Lifezone Metals - Kabanga Nickel Project - Initial Assessment Webcast-20250603_143657-Meeting Recording

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Evan Young 0:16

Good morning, everyone, and thank you for joining us today. I'm very pleased to welcome you to life zones webcast on the initial assessment for our flagship cabanga nickel project. My name is Evan Young and I'm the senior vice President of Investor Relations and Capital Markets. We will finish today's event with a question and answer session. You can indicate your intention to ask a question by clicking the raise hand button at the top or by clicking the Q&A button.

And typing your questions your question into the box.

At this time, all participants are in a listen only mode, with microphones muted and cameras disabled. If you are prompted to ask a question, we will activate your line. But Please remember that you also need to unmute on your end. Please feel free to contact me directly at evan.young@lifezonemedals.com for any follow up questions that are not addressed during today's call. Let's get started.

Before we dive into the details, I'd like to remind everyone that certain statements made.

Are not historical facts, but may be considered forward-looking statements. These are based on current expectations and are not guarantees of future performance. Please review our SEC filings for a discussion of these risks and uncertainties.

This presentation is for informational purposes only and it does not constitute an offer to sell or solicit or solicitation to buy any securities. We encourage you to consult your own advisors before making any investment decisions.

All right. Moving along on today's call, we have Chris Showalter, our Chief Executive Officer, Doctor Mike Adams, our Chief Technology Officer, and Gerrick Mouton, our Chief Operating Officer. As previously mentioned, after the presentation, we will have AQ and a session where you can engage directly with the team. Chris, over to you.



Chris Showalter 2:15

Good, good morning. Thank you, Evan and welcome everyone. Today, we're really

excited to be here. This is really a historic milestone for not only life zone, but also for Tanzania. This is really the first economic study in combating its fifty year history that's been released. And so today through the initial assessment filed under SK 1300, we're excited to, you know, really demonstrate the robustness and the exciting economics that we have been able to deliver.
Through the team, what this study does and.
We're looking to to really explain the vertically integrated strategy that we've laid out and this is more capital efficient stage process and this will go through the underground mining concentrator as a stage that'll be followed by the Hydrometallurgical refinery that we are going to be developing at kahama and this really provides the foundation for what will drop out of this kind of what we look at as kind of a master plan.
To DFS, is the first of which will be delivered in July on the mine and the concentrator and.
Yeah, I think when you look at the you know, the standards we've adhered to, I mean the tremendous amount of work has gone into this. So we demonstrate the, the, the economic potential that could be at nickel deposit, which I think has been widely known. But we've also outlined here the standards we've achieved both on the ESG side, but also excitingly looking at the, the future exploration potential that we've identified on our special mining licence and and that really indicates that CABANGA has a potential to.
To be a real multi generational project for a very long life.
This is the culmination of a tremendous amount of work, not only from life zone, but the Tembo team and all our stakeholders in government as well. So I'm really excited to move forward and with that, why don't we go to the next slide.
It really has been well known in terms of its exceptional positioning on the on the grade curve and I think this really shows what a true tier one asset kebang is. This data's from S&P Capital IQ and it reflects kind of the combined value of not only the nickel but the copper and cobalt in our resource. And I think you know a lot of people in this call know a lot about the copanga deposit specifically and its potential. That's been widely known for quite some time, but let's kind of get into, you know, how the study has been able to transform the the potential of kabanga.
That's been known into into the next stage. So with that, I'm gonna turn it over to my Chief Operating Officer, Harrick, who's been leading the study team and Yep, Eric, over to you.



Gerick Mouton 4:53

Yeah. Thank you, Chris. Next slide please, Evan.

So the initial assessment really reflects the combination of a tremendous amount of hard work by the live zone team, you know and our primary consultants, specifically Owen, who we're looking after the mineral resource estimate and the update of 2024 and DRA as the primary consultant putting the initial assessment together with all the sub consultants.

And I think everybody is extremely proud of what was achieved.

Considering that this is the first, you know, economic results ever published on the Kabanga deposit.

The initial assessment envisions a 22 year mine plan and is based on measured, indicated and inferred resources for the 3.4 million tonne per underground mine across the five different zones. As you can see in the top right hand figure.

By making use of long oil, stopping mechanised mining and paste, backfill ramp up and the contract mining strategy ensures you know good cost control.

And you know, having tenders back from the market basically provides us with execution readiness.

Next slide.

