
- Established his own legal practice in March 2015 after leaving Ward Keller, a Darwin based law firm, which he joined in 2008.
- Has a law degree with honours from Charles Darwin University and Bachelor of Economics from the University of Adelaide.



## GRAPHITE INTERESTS



# GRAPHITE MARKET

Rapidly expanding market driven by demand for:



**Expandable graphite**  
for flammable  
retardant materials



**Graphene**  
used in numerous ways including  
electronic, medical, chemical and  
industrial processes



**Graphite paper/sheet**  
used for sealing  
gaskets, tapes and  
packing



**Lithium ion  
batteries**



**Graphite foil**  
used in electronic  
products like smart  
phones/tablets

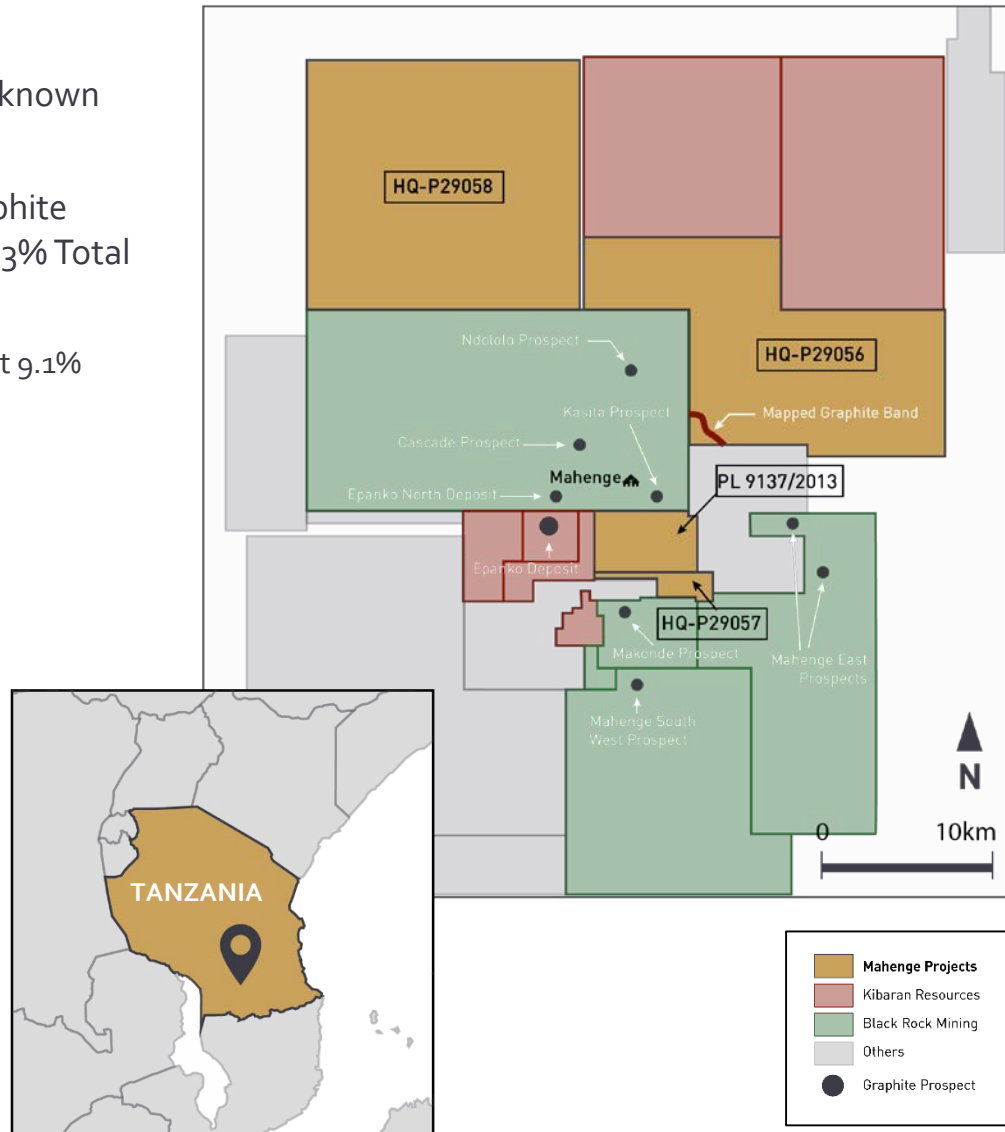
- Increasing demand for electric vehicles which could reach >5 million by 2020 (from <1 million in 2015)
- Further demand for energy storage units to enable the use of power generated by solar/wind during off-peak periods
- More than a dozen new lithium-ion gigafactories underpinning 200GWh expansion by 2020
- Implies 400kt 'spherical graphite' needed – or 800kt feedstock if yield is 50% and all naturally sourced



