



# Corporate Presentation - Announcement of Xstrata Option Exercise

February 2011

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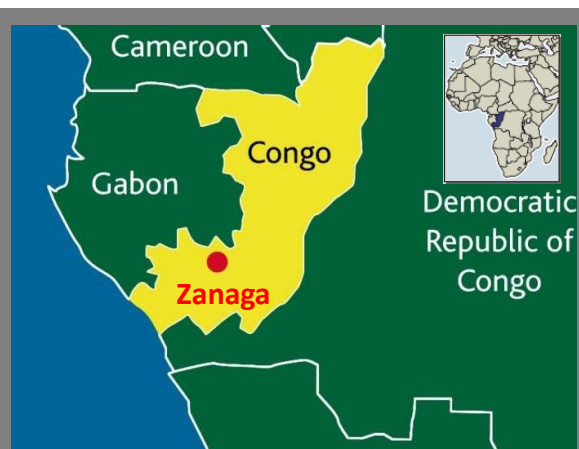
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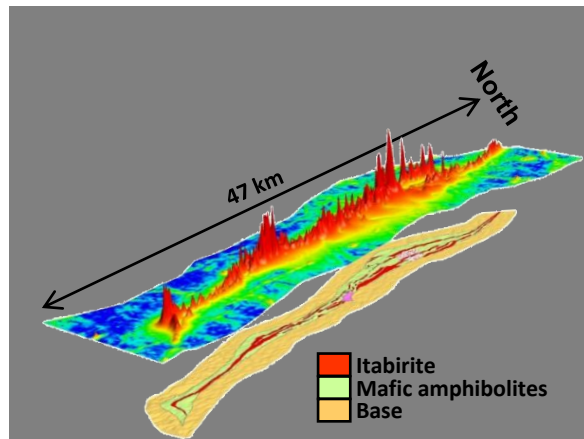
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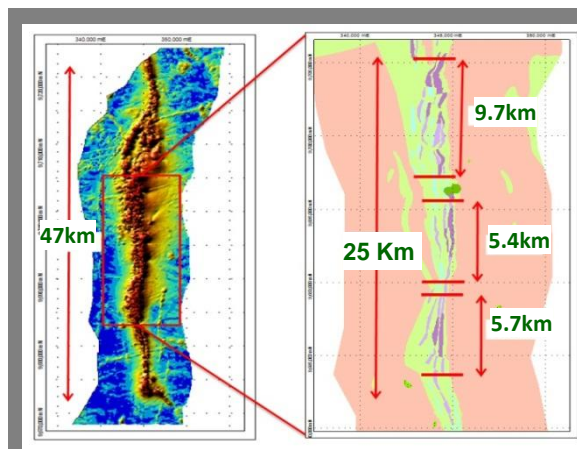
# Introduction to the Zanaga Project