So as Colez was saying, you know Kabanga is is light up there in terms of of grade and the initial assessment includes the processing of almost 70 million tonnes grading at 1.93% nickel, good copper grades at 0.26 and cobalt at 0.14%.

The flow sheet for the concentrator is conventional.

Plotting with you know crushing circuit and weight, grinding invitation and dewatering which is is all well known and.

You know, commercially operated.

Extensive metallurgical test work has been taking place with lots of test work, you know, to build up that robust flow sheet and we expect strong recoveries which come from test work for nickel 87.3 percent 95.7 for copper and 89.6% for cobalt.

That results in a very high nickel concentrate of 17.3% with low impurities. You know ideal for.

Finding.

Over to Mike for a little bit of a discussion on the other mythological refinery.



Mike Adams 7:37

19, seven and and keirk so so this refinery is in certainly central to the integrated strategy of lifestone metals.
The refinery is going to be located in the Bizwagi Special Economic Zone.
It will use our hydrometallurgical process. We've tested it extensively at our simulus laboratory in in Perth.
And to.
And batch and bench and pilot scale and we will be preceding the full scale construction with a demonstration plant as well. So the flow sheet includes pressure, oxidation neutralisation, solvent extraction, Electro winning and crystallisation steps.
Those are the main unit operations we will be producing 50,000 tonnes of nickel sulphates.
Pixah hydrate per annum.
50,000 tonnes of contained nickel, that is.
7000 tonnes of copper cathode and 4000 tonnes of cobalt contained in cobalt sulphate heter hydrate, so those are annual figures.
And as you can see out the refinery recoveries are.
Very high and.
All across all three metals.
So that's in a nutshell, the refinery and I'll hand back to Evan.



Gerick Mouton 9:20
Thanks Mike.
I think one of the challenges for kabanga over the 50 years has always been logistics. Being 1500 kilometres away from the port of Dallas along, however, you know, with the latest investment that's gone into bulk infrastructure and especially that of rail within Tanzania, it's it's really unlocked the the Cabanga deposit. So to enable concentrate.
To be shipped to be to be trialled, you know, all the way to Darussalam port, including any refined products in the future that's coming from the refinery.
So the plan is, you know, to to track the concentrate from the cabanga mine around 350 kilometres from there to a town called Osaka, which is like a dry port. And from there it will go on the new standard gauge railway all the way to to Dallas along for export.
Once the refund that is ready, it will be tracked to Kohama, which is the town just before Osaka, where final products will be produced and from there it will then also

be loaded at esaka onto the same SGR rail will then you know obviously deliver to the port of Dada Salaam for bulk loading into sea fright on the right hand side you can see.
The kind of assumptions that's been made with regards to rolling stock and also the use of flexible bulk containers.
Actually, for the concentrate which can be reused and sent back to cabanga and then obviously for final products we will make use of of containers on the rail next slide.
We've always applied, you know, higher standards and practises in terms of everything that we do at kabanga and we do, you know, meet all of the IFC performance standards, quite a principles, the global industry standards and tailings management for tailings dams along with Australian National Committee on large dams and called and also the International Council of Mining and Metals so.
We we do, we do meet and envisage to, to meet all of these standards.
As we progress through all the studies.
In the initial assessment and also towards the feasibility study.
And it's good for us to align with that, especially to make sure that we we do meet all space practise. We've completed a number of environmental and social impact assessment across the project.
And a number has already been approved by the Tanzanian government.
Our reaction resettlement action plan has been completed.
And that will obviously ensure fair and sustainable relocation for the affected people.
96% of all the required cash compensations has already been paid with 4% outstanding for for people that's unknown, which is ongoing.
And our TSF facility will be managed sustainably. 52% of that will be going back underground, a spicedful and the rest will be you know depositioned in the TSF with sub Aqua's deposition and our closure plan. Our closure plans include watersheding landform and multilayer covering next slide.
We've also identified as part of the resources that there's significant upside when it comes to resource growth potential over some high priority areas. We've identified four of these exploration targets, Safari link where we punched a couple of holes a year ago on the outskirts, which is basically to the north of Tembo and the Far East link.
The safari extension to the South, we've got a hill called Rabona Hill and then also a Block 1 S so there's four areas that's been identified.
And according to our qpd's, targets represent 17.5 to 23.5 million tonnes.