# SNAPSHOT OF MAHENGE LIANDU



- Two tenements covering 29.9km<sup>2</sup> in a area of known high grade mineralisation in Tanzania
- Demonstration of near surface high grade graphite deposit with an Inferred Resource 51.1Mt at 9.3% Total Graphitic Carbon ('TGC')
  - Including 38.7Mt Indicted at 9.3% and 12.4Mt at 9.1% TGC
- Benefits from established infrastructure:
  - Mains power within 5km
  - 80km by road to central rail hub at Ifakara
  - Direct rail access to Dar es Salaam 320km away
  - Labour and materials available within 10km at Mahenge township





## FLAKE SIZE DISTRIBUTION RESULTS

- ▀ The flake size distribution compares favourably to other projects
- ▀ > 48% within the large, jumbo and super jumbo sizes > 180  $\mu\text{m}$
- ▀ Very low proportion in the lower size fractions
- ▀ Purity was very good for the medium size fractions used to make spherical graphite which is used in the production of lithium-Ion batteries

Flake size	Distribution %	Purity % TGC
500 $\mu\text{m}$	3.8	98.2
300 $\mu\text{m}$	20.9	98.2
180 $\mu\text{m}$	23.5	98.2
150 $\mu\text{m}$	18.3	98.5
106 $\mu\text{m}$	13.0	98.7
75 $\mu\text{m}$	8.5	98.6
25 $\mu\text{m}$	8.0	98.1
-25 $\mu\text{m}$	3.9	95.7



## EXPANDABILITY TEST WORK RESULTS

- Expandability test work has show excellent results with excellent expansion for flake sizes over  $> 106 \mu\text{m}$
- Very strong expansion for the larger flake sizes up to  $480\text{cm}^3/\text{g}$

Flake Size	800 Degrees C	1000 Degrees C
$> 500 \mu\text{m}$	$440\text{cm}^3/\text{g}$	$480\text{cm}^3/\text{g}$
$> 300 \mu\text{m}$	$370\text{cm}^3/\text{g}$	$420\text{cm}^3/\text{g}$
$> 180 \mu\text{m}$	$300\text{cm}^3/\text{g}$	$380\text{cm}^3/\text{g}$
$> 106 \mu\text{m}$	$210\text{cm}^3/\text{g}$	$230\text{cm}^3/\text{g}$
$> 75 \mu\text{m}$	$165\text{cm}^3/\text{g}$	$170\text{cm}^3/\text{g}$
$< 75 \mu\text{m}$	$99.65\text{cm}^3/\text{g}$	$115\text{cm}^3/\text{g}$

