



## Investor Presentation – March 2012



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# Corporate structure



50% +1 share



50% -1 share

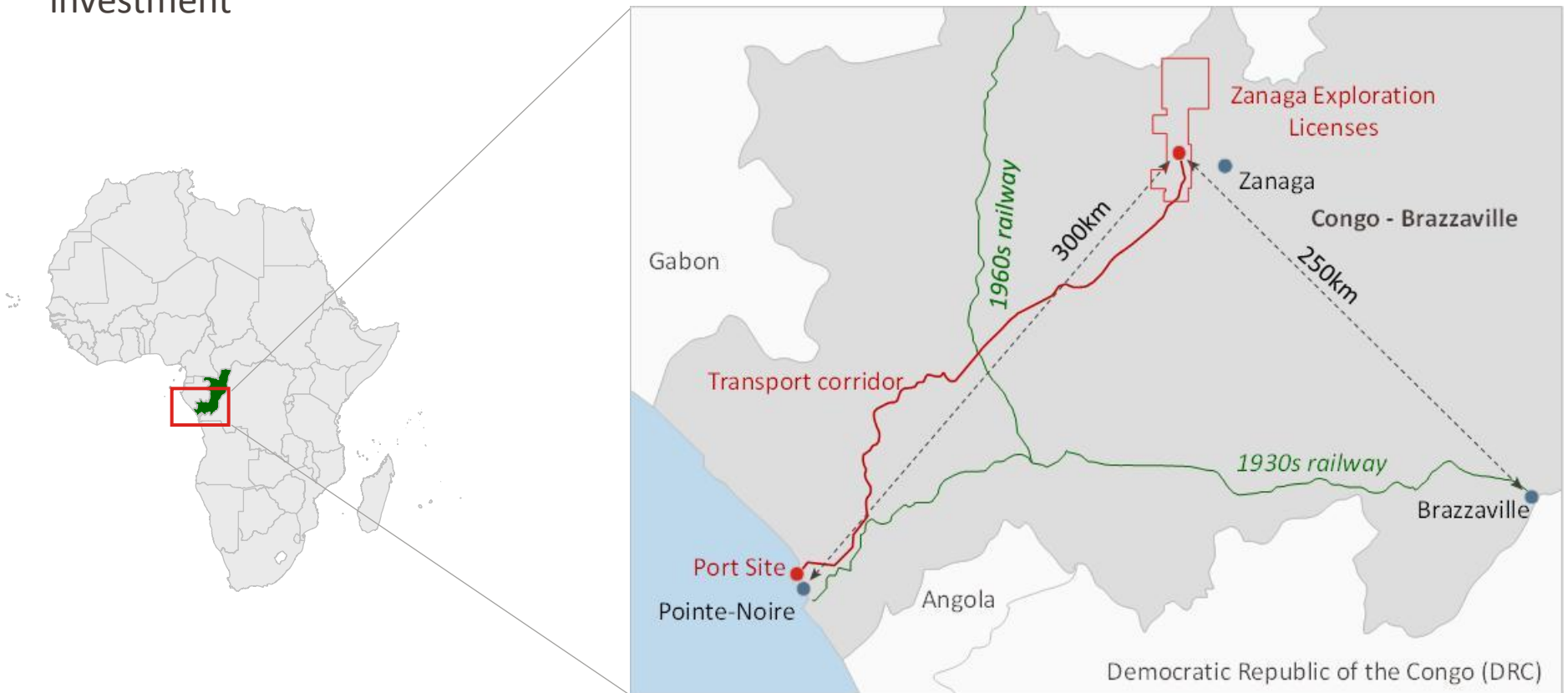
*Obligated to fund  
Feasibility Study costs*

**Zanaga Project**

- Market cap: £287m / US\$452m
- Share price: £1.03
- Shares : 280.4m
- Cash on B/S : US\$48m
- Listed on AIM : ZIOC

# Project location

- Located in the French-speaking Republic of Congo (or “Congo Brazzaville”)
- Favourable destination for mining investment
- Government recognises importance of the project and is welcoming of international investment



# Project Highlights

- 4.3Bt resource with upside potential
- Two development options
  - 45 Mtpa railway
  - 30 Mtpa slurry pipeline
- Significant expansion potential
- Bottom quartile operating costs
- Capex of US\$6.1 - 7.5bn
- Achievable integrated infrastructure and logistics
- Partnered with Xstrata

**Large scale, low cost mining operation**

# Timeline

<b>Nov 2010</b>	<ul style="list-style-type: none"><li>• ZIOC IPO on LSE AIM</li></ul>
<b>Feb 2011</b>	<ul style="list-style-type: none"><li>• Xstrata option exercised over 50% + 1 share interest in Zanaga Project</li></ul>
<b>Nov 2011</b>	<ul style="list-style-type: none"><li>• Announcement of Value Engineering Exercise results</li><li>• Commencement of Pipeline Study</li></ul>
<b>June 2012</b>	<ul style="list-style-type: none"><li>• Pipeline PFS study complete</li></ul>
<b>Q1 2014</b>	<ul style="list-style-type: none"><li>• FS completion</li><li>• Xstrata has the option to acquire ZIOC stake based on NPV</li></ul>
<b>2.5-3 yrs</b>	<ul style="list-style-type: none"><li>• Project build phase</li></ul>
<b>Q3 2016</b>	<ul style="list-style-type: none"><li>• Mining commences</li></ul>

