

ASANKOGOLD

TSX | NYSE: AKG

# READY FOR COMMISSIONING

## Investor Presentation

November 2015

www.asanko.com

# FORWARD LOOKING INFORMATION

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# ASANKO AT A GLANCE

## The Asanko Gold Mine

**M&I Resources 7.9Moz**

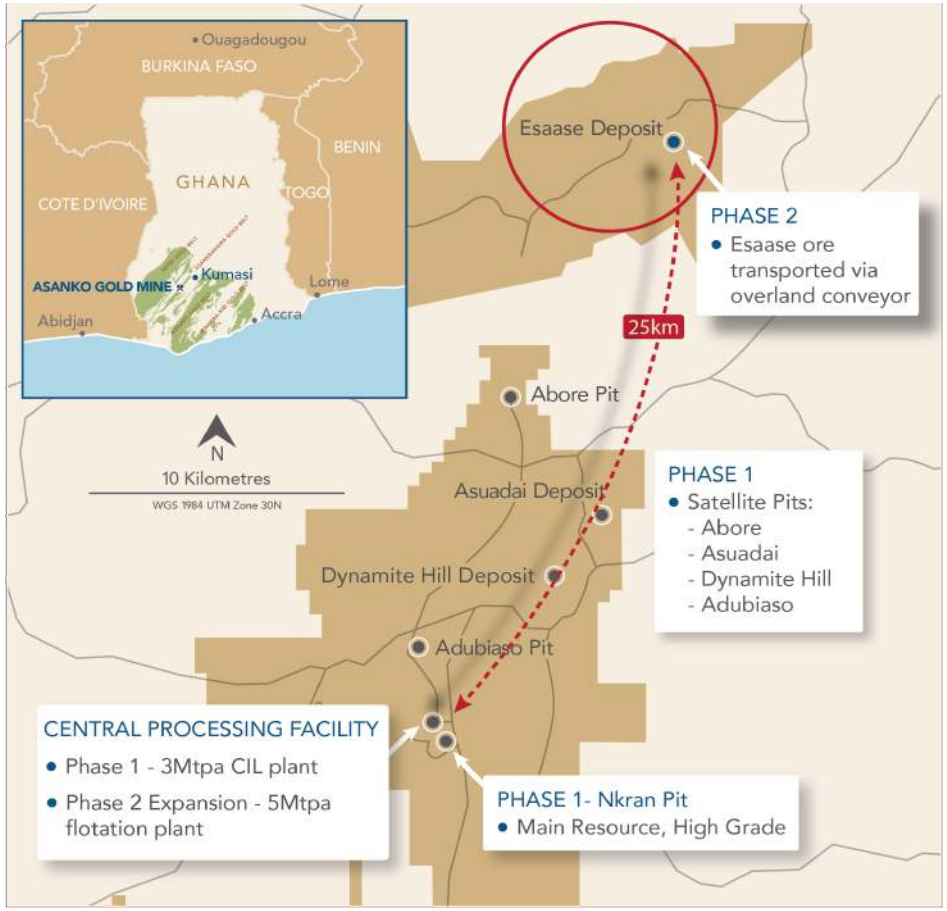


**Phase 1**

**Phase 2**

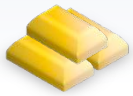


**Reserves 5.2Moz**




## Transitioning to a Producer

**190,000oz/yr Phase 1 Obotan**



**First gold Jan 2016 Steady state by Q2 2016**

**Lowest quartile LoM AISC US$781/oz**

## Value Accretive, Organic Growth

**Phase 2 Esaase increases to ~410,000oz/yr**



**Maintains low LoM AISC US$798/oz**

**Near-mine oxide resource potential**

## Clear Strategy for the Company

**Focused on Low Cost Production**

**Financial Discipline**

**Value Accretive M&A**

## Underpinned by Proven Management



**Experienced African Team**

**+**



**Successful Mine Builders & Operators**

# PHASE 1 IS READY FOR COMMISSIONING

- Mining early extensions of main Nkran ore zones
- Phase 1 Project construction in final stages
- Commissioning to commence in Dec 2015
- First gold Jan 2016, 1 month ahead of schedule
- Commercial production anticipated by Q2 2016
- Project on budget: US$198m spent out of US$295m capital cost
- Fully financed: cash balance of US$159m and funding buffer of US$40m

**+90%**
Project construction progress

**$295m**
No Project Overspend

Full Scale Mining Operations since January 2015

Entire Process Plant ready for ore December 2015



Nkran Pit Mining Operation



Plant Panorama

# KEY DEVELOPMENT MILESTONES DELIVERED

## Dewatering

- Started Jan 2015
- Substantially complete
- No longer critical for access to ore zones

