

19 JULY 2019

FUNDING SECURED AT MAJOR BOTSWANA PROJECT

Diversified mining services company Ausdrill Limited (**ASX: ASL**) is pleased to provide an update on the approximately A\$800 million, five-year underground mining services contract at the Zone 5 Mine in Botswana recently awarded to Ausdrill's subsidiary, Barmenco, from Khoemacau Copper Mines (**Khoemacau**).

As per Ausdrill's ASX release on 24 June 2019, the contract was subject to Khoemacau Project funding closing. Khoemacau has advised that all components of its funding package have now successfully closed – a media release by Khoemacau is attached.

Ausdrill Managing Director Mark Norwell said: "This is one of the largest contracts awarded to Barmenco and a major opportunity for Ausdrill under our international growth strategy.

"We are delighted that the funding package has successfully closed and look forward to delivering on this significant project, with preparations underway for us to commence mining services at the Zone 5 mine in December 2019."

Khoemacau's Zone 5 operation is a new, large and long-life mine development project located in the highly-prospective Kalahari copper belt in Botswana. Under the contract, Barmenco will perform mine development, establishment of underground mine infrastructure, diamond drilling and mine production at an initial rate of 3.6 million tonnes per annum of copper ore with multiple expansion opportunities.

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About Ausdrill

Ausdrill (ASX: ASL) is a diversified mining services company. Since its formation in Kalgoorlie in 1987, Ausdrill has grown significantly and now has operations across Australia, Africa, India and the United Kingdom. Ausdrill is a leader in open-cut and underground contract mining, diamond drilling, grade control, drill & blast, exploration, mineral analysis, procurement and logistics. The Ausdrill Group employs over 8,000 staff worldwide.

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Cupric Canyon Capital announces the increase to US\$650 million, and closing, of the funding package for construction of the Khoemacau Copper Silver Project in Botswana

Gaborone – July 18, 2019: Cupric Canyon Capital (Cupric), the owner of Khoemacau Copper Mines and, through it, the Khoemacau Copper Silver Project, is pleased to announce that subsequent to its announcement of 25 February 2019, a US\$85m equity component has been added to its Project Funding Package, bringing total available funding to US\$650m. Further, all components of the Package closed simultaneously yesterday, and first draws are underway.

Funds advised by Global Natural Resource Investments (GNRI) will invest US\$15 million, further to its current equity investment, while Resource Capital Fund VII LP (RCF VII) has subscribed for US\$70 million of ordinary equity in the Khoemacau group of companies, giving it an effective 11.9% interest in Khoemacau.

In February 2019, Cupric, which at that time was the sole owner of Khoemacau, (together referred to as the “company”) announced the signing of a US\$565 million project funding package that comprised:

- a US\$275 million senior debt facility from Red Kite Mine Finance (“RKMF”); and
- a US\$212 million to US\$265 million silver stream from RGLD Gold AG (“RG AG”) a wholly owned subsidiary of Royal Gold, Inc. (“Royal Gold”), and a US\$25 million subordinated debt facility from RG AG.

This funding from RKMF and RG AG, combined with the US\$85 million of new equity, provides the Company with total funding of US\$650 million (the “Project Funding Package”).

The Project Funding Package will be used for construction of Khoemacau’s 3.6 million tonnes per annum Starter Project, processing ore from a 91 million tonne resource^[1], at a head grade of 2% copper and 21g/t silver. First copper concentrate production is expected in the first half of 2021, with annual production averaging 62,000 tonnes of copper and 1.9 million ounces of silver for over 20 years.

The construction cost of the Starter Project is US\$397 million over a two-year construction timeline. The balance of the Project Funding Package covers working capital and corporate general and administrative costs, financing costs during construction, and repayment of the existing US\$105m RKMF Bridge Loan. This Bridge Loan has funded all company activities, including exploration, detailed engineering and early construction activities, since late 2016. As well as providing cost overrun support, the Project Funding Package also funds the Expansion Project studies, engineering and permitting work, and the exploration program for the next 2 years.

^[1] Independently established in line with JORC guidelines.

