



INVESTOR PRESENTATION  
JANUARY 2017

# 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>Maiden JORC compliant inferred mineral resource estimate of 40.9Mt @ 9.41% TGC</li></ul>
<b>Mpokoto Gold Project</b> Democratic Republic of Congo – 80%	<ul style="list-style-type: none"><li>Resource of 678,000 ounces of gold from 14.58 million tonnes of ore at 1.45g/t Au</li></ul>	<ul style="list-style-type: none"><li>Total NPV of US\$43 million calculated using a \$1,250 gold price</li></ul>	<ul style="list-style-type: none"><li>Agreement to be developed and funded (~\$25 million) by JV partner AMS through to production if approved</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



## 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
- Continued support of advancing Mpokoto Gold Project towards production – development and funding managed by JV partner AMS
- 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



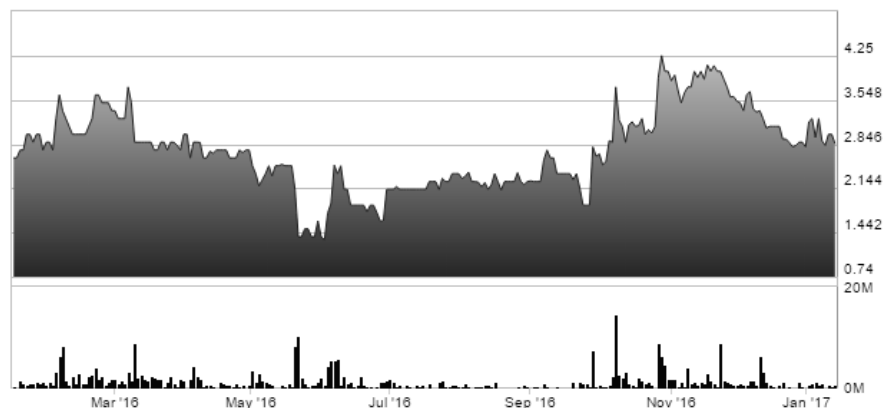
## CAPITAL STRUCTURE

EPIC	ACP
Shares on issue	211,016,310
Share Price (19 Dec 2016)	3.15 pence
52 week high / low	4.73 – 1.19 pence
Market cap	£6.33m
Avg daily volume (shares)	1.81m (3 months)

## ADVISERS

finnCap Ltd	Nomad & Joint Broker
Beaufort Securities	Joint Broker
Medea Capital Partners	Financial Adviser
St Brides Partners	PR & IR Consultant

## ACP SHARE PRICE CHART (12-MONTHS)



## SUBSTANTIAL SHAREHOLDERS

Kabunga Holdings Pty Ltd	12.1%
Halifax Share Dealing Nominees	6.5%
Barclayshare Nominees Ltd	4.5%
Resource Corporate Pty Ltd	4.0%
TD Waterhouse	3.6%
Hargreaves Lansdown Noms Ltd	3.3%



# BOARD & MANAGEMENT



WILLIAM FREWEN  
MA

NON-EXECUTIVE CHAIRMAN

- Extensive experience of many varied boards as non-executive director/chairman.
- During his career has worked for Chemical Bank, JP Morgan, HSBC and Nomura, primarily in credit trading, and was notably a Director at CSFB.
- Subsequently he has worked on the buy side as a consultant to the Man Group in 2005 and then Threadneedle Asset Management, where he was a member of the Executive Board and Head of Fixed Income from 2007-2010.
- Has an MA from Oxford University.