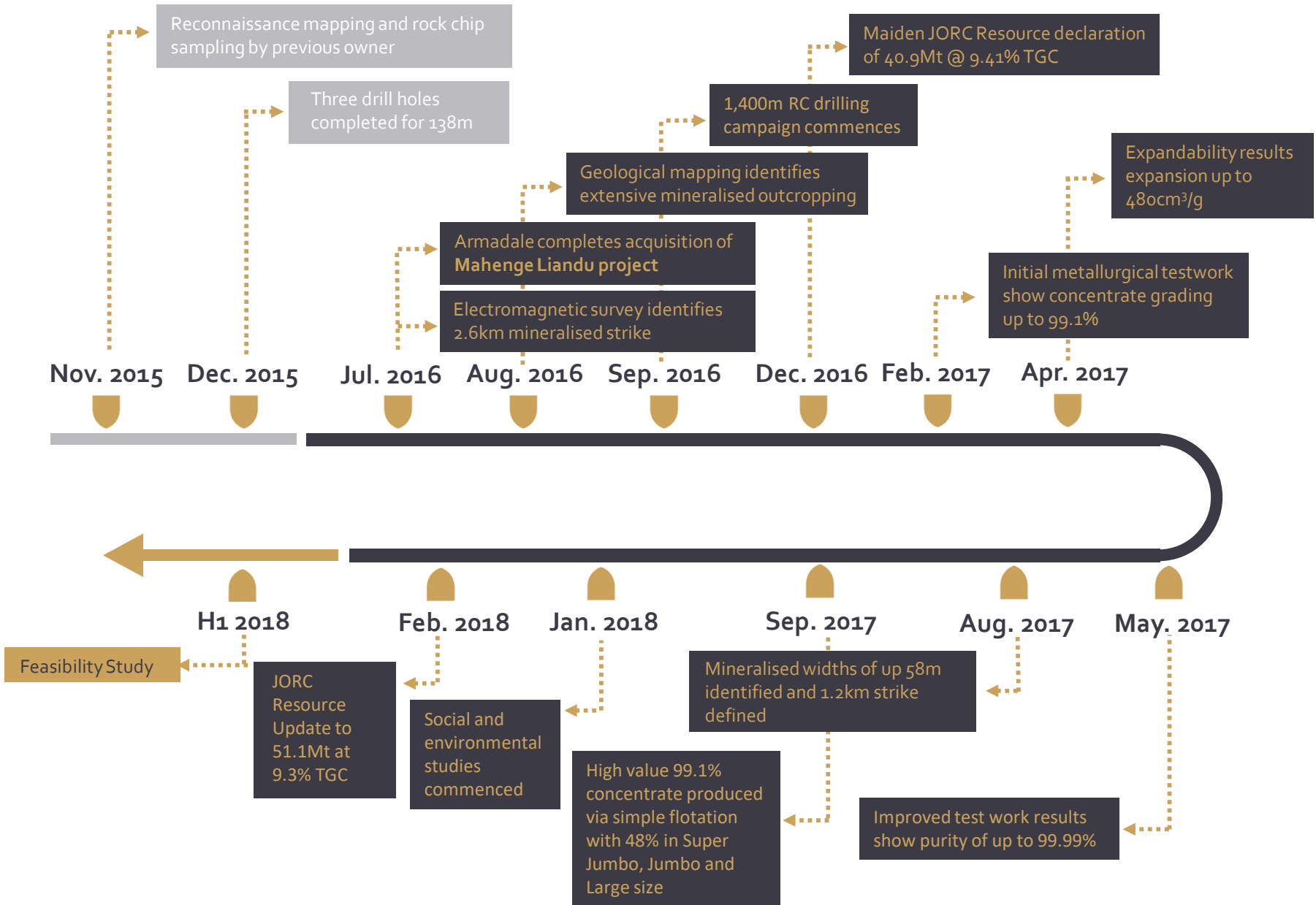


## EXCEPTIONAL GRAPHITE PURITY

- Exceptional graphite purity at or above 99% TGC for most size fractions
- Medium to small flake sizes suitable for the lithium ion battery market show excellent purity
- Results achieved with simple flotation process

Flake Size	Weight %	TGC %
> 500 $\mu$ m	1.3	99.0
> 300 $\mu$ m	15.3	99.0
> 180 $\mu$ m	22.6	99.1
> 150 $\mu$ m	19.9	98.9
> 106 $\mu$ m	15.3	99.1
> 75 $\mu$ m	10.3	99.1
< 75 $\mu$ m	15.1	97.6

# MAHENGE LIANDU DEVELOPMENT



# RESOURCE STATEMENT



	Tonnage (Mt)	% Cut-Off TGC	Average %TGC
Inferred	12.4	3.5	9.1
Indicated	38.7	3.5	9.3
Measured	0	3.5	0
<b>Total</b>	<b>51.1</b>	<b>3.5</b>	<b>9.3</b>

- The Resource contains areas of high grade near surface mineralisation. Armadale is currently working on mine optimisation with a focus on targeting this near surface high grade mineralisation
- Some of the better near surface high-grade intercepts include:
  - 6m @ 12.8% Total Graphitic Content ('TGC') from surface
  - 14m @ 16.7% TGC from 2m
  - 15m @ 14% TGC from surface
  - 11m @ 14.8% TGC from 15m
  - 10m @ 18.5% TGC from 16m

