Xietongmen – Exploration & Development of a New Porphyry Copper-Gold Deposit in China

March 2008
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• 0% Exploration RISK
• Management Track Record
• 100% interest in World Class Cu-Au-Ag deposit:
  2 Billion lbs Cu, 3 M oz Au and + 20 M oz Ag
• Spent US$ 35 M = $ 4.00/oz Au Eq discovery cost
• After tax NPV of US$ 232 M based on very conservative US$ 1.50 Cu and US$ 500 Au (-7.5%)
• Trading currently at 3x future P/E at US$ 1.50 Cu
• 2nd largest open pit Cu mine in China to contribute +5% to China’s current domestic copper production
China Facts from 2004 to 2010

- China Mines contribute only 5% of the world throughput with 0.66 Mt of Cu per year
- China imported 4.06 Mt of Cu in 2005 or 22% of the world consumption, a 41% increase from 2004
- 67% = Electrification and Power consumption
- China Urbanization of another 400 million people!
- 10% increase per year for the next 5 years = consumption of 6.0 Mt in 2010
- Next to come – The India factor
The Supply – Demand Gap For Copper Mine Output

Source: Brook Hunt, Westhouse Securities estimates

Global Market Demand for Copper Mine Output

- 25,000 '000 tonnes Copper
- 20,000 '000 tonnes Copper
- 15,000 '000 tonnes Copper
- 10,000 '000 tonnes Copper
- 5,000 '000 tonnes Copper
- 0 '000 tonnes Copper

- 6.1 Mt
- Equivalent to production from 76 Xietongmen

Existing Copper Mine Production

Probable Brownfield Expansions

Possible Brownfield Expansions

Demand-Supply Gap

Financed Projects

6.1 Mt
Equivalent to production from 76 Xietongmen
DAVID COPELAND, P. GEO - President, CEO and Director
- 30 years experience in advancing mineral projects through feasibility, permitting, engineering design phases and initial development
- Projects include the original feasibility and permitting on the South Kemess mine; pre-feasibility and permitting on the Hollister development project, Nevada; feasibility and permitting of the Burnstone gold project, South Africa; and senior advisor on the Gibraltar mine acquisition and restart team

WANG ZHI, Co-Chairman
- 20 years of government and commercial experience in Tibet Autonomous Region
- Extensive networks in Tibet and China

DICKSON HALL, Vice President, Business Development
- 30 years of commercial and government experience between China and Canada

MARK REBAGLIATI, P.ENG and Q.P.
- Porphyry expert and Mining Man of the Year for Canada
Shares Outstanding: 129.0 M
Fully Diluted (in-the-money) Shares: 129.2 M
(Feb 2008)

Market Capitalization: C$ 203 M

Jinchuan Group - China 14.0%
Taseko (TKO) - Canada 6.1%
Institutions 5.0%
Management 9.6%

Working Capital: C$32.0 M
Jinchuan is China’s largest nickel producer, major smelter of nickel and copper

Framework Agreement signed in Feb 2007 includes:

• Private placement equity financing in KMK for C$36M giving Jinchuan an 14% equity in KMK
  – Mar 2007 @ $1.80 (20% premium over market price of $1.50)
  – Nov 2007 @ $2.25 (40% premium over market price of $1.65)

• Concentrate Off-take MOU

• Project Capital Finance MOU

• Training, Detailed Engineering and Technical Support MOU
KMK share price in 2007

- Merger with Great China
- $37.5 M financing & signs deal with Jinchuan
- Permitting process
• High-grade copper and gold mineralization occurring in a bulk tonnage “Open Pit” setting

• 2007 - New Measured + Indicated Resource (at 0.15% Cu cutoff)\(^1\) - a 50% increase from 2005:

\[
219.80 \text{ Mt} @ 0.43\% \text{ Cu}, 0.61\text{g/t Au}, 3.87\text{g/t Ag}
\]

• Upside exploration potential

• Excellent logistics = paved road, hydro-power, rail line, and water in the region

\(^1\) Press release January 24, 2007 audited by I. Crisholm, P.Geo.
Year 2010 - Copper Refinery Capacity in China