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**



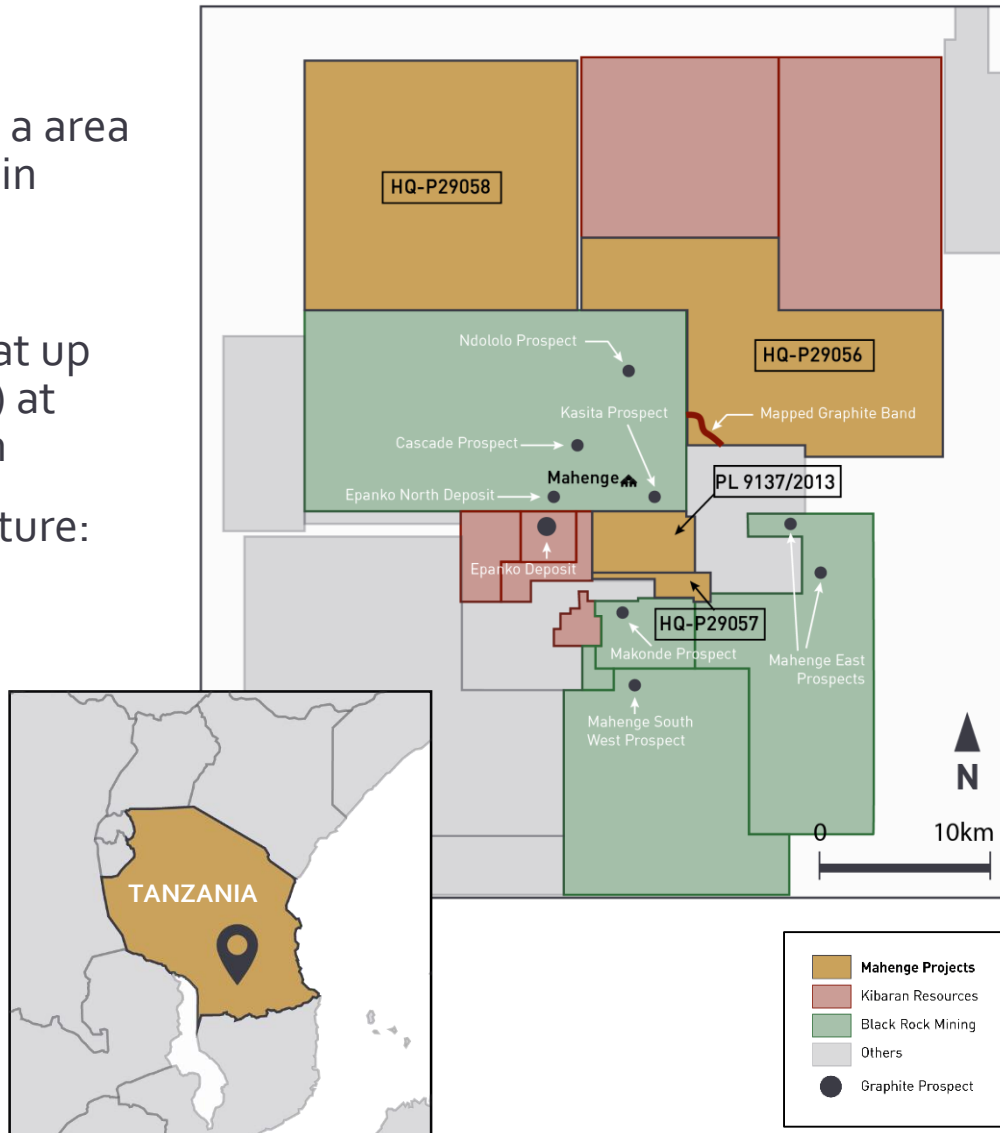
**Graphite foil**  
used in electronic  
products like smart  
phones/tablets