## 4.3Bt JORC resource with future upside potential

- >170,000 metres drilled to date
- Over 60% of resources already in the measured or indicated categories
- Upside potential
  - only c.50% of magnetic footprint drilled
  - Drilling to circa 300 metres with mineralisation open at depth

Mineral Resource statement <sup>1</sup>							
	Tonnes (Mt)	Fe (%)	P (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	Mn (%)	LOI (%)
Measured	149	38.7	0.047	39.1	2.4	0.093	1.2
Indicated	2,540	34.1	0.050	43.6	2.8	0.112	1.0
Inferred	1,650	31	0.05	46	4	0.12	2
<b>Total</b>	<b>4,339</b>	<b>33.0</b>	<b>0.049</b>	<b>44.3</b>	<b>3.3</b>	<b>0.114</b>	<b>1.3</b>

*Reported at a 0% Fe cut-off grade within an optimised Whittle shell representing a metal price of 130 US\$/dmu.*

*Mineral Resources reported in accordance with the JORC code (2004) by ZIOC on 26 October 2011*

# Large scale, low cost mining operation planned

- Two development options under consideration
  - 45 Mtpa Railway Option producing sinter fines and magnetite concentrate
  - 30 Mtpa Pipeline Option producing pellet feed
- High quality products similar to Brazilian supply
- >30 year minelife



# Significant expansion potential

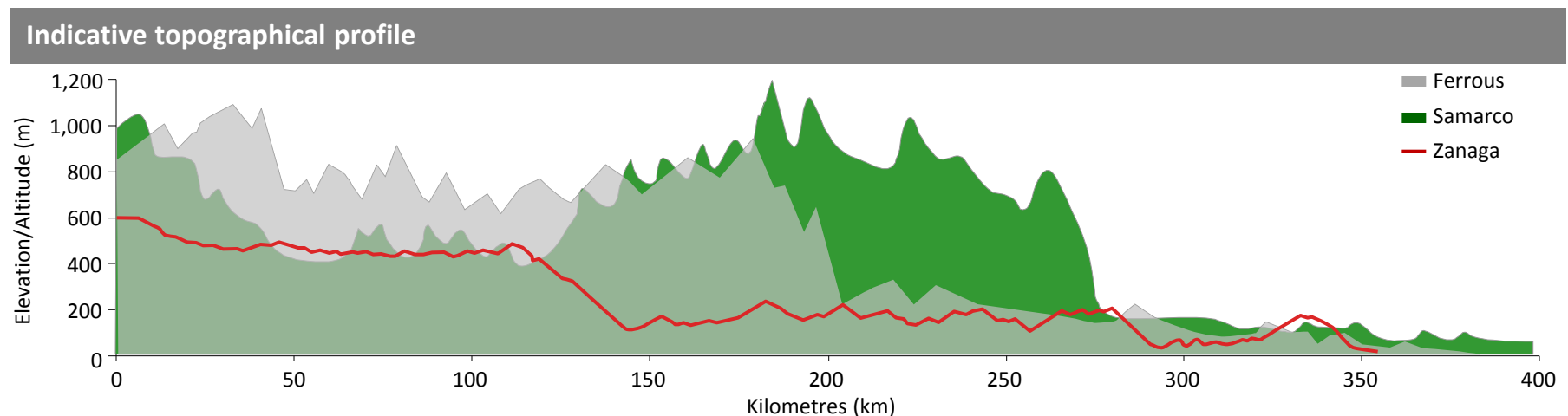
- Only ~1.6bn of the existing 4.3bn tonnes JORC compliant resources will be mined over the first 20 years under the 30 Mtpa pipeline scenario

# Bottom quartile operating costs

- Estimated FOB cash costs :
  - US\$16/t on the pipeline
  - US\$20/t<sup>1</sup> on the railway option
  - excludes 3% royalties and contingency
- Drivers of low operating cost
  - LOM strip ratio of 0.3
  - Significant free dig material in the early years of mining
  - Low grinding duty – Work Index of 12.2 kWh/t
  - Potential for low cost power from plentiful natural gas reserves
  - Owner / operated infrastructure

