



TAU CAPITAL PLC

Presentation to Investors, November 2012



Executive Summary



Tau Capital is a closed-end London AIM-listed fund investing in public and private equity across Central Asia.

Over the past 6 months, the structure of the company has changed as corporate actions have resulted in share buy-backs, a capital distribution and a change of investment managers.

Central Asia is a resource-rich region well positioned to fuel the growth of the Chinese and Indian economies, as well as the economies of the wider “emerging Asia” growth story.

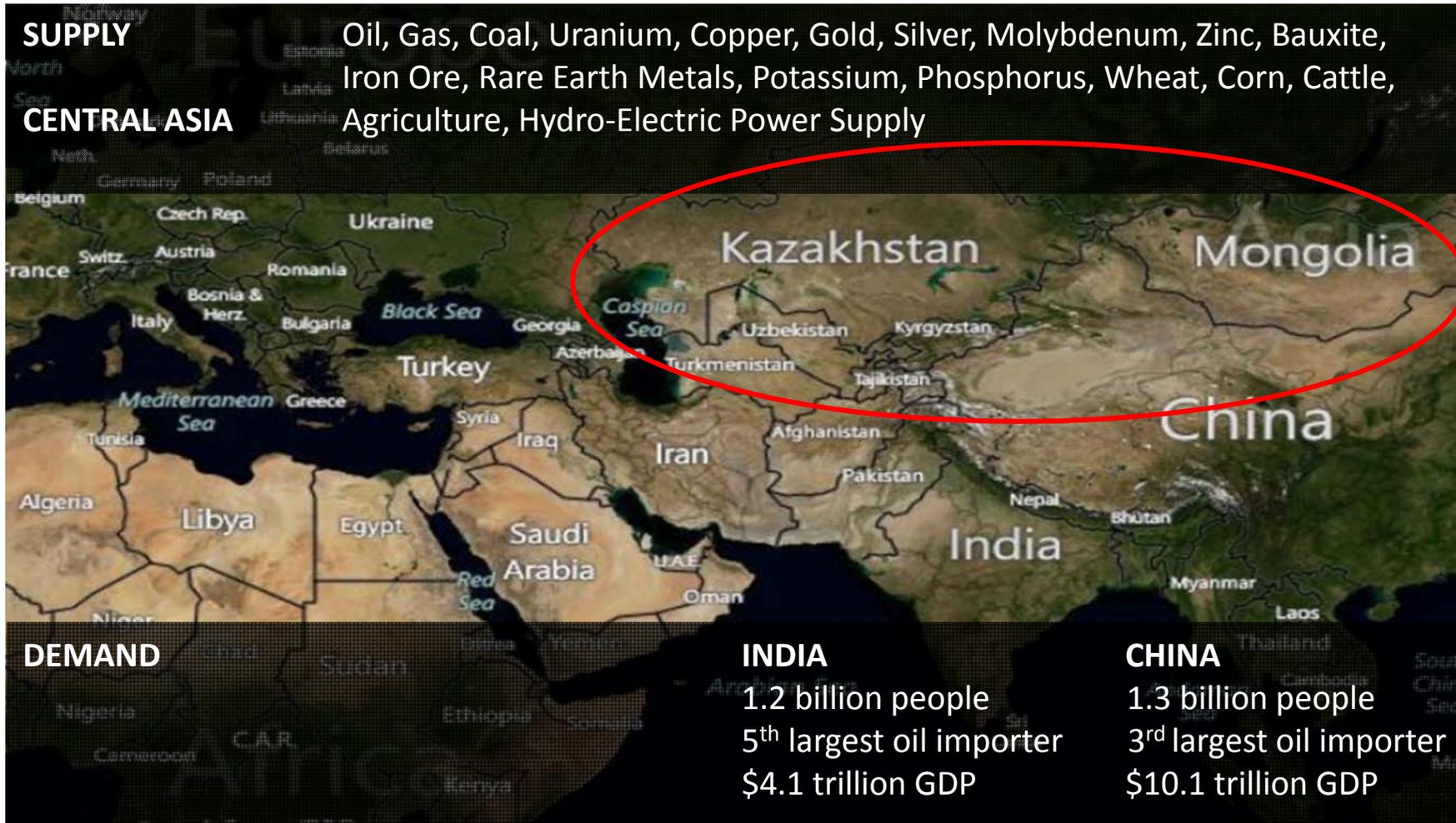
Local equity markets are cheap on an earnings multiple basis. These market have underperformed versus global indices yet are positively exposed to global monetary easing.