Grading 1.9 to 2.1% nickel equivalent.
They're all supported by geophysics, historical drilling, as I said, and and geological continuity. And the upside could significantly extend the mine life, you know, and obviously enhance the project value.
With that, Chris, back to you for the economic analysis. Thank you.



Chris Showalter 14:08

OK, great. Thanks, Eric. OK, So what we've basically been able to start, you know, as part of this, this presentation is really you know, the quality of the study, the high standards. We're we're adhering to. But not only that, but also the the future potential for exploration opportunities. But really what we're gonna do is let's you know we're we're disclosing numbers for the first time as we said in our fifty year history. So let's look at how we you know how we benchmark against the industry. And really what I want to highlight in this slide are the results of, you know, in terms of all in sustaining costs because that's really a metric that we, you know, very much focused on.
And what we're demonstrating here is that we do have the potential to be one of the lowest cost nickel producers globally and that's been a huge focus of us to demonstrate that, that potential that everyone knows Cabanga's had. But we're in a strong position now to deliver. So when you look at our all in sustaining cost here at 2.71 dollars per pound, what that shows is really the, you know, the ability for cabanga to to position for long term profitability and resilience.
Despite other competitive forces in the industry.
And competitors. And I think when you look at that all in sustaining cost, we benefit significantly from the by product credits of copper and cobalt. So so one way to look at this is the copper and the cobalt are essentially covering the cost of the nickel production, which is a you know a unique position to be in as a mine. And I think that that is critically important from when you look at how cobango's going to be positioned going forward. I'd like to highlight that on the next slide.
So how are we position against Indonesia? And I think we we we have to talk about Indonesia.
We have to talk about the dominant position they've established in the market and how are we going to be able to position ourselves given those dynamics in the industry. And So what you see here is that all UN sustaining cost positions us firmly in the lower section of the cost curve. And so we have to be able to, you know, really

sit below the competitive 65% market share of the Indonesian market.
And I think this is this is benchmarking the results of the IA. So this gets us, you know under $7000.
Per tonne, all in sustaining cost, which is meaningfully lower than the rest of the industry and so so how is combined again a differentiated self and compete with Indonesia, it's because we have the potential to be you know a cheaper producer or more profitable because of the superior grade. And I think that's that's always been the potential of cabanga. But we've been able to do with this IA is start mapping out the economics and really the the indications of how we're going to be able to deliver that.
And next.
OK, so getting into some of the details. So when when you read the initial assessment, we're we're demonstrating that we have the ability to, you know we're talking about 23.6 billion in overall total revenue, $8 billion in free cash flow, which is critical because when it comes to the the ability for project financing kabanga with the superior grade is a project that delivers material free cash flow and that's going to, you know, give us a lot of leverage when it comes to looking at the financial structures going forward.
The overall.
From a valuation perspective, we're looking at an NPV at 2.37 billion and the fully integrated project and a 222.9% IRR, so.
Having a pre production CAP X number that is sub 1 billion including contingency and I can tell you that in terms of our internal forecast and what we're targeting, this is incredibly close to what we were expecting. So the so the team's really you know met the expectations in terms of the mining concentrator CapEx that we were anticipating so.
You know, again, tremendous job by the teams, the metric we really focused on and we really wanted to to deliver on in this study was the capital efficiency. So to have a capital efficiency of over one is always a key target when looking at these projects.
And so from the mining concentrator, from a pre production CapEx we hit 2.1. So really strong results in terms of that metric. And then if you include the refinery CapEx, we're still above one at 1.3 so.
So really strong results in our view that we wanted to deliver over 1% capital efficiency and we did that.
Not only on a very strong number on the mining concentrator, but also for the fully