- 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

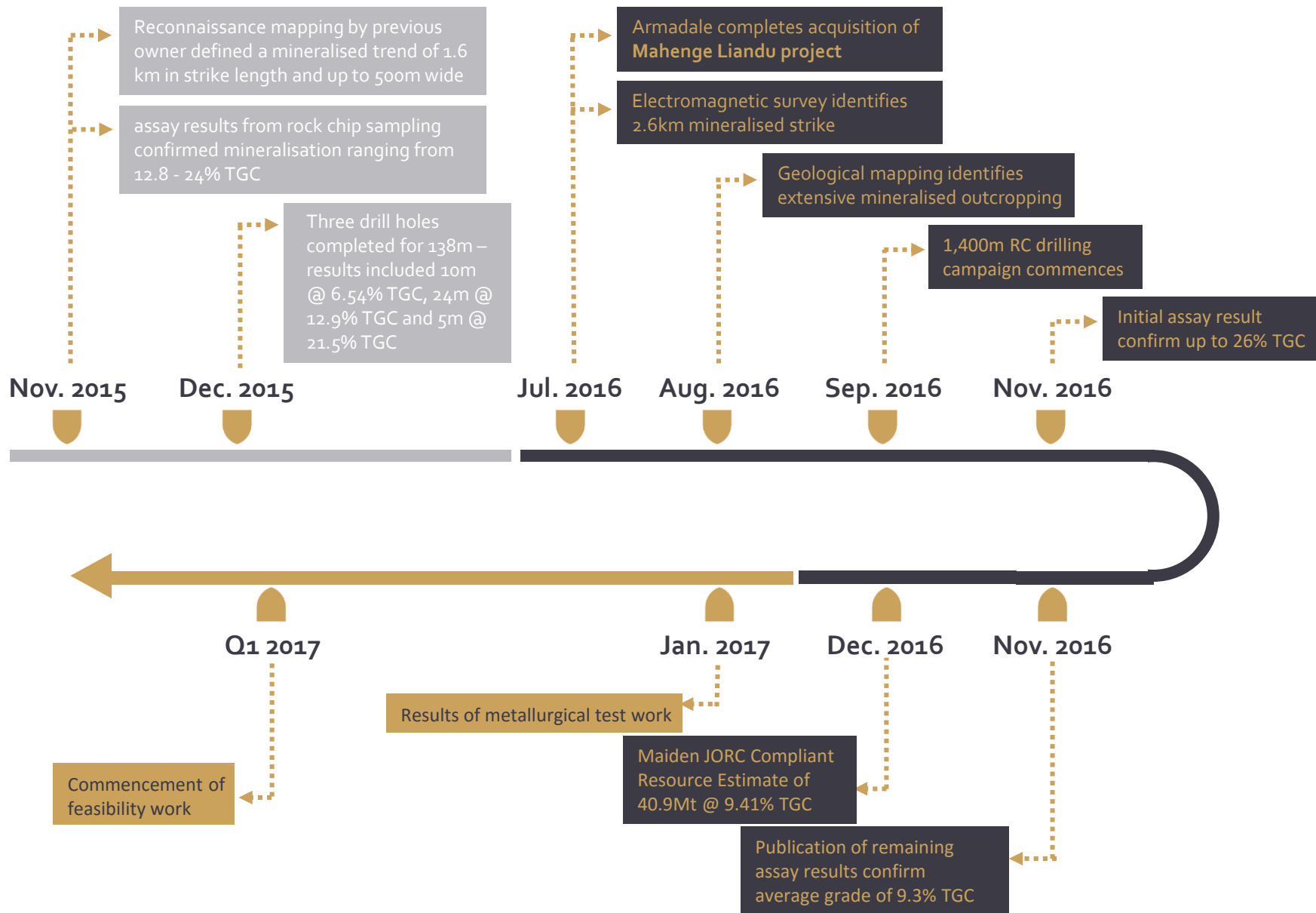
# SNAPSHOT OF MAHENGE LIANDU



- 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 mineralisation at up to 26% Total Graphitic Carbon (TGC) at intervals ranging from 1m up to 47m
- 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



# MAHENGE LIANDU DEVELOPMENT



## HIGH GRADE

## HIGH TONNAGE



Combining high grade coarse flake with significant near surface tonnage:

- As a strategic industrial mineral – the price of graphite is determined by the quality of the product
  - Premium prices are achieved for high grade, coarse flake graphite – exemplified at Mahenge Liandu
  - Metallurgical test-work, which will indicate the quality of the final product, is ongoing with results expected to be finalised in Q1 2017
  - Tanzanian graphite usually liberates with a low cost crushing and flotation toxic chemicals
- Maiden JORC resource declared in December 2016t:
    - 40.9Mt @ 9.41% TGC
    - at least 32Mt of this resource has an average grade of 10.47% TGC
  - Outstanding thick interceptions of high-grade coarse flake graphite identified across the entire 2.5km mineralised strike area
  - Strike remains open on three aspects – length, width and depth highlighting significant potential upside to current resource