The private equity portfolio is facing challenges not uncommon in post-crisis Kazakhstan, although in both cases, we have room for manoeuvre with adequate cash balances and, in the case of Stopharm, continued profitability.

SUPPLY

Oil, Gas, Coal, Uranium, Copper, Gold, Silver, Molybdenum, Zinc, Bauxite, Iron Ore, Rare Earth Metals, Potassium, Phosphorus, Wheat, Corn, Cattle, Agriculture, Hydro-Electric Power Supply

CENTRAL ASIA



DEMAND

INDIA

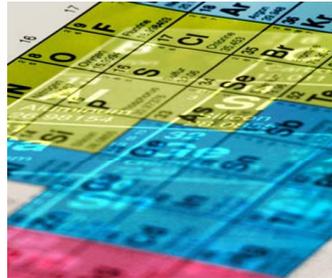
1.2 billion people
5th largest oil importer
\$4.1 trillion GDP

CHINA

1.3 billion people
3rd largest oil importer
\$10.1 trillion GDP

The region is capitalising on one of the world's largest reserves of natural resources

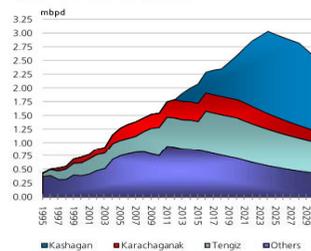
Of 110 elements in the Periodic Table, **Kazakhstan** holds 99 of them in mined and mineable reserves.



Turkmenistan recently discovered gas field holds commercial proven reserves large enough to supply the UK for 20 years (potential reserve is 18 times larger).



Figure 1: Kazakhstan's oil production



The Kashagan Oil Field in **Kazakhstan** comes online in 2013, doubling current production and expected to fuel at least 7% GDP growth in 2013.



Tavan Tolgoi's coking coal reserve in **Mongolia** is 57% of Canada's total reserve, and 28% of the United States.

Uzbekistan is 7th largest producer and holds 4th largest reserves of Gold worldwide.





Tau Capital: Corporate Actions



Tau Capital is now in managed wind down.

The AGM held on 24th July 2012 approved proposals to liquidate the public equity portfolio within 6 months, dispose of the private equity investments within 12 to 24 months and review the appointment of the Investment Manager. Two new directors were also added.

