

# CORPORATE UPDATE - June 2014



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## ***RUNRUNO GOLD PROJECT – ADVANCED DEVELOPMENT***

- Philippine focussed mining development company
- 100% owned Runruno Gold Project - advanced development 62.5% complete
- Commissioning and first gold Q1 2015
- Robust funding model, 62% equity 38% debt
- Strong major shareholder support - Solomon Capital, Baker Steel, Runruno Holdings, Investec
- Runruno 100% owned - Financial or Technical Assistance Agreement (FTAA)
- Key permits issued
- Feasibility and optimisation studies show a financially robust project:
  - Initial mine life 10.3 years
  - Payable production 1,006,000 ozs gold
  - Ave annual production 96,700 ozs
  - Capital cost estimated at US\$ 182 million (Inc. mining fleet)
  - Average operating cost US\$ 474 / oz gold
  - IRR 59% @ US\$ 1,300 / oz Au – 38% debt funded
  - Production target – Q1 2015
  - Proven and probable reserve contains 1.06 million ozs of gold, resource including reserves contain 1.73 million ozs of gold
- Exploration demonstrating upside potential for underground gold resource alongside surface extensions
- Growth through development followed by further discovery



# COMPANY INFORMATION



## SHARE CAPITAL (20 June 2013)

- Issued ordinary shares 1,374,972,024
- Unlisted options 7,275,000
- Market Capitalisation (20 June 2014) £ 103 million

## PROJECT FUNDING

- Shareholder equity \$US 112.7 million
- Project debt package \$US 83 million
  - Construction funding \$US 70 million
  - Capitalised interest during construction \$US 5 million
  - Over-run facility \$US 8 million
  - Lenders HSBC & BNP Paribas

## GOLD HEDGING

- 30% of production during term of loan
- 105,000 ozs rolling hedge, max 90,000 ozs exposure

## QUOTED

- AIM – London Stock Exchange
- Code – MTL

## KEY SHAREHOLDERS - % HOLDING (31 March 2013)

- Solomon & related parties 49.14%
- Baker Steel 24.95%
- Runruno Holdings 18.72%
- Investec Wealth & Investment Ltd 2.91%
- Minor shareholders 4.02%
- 100.00%

## DIRECTORS

- Ian Holzberger – Executive Chairman
- Tim Dean - Non Executive Director
- Julian Wilson - Non Executive Director
- Guy Walker - Non Executive Director
- Chris Whitehouse - Non Executive Director
- Jeremy Ayre - Non Executive Director
  
- Liam Ruddy – Company Secretary & GM Commercial
- John Stubbs – CFO
- Craig Watkins General Manager Runruno Project

## BROKER

- S.P. Angel Corporate Finance LLP

## NOMAD

- Westhouse Securities Limited

# RUNRUNO GOLD PROJECT

<i>Status:</i>	<ul style="list-style-type: none"><li>- advanced development stage</li><li>- 62.5% complete</li><li>- within budget and on plan</li><li>- commissioning forecast - <a href="#">Q1 2015</a></li></ul>
<i>Initial Mine life:</i>	10.3 years
<i>Payable Production:</i>	1,006,000 ozs
<i>Annual Production (aver.):</i>	96,700 ozs
	(101,800 ozs Au years 1-5, 92,700 ozs Au years 6-10.3)
<i>Capital Cost:</i>	US\$182.7m (inc. mining fleet)
<i>Cash Cost (Ave):</i>	US\$ 474 / oz Au
<i>Upside:</i>	mine life extension, underground gold resource, addition surface discoveries
<i>Location:</i>	Central Luzon, Barangay Runruno, Municipality of Quezon, Province of Nueva Vizcaya.
<i>Access:</i>	by road 320km north of Manila



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## **DEBT PACKAGE**

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- Experienced and well qualified banking syndicate HSBC and BNP Paribas
- Headline Facility \$US 83 million
  - \$US 70 million construction facility
  - \$US 5 million capitalised interest during construction and costs
  - \$US 8 million over-run facility – available
- 55 month term – maturing 31 Dec 2018
- Borrower FCF Minerals Corporation – 100% owned operating subsidiary
- Project focussed security package, guaranteed by Metals Exploration until completion test satisfied
- Compleitive package
- Early availability of cash flow following satisfaction of completion test
- Gold hedging
  - nominally 30% of annual production during term of the facility
  - 90,000 oz rolling hedge to a total of 105,000 oz
- 40% of the interest rate exposure hedged