Location



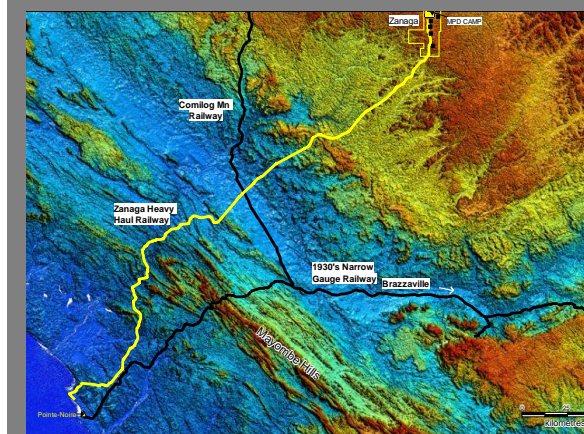
Zanaga orebody footprint



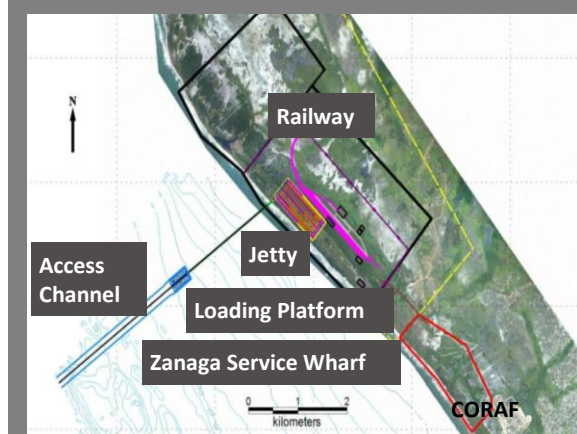
Drill zones



Zanaga exploration camp

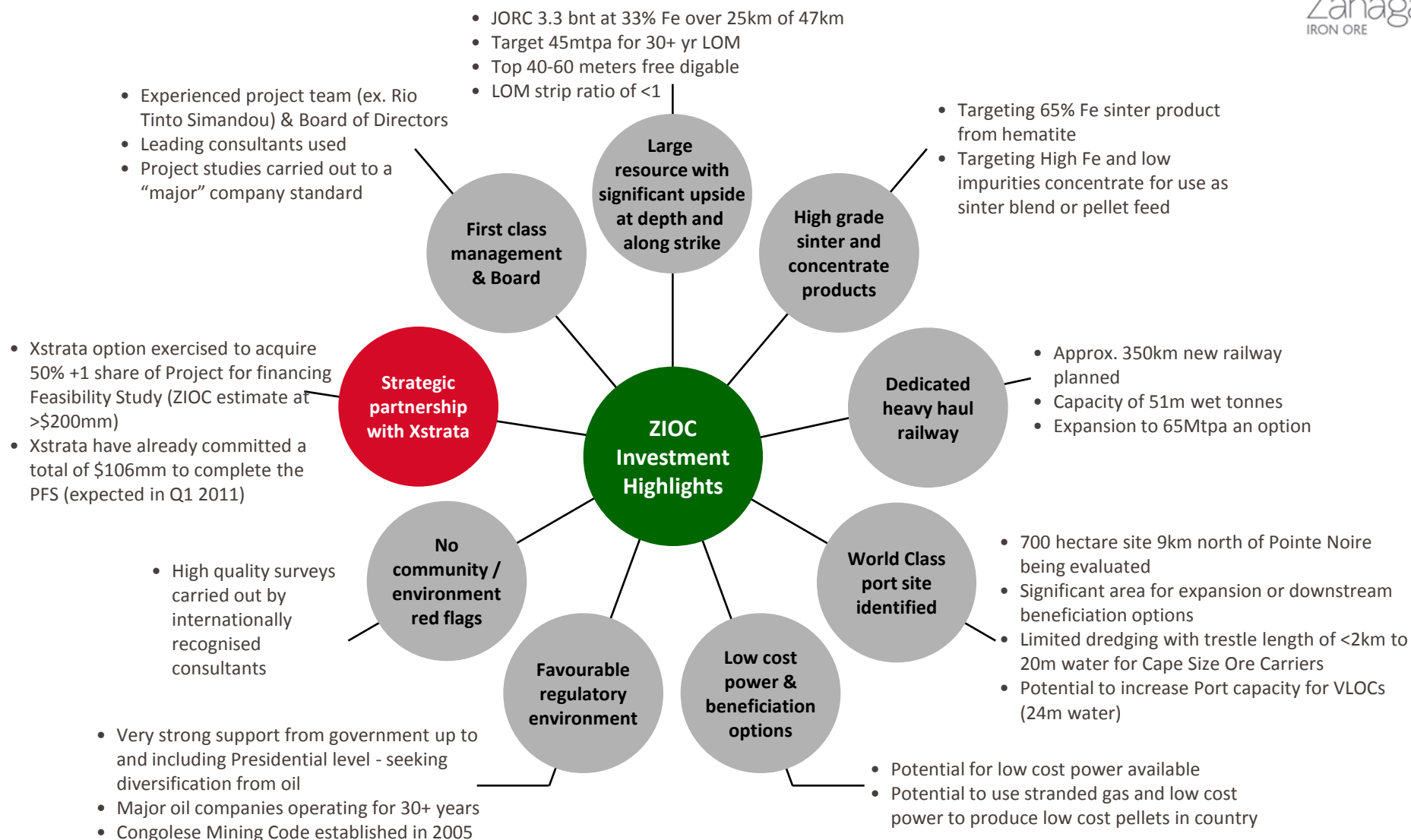


Proposed rail route

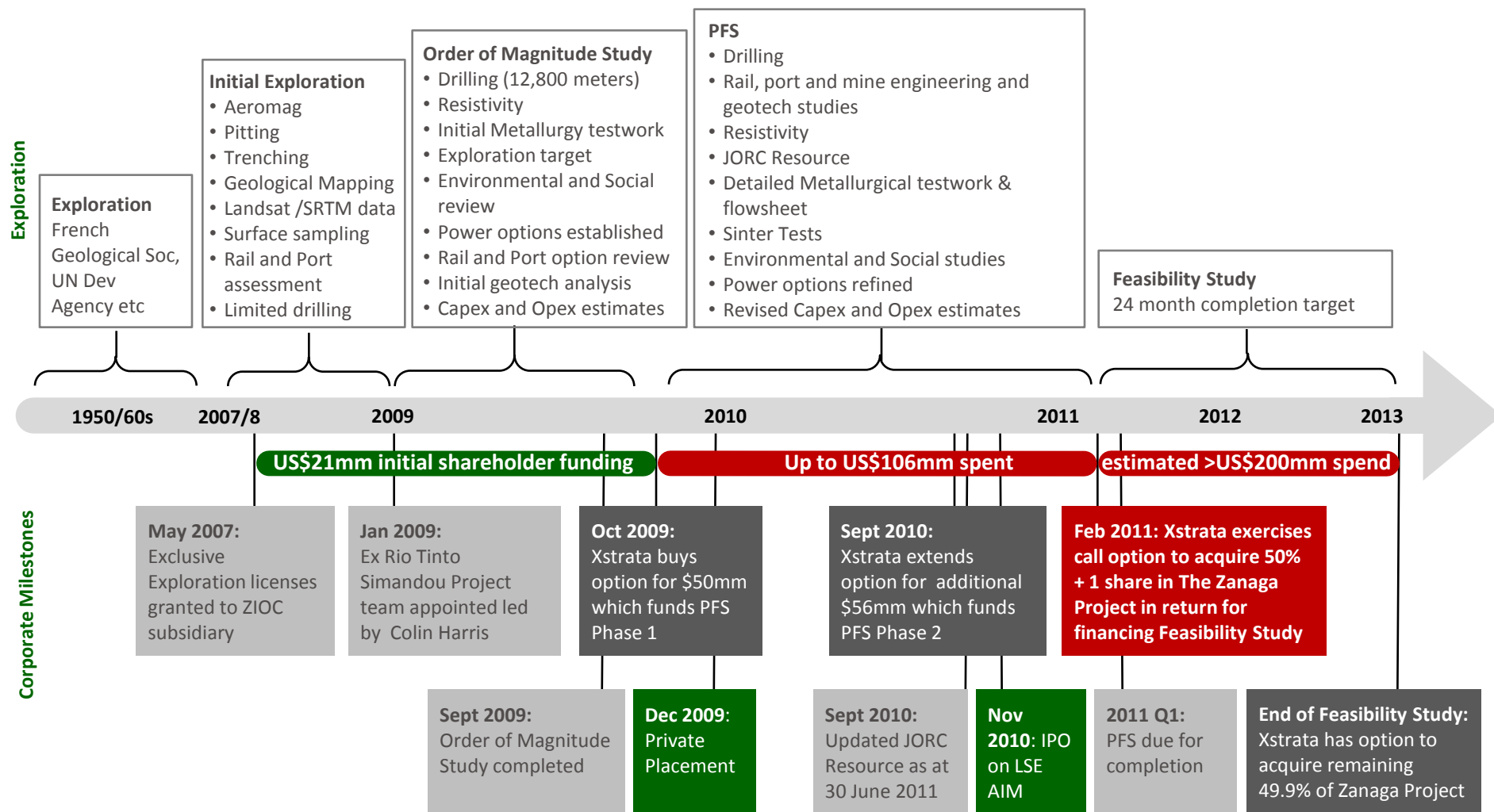


Proposed port site





# Corporate History



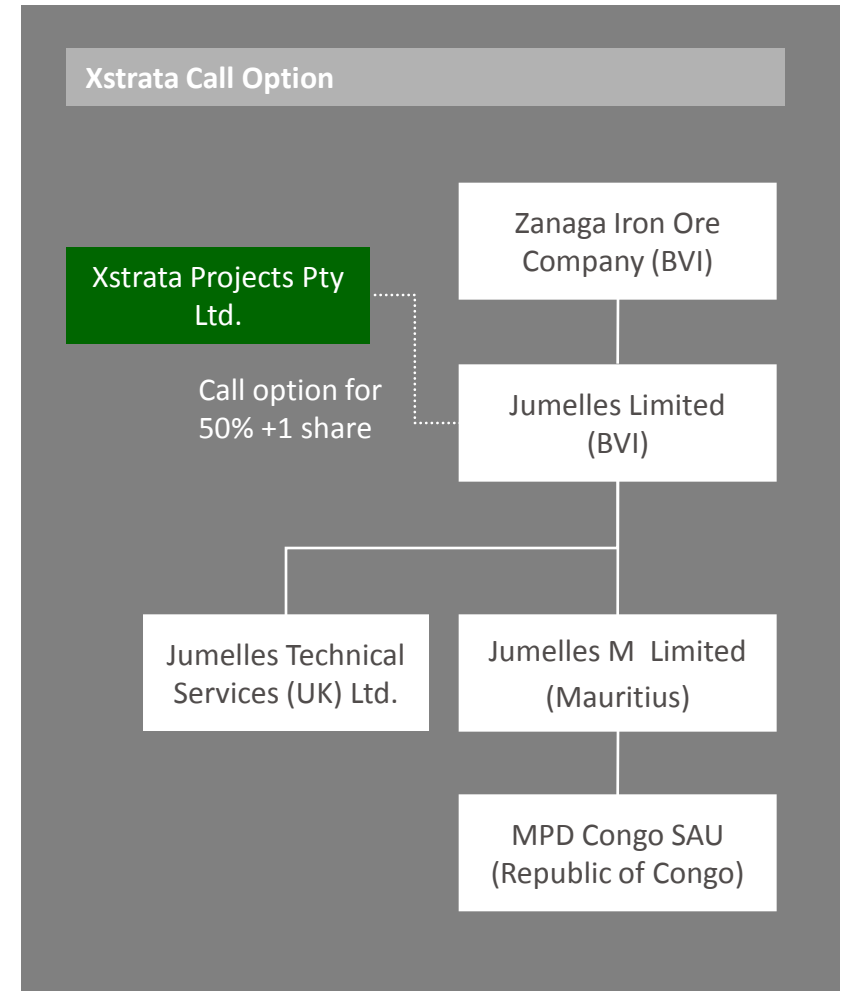
# Strategic Partnership with Xstrata: Call Option

