

# HIGH GRADE GOLD MINE IN ARIZONA

KERR MINES INC.

Corporate Presentation – October 2019



[www.kerrmines.com](http://www.kerrmines.com)  
TSX: KER

# FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking information, including statements regarding: current expectations on future exploration plans, the timing of the commencement of production, if commenced, receipt of permit approvals, potential changes to the mineral processing method at the Copperstone Mine as set out in the Preliminary Feasibility study dated May 18, 2018, rate of production, expected cash costs, expected increase in milling capacity, exploration potential at the Copperstone Mine, proposed debt restructuring and financing, share capitalization and director ownership. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Such statements are based on current expectations, are subject to a number of uncertainties and risks, and actual results may differ materially from those contained in such statements. These uncertainties and risks include, but are not limited to, the strength of the economy; the price of gold; operational, project funding, and liquidity risks; the degree to which mineral resource and mineral reserve estimates are reflective of actual mineral resources and mineral reserves; and the degree to which factors which would make a mineral deposit commercially viable are present; assumptions with respect to the cost and availability of labour for the restart of operations are correct; results of exploration and validity of geological models; the risks and hazards associated with underground operations, and any specific risks or assumptions set out or referenced in this presentation. Risks and uncertainties about Kerr Mines Inc. and its business are more fully discussed in its disclosure materials, including the annual information form, technical reports, financial statements and MD&As, filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com) and readers are urged to read these materials. Kerr Mines Inc. assumes no obligation to update any forward-looking statements or to update the reasons why actual results could differ from such statements unless required by law.

This presentation includes certain non-IFRS measures, including cash costs on a per gold ounce basis. Cash costs per gold ounce are defined as costs of production (including refining costs) divided by the total number of gold equivalent ounces produced. The Company reports total cash costs on a production basis. In the gold mining industry, these are common performance measures but do not have any standardized meaning, and are non-GAAP measures. As such, they are unlikely to be comparable to similar measures presented by other issuers. In reporting cash costs per gold ounce, the Company follows the recommendations of the Gold Institute standard. The Company believes that, in addition to conventional measures, prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Technical information in this presentation has been reviewed and approved by Michael R. Smith P. Geo., who is a qualified person that is independent of the Company, as defined in National Instrument 43-101.

# CAPITAL STRUCTURE

## Shares & Balance Sheet

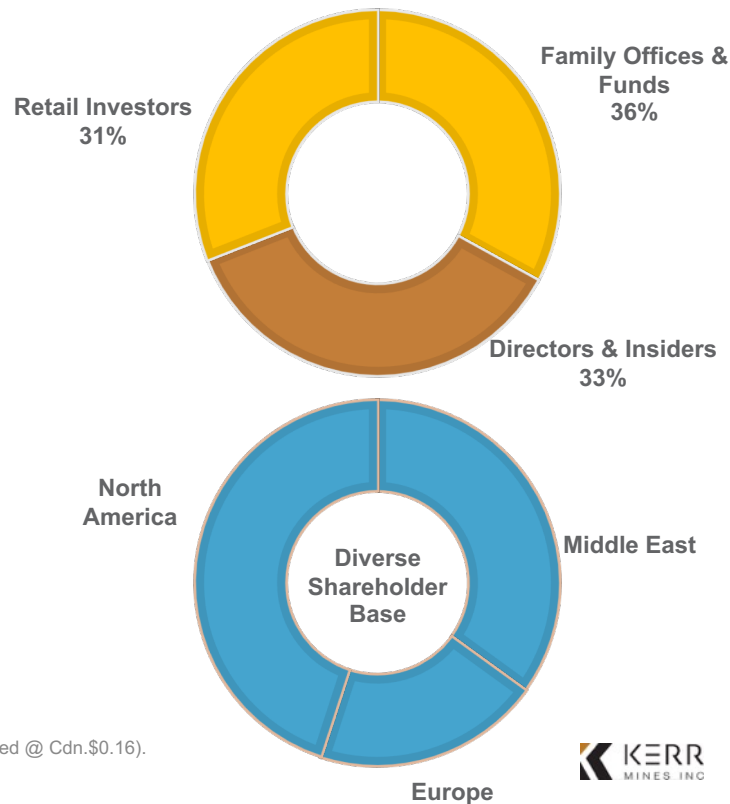
Ticker Symbol	TSX: KER   OTC: KERMF
Shares Outstanding	287.4 million
Options	10.8 million
Warrants	21.2 million @ \$0.21 (Expires Nov.'20) 3.4 million @ \$0.21 (Expires April'21) 1.0 million @ \$0.15 (Expires Nov.'21)
Fully Diluted	323.8 million
52 week range	\$0.105 - \$0.27
Recent price	\$0.15
Market Capitalization	\$45 million
Cash & Investments <sup>1</sup>	\$1.5 million
Sprott Resource Lending <sup>2</sup>	US\$1.5 million

All figures denominated in Canadian dollars, unless otherwise indicated

<sup>1</sup> Cash & Investment as at June 30, 2019

<sup>2</sup> Sprott Resource Lending: Up to US\$27M subject to project milestones(US\$2M Advanced/ \$0.5M Converted @ Cdn.\$0.16). Alternative forms of project financing are currently being considered in view of project optimization.