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## CONSTRUCTION PHILOSOPHY

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- Strong experienced owners team
- Self execute strategy using experienced consultants and sub contractors experienced in the Philippines
- Develop supporting infrastructure using discrete contracts and design and erect packages:
  - *Access road - completed*
  - *Site establishment – complete*
  - *Camp – complete*
  - *Grid power – connected*
  - *Office, workshop and general facilities – complete*
- Process plant development
  - *Mechanical equipment ordered, progressively being delivered to site*
  - *Long lead time equipment purchased and available*
  - *Three major construction packages awarded and underway*
    - *Civil works – Witco*
    - *Stainless steel tanks – EEI*
    - *Structural mechanical and piping works - Metaphil*
- Self perform mine pre-strip and tailings storage facility construction using mine fleet and sub-contractors – underway
- Supervision by owner's team and sub contracted experts e.g. RDCL on TSF, Biomin and PAIE

# RESOURCES AND RESERVES March 2011 & April 2013

## Runruno Main

Reserve Category	Ore	Gold		Molybdenum	
	Mt	g/t	M Oz	ppm	M lbs
Proven	10.2	1.90	0.62	616	13.9
Probable	4.8	1.77	0.27	414	4.4
<b>2P Reserves</b>	<b>15.0</b>	<b>1.85</b>	<b>0.90</b>	<b>603</b>	<b>18.3</b>
Additional Inferred Resource in-pit	2.9	1.73	0.16	258	1.7

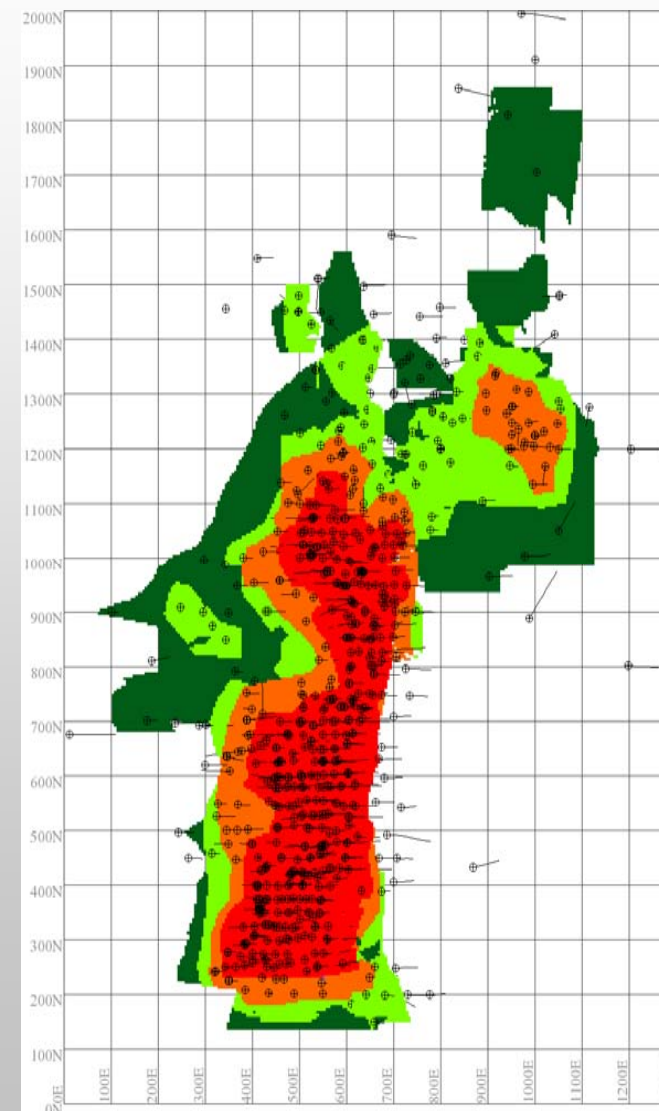
Resource Category	Ore	Gold		Molybdenum	
	Mt	g/t	M Oz	ppm	M lbs
Measured	11.2	1.88	0.68	604	14.9
Indicated	7.0	1.64	0.37	425	6.5
Inferred	7.5	1.44	0.35	253	4.2
<b>Total</b>	<b>25.7</b>	<b>1.69</b>	<b>1.39</b>	<b>453</b>	<b>25.6</b>

