



## Developing a Significant Potash Mine in Ethiopia



### DANAKIL PROJECT OVERVIEW

#### Project Summary

- Circum is developing its 100% owned Danakil Potash Project in Northern Ethiopia
- Mineral resource of 4.9 Bt 18.1% KCl with reserves of 108 Mt of KCl equivalent as seismic data suggests potential total resource of 12-14Bt
- DFS completed by SENET in July 2015 (and optimized in February 2016) outlines production of 2.0Mtpa Muriate of Potash ("MOP") and 0.75Mtpa Sulfate of Potash ("SOP") from low cost, low risk solution mining
- Initial development capital of US\$2.3Bn with peak funding around US\$1.8Bn due to an early revenue stream from initial production
- Mine gate cash costs projected to be among the lowest in the world
  - US\$38/t MOP and US\$112/t SOP
- One of the lowest capital intensity per annual tonne of any major potash project in the world
- Substantial transportation advantages to India, SE Asia and South China
- After-tax project NPV (10%) of US\$2.1Bn and after-tax IRR of 25.8%

#### Current Status

- Await approval of Mining License Agreement with the government of Ethiopia
- Continue operation of solution mining test well
- Undertake strategic review process

### MINERAL RESERVES & RESOURCES

#### TOTAL MINERAL RESOURCE

Potash Member	Tonnage (Mt)	KCl (%)	KCl (Mt)
Measured	1,230	18.8	232
Indicated	1,604	18.3	294
<b>Measured &amp; Indicated</b>	<b>2,884</b>	<b>18.6</b>	<b>526</b>
Inferred	2,099	17.5	367
<b>TOTAL</b>	<b>4,932</b>	<b>18.1</b>	<b>892</b>

#### PROVEN AND PROBABLE RESERVES

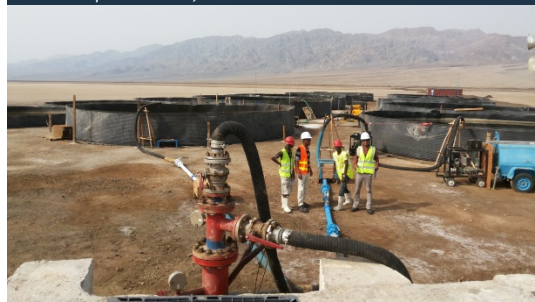
Potash Member	Tonnage (Mt)	Factor (%)	KCl (Mt)
Proven	191	23.8	45
Probable	263	23.8	63
<b>TOTAL</b>	<b>454</b>	<b>23.8</b>	<b>108</b>

Source: July 2015 SENET Definitive Feasibility Study (K-UTEC estimates)

### Project Highlights

<b>Location:</b>	<b>Northern Ethiopia</b>
<b>Ownership:</b>	<b>100%</b>
<b>License Area:</b>	<b>365 sq km</b>
<b>Mineral Resource:</b>	<b>4,932 Mt @ 18% KCl</b>
<b>P&amp;P Reserves:</b>	<b>108Mt KCl</b>
<b>Potential Product:</b>	<b>MOP &amp; SOP</b>
<b>Mining:</b>	<b>Solution mining</b>
<b>Process:</b>	<b>Solar evaporation</b>
<b>Production<sup>(MOP/SOP)</sup>:</b>	<b>2.0 / 0.75Mtpa</b>
<b>Initial Capex:</b>	<b>US\$2.3Bn</b>
<b>Costs (EXW)<sup>(MOP/SOP)</sup>:</b>	<b>US\$38/t / US\$112/t</b>
<b>Costs (FOB)<sup>(MOP/SOP)</sup>:</b>	<b>US\$81/t / US\$156/t</b>
<b>After-Tax NPV<sup>10</sup>:</b>	<b>US\$2.1Bn</b>
<b>After-Tax IRR<sup>Nom</sup>:</b>	<b>25.8%</b>

Note: Based on US\$350/t MOP & US\$580/t SOP (Real)  
Source: Optimized DFS, Feb 2016



## KEY INVESTMENT HIGHLIGHTS

**One of the largest potash projects globally with proven technology, low capital intensity and resulting economies of scale**

- Proven mining and processing using solution mining and solar evaporation
- At US\$838/t, Circum's Danakil is one of the most capital efficient potash projects in the world

**High quality resource base in premier new potash basin with favourable location to end markets**

- Resource of 4.9Bt (@18.1% KCl) is among the largest in the world with seismic data suggesting a total resource potential of 12-14Bt
- Substantial transportation advantages to India, Southeast Asia and China

**World-class project with expected industry leading cost position and substantial upside potential from existing resource base**

- Lowest mine gate costs and among lowest FOB costs in the world
- Resources support scalable production with potential for >5Mtpa operation

**Favourable mining jurisdiction with significant infrastructure support from Ethiopian government**

- Full commitment to support the emerging potash industry through infrastructure development
- Favourable fiscal regime with a mining corporate tax rate at 25% and a 5% free carry

**Production of MOP and SOP products, both benefitting from highly attractive long-term market fundamentals**

- Increased fertilizer usage due to population / income growth and improved crop yields
- Unique position to produce both MOP and SOP, which is a premium product

**Post-DFS optimization analysis shows attractive returns due to strong cash flow generation potential**

- Estimated margins in excess of 50% for both MOP and SOP products\*
- Potential for up to 70% of debt funding to boost equity returns

\* Note: Based on DFS financials (which assumes a flat, real MOP price of US\$350/t and a SOP price of US\$580/t)

## MANAGEMENT TEAM

**Management team has experience building mines and a track record of creating value**

**Stephen R. Dattels, Chairman & Co-Founder**

- Founded UraMin Inc. (sold in 2007 for US\$2.5Bn to Areva)
- Key executive at Barrick Gold during its formative years

**Brad Mills, Executive Director**

- Managing Director at Plinian Capital Ltd.
- Executive Chairman of Mandalay (TSX) and Non-executive Director of West African Minerals (AIM)

**Mike Beck, Non-executive Director**

- Managing Director & Founder of Regent Advisors LLC, a natural resources corporate finance advisory firm

**Chris Gilchrist, Chief Operating Officer**

- Former Operations Director at Cleveland Potash Ltd
- Former Chief Operations Director at Kenmare Resources

## PROJECT LOCATION



This document contains forward looking statements. Such forward looking statements reflect management's current beliefs and assumptions based on information currently available to management. Forward looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements.



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