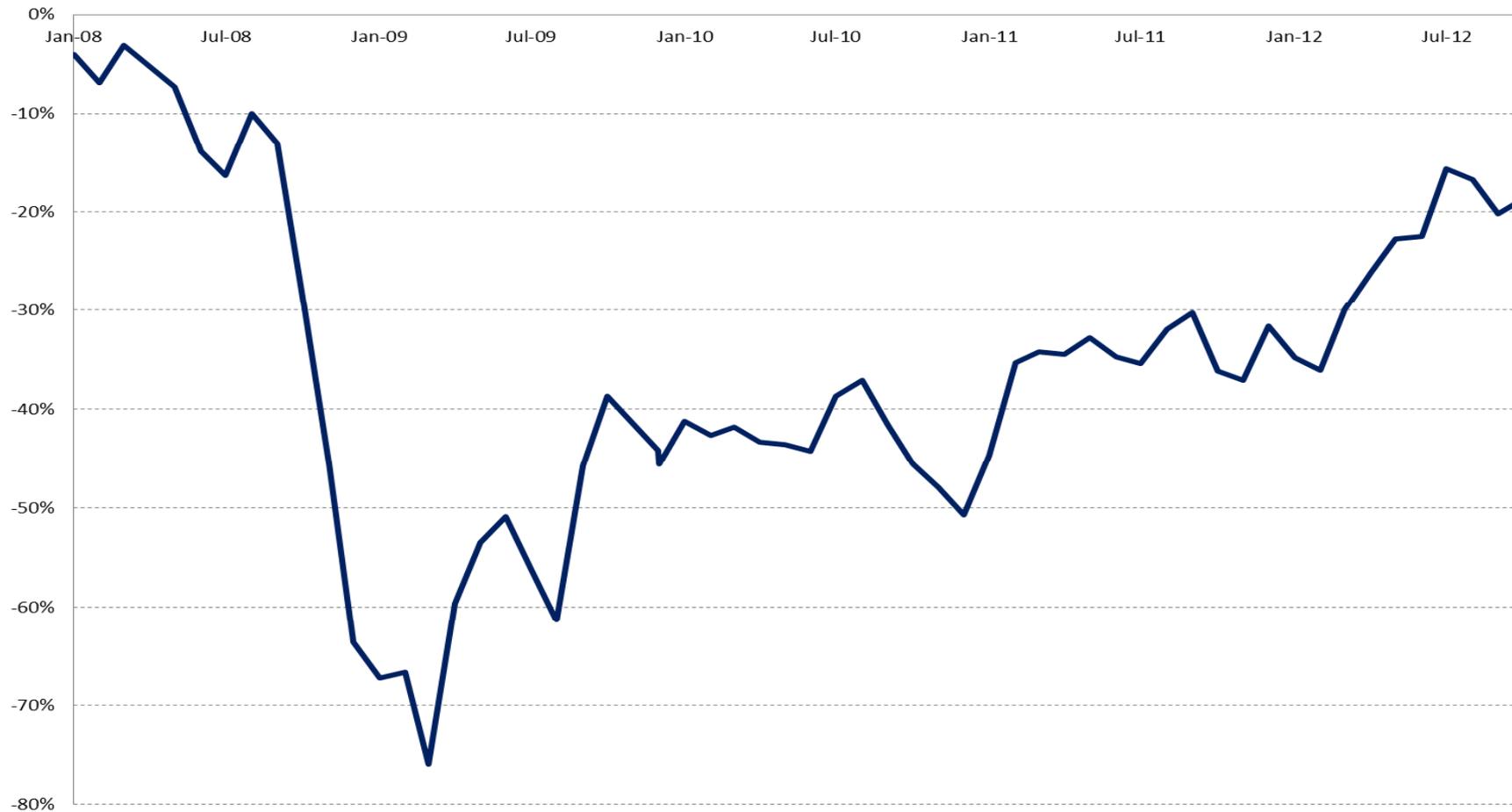
Compass Asset Management ceased to act as Investment Manager on 5th October 2012 and they were replaced by Sturgeon Capital who now manage the public equity and the cash holdings in Tau's portfolio, and Capital Gate Securities who are now managing Tau's private equity holdings.

Some share buybacks have taken place and a US\$28 million tender offer was also implemented on 5th November whereby 23% of outstanding shares were bought back at a price equal to 99% of 30th September NAV. Further distributions of cash will be made as investments are liquidated.

Performance: Tau Capital vs. RENCASIA



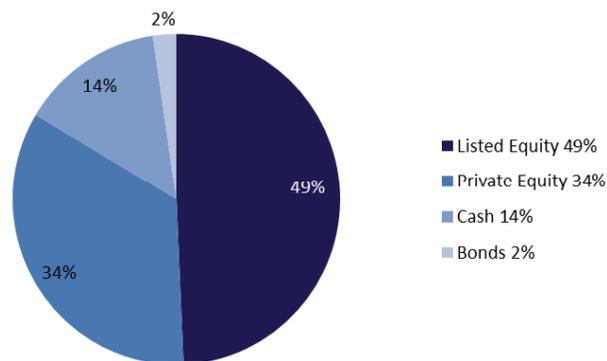
Tau Listed Price: Historical Discount to NAV