- Resource estimate updated in March 2011 to include all 807 drill holes completed (110,427m) and assays returned by the end of February 2011
- The combined M&I resource of 1,050,000oz gold now comprises 75% of the total
- In addition to the 2P reserves, 2.9 Mt @ 1.73 g/t Au; 260ppm Mo of Inferred mineral resource is included in the mine schedule after allowing for the mining parameters

## Malilibeg South

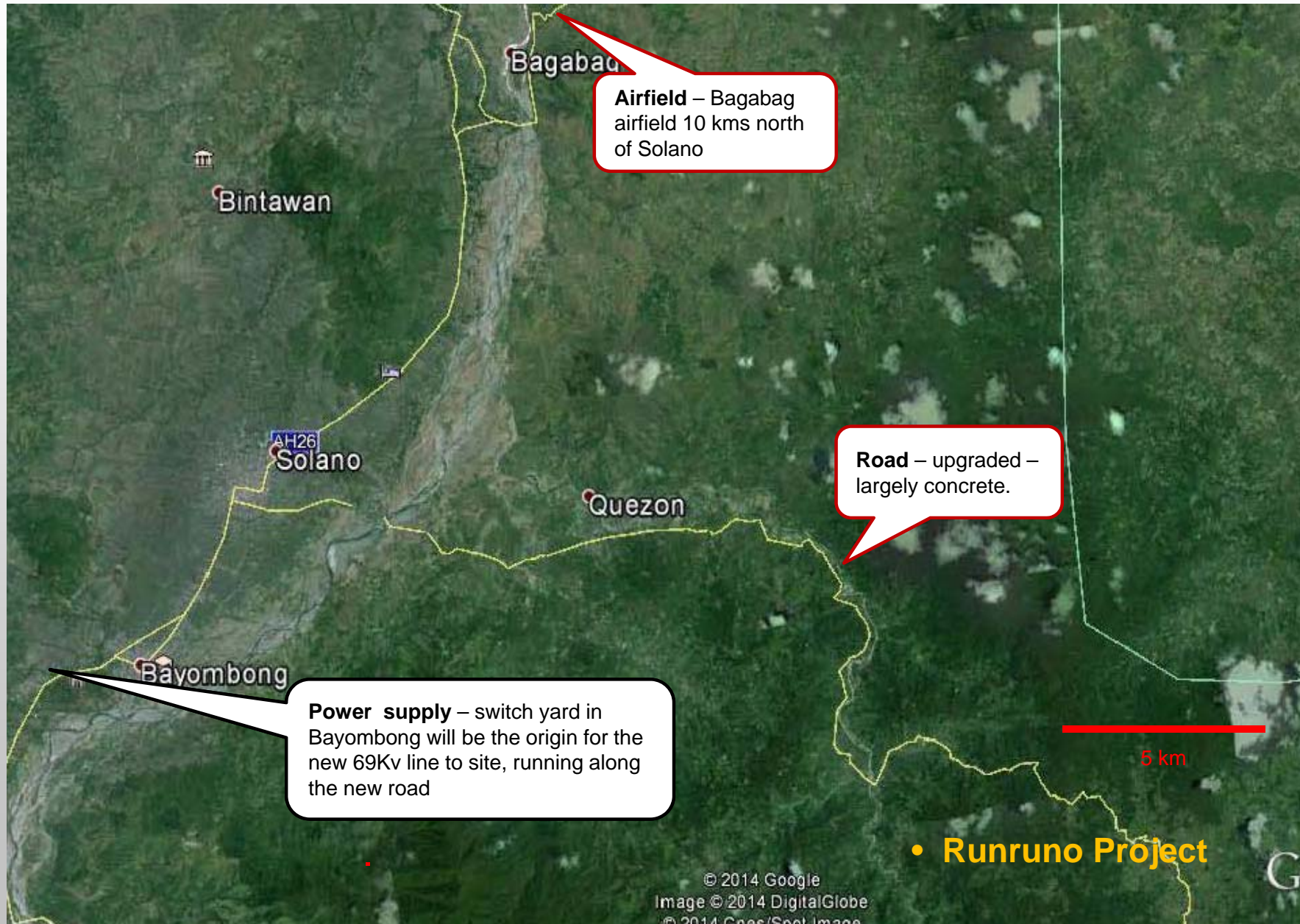
Resource Category	Ore	Gold		Molybdenum	
	Mt	g/t	M Oz	ppm	M lbs
Inferred	7.6	1.40	0.34	1,200	19.98
<b>Total</b>	<b>7.6</b>	<b>1.40</b>	<b>0.34</b>	<b>1,200</b>	<b>19.98</b>