## Pre-Strip

- Commenced in Dec 2014
- 16.6Mt total pre-stripped
- 77% complete
- On Track

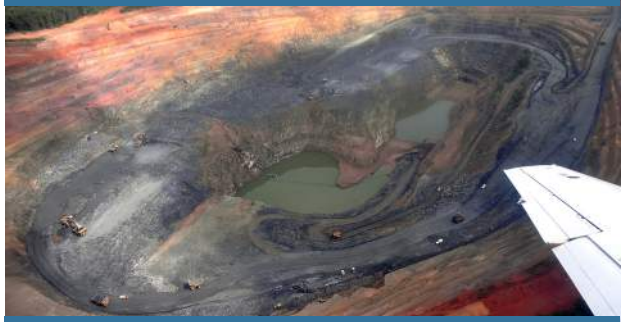
## TSF

- HDPE lined with clay base
- Will accommodate both Phase 1 & Phase 2
- Completed Oct 2015
- Awaiting final inspection

Nkran Pit: August 2014



Pit Dewatering: November 2015



Nkran Pit: March 2015



Nkran Pit: November 2015



TSF: November 2014



TSF: October 2015



# INFRASTRUCTURE MILESTONES

## Power Online with Redundancy

- 17MW power required for Phase 1
- 30km 161 kV line to the grid recently completed & energized
- Power to be sourced from state authority until dedicated IPP on-site facility is installed
- 100% redundancy through diesel generators on site as back-up
- IPP contract with Genser Energy behind schedule => assessing alternatives

## Securing Our Social License: Partial Village Relocation

- 88 households relocated on time in Sept 2015
- New settlement includes electricity, street lighting, potable water & integrated sewerage
- Built by the community for the community
- Setting a new standard for resettlement in Ghana: reinforcing our social license to operate
- US$9m spent

## Power Facilities: Nov 2015



## RAP: Completed Sept 2015



# MINING – FULLY OPERATIONAL AT STEADY STATE RATES

- Full mining operations since Jan 2015, achieved long-term steady-state levels in August
- Full drill & blast operations in August
- Grade control drilling in Sept
- Intercepted early extensions of main Nkran ore zones in late Oct, opening up 2 significant mining faces
- Expect +250,000t ore stockpile at end Nov, currently 99,000t at 1.69g/t
- Targeting 423,000t at 2.09g/t ore on ROM by Feb 2016

**Ore Intercepted**

Remaining pre-strip not on critical path

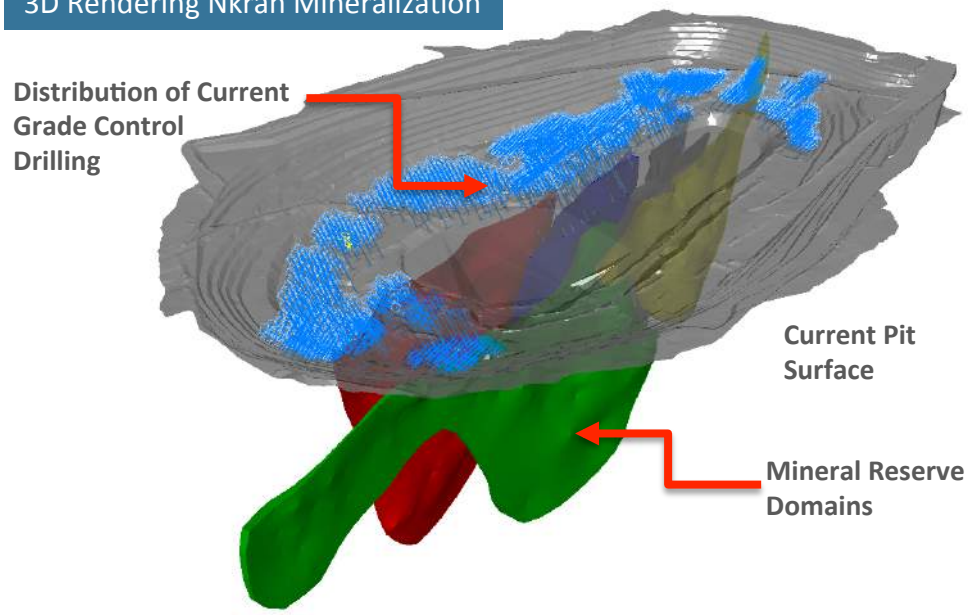


4 shovels 8 CAT 777s
7 drills 8 CAT 773s

**80-90,000tpd**
Mining Already at LoM Steady-State

**16.6Mt**
Total volume mined to date

3D Rendering Nkran Mineralization






# PLANT COMMISSIONING

- Cold commissioning underway
- Full commissioning with ore targeted for Dec 2015
- Entire plant circuit – Mills, Gravity & CIL – will be commissioned
- Gold will be recovered from gravity circuit approx. 14 days after ore fed to the mills
- First gold expected in Jan 2015
- Ramp-up and commercial production expected by Q2 2016