On June 24 2019, Khoemaçau executed a 5-year, US\$560 million, underground mining contract with Barmenco, a subsidiary of international mining services group Ausdrill Limited. Following closing of the Project Funding Package, Barmenco is now proceeding with mobilization and readiness to commence execution of the Zone 5 underground mine in December 2019.

Early construction activities have been underway on the Khoemaçau Project site since the beginning of 2019. There are now more than 700 people on site carrying out construction work including boxcuts for underground access, roads, a water pipeline and terraces for surface infrastructure. To date some 7.8% of the project capital cost, or US\$31 million, has been spent on these activities, while some 57% of the capital costs have now been committed.

On 3 July, the President of Botswana, His Excellency Dr. Mokgweetsi Masisi, led the ground breaking and official opening of the Khoemaçau Project. In his address President Masisi noted the significant scale of the project and the associated investment, and that it bore testimony to the country's attractiveness to foreign direct investment. President Masisi further recognized the importance of this project to the local economy and indeed Botswana.

Johan Ferreira, CEO of the company, commented: "The introduction of RCF brings a further industry leading investor into our financing group, while the increase in the Project Funding Package provides the flexibility necessary to financially de-risk this development and also secures the funding to continue exploration and feasibility work on our exciting expansion options. The closing of the Project Funding Package, along with the execution of the underground mining contract with Barmenco, allows us now to move forward with all project development activities at full pace, and marks a significant milestone in this company's development."

Note to editors

The company's short-term plan is to achieve safe reliable production from the Starter Project. The long-term plan is to expand Khoemaçau to approximately 5.8 million tonnes per annum throughput, via the Expansion Project, whereby a new standalone process plant will be built at Zone 5.

Khoemaçau was wholly owned by Cupric, which is a private company that was established in 2010 in partnership between funds advised by Global Natural Resource Investments ("GNRI") and Cupric management to acquire and develop copper assets. Khoemaçau is now owned 88.1% by Cupric and 11.9% by RCF VII.

Resource Capital Funds ("RCF") is a group of commonly managed private equity funds, established in 1998 with a mining sector specific investment mandate spanning all hard mineral commodities and geographic regions. Since inception, RCF has supported 185 mining companies, with projects located in 53 countries and across 30 commodities. Further information about RCF can be found on its website (www.resourcecapitalfunds.com).

Khoemaçau is led by an international management team with extensive experience developing high-quality mining assets across the globe.

The company has been developing the Khoemaçau Project, a 4,040 square kilometer land package in northwest Botswana, over the past 6 years. One of the deposits within the Khoemaçau Project, Zone 5, was discovered in 2012 and has since become the flagship deposit since it was acquired by the company in 2013. Since then, Khoemaçau has undertaken 285,000 metres of drilling, completed permitting and land access agreements, secured the required power and water, and undertaken

advanced engineering, procurement, and initial project works such that it was ready for full construction release of the Starter Project, on closing of the Project Funding Package.

In 2015, the company acquired the Boseto assets (a previously operated copper project adjacent to Zone 5), out of provisional liquidation. This acquisition offered the company access to the 3.0 million tonnes per annum Boseto processing facility located 35 kilometres from Zone 5, along with extensive infrastructure, and various mineral resources and licenses. Since acquisition, those assets have been incorporated into the Starter Project development plan, while exploration activities on the Boseto licenses have developed significant resources, and further drill targets there.

The Starter Project development plan now involves the fully mechanised underground mining of sulphide ores at Zone 5 at a rate of 3.6 million tonnes per annum, using the upgraded Boseto processing facility for crushing, milling and flotation to produce a high-grade copper silver concentrate.

The Starter Project is expected to produce a copper concentrate with an average grade of approximately 40% copper and high-grade silver. This results in annual average production of 62,000 tonnes copper and 1.9 million ounces silver per annum over a mine life in excess of 20 years. The average life-of-mine C1 cash costs, net of silver by-product credits, are US\$1.48/lb at consensus pricing and US\$1.67/lb including sustaining capex, and before accounting for the silver stream.

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