## Shareholder Breakdown





# COPPERSTONE MINE

High grade underground mine located in Arizona, USA

Globally ranked in  
top 10 jurisdictions  
for Mining

Arizona  
Detachment Fault  
Corridor

Fully permitted,  
Final modification  
expected in Q4

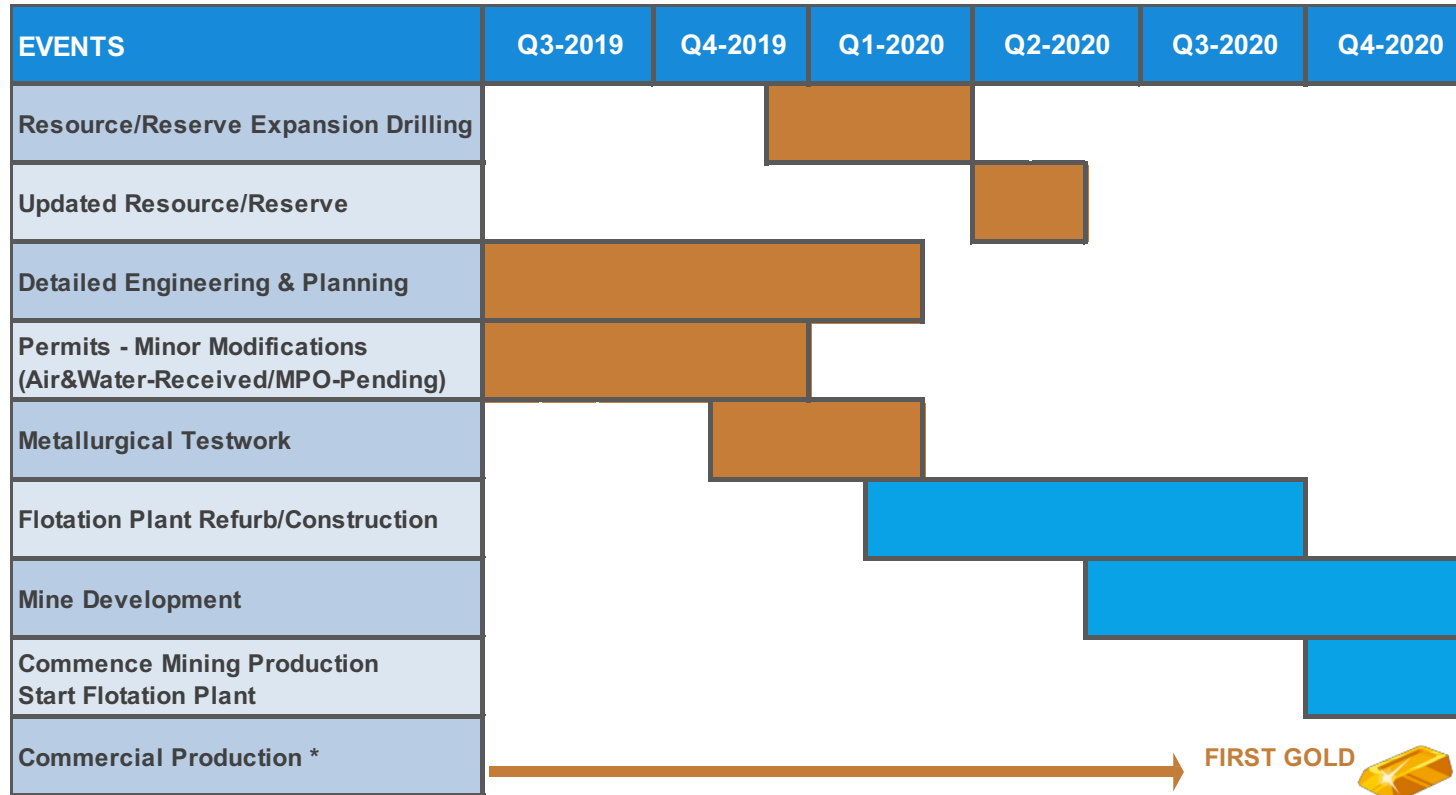
Access to skilled  
workforce & existing  
infrastructure



12,259 acres or 50 Square Kilometer land position



# PROJECT TIMELINE (2019-2020)



\* Subject to Finalizing a Project Funding Package inclusive of Mobile and Fixed Equipment Purchases

# KEY DE-RISKING PROJECT MILESTONES ACHIEVED

- Advanced metallurgical testing program for whole ore leach and flotation
- Completed first phase of 5,000 meters of underground drilling with positive results
- Advanced permit modifications thru public comment periods – waiting for record of decision from BLM expected by Q4-2019
- Detailed engineering of process options – advanced optimization studies
  - Flotation only
  - Phased approach – flotation to doré
- Advanced class II cost basis for plant (+/- 5% EPC ready)
- Lead identified for plant and mining equipment - delivery schedules and pricing firm
- Tendered Contract Mining Proposals and began detailed discussion

# CURRENT RESERVE ESTIMATE

Mine Life of 4.5 years at US\$1,250 per ounce gold

Category	Tons	Grade (oz/ton gold)	Grade (g/tonne gold)	Contained Gold Ounces
Proven	382,169	0.213	7.30	81,405
Probable	501,939	0.187	6.40	93,688
P&P	884,106	0.198	6.79	175,093

Cutoff of 0.11 ounce per ton, diluted grades

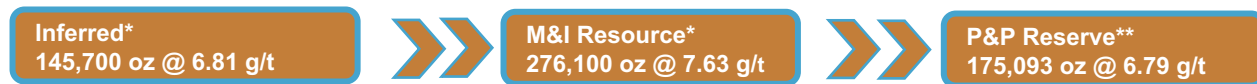
\* Source: 'NI 43-101 Technical Feasibility Report Copperstone Project, March 2018, La Paz County, Arizona' dated April 11, 2018, prepared by Hard Rock Consulting Inc., in accordance with the guidelines of Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects

\*\* Mine Life based on annual production of 35,000 to 40,000 oz/year

**2020 Target to increase mine life to + 8 years**



# CURRENT RESOURCE ESTIMATE



- Current Resource model at US\$1,250 with higher cut-off than prior resource models
- Tightly defined mineralized domains which closer fit the geology of deposit
- Capping strategy was by defined by mineralized domains first and by composite second resulting in a much more conservative capping of grades
- Geology/structure was used as a constraint for creating domains
- Classification parameters for M&I were more tightly constrained
- Estimation parameters in terms of search radii and composites used were more conservatively
- Blocks are larger and aligned with the dip and strike, however sub-blocking was used to more accurately define volumes and tons

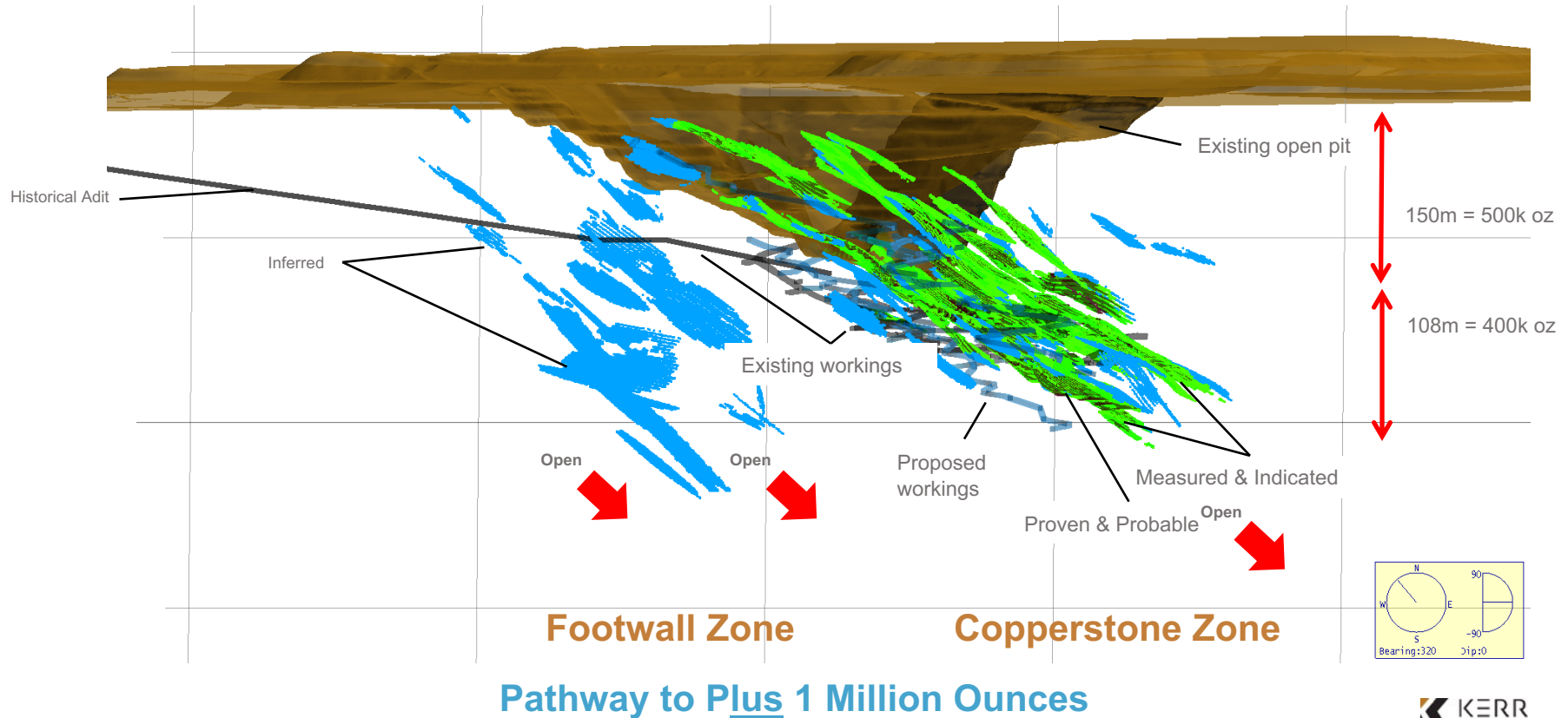
## Conservative resource model with upside