## Xstrata Option over Jumelles Limited

- Oct 2009 : Xstrata pays \$50mm to acquire option
  - US\$50mm used to fund Phase 1 of PFS
  - Option to acquire 50%+1 share interest in Jumelles in return for financing Feasibility Study
- Sept 2010 : Xstrata extends option with up to an additional \$56.49mm used to fund Phase 2 of PFS
  - Xstrata committed to paying a total option premium of up to US\$106mm

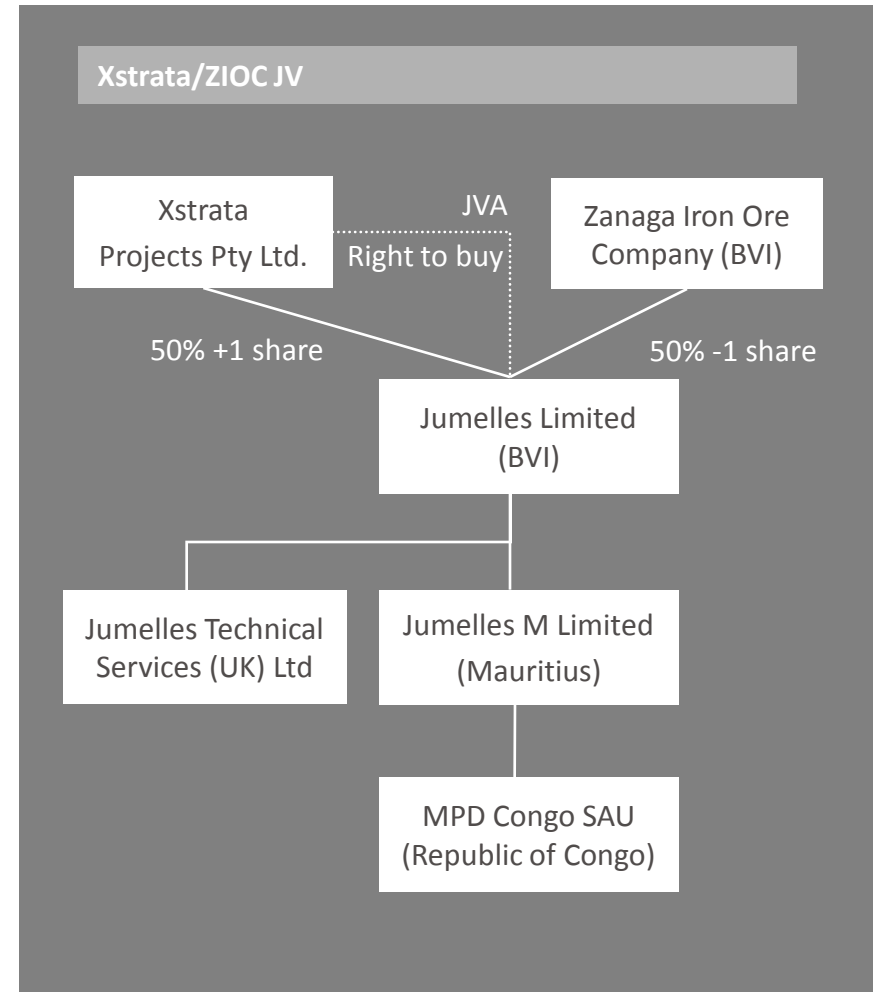
## Xstrata exercises Option (Feb 2010)

- Xstrata obliged to fund Feasibility Study (ZIOC estimated >US\$200mm spend)
- Xstrata will now control Jumelles Limited with ongoing relationship covered by the Joint Venture Agreement (“JVA”)



## Strategic Partnership with Xstrata: JVA

- Xstrata to fund Feasibility Study to internal standards and international best practice
  - Agreed min US\$100mm spend (ZIOC estimated >US\$200mm spend)
  - Xstrata will manage the Feasibility Study with integrated team
  - ZIOC maintains proportional Board rights, access to information and customary minority protection
- *At end of the Feasibility Study Xstrata has a one off right to acquire ZIOC stake in Jumelles Limited at NPV based on*
  - Feasibility Study technical assumptions
  - 10% real discount rate
  - CRU / AME forecast prices
- If Xstrata does not acquire ZIOC stake
  - Pre-emptive rights lapse
  - ZIOC has offtake rights for its equity proportion of production at market prices
  - ZIOC may choose to fund its share of capex or not to fund and dilute at NPV based on above assumptions



# What does the Xstrata option exercise mean for Zanaga?



- Xstrata will acquire a 50% + 1 share interest in Jumelles Limited
- JVA fully effective upon the completion of the exercise of the Call Option (expected 11 Feb 2011)
- Feasibility Study will then be fully funded and deliverable
  - Must be completed 3 months prior to the expiry of the exploration licences, assuming a second extension
- The Project will be controlled by Xstrata at both a shareholder and director level
- Project Management Team to be integrated with Xstrata team and personnel
- Project potential affirmed by Xstrata's exercise
- Principal business of Zanaga Iron Ore Company
  - Manage the 50% less one share interest in the Zanaga Project
  - Monitor both the finalisation of the PFS and the preparation of the Feasibility Study
  - Approximately \$50m cash balance as at 31 December 2010

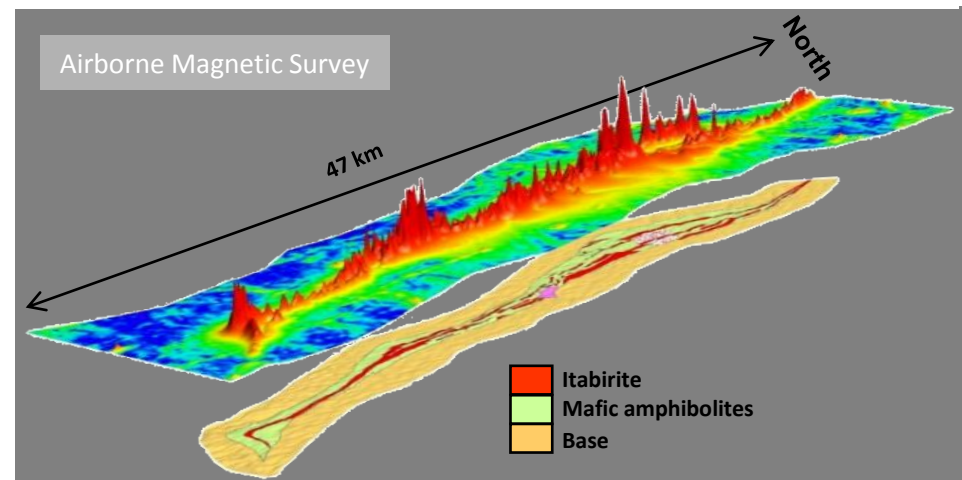


## Significant Resource as at 30th June 2010

- **JORC Resource of 3.4bn tonnes @32.8% Fe**
  - COL / ITG / ITF / ITC: 843Mt @ 38.5% Fe
  - ITT / BIF: 2.49Bt @ 30.8% Fe
  - c. 30% of Fe units from hematite
- **47km continuous BIF protore**
  - Confirmed by Airborne Magnetic Survey showing magnetic anomaly
- **With enriched haematitic “blanket” over top**
  - Confirmed by pitting, trenching and drilling to date
- **JORC resource based on drilling to 30<sup>th</sup> June 2010:**
  - 468 holes totalling 42,706 metres
    - 80 DD (11,224m)
    - 388 RC (31,482m)
- **Further drilling since 30<sup>th</sup> June 2010:**
  - 228 holes totalling 31,441 metres
    - 31DD (9,412m)
    - 197 RC (22,029m)