**92.5%**
Recovery Rate

**+40%**
Gold from Gravity Circuit

Full Process Plant Ready for Ore December 2015

Produce First Gold Jan 2016



SAG & Ball Mill Installed



Gravity & CIL Circuits Ready



Pre-Leach Thickener

# FULLY FINANCED WITH FLEXIBILITY

- Strong Balance sheet with significant funding buffer
- Ample working capital available for commissioning and ramp-up
- Flexible debt financing at spot gold prices, with no pressure on commissioning timetable:
  - No covenants that could be breached due to lower prices or revenues
  - No hedging, no cash sweep, no restrictions on M&A
  - Early repayment at anytime without penalty
  - First debt repayment in Q3 2016 with back-ended amortization schedule

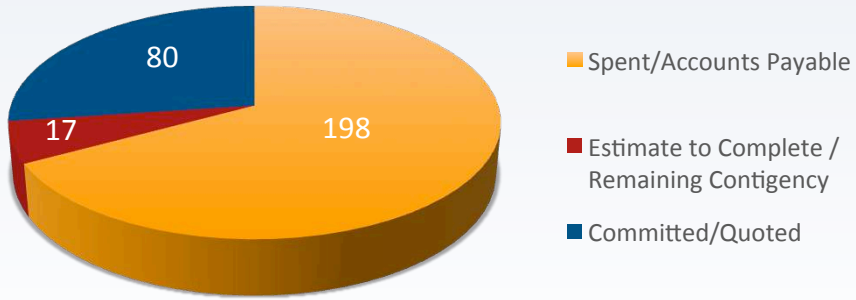
**Funding Buffer of ~US$40m**



| Sources and Uses 30 Sep 2015 to 1 Apr 2016 | US$m |
|---|---|
| Remaining Project Capex | 96.9 |
| Accounts Payable | 31.9 |
| Working Capital less pre-production revenue (incl. VAT outflow) | 8.2 |
| Corporate Costs | 3.0 |
| **TOTAL REMAINING USES** | **140.0** |
| | |
| Cash on Hand | 159.3 |
| Undrawn Cost Overrun Facility | 20.0 |
| **TOTAL REMAINING SOURCES** | **179.3** |

** Includes ~7,000oz loaded up in processing circuit*

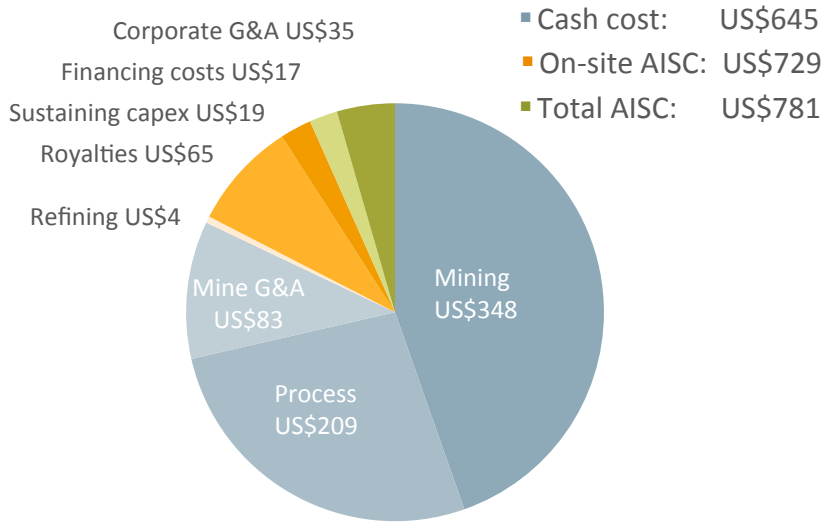
**Phase 1 Capital Cost Update (US$m)**



# ROBUST NEAR-TERM CASH FLOW

- Lowest quartile AISC offers protection in weak gold price environment
- Phase 1 generates strong cash flow, even with weak gold prices
- Soft start to debt amortization with first payment of US$8m due July 1, 2016
- Expect commercial production and cash flow positive in Q2 2016

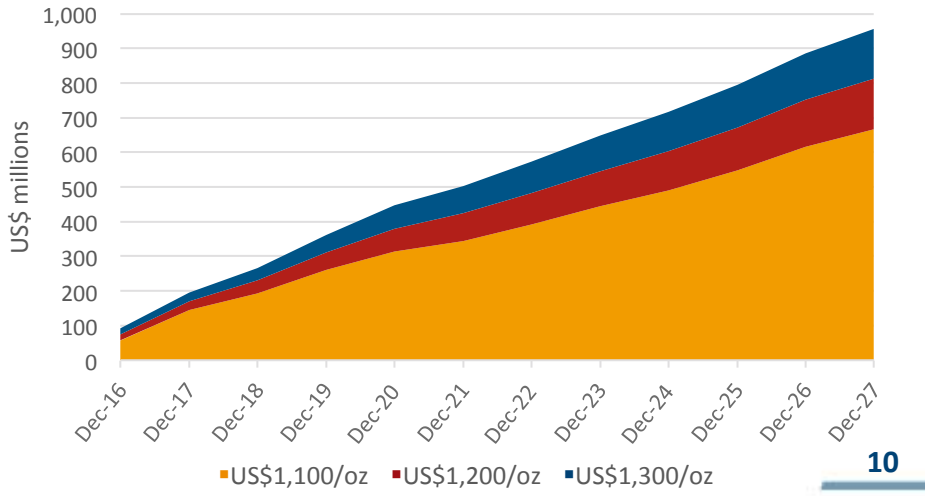
## LOWEST QUARTILE LOM AISC OF US$781/oz