\*Kerr Mines National Instrument 43-101 Technical Report 2018: Preliminary Feasibility Study for the Copperstone Project, La Paz County, Arizona, USA

\*\* 0.10 oz/t cut-off

# COPPERSTONE MINE - Cross Section View

Measured & Indicated & Inferred Resources Copperstone and Footwall Zones

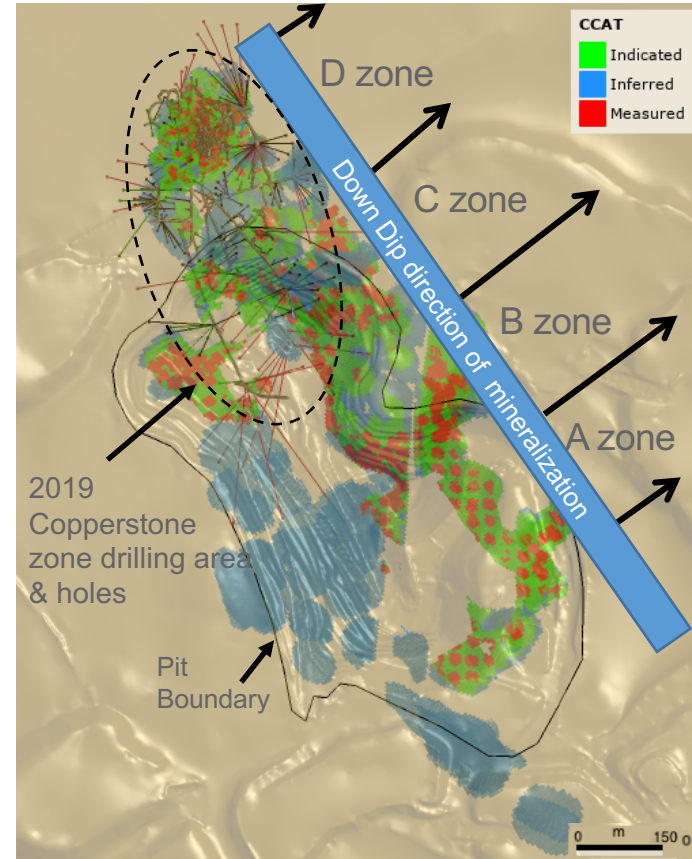


# 2020 RESOURCE EXPANSION PROGRAM

## Conversion, Expansion, In-Fill drilling

- Success driven core drilling\* program of up to 10,000 meters – planning stage nearing completion
- Conversion to Measured and Indicated resources
- Expansion to grow resource pipeline to add Inferred resources for later conversion with additional underground access

*\* Will allow for greater accuracy when stepping out to extend previously defined mineralized domains while providing greater granularity of gold ore contacts inclusive of structural information.*



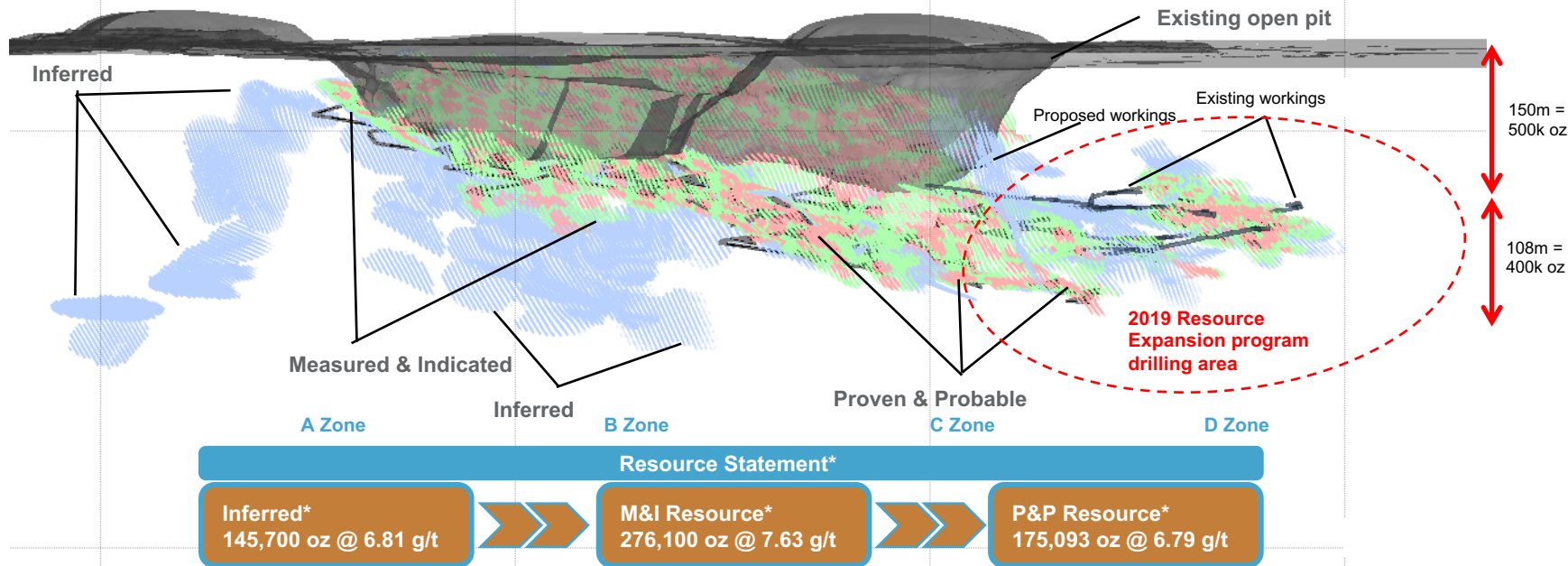


# THE COPPERSTONE MINE - Long View

Historically produced over 500,000 oz in the open pit

Resource Model - Proven & Probable, Measured & Indicated, Inferred

Strike Length for Measured & Indicated & Inferred 1,550m – Copperstone and Footwall Zones