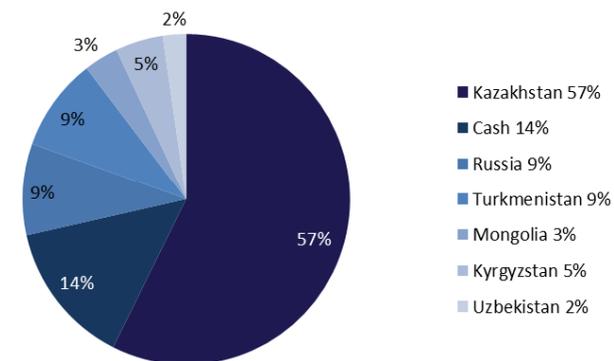
Developments since EGM in July 2012:

- Sturgeon Capital appointed to manage liquidation of the public equity portfolio, of the Oxus Gold convertible bond and to manage cash;
- CapitalGate Securities appointed to manage divestment of the two private equity holdings i.e. Lucent Petroleum and Stopharm;
- Tender offer implemented in early November which bought back 23% of outstanding TAU shares at 99% of 30 September NAV.

Exposure by Asset Class



Exposure by Country



NB: Exposure breakdowns are estimates calculated by the Manager as of 12 November (post tender offer and distribution).



Sturgeon Capital: Firm Overview

- Based in London, Sturgeon Capital is an independent investment manager focused on the frontier and emerging markets of Central Asia and the Caucasus.
- 6 years focusing exclusively on investment management in the region across asset classes.
- Approximately US\$120 million assets under management across three funds, with “best in class” track record.
- A unique regional network of permanent in-country research and deal sourcing teams in Azerbaijan, Georgia, Uzbekistan and Kazakhstan.



Sturgeon Capital Management Team



Clemente Cappello is Founder and CEO of Sturgeon Capital. He has a 6 year continuous track record of investing in the region and has developed an intimate knowledge of the investment universe across each of the strategies employed. Clemente holds a degree in Business Administration and Finance from Bocconi University. Before founding Sturgeon he worked as an analyst for Hausmann Holdings, and has previously worked at HSBC, Bear Stearns and Goldman Sachs. Clemente was awarded “Rising Star of Hedge Funds” in 2008 by Institutional Investor and has been quoted by the Financial Times, New York Times, Bloomberg, Fox News and other media outlets as an expert on Central Asian markets.



Taco Sieburgh Sjoerdsma is CFO at Sturgeon Capital focusing on operations and research. He has over 20 years of experience in the alternative investment industry. Specifically he was previously Head of Research for UFG focused on Russia, as well as Head of Research in Singapore for Paribas. He has worked as a senior analyst for both a global macro hedge fund and for an emerging markets treasury fund. He was also a rated analyst for UBS. Taco holds an MBA from Chicago and is a CFA charter holder.



Paul Henderson joined the team as an Associate in February 2011. He has been investing in the region since 2006 and has lived there from 2006 – 2009. Paul has practical, on-the-ground experience of the business and investment climate in Central Asia. Paul holds an LL.B Law degree and Legal Practice Certificate from Northumbria University. He also holds the CISI Certificate in Investment Management (CertIM). Paul is currently focused on Business Development to extend the Sturgeon Capital fund range, increase AUM and develop corporate presence in Central Asia.