Area	Category	Tonnage		Qualities				
		(Mt)	(%Fe <sub>T</sub> )	(%SiO <sub>2</sub> )	(%P)	(%AL <sub>2</sub> O <sub>3</sub> )	(%MnO)	(%LOI)
Area 1 - North	Indicated	538	38.94%	36.50%	0.044%	3.37%	0.11%	2.19%
	Inferred	1,592	31.13%	44.99%	0.048%	3.24%	0.15%	0.83%
Subtotal		2,130	33.11%	42.85%	0.047%	3.27%	0.14%	1.17%
Area 2 – Central	Indicated	64	42.35%	32.20%	0.034%	3.22%	0.10%	2.20%
	Inferred	661	30.44%	46.01%	0.044%	3.89%	0.14%	1.40%
Subtotal		724	31.49%	44.79%	0.043%	3.83%	0.14%	1.47%
Area 3 – South	Indicated							
	Inferred	483	33.06%	43.94%	0.046%	2.79%	0.13%	1.05%
Subtotal		483	33.06%	43.94%	0.046%	2.79%	0.13%	1.05%
Combined	Indicated	602	39.31%	36.05%	0.043%	3.35%	0.11%	2.19%
	Inferred	2,735	31.31%	45.05%	0.047%	3.32%	0.14%	1.01%
Total		3,337	32.75%	43.43%	0.046%	3.33%	0.14%	1.22%

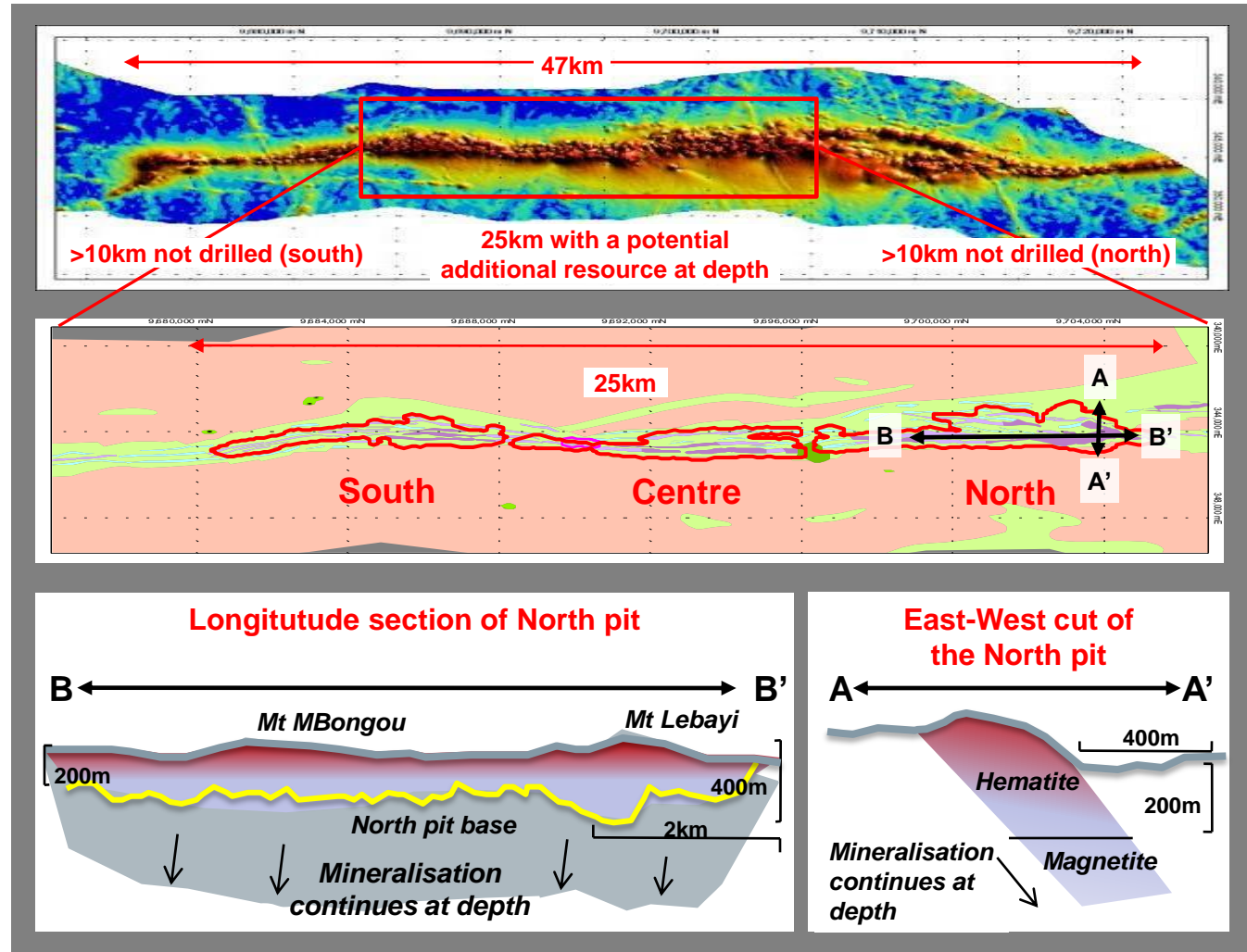
Source: SRK



Source: SRK, flown by Fugro with aeromagnetic processing and modelling undertaken by Southern Geoscience Consultants

## ...With Significant Upside Potential

- 25km of the identified 47km of magnetic anomaly drilled so far
- Additional 31,441m drilled (since 30 June 2010), not yet included in JORC Resource (*predominantly infill drilling*)
- Resource is open at depth
- Revised Resource model due to be completed prior to end of PFS



# PFS: Phase 2 finalisation remains on track for Q1 2011

- Further drilling conducted since 30 June 2010 cut off date for IPO

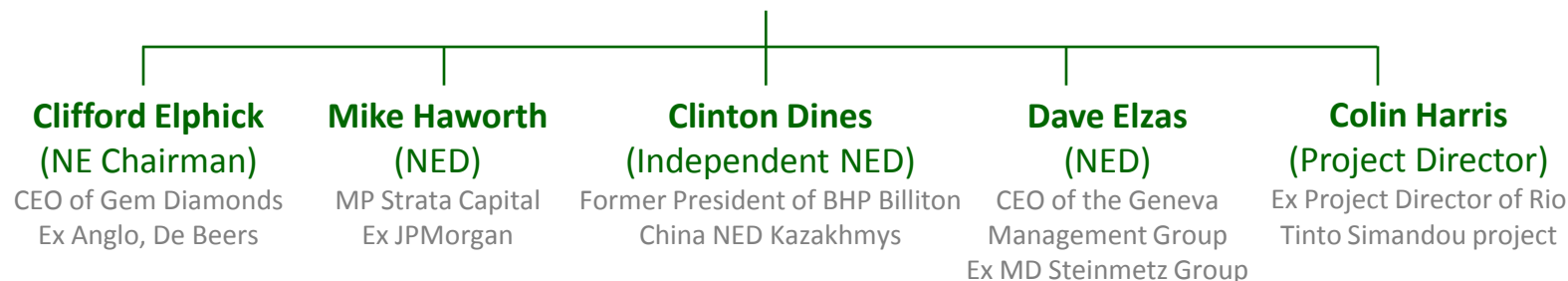
Drill holes to 30 June 2010 (IPO JORC resource base)			metres			Drill holes since 30 June 2010	metres			TOTAL 26 January 2011	metres
DD Total	80	11,224		+		31	9,412	=		111	20,636
RC Total	388	31,482				197	22,029			585	53,511
Total		<b>42,706</b>					<b>31,441</b>				<b>74,147</b>