\*Kerr Mines National Instrument 43-101 Technical Report: Preliminary Feasibility Study for the Copperstone Project, La Paz County, Arizona, USA

## Conversion of MI to P&P

# 2019 DRILL RESULTS HIGHLIGHTS – Phase I

Hole ID	From	To	Interval Length	Au	Gold*	True Thickness**	Effective Mining Width***
	meter	meter	meter	oz/ton	gram/tonne	meter	meter
<b>18-05A-01</b>	16.8	24.4	<b>7.6</b>	0.15	<b>5.15</b>	4.6	<b>8.2</b>
includes	16.8	22.9	<b>6.1</b>	0.17	<b>5.77</b>	3.7	<b>6.1</b>
and	16.8	18.3	<b>1.5</b>	0.38	<b>12.85</b>	0.9	<b>1.5</b>
<b>18-05A-06</b>	36.6	44.2	<b>7.6</b>	0.23	<b>7.71</b>	4.9	<b>8.2</b>
includes	39.6	44.2	<b>4.6</b>	0.29	<b>9.84</b>	2.7	<b>4.9</b>
<b>18-08A-02</b>	12.2	24.4	<b>12.2</b>	0.34	<b>11.70</b>	10.1	<b>17.7</b>
includes	18.3	24.4	<b>6.1</b>	0.60	<b>20.67</b>	5.2	<b>8.8</b>
and	21.3	24.4	<b>3.0</b>	1.12	<b>38.25</b>	2.4	<b>4.6</b>
<b>18-08A-03</b>	10.7	27.4	<b>16.8</b>	0.24	<b>8.25</b>	16.2	<b>28.3</b>
includes	22.9	27.4	<b>4.6</b>	0.53	<b>18.25</b>	4.6	<b>7.6</b>
<b>18-05E-01</b>	12.2	19.8	<b>7.6</b>	0.10	<b>3.27</b>	7.4	<b>13.0</b>
includes	15.2	19.8	<b>4.6</b>	0.12	<b>4.15</b>	4.5	<b>7.8</b>
<b>18-05-06</b>	38.1	41.1	<b>3.0</b>	0.21	<b>7.20</b>	2.2	<b>3.8</b>
<b>18-05E-07</b>	19.8	24.4	<b>4.6</b>	0.28	<b>9.48</b>	4.5	<b>7.9</b>
includes	19.8	22.9	<b>3.0</b>	0.41	<b>14.03</b>	3.0	<b>5.3</b>
<b>18-08-01</b>	12.2	15.2	<b>3.0</b>	0.12	<b>4.27</b>	2.4	<b>4.2</b>
<b>18-01A-04</b>	38.1	41.1	<b>3.0</b>	0.23	<b>8.04</b>	1.9	<b>3.4</b>
includes	39.6	41.1	<b>1.5</b>	0.44	<b>15.20</b>	1.0	<b>1.7</b>
<b>18-21-04</b>	64.0	74.7	<b>10.7</b>	0.51	<b>17.49</b>	5.1	<b>12.0</b>
includes	67.1	73.2	<b>6.1</b>	0.86	<b>29.45</b>	2.9	<b>6.9</b>
<b>18-21-06</b>	57.9	74.7	<b>16.8</b>	1.17	<b>40.00</b>	7.6	<b>17.9</b>
includes	64.0	67.1	<b>3.0</b>	2.87	<b>98.26</b>	1.4	<b>3.2</b>
and	70.1	73.2	<b>3.0</b>	0.97	<b>33.19</b>	1.4	<b>3.3</b>

\* Grades herein are reported as uncapped values.

\*\* Estimated distance between the foot wall and hanging wall of the mineralized zone measured perpendicularly to the edges.

\*\*\* Effective Mining Width is defined as the distance between the foot wall and hanging wall of the mineralized zone measured horizontally and matches the planned mining method. The mining method used to calculate reserves will extract ore by drift mining along strike in a defined ore stope. The Effective Mining Width is the width that miners will be working within.

# 2019 DRILL RESULTS HIGHLIGHTS – Phase I

Hole ID	From	To	Interval Length	Au	Gold*	True Thickness**	Effective Mining Width***
	meter	meter	meter	oz/ton	gram/tonne	meter	meter
<b>18-04-01</b>	19.8	25.9	<b>6.1</b>	0.46	<b>15.91</b>	1.3	<b>3.2</b>
includes	19.8	24.4	<b>4.6</b>	0.61	<b>21.02</b>	1.0	<b>2.4</b>
<b>18-20-02</b>	18.3	21.3	<b>3.0</b>	0.25	<b>8.51</b>	0.6	<b>1.8</b>
includes	19.8	21.3	<b>1.5</b>	0.34	<b>11.60</b>	0.3	<b>0.9</b>
<b>18-21-11</b>	38.1	44.2	<b>6.1</b>	0.12	<b>4.26</b>	0.7	<b>1.6</b>
includes	41.1	44.2	<b>3.0</b>	0.18	<b>6.15</b>	0.3	<b>0.8</b>
<b>18-20-11</b>	24.4	27.4	<b>3.0</b>	0.37	<b>12.82</b>	0.7	<b>2.1</b>
includes	24.4	25.9	<b>1.5</b>	0.50	<b>17.10</b>	0.4	<b>1.0</b>
<b>18-21A-05</b>	13.7	19.8	<b>6.1</b>	0.44	<b>15.02</b>	5.5	<b>13.1</b>
includes	13.7	16.8	<b>3.0</b>	0.65	<b>22.40</b>	2.8	<b>6.6</b>
<b>18-36-03</b>	33.5	41.1	<b>7.6</b>	0.16	<b>5.50</b>	6.5	<b>15.3</b>
includes	33.5	36.6	<b>3.0</b>	0.31	<b>10.65</b>	2.6	<b>6.1</b>
<b>18-18A-01</b>	10.7	13.7	<b>3.0</b>	0.14	<b>4.77</b>	1.6	<b>3.9</b>
includes	10.7	12.2	<b>1.5</b>	0.26	<b>8.87</b>	0.8	<b>1.9</b>
<b>18-18-02</b>	12.2	15.2	<b>3.0</b>	0.80	<b>27.45</b>	2.0	<b>4.8</b>
includes	12.2	13.7	<b>1.5</b>	1.53	<b>52.30</b>	1.0	<b>2.4</b>
<b>18-05-08</b>	15.2	19.8	<b>4.6</b>	0.13	<b>4.52</b>	3.2	<b>5.5</b>
includes	18.3	19.8	<b>1.5</b>	0.26	<b>8.79</b>	1.1	<b>1.8</b>
<b>18-05A-06</b>	13.7	21.3	<b>7.6</b>	0.11	<b>3.80</b>	4.6	<b>8.0</b>
includes	13.7	18.3	<b>4.6</b>	0.15	<b>5.16</b>	2.8	<b>4.8</b>
and	16.8	18.3	<b>1.5</b>	0.28	<b>9.54</b>	0.9	<b>1.6</b>
<b>18-05E-01</b>	15.2	19.8	<b>4.6</b>	0.12	<b>4.15</b>	4.5	<b>7.8</b>

- Continuation into Phase II in final planning stages
- Phase II program design based on current results
- Future drilling programs, with the objective of further mine life extension, will target areas beyond the current program affected area of 500 meters of strike length. The ultimate goal would be the addition of resources along all sections encompassing the entire current resource strike length of over 1,500 meters.