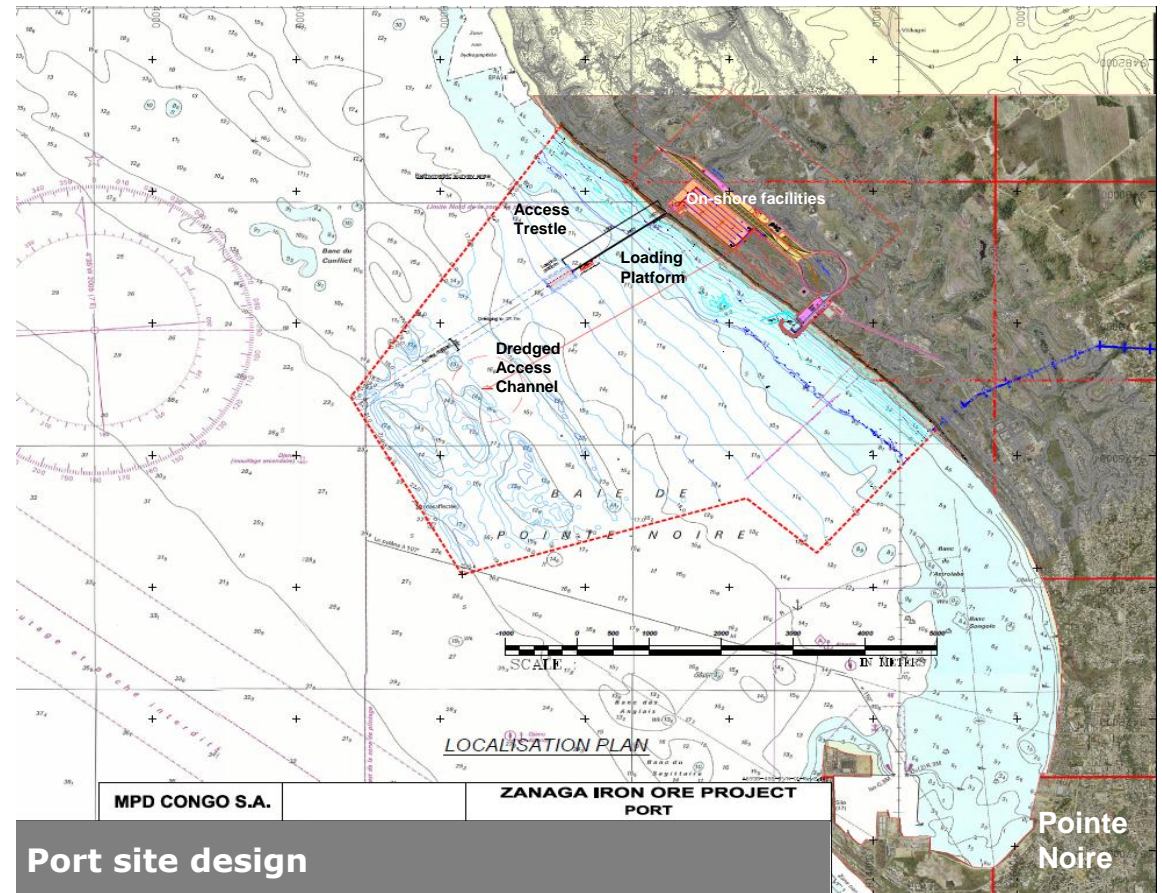
# Pipeline option could result in significant operational and financial benefits

- Pipeline Study in progress – expected to complete in June 2012
- Pipeline option is preferable transport solution for pellet feed
  - Lower capex (~US\$0.9bn saving on transportation direct costs)
  - Lower opex
  - Flexibility on route selection
  - Downhill gradient to port
  - Timing and costing more favourable



# Excellent port site...

- Short distance to 20m deep water (minimal dredging)
  - 1.6km trestle planned
- Good existing onshore facilities in Pointe Noire (9km south of port site)
- Land area presents scope for future expansion of facilities



**...with extensive land available**



# “Stranded gas” provides low cost power and potential pelletising options

- Gas currently being flared in RoC
- ENI sponsored power plant Phase 1 in operation
- Improvements to national power generation grid underway
- Zanaga Project considering gas fired power station at Pointe-Noire with HV transmission to the Zanaga site
- Availability of local gas could make pellet plant economics compelling

ENI power plant, Pointe-Noire



# Partnered with, and leveraging the expertise from, a leading diversified major in Xstrata



- Xstrata obliged to fund Feasibility Study to internal standards and international best practice
- At end of the Feasibility Study Xstrata has a one off right to acquire ZIOC stake in the Project for cash
- If Xstrata does not acquire ZIOC stake
  - Option lapses
  - ZIOC has marketing nomination rights for its equity proportion of production at market prices
  - ZIOC may choose to fund its share of capex or may dilute at NPV based on assumptions above

**Significant advantages of being partnered with a major mining company at times of competition for project development resources**

# Strategic partner search process

- Exploring potential to introduce strategic partners
- Process being conducted jointly with Xstrata
- Xstrata intends to fully retain its interest in the Project
- Areas of value-add include, but are not limited to :
  - off-take on commercial terms
  - access to construction financing
  - construction expertise

# Responsible approach to business

Local employment



Open engagement with communities



Dedicated on-site clinic



Environmental studies



On-site nurseries for rehabilitation



Community school rebuilding project





## Questions