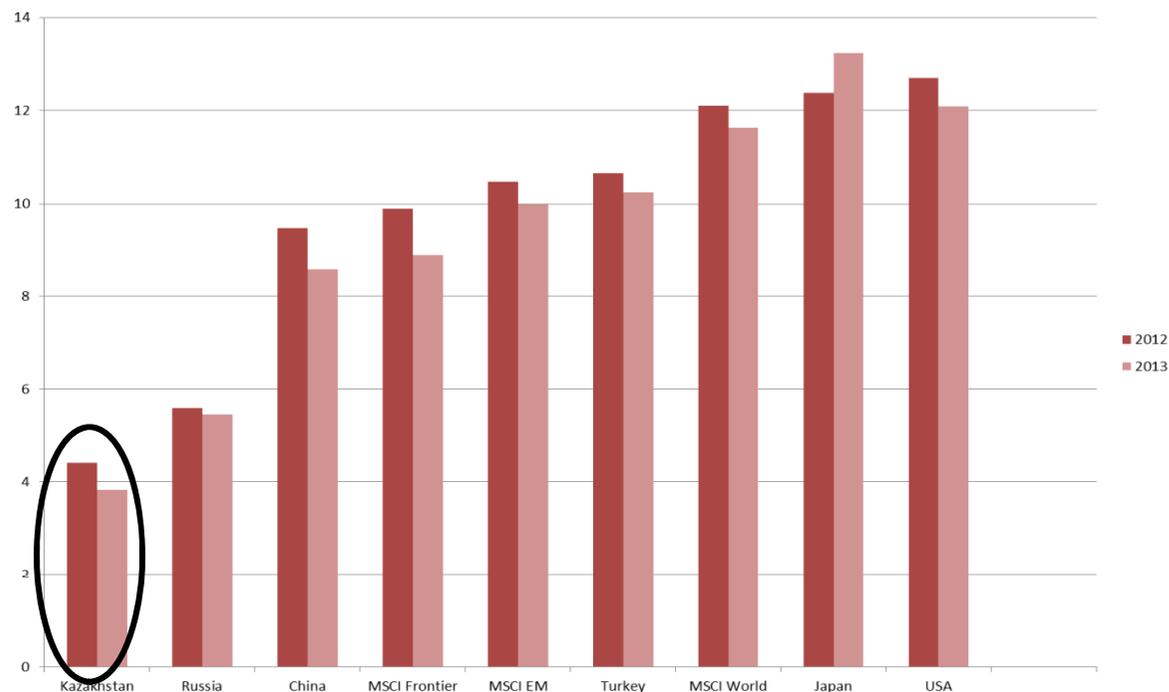
Local equity markets are cheap vs. emerging and developed market indices

2012/13 Forecast Price/Earning Ratios

Kazakhstan currently trades at a 2012 price earning ratio of around 4.