\* Grades herein are reported as uncapped values.

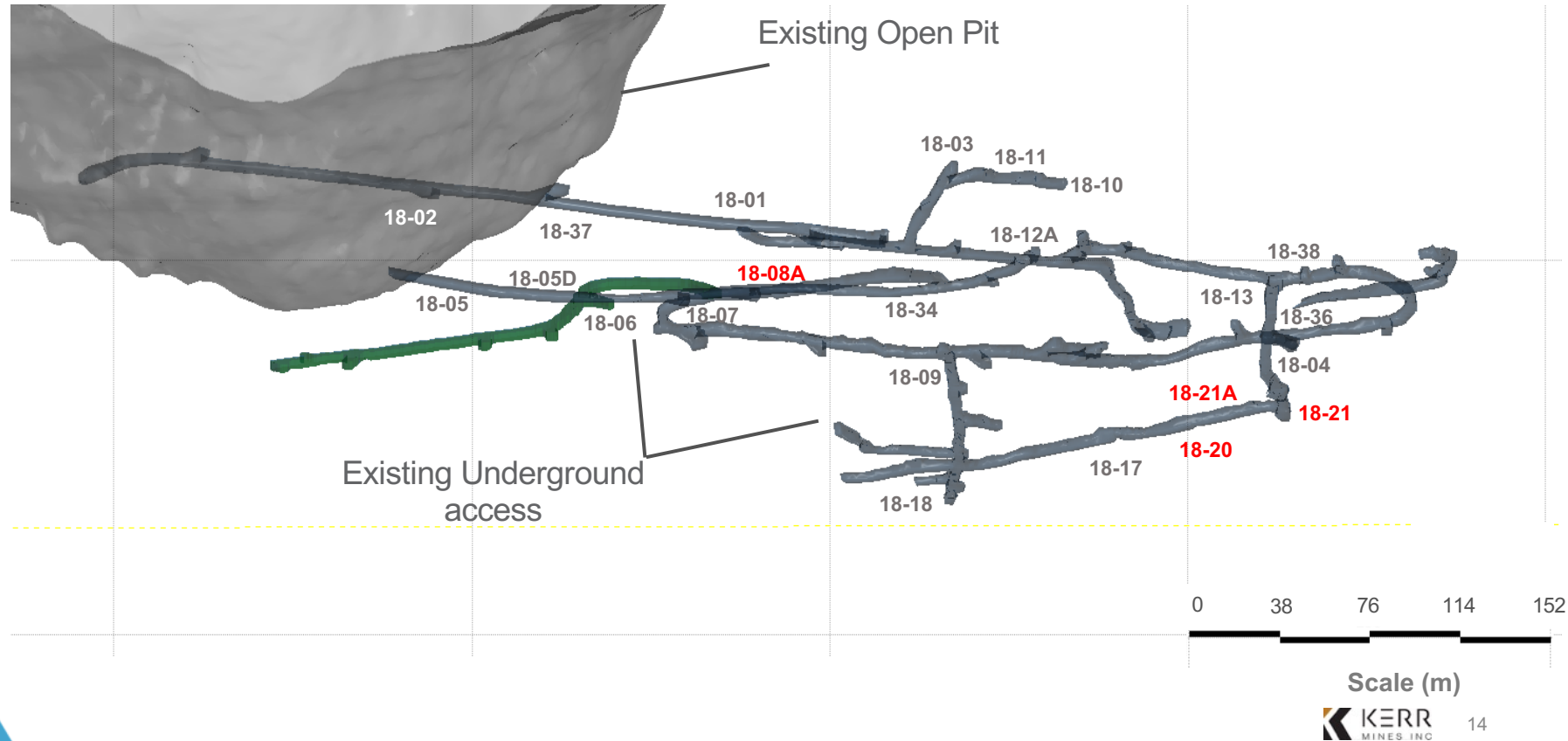
\*\* Estimated distance between the foot wall and hanging wall of the mineralized zone measured perpendicularly to the edges.

\*\*\* Effective Mining Width is defined as the distance between the foot wall and hanging wall of the mineralized zone measured horizontally and matches the planned mining method. The mining method used to calculate reserves will extract ore by drift mining along strike in a defined ore stope. The Effective Mining Width is the width that miners will be working within.