- Combined resource contains 1.73 m ozs of gold - 33.3 mt @ 1.63 g/t Au





# REGIONAL LOCATION

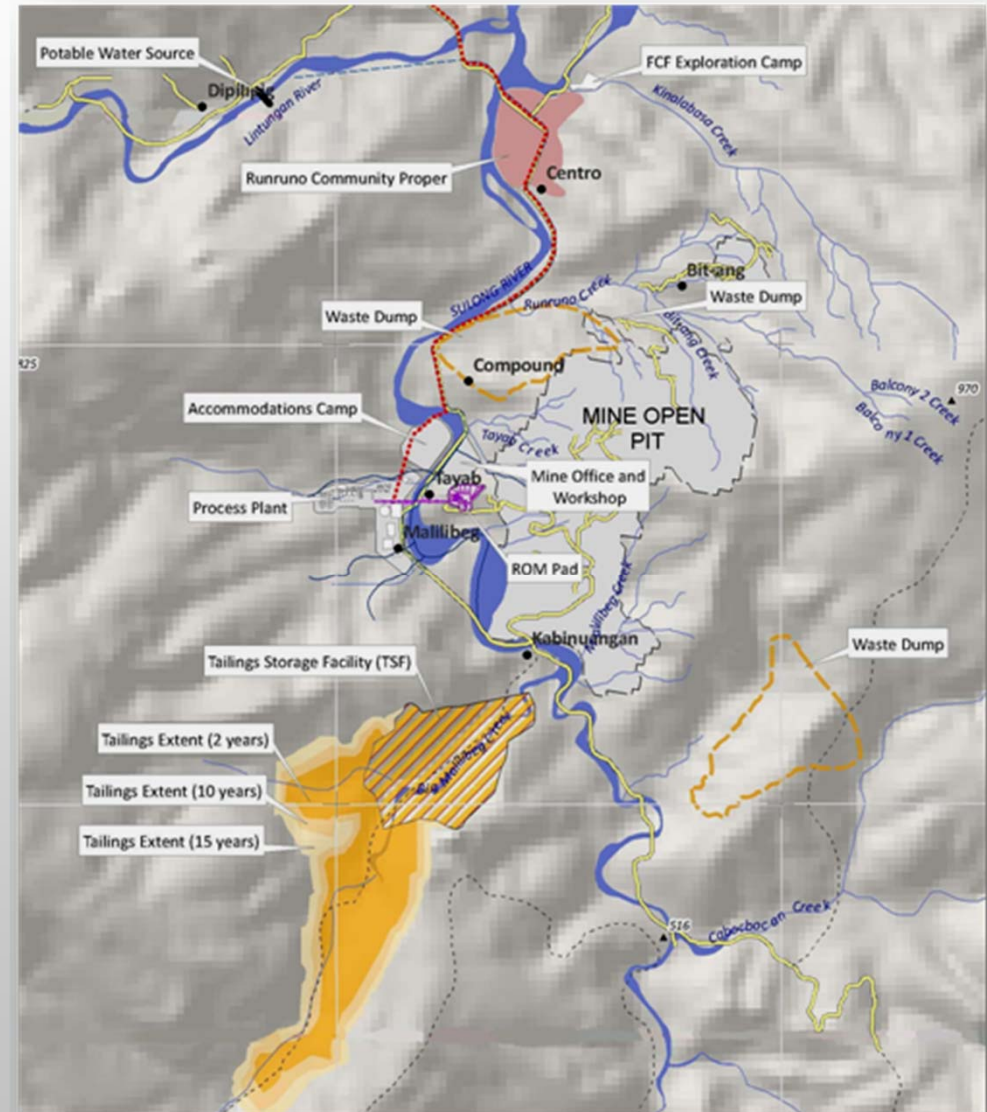


# PROJECT DESCRIPTION

## Five key components:

- Mine Open Pit and Run of Mine (ROM) Pad
- Process Plant facility consisting of conventional crushing, grinding, flotation, along with BIOX® and gravity recovery
- Tailings Storage Facility (TSF): to ensure materials are properly managed and to reclaim water for the project
- On Site Infrastructure: offices, workshops, haul roads, accommodation, back up power and water supply
- Off Site Infrastructure: access road improvement, 69kV powerline from regional hydropower grid

Project footprint is 420 hectares.



# MINING

- Open pit area - 600m x 1,500m
- 1.75 Mtpa ore - transported by conveyor to the Process Plant
- 9.1 Mtpa overburden - used for the construction of the Tailings Storage Facility and in-pit backfill
- During the first three years, waste material will be used in the construction of the Tailings Storage Facility dam wall
- Remainder of waste disposed in pit



## Mining Method

- Conventional open cut, excavator and truck operation
- Komatsu mining fleet – 6x100 t haul trucks, 2 excavators 2 bulldozers and ancillary fleet, *commissioned on site*
- Operator training commenced

### Mining Estimates

- Mine grade 1.85g/t Au,
- 5% mining loss allowed
- Pit optimised using Whittle modelling
- Av Production - 96,700 oz Au
- Operating strip ratio of 5.2:1

### Mining Methods

- Open cut, truck and shovel operation
- Ore crushed adjacent to pit and conveyed to process plant
- Waste rock stored in pit where possible
- Tailings dam site within project boundary

# GOLD PROCESSING

- Ore contains free and refractory gold and molybdenite
- Gold circuit demonstrated by extensive testwork including 20t pilot plant
  - Gravity recovery – 30% of gold
  - Flotation to gold rich concentrate
  - BIOX® to oxidise sulphides
  - Carbon in leach to recover gold doré
  - Cyanide destruct and tailing neutralisation
  - Tailings stored in purpose constructed facility

- Pressure Oxidation, & BIOX® processes tested