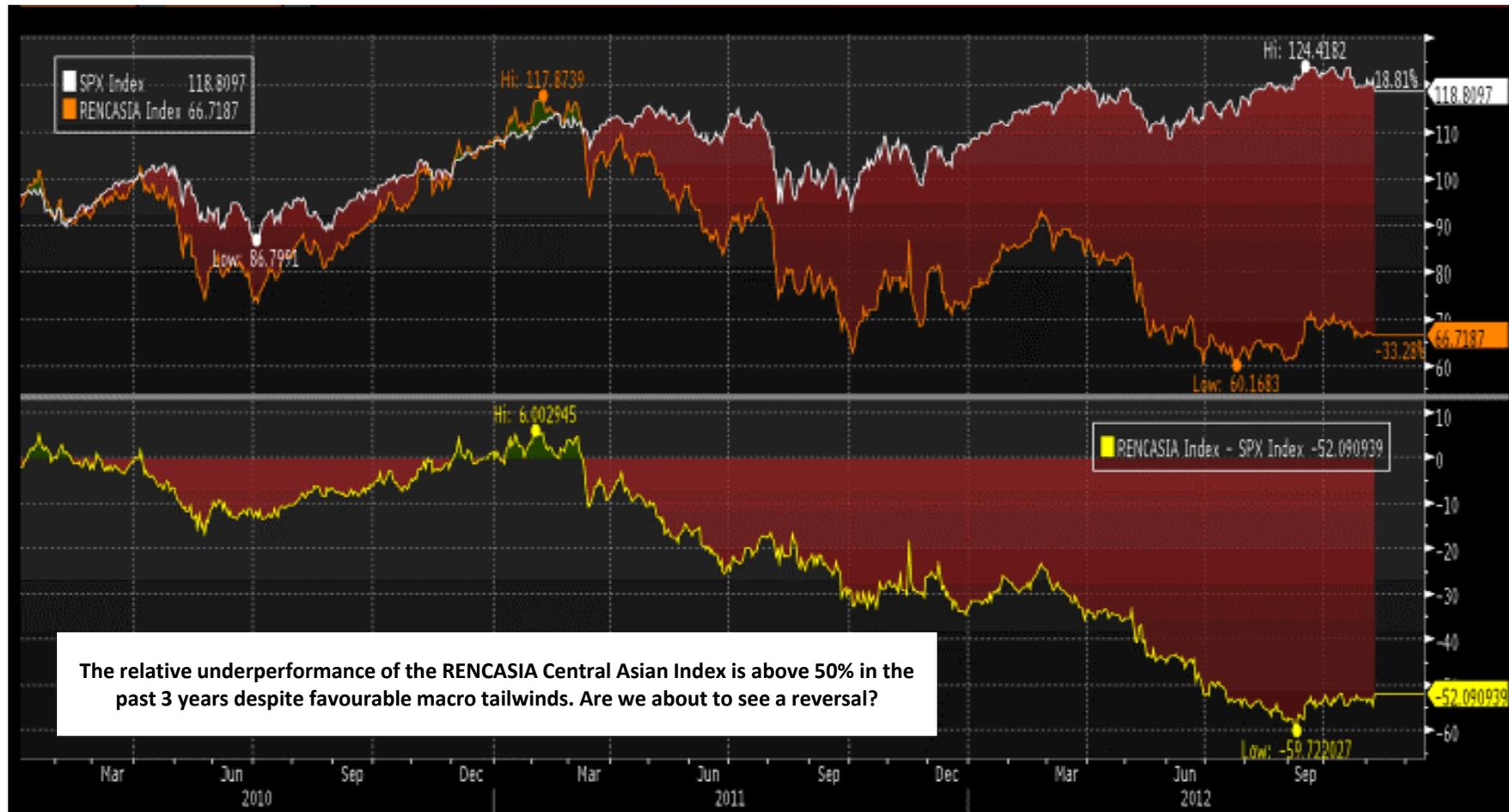
This is 1/3 the valuation of the MSCI World average and less than half that of Frontier Markets, despite outstanding long-term growth prospects.

In addition to earnings growth a modest re-rating will provide for substantial upside.



Source: Bloomberg as of 13 November 2012. 2012 ratios based on 2012 data according to Bloomberg. 2013 estimates are Y+1 according to Bloomberg. Indices chosen were as follows: Kazakhstan (KASE), Frontier Markets (MSCI Frontier Markets), Emerging Markets (MSCI EM), Turkey (ISE100), World (MSCI World), US (S+P500), China (Shanghai Composite), Japan (Nikkei 225), and Russia (RTS).

S&P 500/RENCASIA Spread: Time for Mean Reversion?



Listed Equity: Strategy Overview

- Focus the portfolio on the few key liquid holdings that have the best risk/return profile.
- Divest non-core positions, avoiding becoming a “market mover” in doing so:
 - Since taking over management of the portfolio the divestment program implemented by Sturgeon Capital has raised approximately US\$15 million as of 14th November 2012.
 - Most orders are executed on condition of not being more than 20% of volume, while all have price limits.
- Focus on short and medium-term share price catalysts for each investment.

Example of Core Position (Kyrgyzstan): Centerra Gold

- With continued “loose” monetary policy around the world we remain bullish on gold prices.
- Centerra’s share price in 2012 has been mostly driven by technical production stoppage at its gold mining operations in Kumtor, Kyrgyzstan and fears about Kyrgyz politics.
- The Kyrgyz President has taken the unusual step to publicly announce his support for the company, while operations in Mongolia and Turkey are growing in importance.
- We believe markets may soon start to focus again on the continued growth in the company’s gold reserves.



thousands of ounces	2008	2009	2010	2011	2012 Preliminary Update
Proven & Probable	5,808	7,321	8,164	8,065	11,665
Measured & Indicated	4,481	3,704	4,882	6,653	NA
Inferred	3,145	3,368	3,489	4,059	NA
Total	13,434	14,393	16,535	18,777	NA