| Phase 1 Key Metrics* | 2016 | 2017 |
|---|---|---|
| Production (oz) | 187,537 | 202,348 |
| Cash cost (US$/oz) | 598 | 634 |
| AISC (US$/oz) | 748 | 786 |
| Post-tax CF (US$m) | | |
| @US$1,100/oz | 57 | 81 |
| @US$1,200/oz | 74 | 89 |
| @US$1,300/oz | 91 | 96 |

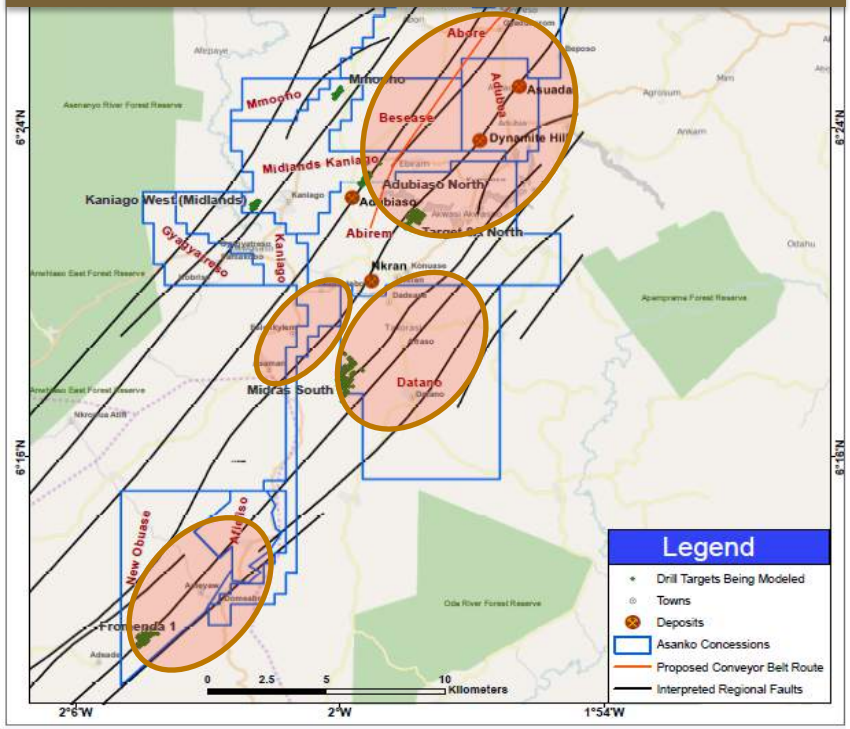
** Based on Phase 1 Definitive Project Plan*

## CUMULATIVE CASH FLOWS – PHASE 1*



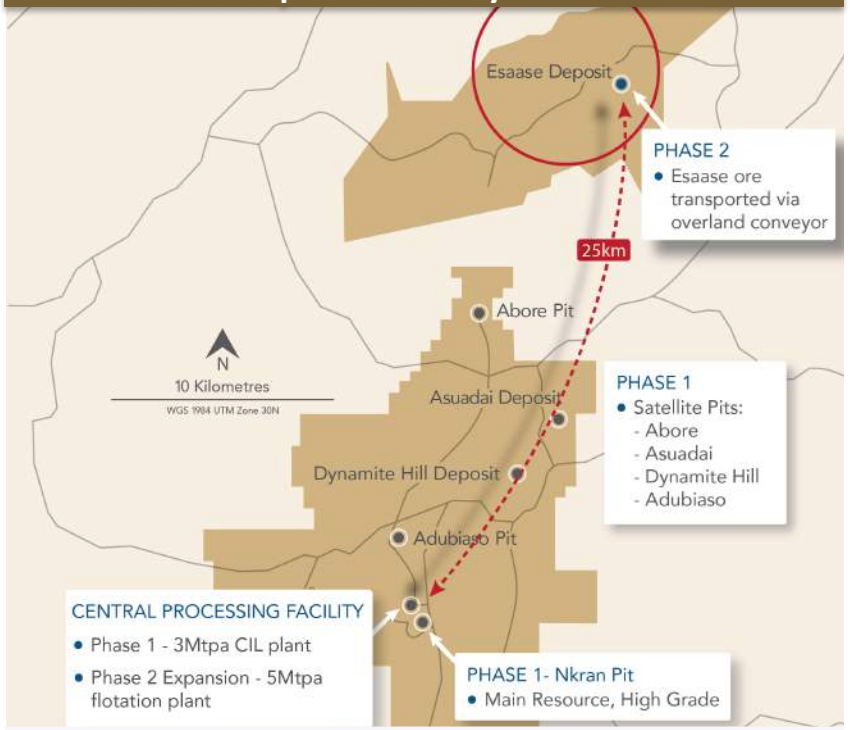
# NEAR-TERM ORGANIC GROWTH

## Oxide Strategy = Incremental Ounces @ Marginal Cost of Production




- Milling circuit designed for Nkran fresh ore, so potential to process satellite deposits' softer oxides at higher rates
- Plant can expand CIL capacity from 3Mtpa to 3.8Mtpa for minimal capital
- Targeted drilling campaign planned in 2016 to delineate further "Dynamite Hill" style deposits