- BIOX® offers:
  - Reduced capital intensity
  - Lower operating costs
  - Proven process
  - Ease of operation
  - Gold recovery > 95% from BIOX® feed



# CORPORATE SOCIAL RESPONSIBILITY

## ➤ Education & Training

- Scholarships and assistance
- Adopt a school programme
- Out of work youth skills training programmes
- Teachers salaries
- Mature age learning programmes
- Multiple award winner

## ➤ Health & Nutrition

- Provision of a professionally staffed clinic including doctor and nurses
- Pharmacy
- Alleviation of malnutrition in children
- Specific health initiative programmes

## ➤ Skills Development

- Skills training to enable establishment of sustainable businesses
- Agriculture and animal husbandry productivity programmes
- International award winner

## ➤ Infrastructure Progression

- Community facilities
- Bridges
- Potable water distribution

## ➤ Employment

- Local hire fist policy



# CORPORATE SOCIAL RESPONSIBILITY

- Environment Protection and Enhancement
  - Environmental monitoring
  - Slope stabilisation and rehabilitation of disturbed areas
  - Forest regeneration
  - Multiple award winner
  
- Communication Information and Education
  - To shape desirable social opinion about the company and its current activities
  - To provide social understanding of the mines and geosciences, encourage on the social responsibility to the environment including effective management and mitigation, awareness on health, sanitation and safety
  - Community engagement towards development
  
- Occupational health and safety
  - Four an a half million man hours without lost time injury achieved
  - Active safety culture, tool box meeting, safety inductions etc
  - Multiple award winner

## RUNRUNO GOLD-MOLYBDENUM PROJECT

*A world class mining and mineral processing project being developed in a socially and environmentally responsible manner. We provide social and economic development through employment, health, livelihood and education programs; building the country a brighter future.*

*We mine...*



**EXTENSIVELY AWARDED for EXCELLENCE IN  
ENVIRONMENT, SOCIAL and SAFETY PROGRAMS**