## A RECOGNISED HIGH GRADE GRAPHITE REGION

- ▼ Mahenge Liandu is located in the heart of a region of known, high grade coarse flake graphite mineralisation
- ▼ Tanzanian-focussed graphite developers include:
  - ▼ **Blackrock Mining** (ASX: BKT; MCap: £25m)  
*JORC Resource: 162.5Mt @ 7.8% TGC*
  - ▼ **Kibaran Resources** (ASX: KNL; MCap: £24m)  
*JORC Resource: 23.3Mt @ 9.4% TGC*
  - ▼ **Magnis Resources** (ASX: MNS; MCap: £197m)  
*JORC Resource: 174Mt @ 5.4% TGC*
  - ▼ **Volt Resources** (ASX: VRC; MCap: £39m)  
*JORC Resource: 446Mt @ 5% TGC*

### MAHENGE LIANDU PROJECT

#### JORC RESOURCE:

- 40.9MT @ 9.41% TGC
- >32MT OF THIS RESOURCE HAS AN AVERAGE GRADE OF 10.47% TGC
- MINERALISATION IS OPEN AT LENGTH, WIDTH & DEPTH





## TANZANIA

- Politically stable, multi-party democracy
- Growing economy: 7.3% in 2015, 7-8% in 2016 expected
- English and Swahili speaking
- British common law system
- Well-established mining and mining services industry
- Solid & workable infrastructure
- Competitive 30% tax rates





## 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\$25.15m
- Phase 1 total revenues of US\$138.6m – US\$30.8m per annum and pre tax net profit of US\$11.14m per annum
- Further 800,000 hectares of exploration licences prospective for gold, manganese and diamonds
- JV agreement whereby funding responsibilities remain with partner Kisenge Mining Pty Ltd ('KMP'), who can earn up to a maximum 85% interest in the project – Phase 1 underway







## 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:
  - ▀ Metallurgical testwork: Q1 2017
  - ▀ Feasibility work commences: Q1 2017
- ▀ 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





## CONTACTS

**WILLIAM FREWEN**  
**NON-EXECUTIVE CHAIRMAN**

T: +44 (0) 79 0155 7282  
E: [william.frewen@btopenworld.com](mailto:william.frewen@btopenworld.com)

**CHARLES ZORAB**  
**COMPANY SECRETARY**

T: +44 (0) 79 0406 639  
E: [c.zorab@gmail.com](mailto:c.zorab@gmail.com)

**DAVID HENRY**  
**MEDEA CAPITAL PARTNERS**

T: +44 (0) 77 6922 1977  
E: [david.henry@medea-nr.com](mailto:david.henry@medea-nr.com)