## Phase 2 = Doubles Production whilst Maintaining Low AISC and Capital Efficiency




- Reserves: 37% oxide and 63% fresh (contained gold)
- Phase 2 increases production to avg. 411,000 oz/pa
- LoM AISC US$798/oz for +10yr
- DFS underway, exploring processing optionality
- Permitting & stakeholder engagement has commenced

# PHASE 2 : KEY METRICS & DEVELOPMENT PLAN

| (US$1,300/oz gold price) | Phase 1 | Phase 2 Expansion | AGM (Phases 1 & 2) |
|---|---|---|---|
| **Reserves** | 2.5Moz @ 2.15g/t | 2.7Moz @ 1.41g/t | **5.2Moz @ 1.68g/t** |
| **Processing Capacity (Mtpa)** | 3.0 | 5.8 | **8.8** |
| **Production (steady state avg./yr)** | 190,000oz from 2016 | 221,000oz | **411,000oz from 2018** |
| **Life of Mine Production** | 2.33Moz | 2.35Moz | **4.7Moz** |
| **Life of Mine (years)** | 12.4 | 10.5 | **12.5** |
| **AISC (US$ per ounce)** | 781 | - | **798** |
| **Capital Cost (US$ million)** | 295 | 270 | **565** |
| **$NPV_{5\%}$ (US$ million)** | 412 | 358 | **770** |
| **IRR% (after tax)** | 26 | 30 | **27** |



## Technical

Detailed design of conveyor

Further metallurgical test work

Completion of DFS by end Q2 2016



## Permitting

Final conveyor route and design

Amend Esaase permit

Amend Obotan permits to include flotation plant & increase in tailings volume



## Financing

Consider prevailing gold price

Evaluate financing alternatives

Internal cash flows / further borrowing



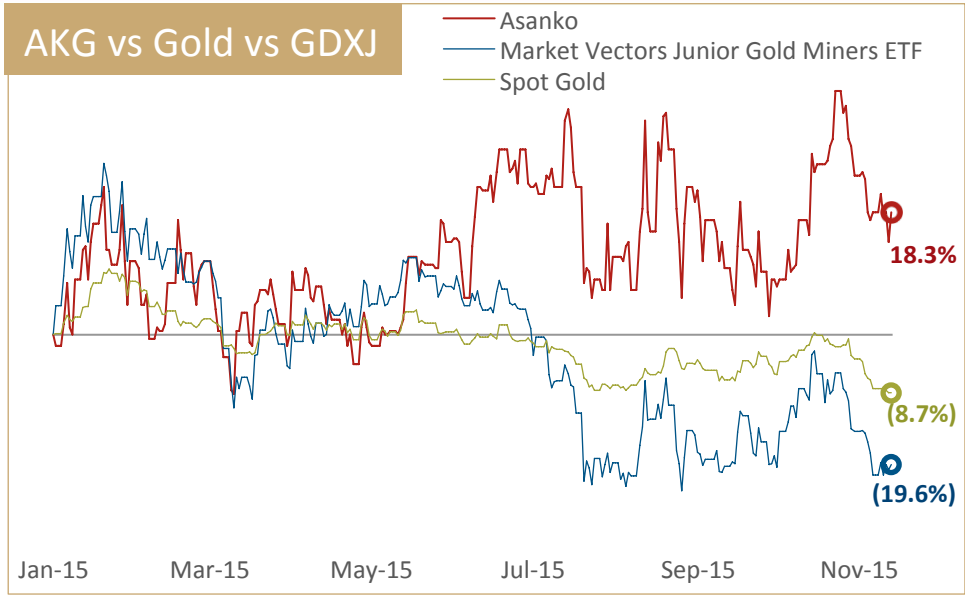
**Earliest Investment Decision:**

**Q3 2016**

# DELIVERING VALUE FOR SHAREHOLDERS

- Asanko has delivered value in 2015 through achieving project milestones on time and budget
- With first production less than 2 months away, further share price appreciation is expected as the Company transitions from developer to producer
- Current market capitalization at significant discount to Phase 1 cash flows
- Phase 2 value overlooked by the market – opportunity for further performance in 2016