- Detailed port site study, rail alignment, mine site infrastructure layouts and costs, power & water options assessed
- Additional processing flow sheets, plant design, product specifications and marketing studies
- SEIA initiated and resettlement plan approved
- Preparation of a Feasibility Study work programme and budget

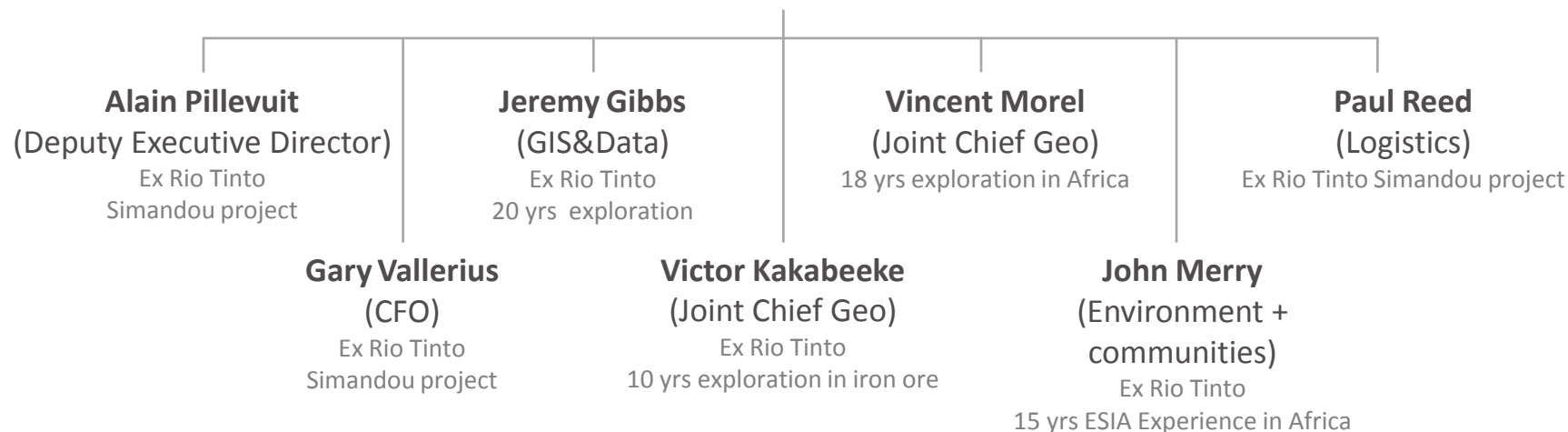


# Experienced Board & Project Team

## Board of Directors



## Current Project Management Team – to undergo Xstrata Integration







## Appendices

- Republic of Congo Overview
- Iron Ore Market Overview
- Preliminary Project Design
- Board and Project Team
- Gallery



## Republic of Congo Overview

- Congo (Brazzaville), NOT TO be confused with Democratic Republic of Congo
  - Population of c.4m with low density (12 people/km<sup>2</sup>)
- Rated equivalent security and political risk to Mozambique <sup>1</sup>
- Politically stable since end of civil war in 1999
  - President Denis Sassou-Nguesso re-elected in 2009 for 7 years
- Long-established international investment in country (primarily oil)
  - Total, Eni and Chevron active in Republic of Congo for 30+yrs
- Strongly supportive government seeking to diversify from dependence on oil exports
- “Candidate Country” under the World Bank’s Extractive Industries Transparency Initiative
- Member of UN, WTO, African Development Bank, African Union
- 2005 Mining Code:
  - 3% Royalties
  - Minimum 10% Government Participation