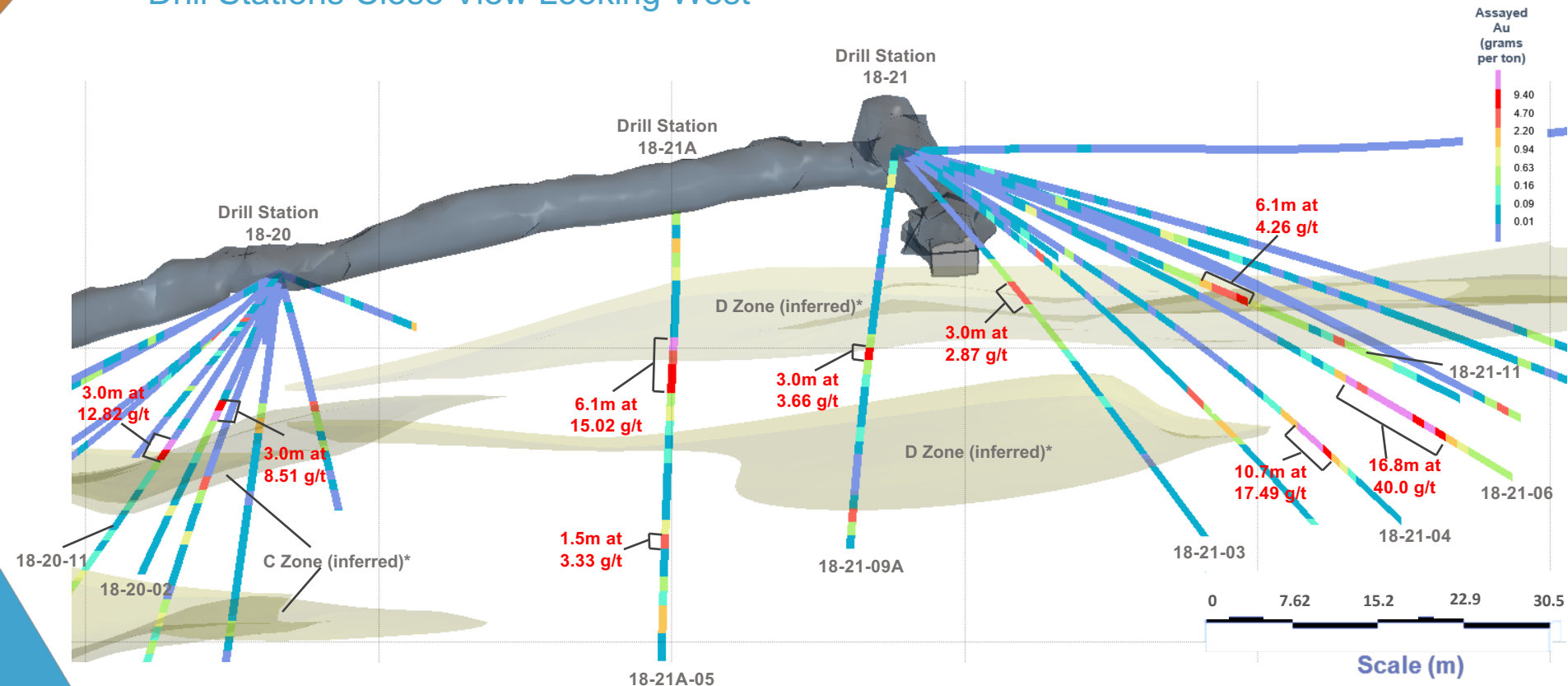
# 2019 RESOURCE EXPANSION HIGHLIGHTS

## Underground Development and Drill Stations



# 2019 RESOURCE EXPANSION HIGHLIGHTS

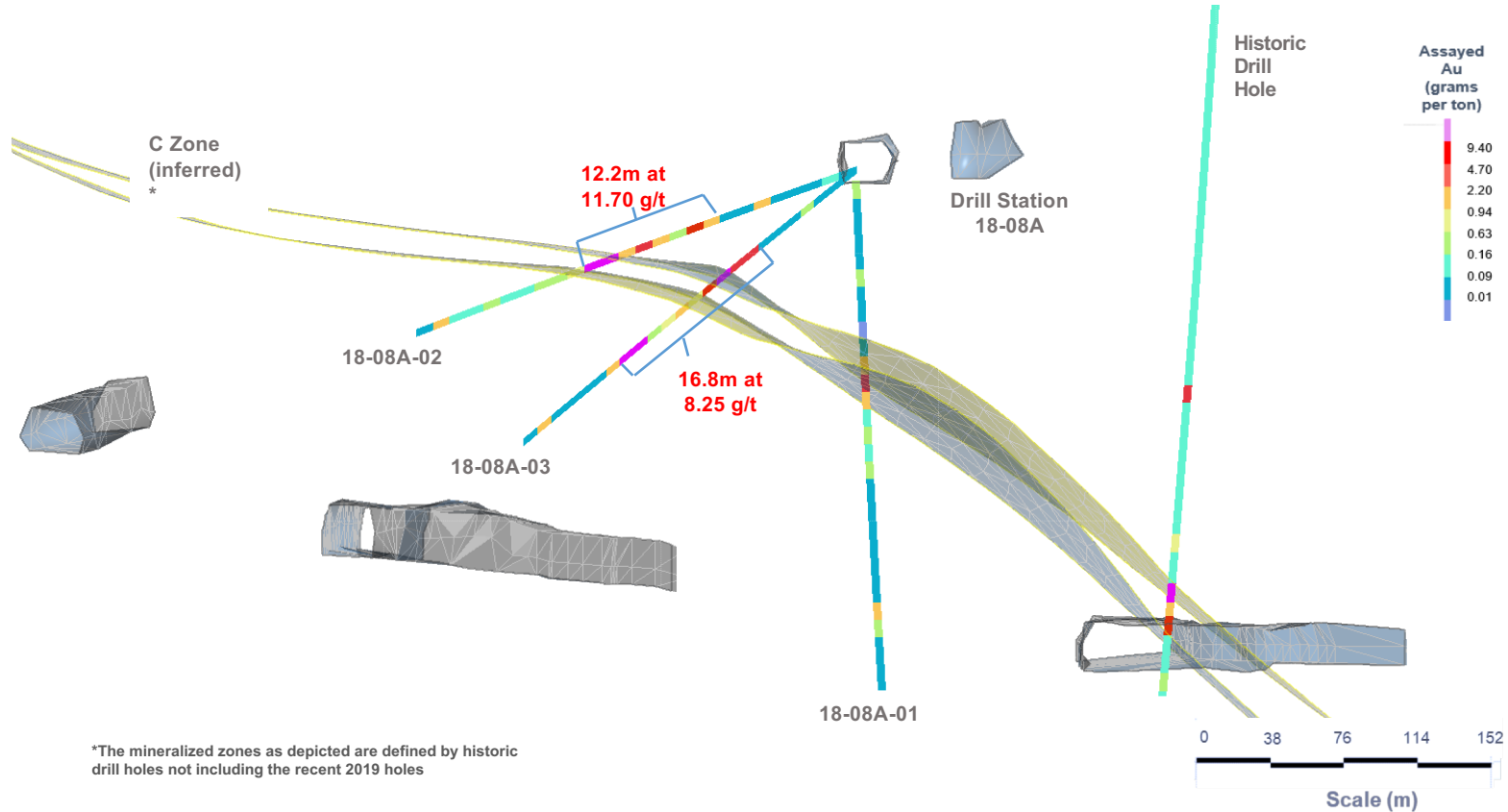
## Drill Stations Close View Looking West



\*The mineralized zones as depicted in this image are defined by historic drill holes not including the recent 2019 holes

# 2019 RESOURCE EXPANSION HIGHLIGHTS

## Drill Stations Close View Looking North

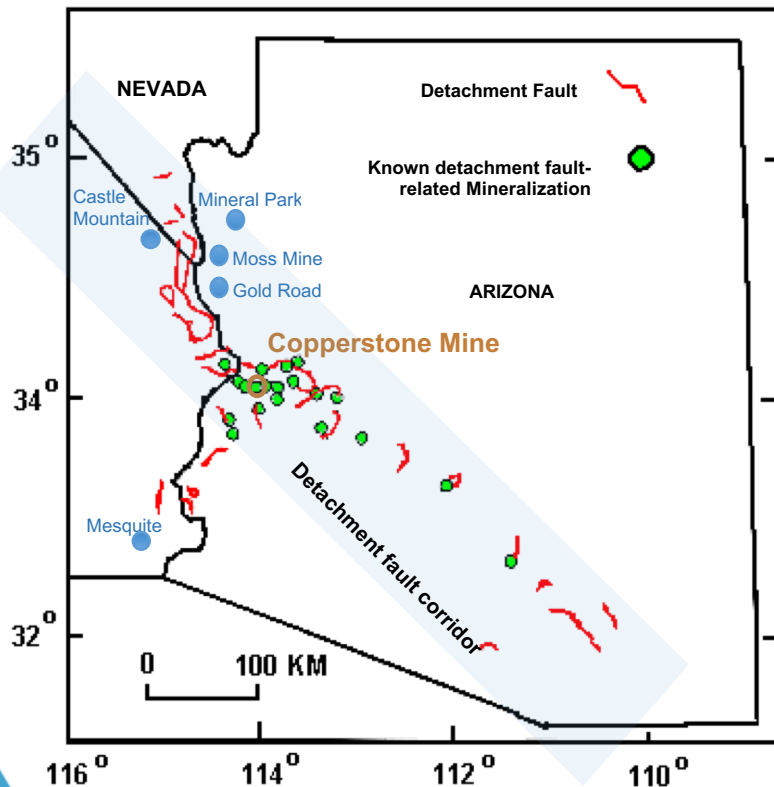


\*The mineralized zones as depicted are defined by historic drill holes not including the recent 2019 holes