# GRAPHITE PEER ANALYSIS

							Reserves			M&I Resource			M,I&I Resource			Valuation		
Names	Listed	Project	Location	Stage	Mkt Cap (US\$m)	Enterprise Value (US\$m)	Tonnes (M)	TGC (%)	Contained Graphite (Mt)	Tonnes (M)	TGC (%)	Contained Graphite (Mt)	Tonnes (M)	TGC (%)	Contained Graphite (Mt)	EV/P&P	EV/M&I	EV/M,I&I
Syrah Resources	ASX	Balama	Mozambique	BFS	887	724	114.5	16.6	18.60	261.0	11.0	28.7	1,191.0	11.0	131.0	38.9	25.2	5.53
Magnis Resources	ASX	Nachu	Tanzania	BFS	207	201	76.2	4.8	3.63	124.0	5.2	6.4	174.0	5.4	9.3	55.4	31.3	21.55
Kibaran Resources*	ASX	Epanko	Tanzania	BFS	33	31	10.9	8.6	0.9	20.3	9.9	2.0	30.7	9.4	2.9	34.5	15.4	10.75
Black Rock Mining	ASX	Mahenge	Tanzania	PFS	21	20	69.6	8.5	5.9	102.3	8.0	8.1	102.3	8.0	8.1	3.3	2.4	2.39
Volt Resources	ASX	Namangale	Tanzania	PFS	20	20	127.4	4.9	6.2	175.0	5.0	8.8	462.0	5.0	22.9	3.2	2.3	0.87
Graphex Mining	ASX	Chilalo	Tanzania	PFS	15	14	n/a	n/a	n/a	5.2	11.9	0.6	53.5	6.0	1.5	n/a	23.3	9.60
Walkabout Resources	ASX	Lindi	Tanzania	BFS	11	10	5.0	16.1	18.6	11.9	11.6	1.4	29.5	11.0	3.3	0.6	7.5	3.21
Armadale Capital	AIM	Mahenge Liandu	Tanzania	Resource	6	6	n/a	n/a	n/a	n/a	n/a	n/a	40.9	9.41	3.8	n/a	n/a	1.54

\*Excludes Merelani-Arusha Project

Source: Bloomberg and corporate presentations



# TANZANIAN LEGISLATION CHANGES



RECENT CHANGES	IMPACT FOR ACP
Increased non-dilutive free carried interest	16% in ACP's Tanzanian subsidiary
Reporting and compliance provisions	Negligible
Royalty rate of 3%	Nil
Introduction of beneficiation of minerals, metallic and precious minerals warehouses, concentrate liens and related provisions	Nil
Review and renegotiation of Unconscionable Terms Act	Nil





## ADDITIONAL INTERESTS

# SNAPSHOT OF MPOKOTO GOLD PROJECT



- ▣ 678,000 ounces of gold from 14.58Mt at 1.45g/t at a cut-off grade of 0.5g/t
- ▣ Located in the Katanga Province in the south of the Democratic Republic of Congo
- ▣ Preliminary Feasibility Study demonstrated robust fundamentals:
  - ▣ Pre tax NPV of US\$19.05m at US\$1,250 gold
  - ▣ NPV of US\$20m possible from Phase 2, taking total NPV to US\$39m
  - ▣ IRR of 44%
  - ▣ Total CAPEX of US\$15.-20m
- ▣ SS





## INVESTMENT SUMMARY



## INVESTMENT SUMMARY

- Strategic focus on graphite – a commodity identified as having considerable commercial value with China’s output set to peak and the lithium-ion battery sector on the verge of booming globally
- Mahenge Liandu Graphite Project has demonstrated potential to host significant near surface, high grade, coarse flake graphite tonnage
- Accelerated development plans initiated at Mahenge Liandu Project to advance towards production in as short timeframe as practicable:
  - JORC Resource Upgrade: December 2017
  - Feasibility underway and due for completion
- Additional de-risked exposure to an advanced gold project with near term production potential – managed and funded by an experienced JV partner
- Experienced board wholly focussed on delivering shareholder value