<sup>1</sup> Control Risks 2010

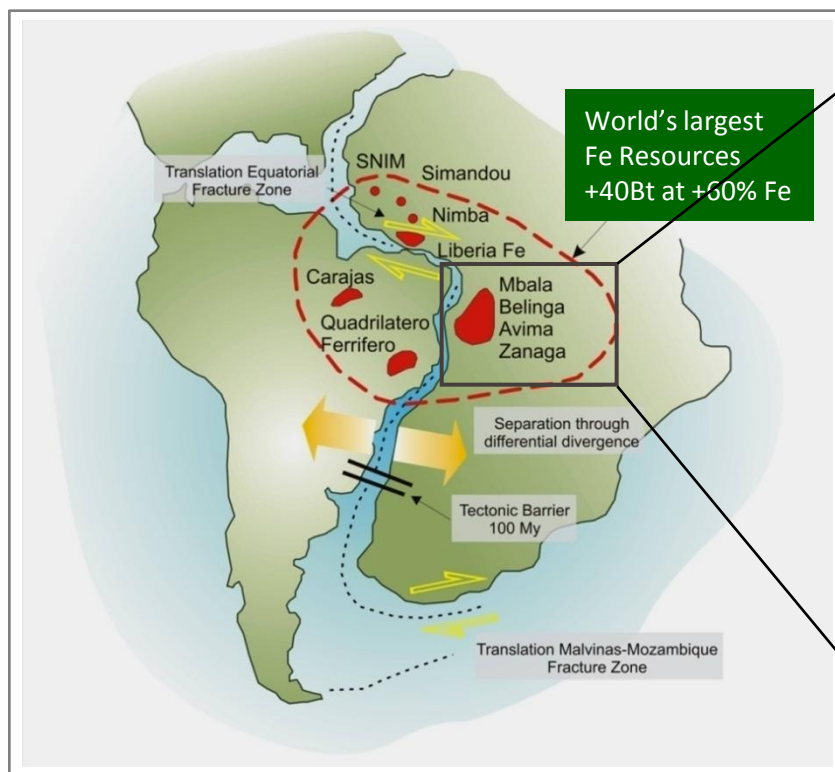


Source : EIU

# Iron Ore Hotspot

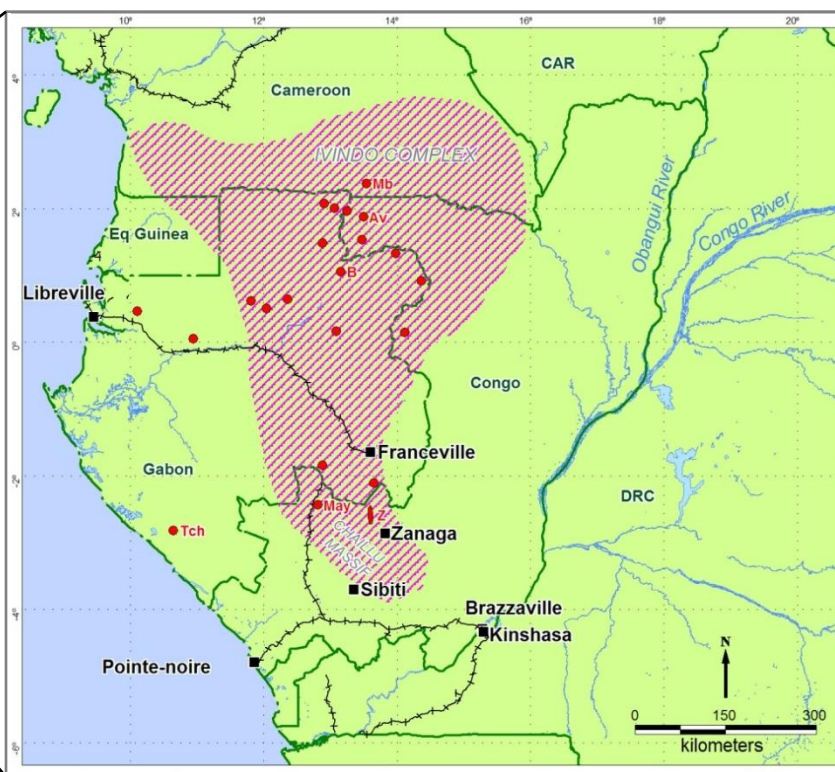
Palinspastic reconstruction of Africa  
– South America at 180ma.

Showing the world's largest high grade iron ore province



Source: Company

Iron ore occurrences associated  
with the exposed West Congo Craton



Source: Company

# High quality sinter and concentrate products

## Targeting 2 products

- Sinter Fines product grading +60%Fe
- High ferrous Concentrate product grading +65% Fe

## Concentrate production provides significant marketing optionality

- Sinter Fines Blend
- Pellet Feed / Pellets

## Zanaga Target Products & Comparables

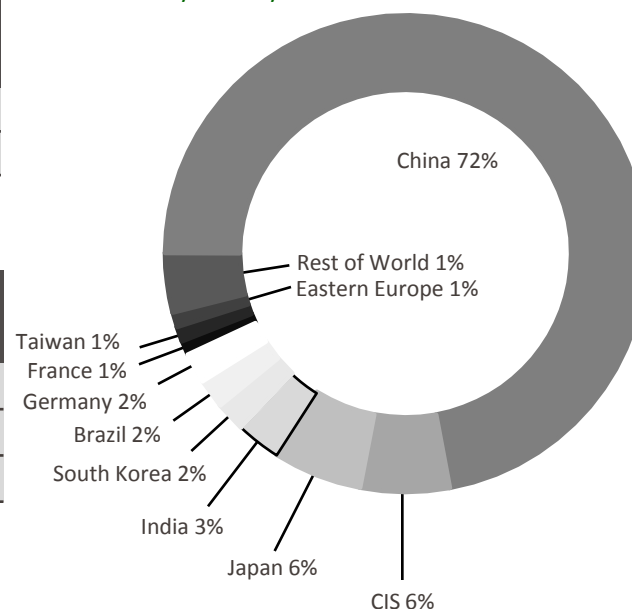
	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
Sinter Fines <sup>1</sup>	64.8	2.37	1.8	0.05
Concentrate <sup>2</sup>	67.8	4.5	0.2	

<sup>1</sup> Source Promet, July 2009 based on blend of COL / ITG / ITF and ITC  
<sup>2</sup> Source, SRK PFS Phase 1 Metallurgy Testwork Report., October 2010  
Based on BIF Concentrate

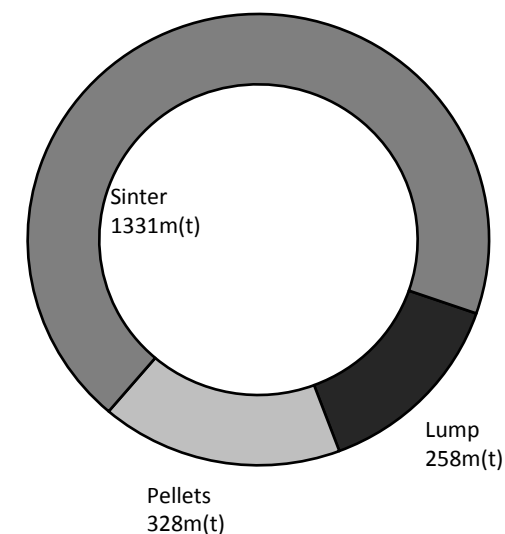
	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
Itabira	65.75	3.80	0.80	0.04
Hamersley	62.5	7.0	2.50	0.07
Indian spot	63.5	3.5	3.00	0.10

<sup>1</sup> Source : CRU

## Sinter Consumption by country



## Global Iron Ore Consumption by product



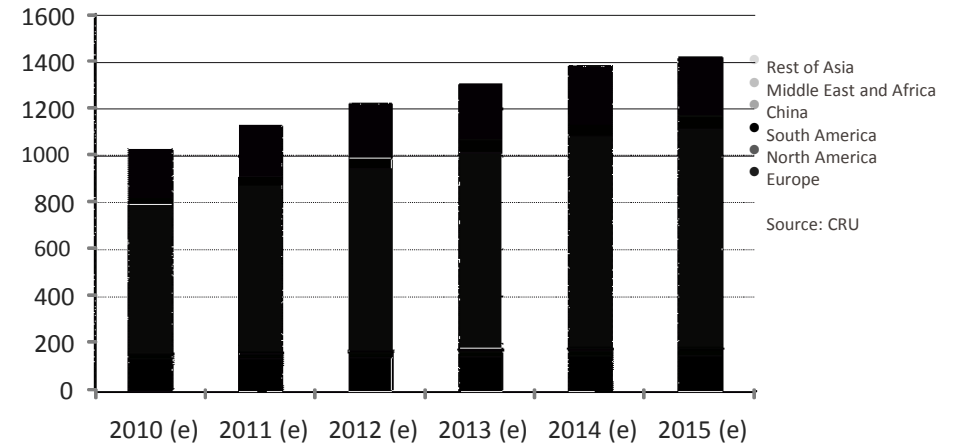
Source: CRU, 2009

# Long term demand for sinter product / concentrate

- Ongoing urbanisation in China continues to drive demand
  - the largest consumer of sinter/DRI fines (977.6mt in 2009)<sup>1</sup>
  - Increased its consumption of pellets by 13% in 2009, and expected to increase by 57mt from 2010 to 2015<sup>1</sup>
  - imported approximately 66% of all iron ore traded globally<sup>1</sup>
  - expected to import 629mt– 6x any other single country, 61% of global seaborne trade (2010)<sup>1</sup>
  - is expected to rely increasingly on imported ore as turn away from low grade, costly home-grown ore
- Vale, BHP Billiton & Rio Tinto control ~60% of seaborne traded iron ore<sup>1</sup>