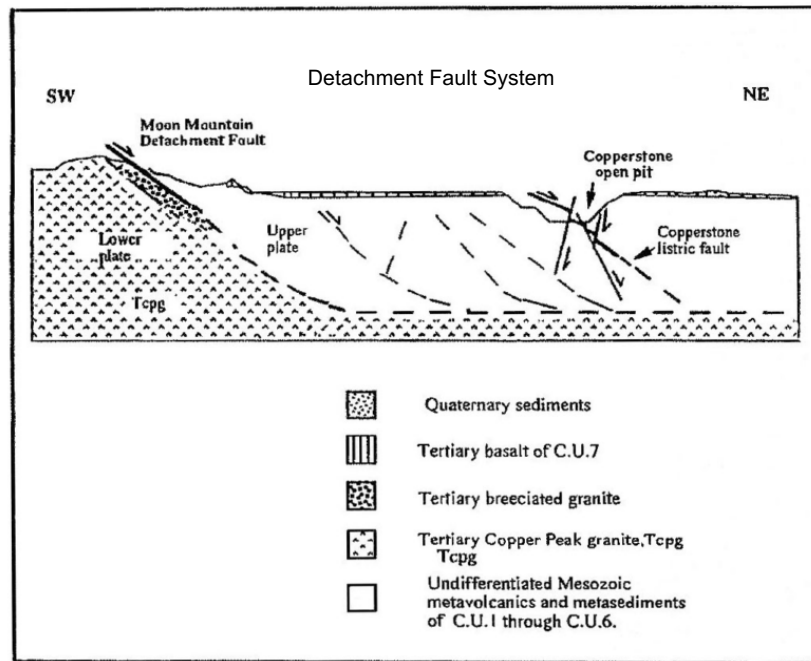


# DETACHMENT FAULT SYSTEM - SCALE POTENTIAL

Multiple parallel zones inherent in Detachment fault systems



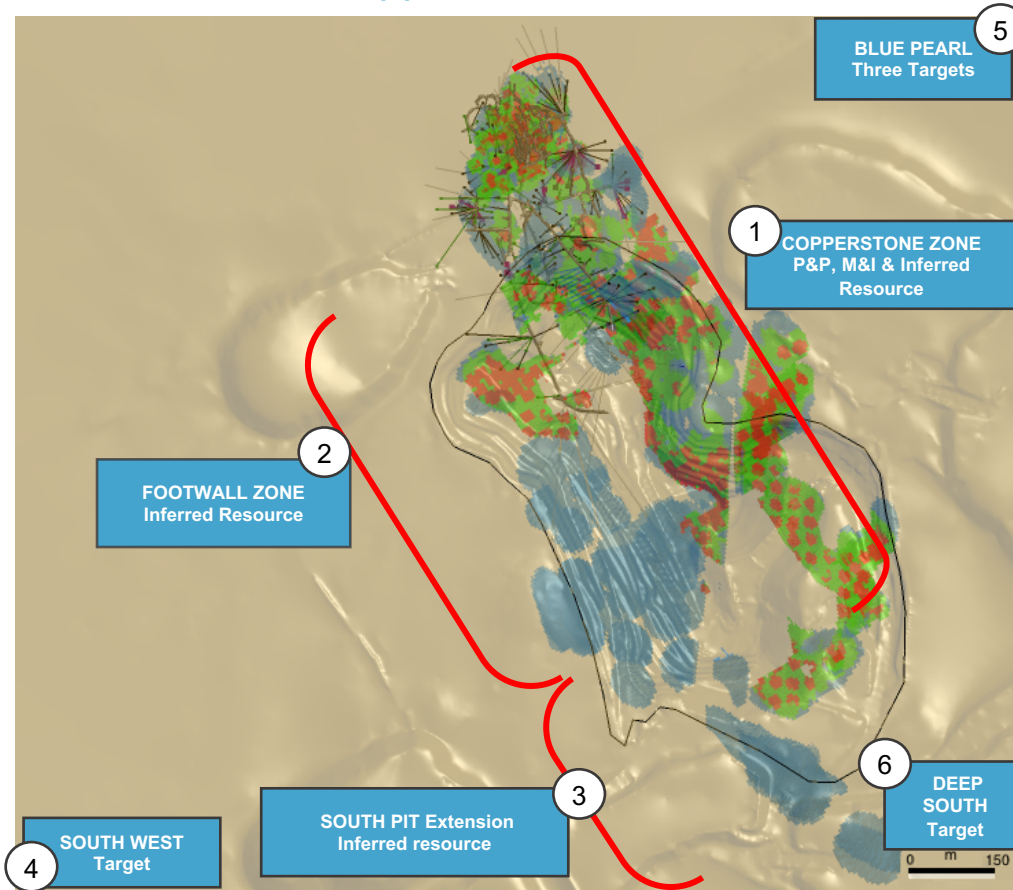
Source: USGS Keith R Long Preliminary descriptive deposit model for detachment fault related model



Source: Michael R. Pawlowski P. Geo, January 2005  
Schematic cross-section of the Moon Mountain Detachment Fault and the Copperstone Listric Fault (depth unknown), Solid heavy lines are observed faults; broken lines and projected faults

# MULTI-MILLION OUNCE RESOURCE POTENTIAL

## Parallel Zones to the Copperstone Zone



- 1) **Copperstone Zone:**
- 2) **Footwall Zone:** 150m from Copperstone Zone
- 3) **South Pit Extension :** Historical intercepts of + 8 g/t, proximal
- 4) **South West target** Has same geophysical signature as Copperstone Zone and intercepts of 8 g/t to 32 g/t
- 5) **Blue Pearl Targets** Three Targets of same geophysical signature and size as Copperstone Orebody
- 6) **Deep South:** Historic drill holes with high-grade gold intercepts, proximal

**Several advanced exploration targets having multi-million ounce potential**

# STRONG PRELIMINARY FEASIBILITY RESULTS

Base Case Gold Price US\$1,250, Discount Rate 5%

CAPEX Costs  
22.7M \*\*



**Project Financing  
Available**

Approx. 40,000 oz Gold  
Production p.a.