2005 Cu Production: 2112 Kt
2010 Projected Cu Production: 2960 Kt
Exploration and Mining Success in China

GobiMin: Yellow Mountain and Xiangshan Ni_Cu Mines 60,000T/Year

Jinshan Gold Mines: Changshanhao Mine 120,000 oz/year Au

Silvercorp Metals: Ying Ag Mine >350,000 @ 2.287g/t equiv

Griffin Mining: Caijiaying Zn-Au Mine 1.52 mt@ 6.8g/t Zn.37 g/t Ag. 0.5 g/t Au

Intercity Minerals: Dachang Au Project 16.1Moz 3.88g/t (inferred)

Sino Gold: Jinfeng Mine 180,000 oz/year Au in production

Eldorado Gold Corp: Tanjianshan Au Mine started production in Feb, 2007

Tianshan Goldfields: Gold Mountain Project, pre-feasibility
Excellent Infrastructure in Place

**Xietongmen Project Location and Basic Infrastructure**

**CAPACITY**
- Tanghe Station – 4 @ 1.6MW
- Yanghu Station – 5 @ 22.5MW
- Qiangwang Station – 4 @ 0.8MW
- Mahla Station – 4 @ 5MW
- Jiangzi Old Station – 4 @ 0.25MW

The typical power line is 110KV and 35KV in Rikaze Region.
Easy Access to Xietongmen Property

Looking North from Highway

Alteration Zone

Hole ZK0701
Hole ZK0801
Adit FD-04

Paved Highway
Looking SE from Elevation 4300m

Potential Waste Rock area

Granite
Xietongmen Property Boundary
Drilling to Date on a 50m x 50m grid

Xietongmen Deposit
3900 m Level Plan – Resource Block Model

Xietongmen Deposit

LEGEND
- > 0.30% CuEQ
- > 0.50% CuEQ
- > 0.70% CuEQ
- > 1.00% CuEQ
- 2006 Drill Hole
- 2005 Drill Hole
Supergene Zone > 1.40% Cu Eq

Measured Resources

B
B'

4100m
4000m
3900m
3800m
3700m

50 metres
200 feet

> 0.30% Cu Equivalent
> 0.50% Cu Equivalent
> 0.70% Cu Equivalent
> 1.00% Cu Equivalent
## Proven & Probable Reserves – May 2007
at a 0.15% copper cut-off

<table>
<thead>
<tr>
<th>Category</th>
<th>Tonnes (millions)</th>
<th>Cu (%)</th>
<th>Au (g/t)</th>
<th>Ag (g/t)</th>
<th>Zn (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Oxide</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proven</td>
<td>0.9</td>
<td>0.20</td>
<td>0.49</td>
<td>2.99</td>
<td>0.014</td>
</tr>
<tr>
<td><strong>Supergene</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proven</td>
<td>17.5</td>
<td>0.65</td>
<td>0.42</td>
<td>3.35</td>
<td>0.03</td>
</tr>
<tr>
<td>Probable</td>
<td>2.0</td>
<td>0.44</td>
<td>0.20</td>
<td>2.05</td>
<td>0.04</td>
</tr>
<tr>
<td><strong>Hypogene</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proven</td>
<td>152.3</td>
<td>0.43</td>
<td>0.66</td>
<td>4.22</td>
<td>0.08</td>
</tr>
<tr>
<td>Probable</td>
<td>9.4</td>
<td>0.39</td>
<td>0.45</td>
<td>2.79</td>
<td>0.09</td>
</tr>
<tr>
<td><strong>Total Proven &amp; Probable</strong></td>
<td></td>
<td>182.1</td>
<td>0.45</td>
<td>0.62</td>
<td>4.04</td>
</tr>
</tbody>
</table>
Mining with very low STRIP RATIO of 1.64

- Annual throughput = 40,000 tpd or 13.2 Mt/yr
- Excellent Recoveries

  **Hypogene (89% of the deposit):**
  - Copper 92.1%
  - Gold 59.7%
  - Silver 77.6%

  **Supergene (11% of the deposit) will go in production in the first year:**
  - Copper 88.4%
  - Gold 65.1%
  - Silver 75.8%
# Based on Contract Mining Scenario