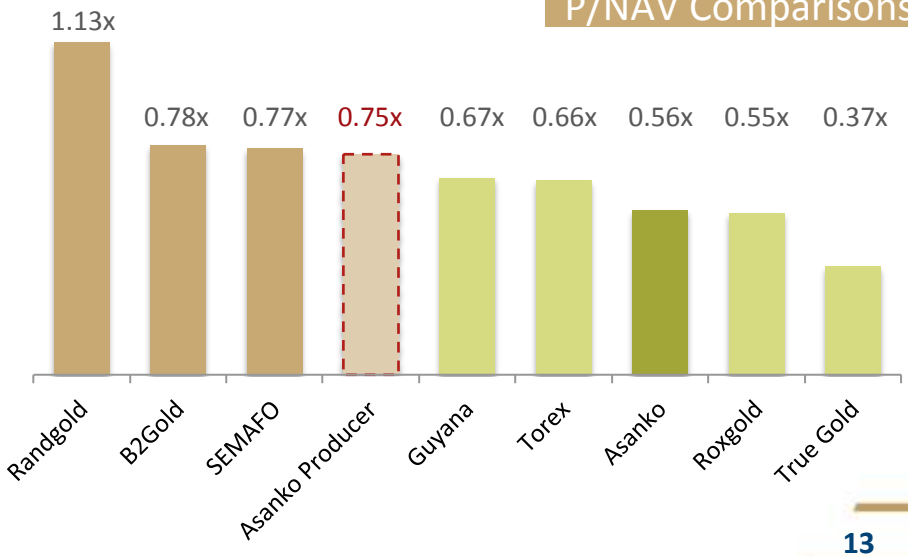
## AKG vs Gold vs GDXJ



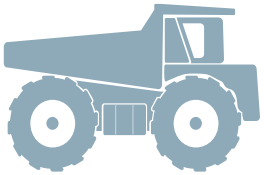

| Valuation at 1 January 2016* US$ millions | Gold Price US$ /oz | | |
|---|---|---|---|
| | 1,100 | 1,200 | 1,300 |
| Project NPV @ 5% - Phase 1&2 | 720 | 951 | 1179 |
| Net Debt | (110) | (110) | (110) |
| **NAV** | **610** | **841** | **1069** |
| Implied NAV assuming Producer P/NAV of 0.75x | 458 | 631 | 802 |
| Current Mkt Cap | 311 | 311 | 311 |
| Implied return | 47% | 103% | 158% |

