Beacon Hill Resources Plc
Mozambique Coal 2013 Conference

“A ground-breaking year for Beacon Hill Resources”

15 July 2013
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Beacon Hill Resources Plc

Key Data

Market Data

<table>
<thead>
<tr>
<th>Market</th>
<th>AIM (BHR) &amp; ASX (BHU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Price (as at 10.07.13)</td>
<td>2.38p per Share</td>
</tr>
<tr>
<td>Total Ordinary Shares</td>
<td>1,578,593,484</td>
</tr>
<tr>
<td>Options &amp; Warrants</td>
<td>89,460,499</td>
</tr>
<tr>
<td>Market Capitalisation</td>
<td>£37.5m</td>
</tr>
</tbody>
</table>

Board of Directors

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Justin Farr-Jones</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Rowan Karstel</td>
</tr>
<tr>
<td>Non-Executive Director</td>
<td>Cristian Ramirez</td>
</tr>
<tr>
<td>Non-Executive Director</td>
<td>David Premraj</td>
</tr>
<tr>
<td>Independent Non-Executive Director</td>
<td>Murray d'Almeida</td>
</tr>
</tbody>
</table>

Shareholders

- Latitude Zero: 53%
- Pelham Investments: 15%
- Consolidated: 15%
- BlackRock: 9%
- All Other Investors: 8%

BHR Historical Share Price

GBp per share

Graph showing share price fluctuations from July 12 to June 13.
Minas Moatize

Location

History

New Expansion Strategy
Minas Moatize Coal Project
Tete Province, Mozambique
Minas Moatize

History

- 12 operating underground mines in the Moatize area in the late 1970s / early 1980s – known as Chipanga I to Chipanga XII

- Operated by Carbomoc (Mozambique Government) in partnership with the East Germans

- Present Minas Moatize was formally known as Chipanga XI and was established in 1980

- The mine was developed for two years, but had not been brought into production when all mining activities in the area were suspended as a result of the civil war
Phase I, II and III Expansion

Original plan

- Commenced open pit mining of thermal coal in Q2 2011 from an initial open pit mine
- Mining has commenced from a second open pit, the Upper Chipanga Pit, where coking coal will be produced
- Coal processed at Phase I CHPP which has a feed capacity of 0.6Mtpa –thermal only
- Phase II plant was due to be completed in Nov 2012 with a plant feed of 1.8Mtpa
- DFS study completed Feb 2012 to build a 4 Mtpa operation with 10 year life
- Capital expenditure of $150 million and full production anticipated after three years
New Expansion Strategy

“A lean and mean philosophy – assets must sweat”

- **Align mine production to rail capacity:** 0.5Mt of rail capacity at 20% coking coal yield gives you 2.8Mtpa ROM production profile – LOM increased from 10 to 16 years

- **Optimise capital:** revised process plant design and cut capital by US$80m (80% saving in plant capital expenditure)

- **Phased plant expansion programme:** enabling effective management of cash flow and spreading the risk
  - Phase 2 A – 1.8Mtpa capacity
  - Phase 2 B – 2.8Mtpa (additional crusher station and second primary wash)
  - Phase 2 C – Flotation unit and thickener

- **Coking coal focus:** mining activities focused on high value coking coal shipments maximising Net Present value
New Expansion Strategy
“A lean and mean philosophy – assets must sweat”

- **Overhead cost reduction programme**: implementation of a cost cutting plan
  - targeting senior management ($2 million)
  - closing Melbourne office
  - employment contracts performance and KPI driven
  - weekly cash flow approvals
  - improve financial controls: implementation of Pastel

- **Skilled management team**: Appointed an experienced EXCO team with strong coal backgrounds

- **Vertical integration**: introduction of Met Coke plant to increase margins and help de-risk the rail in the short term

- **Need to increase resource base**: evaluating potential of surrounding reserves
Minas Moatize Coking Coal Mine
Coal Resource Statement

<table>
<thead>
<tr>
<th>JORC RESOURCE</th>
<th>Upgraded JORC Resource</th>
<th>Previous JORC Resource</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured</td>
<td>41.4Mt</td>
<td>35.9Mt</td>
</tr>
<tr>
<td>Indicated</td>
<td>35.2Mt</td>
<td>30.5Mt</td>
</tr>
<tr>
<td>Inferred</td>
<td>10.6Mt</td>
<td>-</td>
</tr>
<tr>
<td>Less Historical Underground Extraction</td>
<td>0.4Mt</td>
<td></td>
</tr>
<tr>
<td>Total JORC Resource</td>
<td>86.8Mt</td>
<td>66.4Mt</td>
</tr>
</tbody>
</table>