Example of Core Position (Kazakhstan): Eurasian Natural Resource Corporation



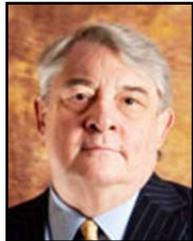
- With a diversified asset base comprising Ferroalloy, Iron Ore, Aluminium, Coal, Copper and Electricity Production, generating annual revenues of around US\$ 7 billion, ENRC is not only a bellwether stock for the Kazakhstan market, but more importantly a cheap derivative play on Chinese economic growth.
- Discounting a low valuation and with sentiment very bearish, we see the potential for a significant re-rating. Commodity prices such as Iron Ore are already pricing in a rosier scenario in terms of Chinese demand.
- A clear catalyst for such a share price rebound could be corporate restructuring, which the new Chairman is currently publicly exploring.

CapitalGate Securities: Firm Overview



- Based in Almaty, Kazakhstan, CapitalGate is an independent boutique providing corporate finance and capital markets advisory and private equity asset management services. The Firm's clients are companies and investors that are active - or looking to become active - in Central Asian and neighbouring emerging markets.
- Combining local knowledge and experience with international training and expertise, CapitalGate is uniquely equipped to provide optimal solutions to complex business problems in challenging markets. We are committed to completing any assignment we take on, and we only take on assignments to which we know we can add considerable value.
- CapitalGate advises a wide array of investors and companies engaged in emerging markets, primarily in Central Asia. Clients have included strategic investors such as Camac Group, Polytec Asset Holdings, and Argos Sibinga Petroleum; institutional investors such as BlackRiver, Argo, Gramercy, Standard Bank, and Red October Resources; and Family Offices and High Net Worth Individuals.

CapitalGate Securities Management Team: Gregory Vojack, esq.



Gregory Vojack is one of the founding partners of CapitalGate Securities Ltd, and is also a founding partner of VSB Partners LLP. He established the Bracewell & Giuliani practice in 1994 and headed what became the leading capital markets practice representing issuers from Kazakhstan, acting as international counsel for approximately 90 per cent of Eurobond issuers (over \$65 billion in transaction value); debt restructuring, securities transactions, joint ventures, oil and gas, minerals, and general corporate law. As to M&A he has acted both in the legal and financial aspects of the restructuring of Frontier Mining and Transmeridian's Caspian Neft Oil and Gas subsidiary. Additionally, he has participated in the acquisition of the port of Batumi, Karagonda Cement, and the restructuring of PetroKazakhstan among other M & A transactions.

His work in the CIS countries has contributed to the development of capital markets through the region. The development of equity market specifically in Kazakhstan, which allowed several closed end funds to successfully invest in Kazakhstan and Central Asia. Such experience has led to strong working relationships in Astana with the Government and the Presidential Administration.

Currently, Gregory Vojack currently serves as:

- Non-executive Director at Frontier Mining Limited;
- An Arbitrator at Kazakhstan International Arbitrage;
- A member of Kazakhstan's Foreign Investors' Council;
- Member of the Board of Regional Financial Center of Almaty.

Mr Vojack has been living full time in Kazakhstan since July 14, 1994.

CapitalGate Securities Management Team: Michael Adams, CFA



Michael Adams joined Capital Gate Securities Ltd. from Compass Asset Management, where he was Head of Private Equity and managed Tau's direct investment positions. He has over 14 years' experience in all aspects of the full life-cycle of direct investment and management in US, CIS and frontier markets.

First in Kazakhstan in 1990 (before the fall of the USSR), Michael worked for Fortune 200 companies (e.g. Loctite) in the CIS before entering private equity with Global Partner Ventures in Moscow in 1998. Ensuing assignments included investing in financial services in the US with Distribution Partners in Connecticut, SME investing in Afghanistan with Acap (affiliated with Actis), and real estate development in Russia with Lonestar Ventures in Moscow, where they built the first class A industrial park just outside the city's Ring Road.