integrated project.
OK, next.
OK, so when you look at the so, So what are the things that kind of we focus on really it's it's where some of the risks the risks are being nickel prices. That's one that's kind of unavoidable. But what we're positioned to do is and I think what this chart shows is the you know the the, the upside and so at higher prices you know looking at the dark blue line nickel price and I always kind of I like to kind of reference when when Rick rule came into our project and invested in in life zone about a year and a half ago.
You know, it was very straightforward and Rick kind of indicated he likes to invest in Tier 1 assets at the bottom of the cycle.
Now very hard to time that, but I think what you can see is we are, you know very much I think you know people would agree that we're at the bottom of the cycle in terms of a correction in the overall nickel market. Mines have closed, supply still overhangs, but that's being worked through and prices have kind of bottomed out here around 15,000 to $16,000 per tonne of nickel now to come to market with the study like this to deliver these types of robust economics at the bottom of the cycle and then have as you can see.
A lot of leverage to the upside and the nickel price.
That's where I think the you know, for investors, I think that's really the opportunity is to, you know to look at kebang as a way where you can be levered to the nickel prices recovering in the future and you want to be building, you want to be delivering a tier one asset when when prices are poised to increase. And so I think we can see that we can look at the forecast of where nickel demand is going to be going versus supply.
I think by the time we get into peak production, we're going to be a very hopefully in a very strong position.
To time that correctly so.
So really well positioned to higher nickel prices and I think that's something that that's part of the blue sky potential for the project going forward the next.
OK. So looking ahead and I wanna wrap this up so we can get to some Q&A. So we're positioned right now. We're on track to deliver the DFS in July 2025. So that is coming and that will, you know, obviously include a a reserve statement and the the other thing I'd like to highlight is the positioning of Cabanga and LIVESTONE and the overall energy transition and the attention we're getting is one of the next premier

sources of of nickel, copper, nickel, copper, cobalt.
As a as a as a critical.
Mineral Project I think that's evidenced by the support we get from the US Government Finance Corporation where we're going through a process to bring in a project insurance through political risk insurance, also project financing. And we're also working with the EXIM Bank on this new supply chain resiliency initiative, which is unique liquidity and funding for critical nails project, which is actually dusting off. A legislative mechanism from post World War 2 to ensure supply chain resiliency so so that, complemented by the MOU we've signed with Jogmex starts to frame. Really, really strong base of additional stakeholders that are coming into the project and have the potential to be part of this next phase of getting into construction development and financing. And so this is all wrapped into.
The you know the next stage of how we're going to be demonstrate to the market, the project will be coming into a funding situation. So, so really excited. Congrats again to the team. Not only you know the technical team but also the Tembo management team in Tanzania, the Tanzanian government.
And especially the the team in Australia that was stimulus and all the work that's been done there on the technical side. So Congrats to everyone was really looking forward to today to getting these numbers out and more to come. So with that, I'll turn it back over to Evan for Q&A.

Evan Young 22:24
Great. Thank you, Chris. As a reminder, if you have a question, please click the raised hand button at the top of your screen. When prompted, your line will become active and Please remember to unmute yourself, you can also type your questions into the Q&A box and I will read them aloud. I'll just give a moment for some folks to raise their hands.
Our first question from the Q&A box, can you elaborate on the timeline and key milestones between now and the completion of the feasibility study in July 2025?



Chris Showalter 23:16
Yep, I can take that. So the key, the key announcement today on the IA will still be followed by the DFS. The DFS is going to be the report, as you said in kind of mid-july.
We're targeting that. That will be the report that will really outline in more detail the

project timelines that will declare the reserve.
On the mineral statement and and that's going to be the more definitive bankable report going into the next stage and that will be the anchor study for the.
The the fundraising, the project financing. So I think between now and the DFS.
I think you know really it's going to be the teams that have that have complemented them on the work they've done getting the IA out, but there's still the the DFS where everyone's got heads down focused on getting that that study out. But what should be taken from this report today, there's gonna be a lot of consistencies from the numbers we put out today that will come in the DFS. That'll be just a, a siloed distilled mine concentrator.
Report coming out. So I think all the all the timelines will really come through through that, that release and I think everyone will be you know a lot more in the know in terms of you know how we're looking to map out those timelines over the the period going forward. But yeah, so I would say focus now is on that DFS delivery.

Evan Young 24:40
Thank you, Chris. And another one that's come through the Q&A box. What are the biggest risks or challenges you foresee in advancing cabanga through to production?



Chris Showalter 24:53
Yep. Thanks. I'll take that again.
I I think we, you know, I think we've we've we've tackled some of the bigger you know challenges right now which is is releasing that first you know milestone study that the DFS going forward. I think the biggest challenge for us was demonstrating to the market that we could sit lower on the cost curve and insulate ourselves from the price volatility that is really being.
You know, detailed from the Indonesian market, I think that that's been the biggest challenge for us by far is ensuring that we would be in the strongest potential competitive position.
As a project, I think it's going to be very challenging for additional nickel projects to move forward based on the dominance that Indonesia has demonstrated. But I think the challenge of Indonesia, I think things are going to get more difficult there. I think when you look at the market in Indonesia and in the Indonesian Government like they've clearly messaged the market that they have kind of won the market share game and now they're going to be focused on pricing, which they they do have the

influence.
Given how you know how, how they've as I said, dominated, dominated the market recently.
So I think for us that was that was the biggest challenge. Can we sit lower in the cost curve, can we compete and can we insulate ourselves from the dynamic in the market of Indonesia currently? And so I think that's that to us has been the biggest risk.
I know, Eric. If there's anything on the project side risk wise, you would want to highlight going forward outside of getting the you know the next DFS study out mid-july.