** Based on Phase 1 Definitive Project Plan*

## P/NAV Comparisons



# POISED TO BECOME A PRODUCER



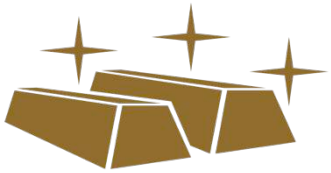
**Execution**

Phase 1 Build ahead of schedule and on budget



**Fully Funded**

Solid cash flow generation with low AISC & US$40m buffer



**First Gold January 2016**



**Market re-rating**

First Production imminent
Steady-state expected Q2 2016



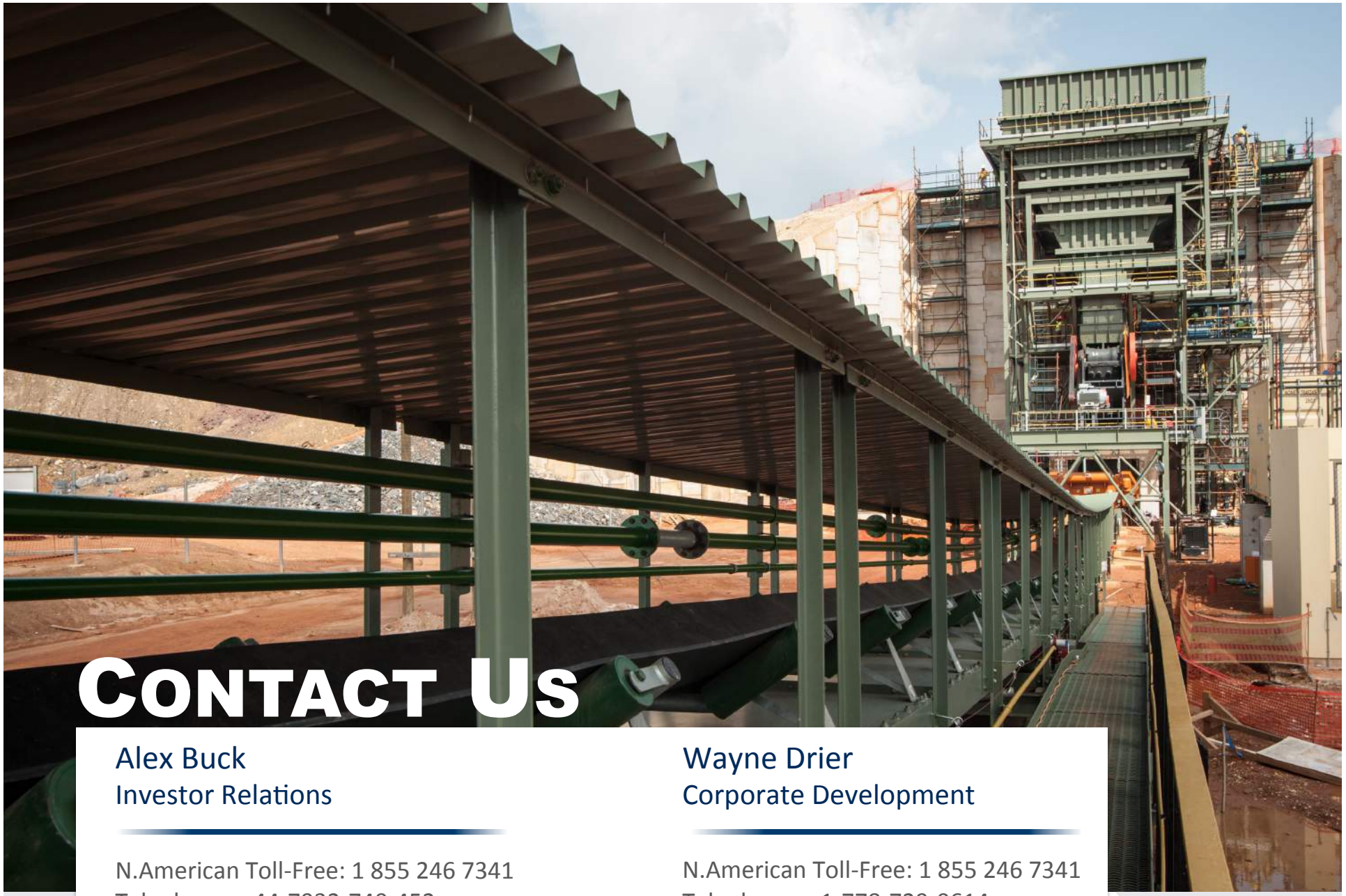
**Organic Growth to 411,000oz/pa**

Own next phase of growth



**Team to Deliver**

Focused on value creation



# Contact Us


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# Appendices



# MANAGEMENT WITH PROVEN TRACK RECORD



**Experienced African Team**

+



**Successful Mine Builders & Operators**

+



**Leadership of the Business - Significant shareholding**

=



**Delivering Shareholder Returns**

| | | |
|---|---|---|
| **Peter Breese**<br>President & CEO | **Greg McCunn**<br>CFO | **Hugo Truter**<br>Projects |
| Previously CEO Mantra Resources, CEO Norilsk Nickel International, COO LionOre, +25yrs operating and building mines. | +20 yrs in technical, operational, corporate development and financial roles, including Teck & Placer Dome. | +25 yrs operational, project management & engineering experience in gold, nickel & uranium industries. |
| **Rob Slater**<br>Mining | **Ed Munnik**<br>Processing | **Dr. Ben Adoo**<br>Chairman, Ghana |
| +20 yrs mining, operational, project management and executive experience in Africa and Australia. | +30 yrs metallurgical, operational & project management experience in gold, nickel, uranium, copper and cobalt. | +40 yrs in gold and bauxite in Ghana. Past President & Honorary Member of Council of the Ghana Chamber of Mines. |
| **Josephat Zvaipa**<br>MD, Ghana | **Wayne Drier**<br>Corporate Development | **Dr Frans de Bruyn**<br>Organizational Capability |
| +25 yrs of experience in operations, Human Resources, Training & Development. | +17 yrs of experience in corporate finance and senior business development roles in Africa, Canada and Australia. | +20 yrs experience in human resources and organizational development in South Africa and Australia including Anglo American, Rio Tinto, Snowden, Mantra Resources, LionOre Mining and BHP Billiton. |

# CORPORATE INFORMATION

## Capital Structure

| | |
|---|---|
| Listings | NYSE & TSX "AKG" |
| Ordinary Shares | 197m |
| Options & Warrants | 14.8m |
| Cash (30/09/15) | US$159m |