<sup>1</sup> Source: CRU, 2009

Global Imports (mt) 2010 - 2015



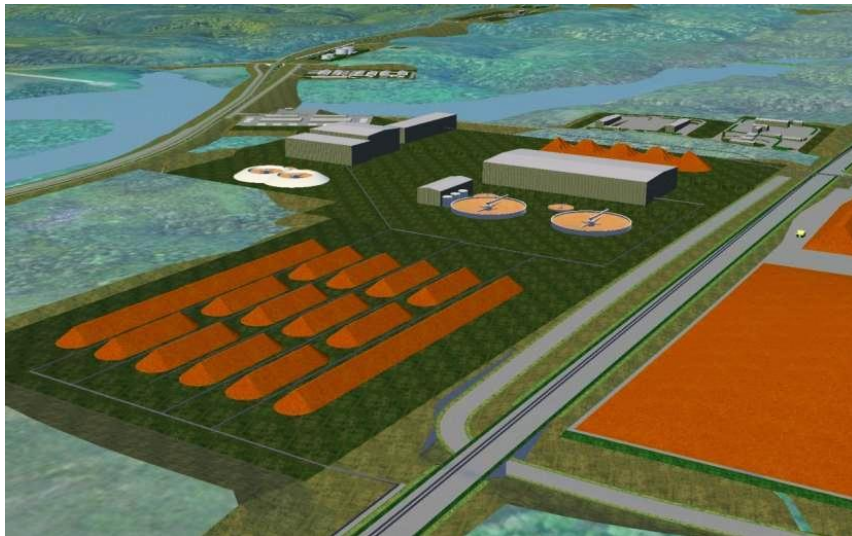
Global Consumption (mt) 2010 - 2015



## PFS Phase 1 Mining Results

- Targeting 30 year mine life
- Life of mine strip ratio of 0.9 (t waste / t ore)
- Excavation assumes conventional truck and shovel operation
- Series of conveyors will transport ore to a central plant
- Geotechnical work to continue assumed pit slope etc ongoing as part of the PFS

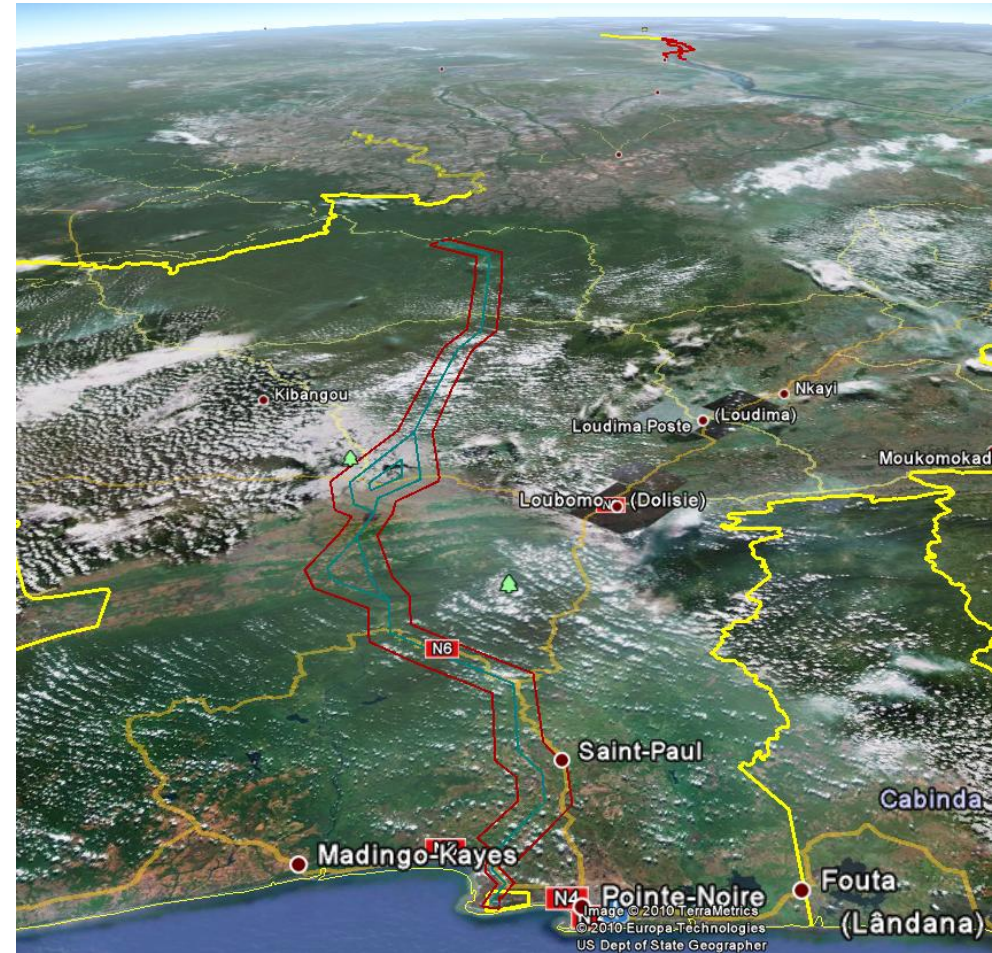
### Preliminary Mine Site Design





## Infrastructure: Railway

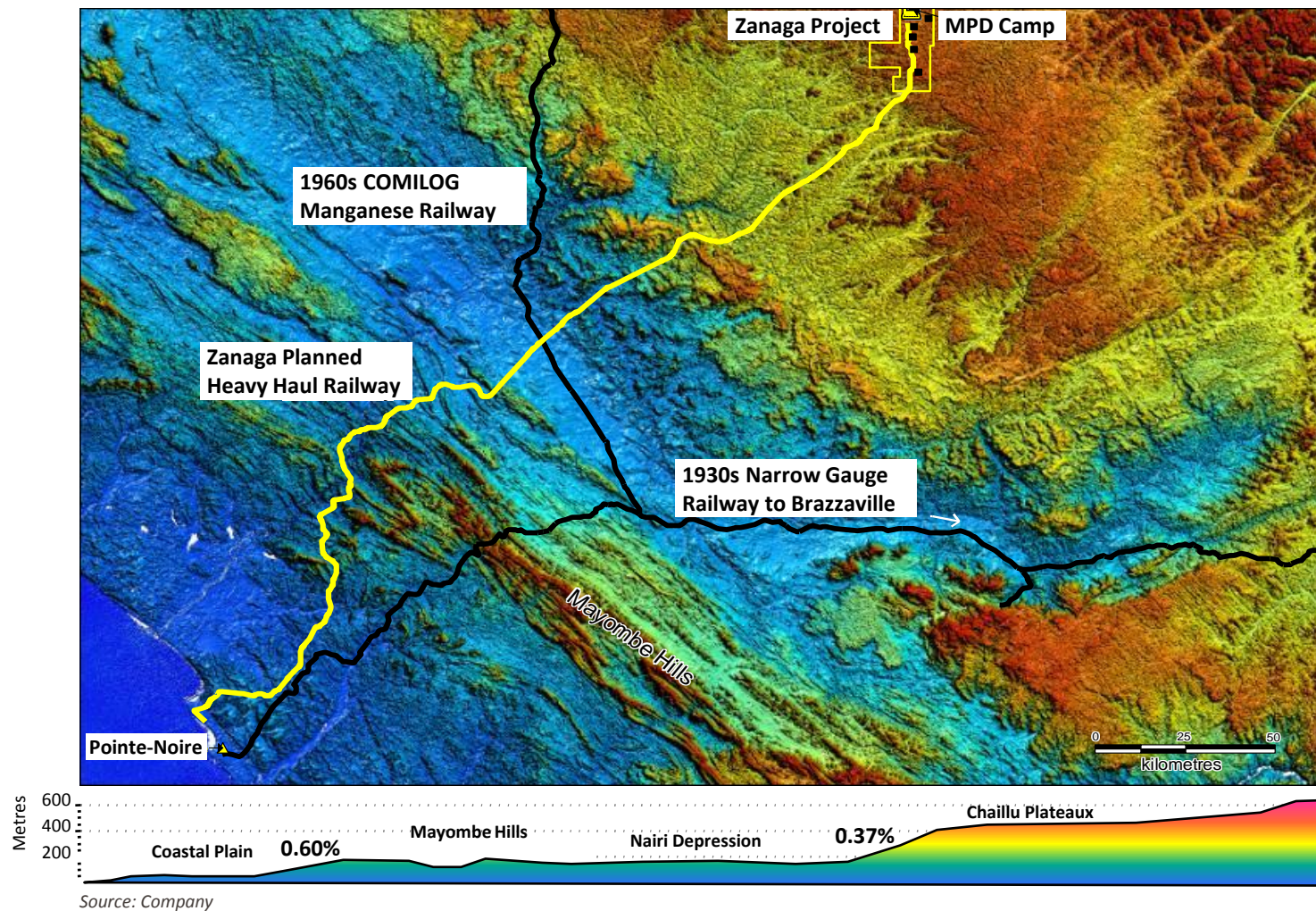
- Approx. 350km new railway dedicated to iron ore export
- 8 Rail options over 4 routes evaluated
- Capacity of 51m wet tonnes
- Maximum gradient from Zanaga to Pointe Noire – 1.0% (1.5% return gradient)
- 8 trains per day with 136 wagons hauled by 4x 4300hp diesel locomotives
- Significant additional work being completed in Phase 2 to optimise rail route, capex and opex