Gerick Mouton 26:27
No, I think I think the time we've spent you know on all the study work and de risking you know some of those key challenges has been really one of the the things we we focused on. And as you say, Chris.
You know, making sure that pre production capital, you know the number is you know as low as we can get it.
And and deferring you know the non essential critical items.
You know, to a later stage I think was really important.
So a lot of focus on that from a from a normally people would ask you know what kind of risks are they with with infrastructure and especially bulk infrastructure. I think I've already covered the rail which is basically DE risked by the Government of Tanzania. Another one is always power. But with the commissioning of the new hydropower stations within Tanzania.
The the power problem or the challenge that they faced as a country has has also been mitigated.
And you know, we've got a supply line of 220 kva that's that's coming in from from Tnesco who's the the national power supplier. You know over 83 kilometres, you know to the Kabanga site. So and that's all you know being managed. You know as we speak you know with plans in place for them to commence that construction as soon as possible. So and and I really think you know some people might say that you know mining development you know getting into the underground is is always a challenge and then could be a risk.
You know, we've got very competent rock.
We are quite shallow, you know, to.

Into the into the deposit and we're making use of, you know, conventional decline access which which basically de risk the entire mine development plan. So I think we've we've managed to de risk you know some of those key risk items that normally pops up in a project.
But there's still a couple more. You know that obviously we will work on as you continue to develop the project.
No project or what you know goes ever without, you know, any risks. That and and then we have to keep mitigating those as a project team as we as we progress through execution.



Chris Showalter 28:38
Yep.

EY

Evan Young 28:44
OK, we we have a question on the line from Richard Schimmel. Richard, I'm gonna bring you on if you could, please unmute your line and go ahead and ask your question.
Sorry, Richard, we, we can't hear you. You might be muted still.
Perhaps we'll have to try after the call if you want to follow up with me directly, we'll get your question answered.
We have another question in the Q&A box. Indonesia is raising royalties on nickel producers. Is there a risk that Tanzania may follow such a trend down the road?



Chris Showalter 29:50
Thanks. I think our experience in in Tanzania right now has been an incredibly supportive and and you know where Tanzania is right now is you know they've they've really kind of embraced inward investment. Mining is a huge focus for them. So what they've been doing is really supporting us through a number of different ways to ensure that this project moves forward. I think they.
This is a key strategic priority project for Tanzania. It is.
Yeah, it will be classified as a a strategic priority project, which comes, you know ideally with additional incentives. So so the support we're seeing from the Tanzania government is is really, I would say, I would emphasise that support we're getting rather than, you know, worrying about you know, any any future changes in fiscal regime. Our our framework agreement which is the grounding legal document.

That guides all our our our legal relationships with Tanzania's partners, everything from a tax perspective, everything is encapsulated in there.
Has a very strong, robust.
Agreement. And I think that's really the foundation of the relationship between us and the government of Tanzania. So. So really the positive support Tanzania wants to see development, they want to see this project move forward. We got a lot of support from them. So if anything it's it's it's on us now to deliver and move forward and the timelines that we've we've articulated and we've committed to and.
I can tell you that the Tanzanian government is working hand in hand with us.
On every step. So. So actually very, very positive constructive relation with the government of Tanzania and that's a that's a critical SuccessFactors as far as we're concerned to sustain the project come to fruition.

Evan Young 31:37
OK, great. We have a question here from Ross Schimel. We'll see if we can get this to work this time.
Ross, can you please unmute yourself and go ahead?
And he's having some issue there. So sorry, Ross, we'll we'll try to get you later again.
OK. On that note, I think that ends all of the questions that we have today. Thank you everyone for attending today's event. If you do have any additional questions, please feel free to follow up with me directly at evan.young@lifezonemetals.com and I'd be happy to answer any questions offline. Thanks again and enjoy the rest of your day.


Chris Showalter 32:45
So.


Gerick Mouton 32:47
Thank you.


Mike Adams 32:50
Thanks all.

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