This represents an increase of 31% on the previous JORC resource statement.
Production

Run of Mine

Saleable Products per annum

- 540,000 tons of coking coal
- 620,000 tons per annum of export thermal (5,400 Kcal)

On mine cash cost

US$30 / saleable ton

FOB cash cost in Beira

US$90 / saleable ton

Capital

US$21 million for 2013

Life of Mine

16 years
Minas Moatize Wash Plant and Lab
**Saleable Coal Qualities**

*As sampled and analysed by BV Laboratory*

### Hard Coking Coal

<table>
<thead>
<tr>
<th>Sample ID</th>
<th>% Inherent Moisture Content (ad)</th>
<th>% Ash Content (ad)</th>
<th>% Volatile Matter (ad)</th>
<th>% Fix C (ad)</th>
<th>Total S (%)</th>
<th>CV (MJ/Kg)</th>
<th>P in Coal (%)</th>
<th>FSI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coking product 09/05/2013</td>
<td>0.6</td>
<td>9.6</td>
<td>19.8</td>
<td>70.0</td>
<td>0.59</td>
<td>32.75</td>
<td>0.059</td>
<td>9.00</td>
</tr>
<tr>
<td>Coking Product 09/05/2013</td>
<td>0.6</td>
<td>8.0</td>
<td>20.6</td>
<td>70.8</td>
<td>0.97</td>
<td>32.19</td>
<td>0.047</td>
<td>8.50</td>
</tr>
</tbody>
</table>

### Thermal Coal

*A export thermal Coal product has been produced with an Ash content of ~ 23-25% and a CV content of ~ 25 MJ/kg.*
Minas Moatize Wash Plant phase 2B and 2C
## LIMN Simulations

<table>
<thead>
<tr>
<th>Seam</th>
<th>Without Flotation</th>
<th>With Flotation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CL</td>
<td>CM</td>
</tr>
<tr>
<td><strong>Coking Yield</strong></td>
<td>18.02</td>
<td>8.28</td>
</tr>
<tr>
<td><strong>Coking Ash</strong></td>
<td>10.50</td>
<td>10.50</td>
</tr>
<tr>
<td><strong>Thermal Yield</strong></td>
<td>27.16</td>
<td>11.27</td>
</tr>
<tr>
<td><strong>Thermal CV</strong></td>
<td>24.00</td>
<td>23.23</td>
</tr>
</tbody>
</table>

*CM target for Export Thermal only*

*Average coking coal yield 25%*
Sena Rolling Stock

BHR signs operating lease for new rolling stock for Sena Railway

- Minas Moatize Limitada (‘MML’) has signed an operating lease agreement with Thelo Rolling Stock Leasing
- Thelo is 50% owned by Thelo Rolling Stock Partnership and 50% owned by the Industrial Development Corporation (IDC), a South African government-owned institution.
- Thelo will lease to MML five ‘new’ Grindrod locomotives for 10 years
- Thelo will also lease to MML 90 new Gondola-type coal wagons fitted with Sheffield bogey system for a term of 10 years
- Grindrod Locomotives has been appointed as the rail services operator, and will assume day-to-day responsibility for MML’s train operations on the Sena Line
Rail Allocation

BHR receives 0.5 Mt Sena Rail Line Allocation in 2013

- Interim Rail Access Agreement signed with Portos e Caminhos de Ferro de Moçambique (‘CFM’) on the Sena Rail Line for an allocation of 0.5 Mtpa or 7.7% of line capacity commencing in April 2013

- MML will pay CFM a monthly line access fee

- The Interim Rail Access Agreement automatically renews itself each year until MML and CFM enter into a long term take or pay agreement

- MML shall initially operate two train sets each consisting of two locomotives with 42 wagons (each wagon of up to 63 tonnes load capacity)
Plan of Carbonoc Siding

NOTES:
1. LINES K12 AND SIL TO BE USED BY JSPL AND MML TO STAGE LOCOMOTIVES AND WAGONS.
2. ANY CHANGES TO THE LAYOUT SHALL NOT BE MADE WITHOUT THE CONSENT OF BOTH JSPL AND MML.
Carbonoc Siding in Moatize

3km from the mine
Beira – Rail Off Loading Siding
Port of Beira

NEW COAL TERMINAL
(20MTPA)

QUAY 9
(2MTPA CAPACITY)
BHR IS USING QUAY 9

QUAY 8
(6MTPA CAPACITY)
VALE / RIO ARE USING

MINAS MOATIZE LAYDOWN AREA

VALE / RIO FACILITY
Beira – Quay 13
Quay 13 – Proposed layout
Signing of the Mining Contract in Maputo

Mining Contract allows the Government a 5% stake in MML which aligns Governments interests with that of the Company.