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Cost</td>
<td>US$476.2 M</td>
</tr>
<tr>
<td>Operating Cost</td>
<td>US$7.69 per tonne milled</td>
</tr>
<tr>
<td>Life of Mine</td>
<td>14 years</td>
</tr>
<tr>
<td>Payback</td>
<td>5.2 years</td>
</tr>
<tr>
<td>After Tax - Internal Rate of Return (IRR)</td>
<td>16.5%</td>
</tr>
<tr>
<td>After Tax Net Present Value (7.5% discount)</td>
<td>US$231.7 M</td>
</tr>
</tbody>
</table>
## Capital Costs

<table>
<thead>
<tr>
<th>Capital Costs</th>
<th>Contractor US$ M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Development</td>
<td>15.4</td>
</tr>
<tr>
<td>Mining (non-contract items)</td>
<td>5.6</td>
</tr>
<tr>
<td>Crushing and Ore storage</td>
<td>21.8</td>
</tr>
<tr>
<td>Process Plant</td>
<td>179.6</td>
</tr>
<tr>
<td>Tailings</td>
<td>49.8</td>
</tr>
<tr>
<td>On-site Infrastructure</td>
<td>20.7</td>
</tr>
<tr>
<td>Off-site infrastructure</td>
<td>12.2</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>68.6</td>
</tr>
<tr>
<td>Contingency</td>
<td>49.0</td>
</tr>
<tr>
<td>Owner's costs</td>
<td>53.4</td>
</tr>
<tr>
<td><strong>Total Project Capital Cost</strong></td>
<td><strong>476.2</strong></td>
</tr>
</tbody>
</table>
## Operating Costs

<table>
<thead>
<tr>
<th>Operating Costs</th>
<th>Contractor US$/ tonne milled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mine</td>
<td>2.42</td>
</tr>
<tr>
<td>Milling</td>
<td>4.73</td>
</tr>
<tr>
<td>Administration</td>
<td>0.54</td>
</tr>
<tr>
<td><strong>Total Average Annual Operating Cost</strong></td>
<td><strong>7.69</strong></td>
</tr>
</tbody>
</table>
Yearly Production based on the LOM Average

- Xietongmen Deposit could recover on an annual average basis with a 40,000 tpd operation:

  116 M lbs Cu
  190,000 oz Au
  1.73 M oz Ag

Preliminary Conceptual Mine site

NAG (non-acid generating) waste

PAG waste - lined

PAG sulfide - lined
Proposed Xietongmen Infrastructure

- Proposed Pit
- Proposed Waste rock
- Proposed Tailings
### Simplified Valuation @ 1.50 Cu and US$ 500 Au

<table>
<thead>
<tr>
<th>182 Mt deposit</th>
<th>Per tonne</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>In situ Value</td>
<td>$26.00</td>
<td>0.45% Cu</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.62g/t Au</td>
</tr>
<tr>
<td>Net Value</td>
<td>$21.00</td>
<td>60% Cu</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30% Au</td>
</tr>
<tr>
<td>OPEX TcRc</td>
<td>$8.00</td>
<td>Mining 2:1 strip Process (TcRc)</td>
</tr>
<tr>
<td></td>
<td>$4.00</td>
<td>G &amp; Admin</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>$3.00</td>
<td>US$ 476 M + Interest</td>
</tr>
<tr>
<td>NPV / tonne</td>
<td>$6.00</td>
<td>@ 0%</td>
</tr>
<tr>
<td>Total NPV</td>
<td>$1.1 B</td>
<td>@ 0%</td>
</tr>
</tbody>
</table>
### At higher Metal Prices…

<table>
<thead>
<tr>
<th>182 Mt deposit</th>
<th>US$1.50 Cu US$500 Au</th>
<th>US$2.25 Cu US$550 Au</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In situ Value</strong></td>
<td>$26.00</td>
<td>$34.00</td>
</tr>
<tr>
<td><strong>Net Value</strong></td>
<td>$21.00</td>
<td>$27.00</td>
</tr>
<tr>
<td><strong>OPEX</strong></td>
<td>$ 8.00</td>
<td>$ 8.00</td>
</tr>
<tr>
<td><strong>TcRc</strong></td>
<td>$ 4.00</td>
<td>$ 4.00</td>
</tr>
<tr>
<td><strong>US$ 476 M CAPEX +int.</strong></td>
<td>$3.00/tonne</td>
<td>$3.00/tonne</td>
</tr>
<tr>
<td><strong>NPV / tonne @ 0%</strong></td>
<td><strong>$6.00</strong></td>
<td><strong>$12.00</strong></td>
</tr>
<tr>
<td><strong>Total NPV @ 0%</strong></td>
<td><strong>$1.1B</strong></td>
<td><strong>$2.2B</strong></td>
</tr>
</tbody>
</table>
### Yearly basis Future P/E Valuation =