Source: MPD Congo



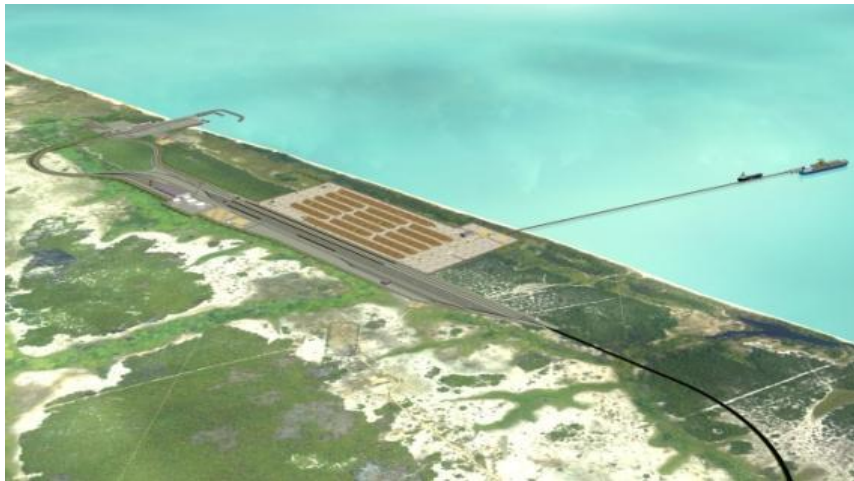
# Infrastructure: Railway - Alignment/Profile



## Infrastructure: Port Site

- Port site identified 9km north of Pointe Noire
- Expected trestle length of <2.0km with limited dredging (1.72million m<sup>3</sup>) to 20 meter water depth
- Target 45 mtpa of dry export ore
- 700 hectares for dedicated iron ore port being evaluated
- Significant room to expand and / or pellet plant
- No underwater breakwater required

### Preliminary Port Site Design



Source: Egis

# Materials & Power

## Materials Handling

- Mine site equipment includes belt conveyors, stackers, bucket wheel reclaimers and train loading station
- Port Site equipment Includes train tipplers, belt conveyors, stackers and bucket wheel reclaimers

## Power

- Project power requirement of c. 300 MW
- Availability of stranded natural gas and new 150MW power plant built by Eni at Pointe Noire provides low cost power options (Eni plans to expand to 900MW in 150MW steps)
- Power infrastructure in Congo being upgraded
- Secure power supply a key focus
- Fuel price of 85USc/ litre and power costs of 8USc/Kwh used in PFS Phase 1
- Significant work being completed in Phase 2 of the PFS to identify preferred power option

# Experienced Board of Directors

## Colin Harris

### Project Director

- Current Project Director for Zanaga
- Former Project Director for Rio Tinto's Simandou iron ore project for 10 years
- 40+ years in mining exploration and project evaluation
- NED of Ncondezi Coal

## Clinton Dines

### Non-Executive Director

- Former President of BHP Billiton China (2001 – 2009)
- Current Board member of Kazakhmys Plc

## Dave Elzas

### Non-Executive Director

- 15 years international investment banking experience.
- Between 1994 and 2000, served as a senior executive and subsequently Managing Director of the Beny Steinmetz Group
- Currently the Senior Partner and CEO of the Geneva Management Group, an international wealth management and financial services company.

## Clifford Elphick

### Non-Executive Chairman

- Founder & CEO of Gem Diamonds
- Managing Director of E Oppenheimer and Son for 14 years,
- Ex Director of Anglo American Corporation, De Beers and member of De Beers Executive Committee

## Michael Haworth

### Non-Executive Director

- Managing Partner of Strata Capital
- 12 years investment banking experience, mainly in emerging markets and natural resources
- Former MD at JPMorgan and Head of Mining and Metals Corporate Finance in London



# Expert Project Management Team – Integration with Xstrata



## **Colin Harris**

### **Project Director**

- Colin has managed the Zanaga Iron Ore Project since October 2008
- Previously managed the major iron ore evaluation of Rio Tinto's Simandou Project in Guinea for 10 years
- 40 years experience in the management of exploration and evaluation of base and precious metal projects in over 20 different countries over 3 continents

## **Alain Pillevuit**

### **Deputy Executive Director**

- 15+ years experience in the administration and evaluation of mining projects in francophone Africa, including with Rio Tinto (Simandou, 10 years)

## **Vincent Morel**

### **Joint Chief Geologist**

- Vincent has worked on the Zanaga Project since 2007 and has more than 18 years experience operating in Francophone Africa across a range of commodities

## **Victor Kakabeeke**

### **Joint Chief Geologist**

- Victor has more than 10 years experience in iron ore exploration /evaluation in Francophone Africa

## **Gary Vallerius**

### **CFO**

- Over the past 19 years managed all aspects of the financial controls and reporting for all of Rio Tinto's African / European exploration projects
- Managed all financial matters pertaining to expenditure of US\$250 million+ on Simandou

## **Jeremy Gibbs**

### **GIS Manager**

- GIS and data management specialist with more than 20 years exploration experience.

## **John Merry**

### **Environmental and Communities Manager**

- More than 15 years experience of managing OoM and PFS/FS environment and community programmes/permitting in Africa

## **Paul Reed**

### **Logistics Manager**

- Previously head of Logistics for Rio Tinto's Simandou Project (10 years)
- More than 20 years experience managing exploration logistics for major companies in remote locations in francophone west and central Africa

# Gallery

Dedicated laterite airstrip



Road from airstrip to site



Exploration camp



180° view of proposed mine site





# Gallery

Surface evidence of iron content



7 drill rigs operating 24 hrs a day



Removal of core sample



Drill rig at work on Mount Lebayi



Core sample



Logistics base in Pointe Noire





# Gallery

Sample analysis



Dedicated on-site clinic



Administering polio vaccinations



Environmental team



School improvement programme



School improvement programme