The signing of this contract represents a milestone in the process of stabilising the BHR subsidiary by providing following advantages:

- Security of tenure through this 25 years contract and a predictable long term legal frame work of investment
- Ability to transfer the attained contractual position
- Fiscal incentives and exemption from custom duties
- Ability to employ sufficient skilled foreign professionals required to implement planned development and if required hire international contractors for the term of the contract
New Management Team (MML)

- **CEO**: Rowan Karstel
- **COO**: John Daly
- **Manager: HS & E**: Altus Cloete
- **GM: Process**: Nathan Culkin
- **CFO & HR**: Stefanie Cronje
- **Operations Manager: Rail**: Mac vd Merwe
- **Marketing & Logistic Manager**: Lynette Kruger
- **Mozambique: Country Manager**: Ric Jose
- **Beira Port Manager**: Vacancy
- **Consultant: Geology**: Peet Meyer
- **Mine Planning**: MAPTEK
- **R & H Rail Consultant**: Daleen Scholtz
- **Rail Consultants**: AURECON
Community Development Programme

Building of three schools
Houses for re-located employees
Commitment to spend $1 million on community development over the next five years
Training and Employment Programme

- Over 220 employees on the mine (excluding contractors)
- Re-skill U/G operators
- Mentoring and coaching programme
## Funding

### EXPANSION COSTS

<table>
<thead>
<tr>
<th>NON-DISCRETIONARY</th>
<th>AMOUNT</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrade the Beira Siding and Carbonoc Siding</td>
<td>$10.0m</td>
<td>Beira (SGS in Feasibility) / Carbonoc Commenced</td>
</tr>
<tr>
<td>Security deposit for CFM for Rail Allocation and for Thelo Rolling Stock (Leasing Finance)</td>
<td>$1.4m</td>
<td>Approved to pay in Q213</td>
</tr>
</tbody>
</table>

### DISCRETIONARY

| Capital Plant Phase 2B (flotation cells and thickener) | $3.5m     | Planned not approved                         |
| Capital Plant Phase 2C (upgrade plant to 2.8Mtpa)     | $6.5m     | Planned not approved                         |
| Feasibility study on the relocation of cut-off canal  | $0.3m     | Approved                                     |

**Total Capital Expenditure (Planned Approved / Not Approved)** $21.7m

### Debt Funding

- Management are in discussions with leading financial institutions with respect to arranging a debt facility for on-going working capital funding and to refinance the senior secured US$10m debt facility with Vitol. Key milestones to close the facility include the demonstration of the upgraded wash plant and the receipt of a rail allocation (recently attained)

### Cash

- Cash / Cash equivalents as at 14 June 2013 is **US$9m (excl. US$6m contractor prepayments)**
Beacon Hill Resources’ Growth Strategy
Vertical Integration

Beacon Hill Resources
Steel Group Growth Pillars

- Metallurgical Coke Plant
- Coking and Thermal Coal
- Co-Power Generation 15MW
- Pig Iron
- Magnetite
- Caustic Calcined Magnesia
- Magnesite (MgO)

Mozambique
Tasmania
Metallurgical Coke Plant
(plus co-generation 15 MW)

- BHR, in conjunction with key stakeholders (including Global Coke), are in discussions with regards to building a Metallurgical Coke Plant in Tete
- Key outcome would be the potential of a mine gate coking coal off-take, which would increase overall margins
Position of Metallurgical Coke Plant
Expanding from a 2.8 to 4Mpta Operation
The existence of magmatic injection titanomagnetite iron ore deposits in the Tete Suite has been known since the 1960s.

Among the most important of these deposits are the Antiga Caldas Xavier and Machédua deposits. These deposits are located approximately 35km east of Tete, and are accessible via the road that links Tete and Malawi.
Conclusion
Coal in a Nuclear Winter

- With the development of shale gas the world energy market has changed
- Mozambique a low mining cash cost producer
- Challenge for Mozambique lies in the logistics (rail and port)
High Road for Mozambique Coal

Coking coal in Tete Province (short to medium term)

- SENA line capacity to 20Mtpa
- Development of Quay 13 in Beira
- CFM to control both assets
- Tax regime to follow commodity cycle
- Mining Contract
- Skills Development

"Mozambique has got the potential to become a role model for mining across Africa"
Contacts

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