<table>
<thead>
<tr>
<th>13.2 Mt/year</th>
<th>US$1.50 Cu</th>
<th>US$2.25 Cu</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$500 Au</td>
<td>US$550 Au</td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>$278 million</td>
<td>$383 million</td>
</tr>
<tr>
<td>OPEX</td>
<td>($156 million)</td>
<td>($156 million)</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>$122 million</td>
<td>$227 million</td>
</tr>
<tr>
<td>Net Cash Flow</td>
<td>$70 million</td>
<td>$175 million</td>
</tr>
<tr>
<td>Report / Permit</td>
<td>Date Approved</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
<td>---------------</td>
<td></td>
</tr>
<tr>
<td>Seismic Assessment</td>
<td>Sept 2006</td>
<td></td>
</tr>
<tr>
<td>Water Resources Report</td>
<td>Apr 2007</td>
<td></td>
</tr>
<tr>
<td>Mine Area Scoping (MAS) equivalent to the Mining Area Permit</td>
<td>Apr 2007</td>
<td></td>
</tr>
<tr>
<td>Water Use Permit</td>
<td>Jun 2007</td>
<td></td>
</tr>
<tr>
<td>Project Pre-Approval from NDRC</td>
<td>Sept 2007</td>
<td></td>
</tr>
<tr>
<td>Mineral Resources Development &amp; Utilization Plan approval from MLR</td>
<td>Nov 2007</td>
<td></td>
</tr>
<tr>
<td>Land Acquisition Pre-Approval Report</td>
<td>Nov 2007</td>
<td></td>
</tr>
<tr>
<td>Environmental Impact Assessment approval from SEPA</td>
<td>Dec 2007</td>
<td></td>
</tr>
<tr>
<td>Water Conservation Report</td>
<td>Dec 2007</td>
<td></td>
</tr>
<tr>
<td>Land Reclamation Report</td>
<td>In Process</td>
<td></td>
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<tr>
<td>Mining Licence</td>
<td>In Process</td>
<td></td>
</tr>
<tr>
<td>Project Approval Report</td>
<td>In Process</td>
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</tr>
</tbody>
</table>
Permitting Process

2008

Project Permit

Project Application

Mining License Approval

Mining License Application

Financing

Project Development

4Q 2007

Project Pre-Approval (NDRC)

Mineral Resources Report Approval

Mineral Resources Development and Utilization Plan Final Approval (MOLAR)

Environmental Impact Assessment Report Final Approval

IFC SEIA Final Report
(Draft received Dec '07)

3Q 2007

Chinese Compliant Feasibility Study

Bankable Feasibility Study

Note: 
Completed  To be completed
Upside with Newtongmen Discovery
• Xietongmen will be in production for 14 yrs
• Newtongmen: potential to be twice the size with twice the Xietongmen average thickness
• Potential to increase throughput beyond 13 Mt/year
• Increase revenue
• Potential 15-20 years additional mine life
5 member Community Relations team works closely with local villagers to provide information and to establish trust. Villagers accept the team as a part of their lives.

Regular Community Coordination meetings held to exchange views with village reps on all aspects of the exploration program.
KMK’s Work for Community Sustainability

- Agriculture and animal husbandry training for villagers at Tibet Agriculture College
- Greenhouses to grow market vegetables
- Construction training
- KMK providing machinery to fix and rebuild irrigation channels and roads
2007 Achievements

• Jinchuan Private Placement
• Completion of Feasibility Study
• 182 Mt / 200 Mt (91%) + Newtonmen
• Completion and Approval of Chinese EIA
• Newtonmen is now in the permitting phase less than 20 months after the KMK’s team was put together, and less than 30 months since HDI management start on the Project
• +15,000m of drilling at the Newtonmen Discovery
OFFICERS
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Zhi Wang, Co - Chairman
Dave Copeland, President and CEO
Marchand Snyman, CFO
Dickson Hall, VP Business Development

DIRECTORS
Rene Carrier
Dave Copeland
Scott Cousens
Robert Dickinson
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Ronald Thiessen
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