His near-native Russian and fluent Arabic have enabled him to learn and navigate the 'local specific' quickly in challenging environments and perform successfully throughout.

Michael earned his BA in Russian Studies at Haverford College, his MBA at Thunderbird, and is a CFA Charterholder.

He lives with his wife and two children in Almaty.

CapitalGate Securities Management Team: Yertay Karen



Yertay Karen came to CapitalGate from Bracewell & Giuliani (Kazakhstan) in 2005, and has played both CFO and advisory roles throughout his tenure.

Yertay began his professional career in 2002 at Comerint Dietsmann S.P.A., where he was a technical translator and focused on Distribution Control Center (DCS) literature and interpreted at training seminars on site in Aksai and Uralsk. He then joined Bracewell & Patterson LLP (later Bracewell & Giuliani) as an accountant where he directed all aspects of the finance and accounting functions of the firm.

Beginning at Bracewell and continuing at CapitalGate, he was a material contributor to the evaluation of investment advisory projects, and his skill set and experience are assets to the CapitalGate team as it develops its product offering.

He resides in Almaty, Kazakhstan.

Private Equity: Strategy Overview



- With Stopharm, our focus is on:
 - Evaluating potential for productivity gains;
 - Penetrating underserved geographies to diversify distribution channels, and;
 - Obtaining competitive financing.

- With Lucent, our focus is on:
 - Establishing closer relations with other shareholders, and;
 - Exploring potential alternatives to improve the project's profile.

Private Equity: Stopharm



INVESTMENT REVIEW

- Stopharm, in which Tau holds a 40.3% interest, is a nationwide wholesale pharmaceutical distributor.
- Stopharm is forecasting 18% year-on-year growth to \$258.7 million in revenues, and 11% growth to \$12.9 million in EBITDA, for fiscal year 2012.
- Historical reliance upon state tenders for state contracts has contributed to the Company's 20%+ top line growth over the holding period, but this channel is unreliable. A reorganization at SK Pharmatsia, the state purchasing agent, this year is expected to result in a 53% drop in federal tender (and 18% in total company) revenues for the next year.
- The resulting FY2014 forecasts are for \$219.5 million in revenues and \$4.4 million in EBITDA, net of an aggressive program Management had implemented to focus on regional and private business lines.
- The other shareholder has indicated that it is ready to sell its 56.65% stake, and we are assisting in bringing in other institutional investors who wish to grow the business.

Private Equity: Lucent Petroleum



LUCENTPETROLEUM

INVESTMENT REVIEW

- Tau holds a 6.18% indirect interest in Lucent Petroleum, whose 270km² license area is not far from some profitable structures on the Caspian.
- Lucent's license is extendable to 2015, which is an uncommon advantage among exploration companies in Kazakhstan at present.
- Tau's investment was written down by 25% after a deep horizon at Lebyazhe failed to produce at commercial rates; both Prorva and Lebyazhe wells are currently inactive.
- Seismic data processing is nearing completion, and interpretation will commence in parallel with 'farm in' negotiations with major oil companies. Management decreased operating expenses in Q4 in order to preserve cash balances (currently \$13 million) and flexibility.
- To widen our range of options, we are investigating potential synergies with other interests operating in the same geographical region.



Conclusion



- The Central Asian region presents a compelling macro story in addition to very undemanding public equity valuations.
- Coupled with ultra-easy monetary policy globally, this equates to a unique investment opportunity.
- Tau Capital is a substantially discounted, shareholder focused fund, illustrated by a recent share buy-back and cash distribution. This has a catalyst to narrow the spread between NAV and listed share price.
- The private equity investments present diverse exposures, with Stopharm a profitable and growing company facing challenges on the Federal tender front, and Lucent with enough capital to move forward carefully but facing challenges in securing farm-in agreements.
- CapitalGate is working closely with both Private Equity companies to bring objective views and alternatives to the table and to drive more value into Tau's investment positions.



Contact Us



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Disclaimer (continued)

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