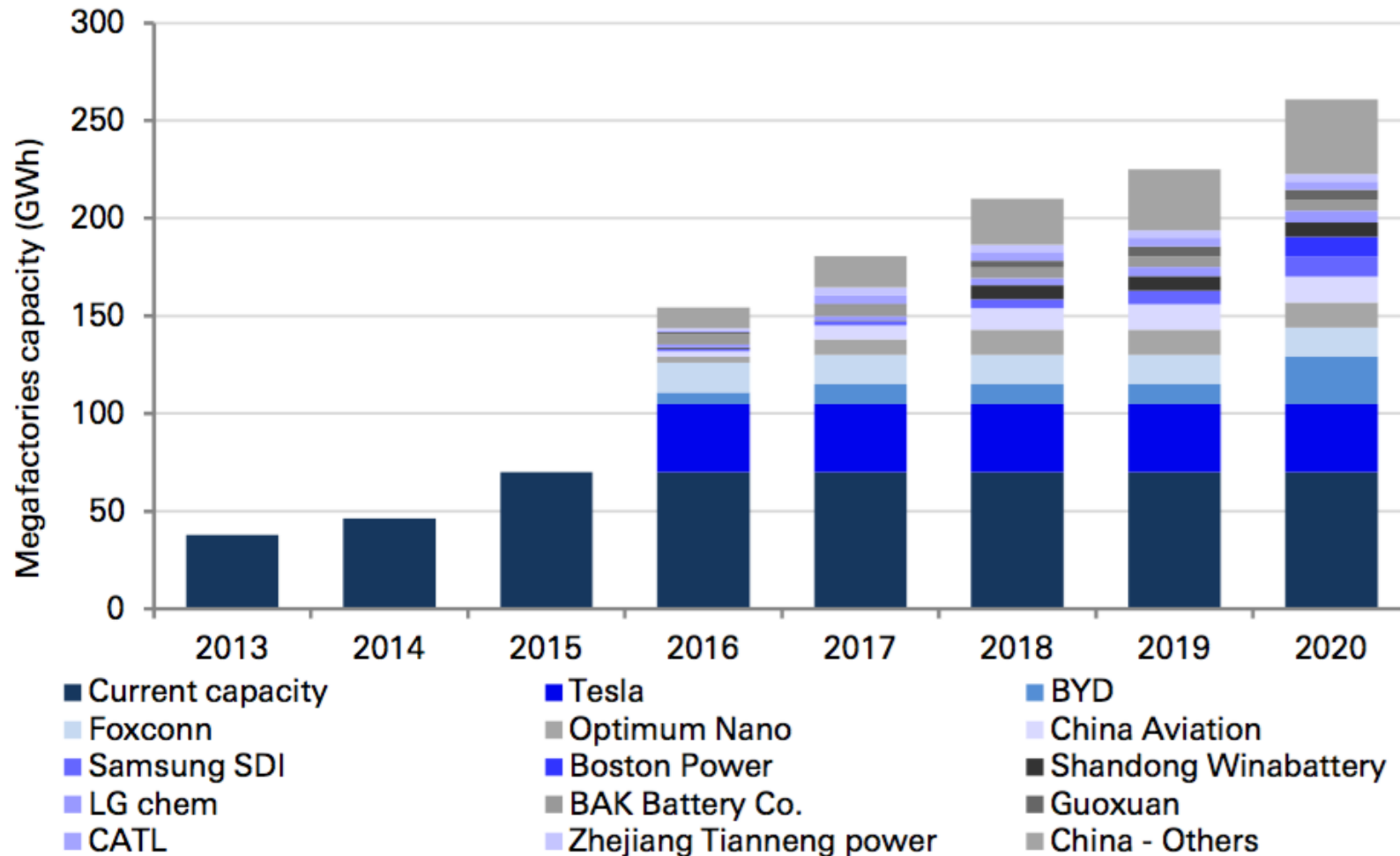
**CHARLOTTE PAGE | SUSIE GELIHER**  
**ST BRIDES PARTNERS**

T: +44 (0) 20 7236 1177  
E: [charlotte@stbridespartners.co.uk](mailto:charlotte@stbridespartners.co.uk)  
E: [susie@stbridespartners.co.uk](mailto:susie@stbridespartners.co.uk)



## APPENDIX

# MEGAFACTORIES CAPACITY



Source: Deutsche Bank, company data

# GRAPHITE: A GROWING GAP IN THE SUPPLY CHAIN



- ~2 million tonnes of graphite was produced in 2015 – half natural and half synthetic
- Structural change gives Tanzanian suppliers' the opportunity to capture market over the next four-five years:
  1. China's output to moderate 25% to 600ktpa (Benchmark Mineral Intelligence)
  2. Demand from the lithium-ion battery sector to accelerate over next five years
  3. Preference for natural over synthetic graphite – cheaper, enviro friendly
- Tanzania has scalable quantities of high quality graphite in large to super jumbo flake sizes

# 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