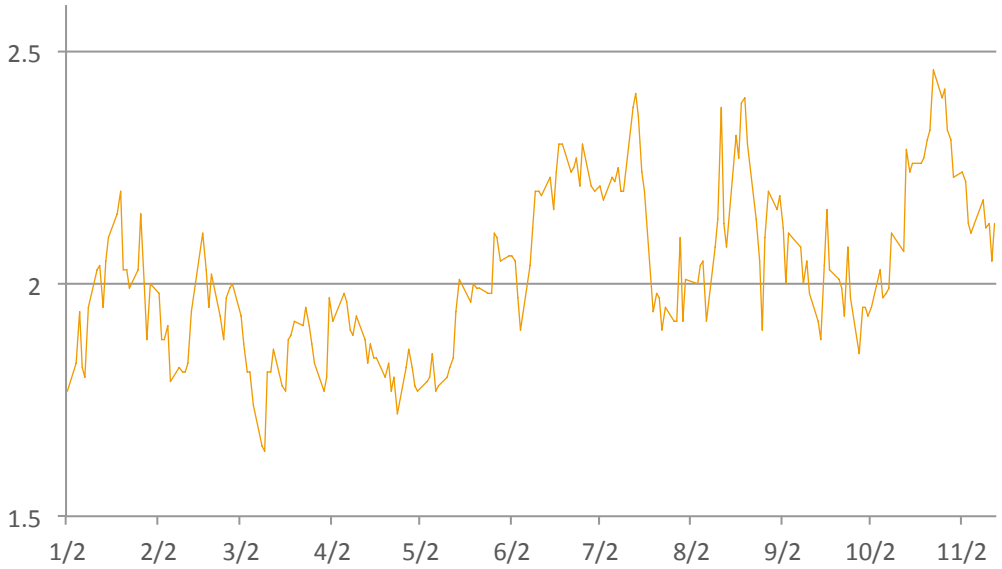
## Top 10 Institutional Shareholders

| | |
|---|---|
| Van Eck & Market Vectors ETF Trust | 9% |
| Sun Valley Gold | 7.3% |
| Intact Investment Management | 4.7% |
| 1832 Asset Management | 4.2% |
| Taurus | 3.9% |
| Equinox Partners | 3.7% |
| Mackenzie Investments | 3.0% |
| M&G Investment Management | 2.7% |
| Oppenheimer | 1.8% |
| Sprott Asset Management | 1.7% |

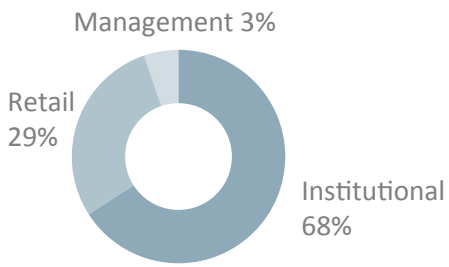
*Source: Ipreo & Public Filings*

## 2015 Share Price Performance

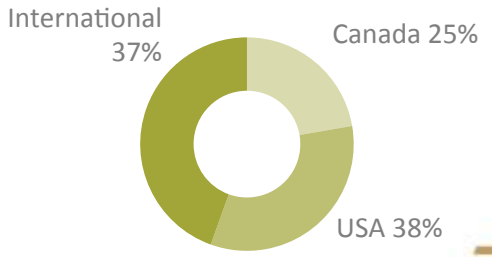
Market Capitalization: ~C$419m | ~US$311m (as at Nov 13, 2015)




## Shareholders by Type




## Shareholders by Geography



# AGM CONSOLIDATED MINERAL RESOURCES & RESERVES

| | Resources Measured & Indicated | | | Reserves Proven & Probable | | |
|---|---|---|---|---|---|---|
| | Tonnes (million) | Grade (g/t) | Ounces (million) | Tonnes (million) | Grade (g/t) | Ounces (million) |
| Nkran | 39.04 | 2.34 | 2.94 | 31.2 | 2.21 | 2.20 |
| Abore | 4.98 | 1.65 | 0.27 | 2.1 | 1.77 | 0.11 |
| Adubiaso | 2.13 | 2.23 | 0.15 | 1.8 | 2.07 | 0.11 |
| Dynamite Hill | 1.84 | 1.86 | 0.11 | 1.1 | 1.88 | 0.07 |
| Asuadai | 1.64 | 1.34 | 0.07 | 0.5 | 1.26 | 0.02 |
| **Phase 1 Total** | **49.63** | **2.22** | **3.54** | **36.7** | **2.15** | **2.52** |
| Esaase | 94.63 | 1.45 | 4.40 | 60.3 | 1.41 | 2.73 |
| **Phase 1 & 2 Total** | **144.26** | **1.71** | **7.94** | **97.0** | **1.68** | **5.25** |

*Notes: Cut-off grade used for Phase 1 resources (Nkran, Adubiaso, Abore, Dynamite Hill & Asuadai) was 0.8 g/t and the cut-off grade used for Phase 2 (Esaase) resource was 0.6 g/t. Due to rounding differences some totals may not add exactly with the figures.*

# RED KITE PROJECT DEBT

## Project Loan Facility US$130m

- LIBOR +6% with a 1% LIBOR minimum
- 1.5% arrangement fee on draw down
- 4 year repayment schedule, payable quarterly (5 first payments – 4%; 10 next payments – 8%)
- Early repayment at anytime without penalty
- US$130m drawn as at June 30, 2015
- No hedging, no cash sweep, no restrictions on M&A

## Cost Over-run Facility US$20m

- Higher cost debt available at the option of Asanko (LIBOR +10%)

## Offtake Agreement:

- Asanko to sell the first 2.2Moz of gold produced to Red Kite
- Red Kite to pay for 100% of gold value 10 business days after shipment
- 90% provisional payment of estimated value made 1 business day after delivery
- Sale price will be a spot price selected during 9 day quotational period following shipment
- Asanko has option to terminate Offtake Agreement for a termination fee, dependent on:
  - Total funds drawn under the Project and Overrun Facility
  - Amount of gold delivered under Offtake Agreement at time of termination