**Mine expansion plans**

EBITDA of US\$89.1M



**Payback in 2.3 years**

Recoveries to Doré: 95%



**Excellent gold recoveries, plus 95%**

Average Gold grade  
M&I 7.6 g/t

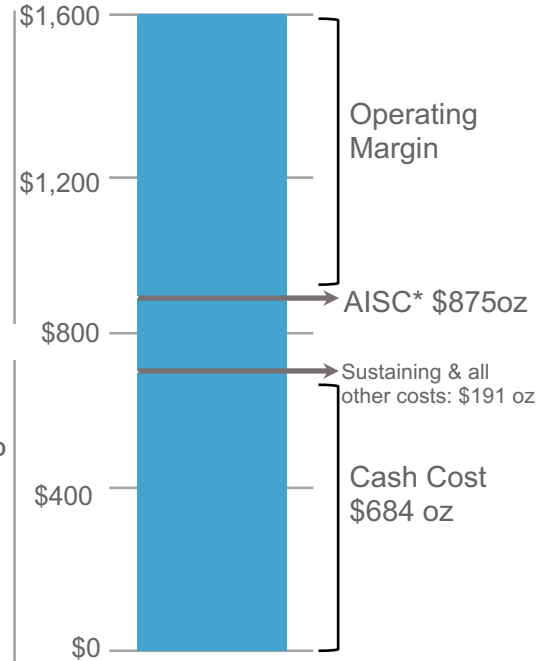


**High grade mine**

Pre-Tax IRR: 41.7%



**High IRR**



\*AISC is All In Sustainable Costs

Kerr Mines National Instrument 43-101 Technical Report dated April 1, 2018: Preliminary Feasibility Study for the Copperstone Project, La Paz County, Arizona ("Copperstone PFS")

\*\* Assumes Whole Ore Leach.

# PROJECT OPTIMIZATION NOT CAPTURED IN PFS

NPV<sub>5</sub> & IRR Sensitives<sup>(See Note)</sup>

		Gold Price US\$/oz	US\$1,150 / oz	US\$1,250 / oz	US\$1,350 / oz
<div>Project Optimization</div> <div>↑</div> <div>2018 PFS</div>	NPV <sub>5</sub>		US\$ 57.2M	US\$ 84.9 M	US\$ 112.6M
	IRR		38.2%	53.0%	67.4%
	NPV <sub>5</sub> in PFS		US\$ 14.2 M	US\$ 27.1M	US\$ 40.0 M
	IRR in PFS		24.0%	41.7%	59.9%

- NPV is calculated on a pre-tax basis. There are significant historical tax pools available from the predecessor company acquired of approximately \$70 million which will offset the effective tax impact.
- Copperstone PFS based on WOL with Dore and 4.5 year mine life
- Enhancements related to Project Optimization goals based on Flotation with Dore and 8 year mine life

**NOTE:** Projections of Net Present Value and IRR are based on forward-looking estimates, including current expectations on recent exploration results, rate of production, potential changes to the mineral processing method as set out in the Copperstone PFS, anticipated changes to project capital costs and overall project economics. These forward-looking projections entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking projections. Such projections are based on current expectations, are subject to a number of uncertainties and risks, and actual results may differ materially from those contained in such projections.

# PATH TO PRODUCTION

## Metallurgical test work, permit modifications & infrastructure



4km of underground access and two portals.  
Existing underground electrical, ventilation,  
water management, compressed air

### Optimization

- Optimize leach process – Refine Process Options, recoveries, reagents and other consumables
- Optimize economics inclusive of advancing to EPC level costing while considering lower capex and shorter timeline to production with Flotation over WOL

### Permit Amendments – Minor Modifications

- Mine Plan of Operations for throughput – Expected in Q4-2019
- Air Quality to include new processing plant - **Received**
- Aquifer Protection Permit for water management - **Received**



# 2019-20 INVESTMENT HIGHLIGHTS & CATALYSTS

## Focussed on Shareholder returns

- Mine Life Extension
  - Conversion, Expansion, In-Fill drilling
  - Resource Update
  - Reserve Expansion, plus 8-10 year mine life
- Final Outstanding Permit Modifications – Expected by Q4-2019
- Optimize economics inclusive of advancing to EPC level costing while considering lower capex and shorter timeline to production with Flotation over WOL
- Conclude Project Financing followed by Construction Re-Start
- Processing & Gold Production
  - Processing Plant Commissioning and Start-up
  - Mine Development
  - Commence Mining & Self-fund Further Reserve Expansion while drilling several defined targets to test Multi-Million ounce potential

# MANAGEMENT



## **Giulio T. Bonifacio** – *CEO and Director*

- Founder, Director, President & CEO of Nevada Copper since its inception in 2005 until his retirement in 2018
- Led and directed efforts at every stage from development, permitting and construction. CPA with over 30 years of experience and knowledge of operations, capital markets and project finance



## **Martin Kostuik** – *President and Director*

- Mining engineer with over 25 years underground and open pit mining experience. President of Kerr Mines since April 2017
- CEO of Rupert Resources, Operations & Engineering at Barrick's Goldstrike mine



## **David Thomas** – *VP Projects & Mine General Manager*

- Project Engineer with over 30 years of mine building and operations experience including 5 underground gold projects with Newmont, Bema Gold (Kinross), Teck and others
- EPCM Manager for Newmont (worldwide) and Nordgold (Russia and Africa), EVP of Comstock Mining in Nevada



## **Michael R. Smith** – *Exploration and Development*

- 38 years exploration and geology, Chief Mine Geologist, Barrick's Goldstrike mine. Led the Arizona Vulture Gold Mine back into production. Executed 20 exploration projects adding \$9 billion in gold resource value alone
- BS Geology Arizona State and MS Geology Mackay School of Mines

# BOARD OF DIRECTORS



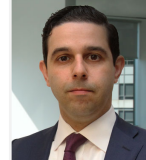
## **Fahad Al Tamimi** – *Chairman*

- A businessman with global investment activities
- Former President and CEO of SaudConsult, the largest engineering firm in Saudi Arabia
- Investments in mining



## **Claudio Ciavarella** – *Vice Chairman*

- CPA, 25 years as private business owner. CEO of Kerr Mines from April 2017 – April 2019
- Owns and operates international businesses in construction and manufacturing
- Investments in mining



## **Peter Damouni** – *Director*

- Over 18 years of experience in investment banking and capital markets, with expertise in mining and oil and gas
- Led equity and debt financings valued over \$5 billion



## **Ayman Arekat** – *Director*

- Over 35 years of banking, finance and investment experience
- Previously with Chase Manhattan Bank, Merrill Lynch, Deutsche Bank, Investcorp and Abraaj Capital



## **James McVicar** – *Director*

- Over 20 years of specialized experience in corporate finance and corporate/commercial matters for natural resources companies



Giulio T. Bonifacio  
Chief Executive Officer  
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