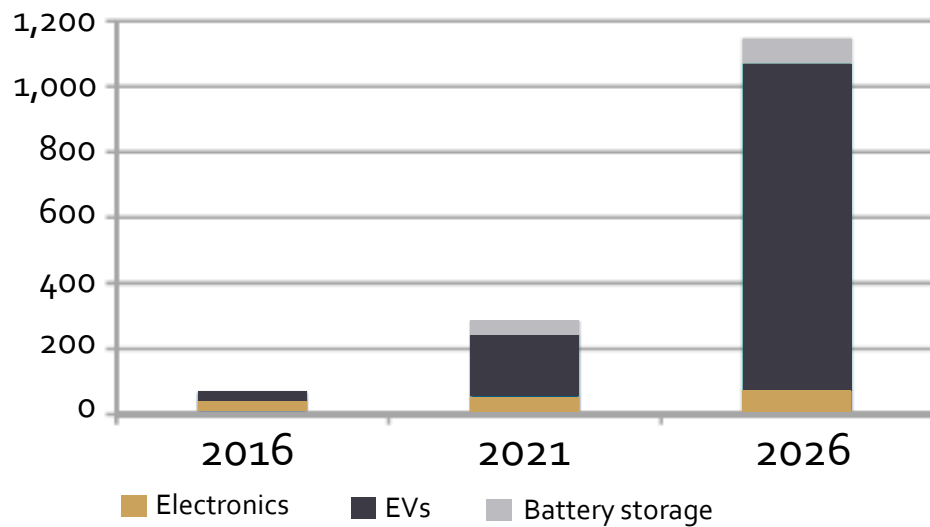
## APPENDIX



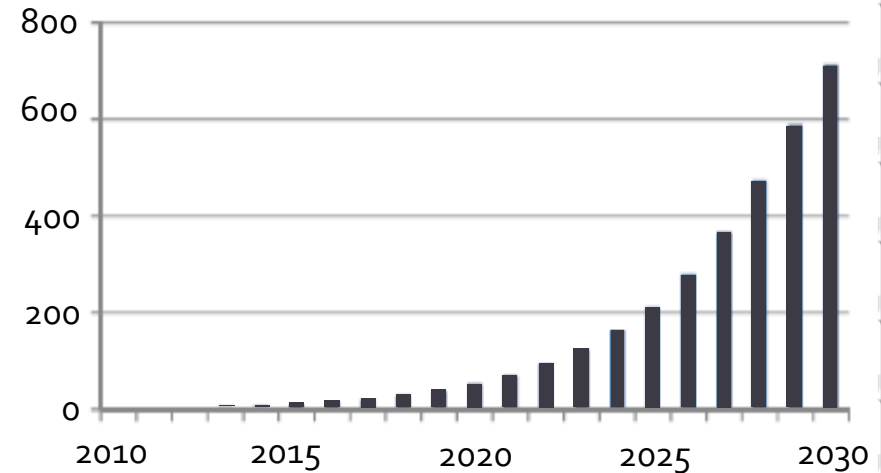
# GRAPHITE MARKET

Demand driven by the Li-ion battery revolution:

- Graphite is used in the anode of Li-ion batteries
- On average, 0.92kg/kWh of coated graphite is required in spherical natural flake or synthetic form per anode.
- Conservative estimate of 360,000t of medium flake graphite required as a feedstock source for spherical (battery anode) material between 2016-2020 (Benchmark Minerals 2016)



Source: RFC Ambrian – The Alchemist 2017

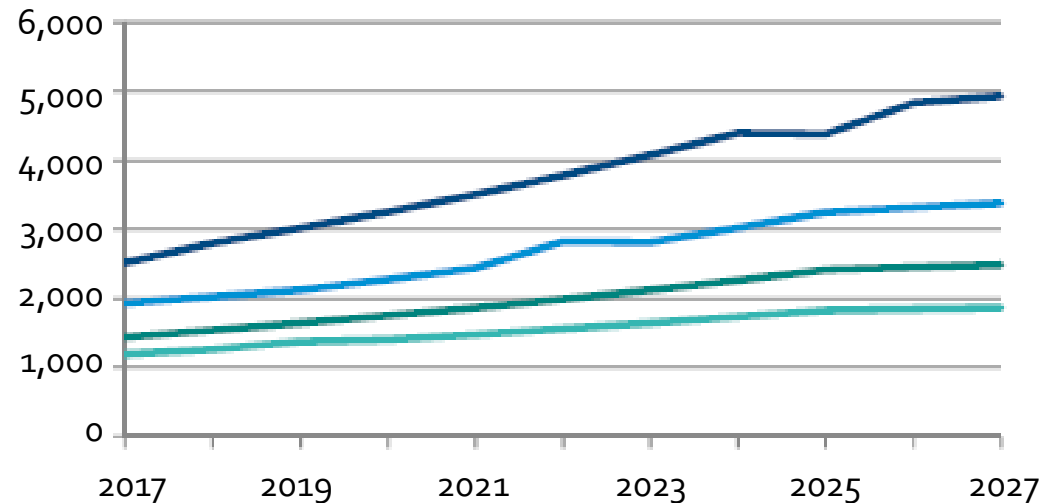


Source: Bloomberg New Energy Finance 2017



## GRAPHITE PRICING

- As a sector proxy Benchmark data shows uncoated spherical graphite prices in China are now on an upswing
- The main driver is rapid capacity expansion by lithium-ion battery sector
- Graphite is a strategic commodity where pricing is opaque and driven by buyer/seller negotiations
- Key determinants are TGC purity, flake size, consistency, reliable supply and downstream application



Source: Energizer Resources 2015



