



**ZANAGA IRON ORE COMPANY LIMITED**

**("ZIOC" or the "Company")**

**INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2011**

Zanaga Iron Ore Company Limited (AIM:ZIOC) is pleased to announce its unaudited interim results for the six months ended 30 June 2011.

**Highlights**

- Xstrata exercised its first call option moving to a 50% plus one share interest in the Zanaga Project
  - Xstrata is obliged to fund completion of a feasibility study in accordance with international best practice standards and Xstrata internal guidelines
  - Zanaga Project now managed by Xstrata
- The Pre-Feasibility Study ("PFS") work streams completed in Q1 2011, and the Value Engineering Exercise ("VEE") is completing on schedule. ZIOC expects to announce the outcomes of the VEE in October 2011
- JORC Mineral Resource expansion to 4 Bt at 33.9% Fe (1.7 Bt Indicated – 2.3 Bt Inferred)
- Drilling update – Total of 98,663m / 803 holes drilled to 8 May 2011
- Over US\$140m spent on the Zanaga Project to 30 June 2011
- Appointment of Citigroup as Joint Corporate Broker with Liberum Capital with immediate effect
- ZIOC cash balance of US\$48.5m as at 30 June 2011

**Clifford Elphick, Non-Executive Chairman of Zanaga Iron Ore Company Limited, commented:**

*"A significant amount of work has been completed on the Zanaga Project in the first half of 2011. ZIOC is pleased with the transition to operating a Joint Venture Partnership with Xstrata on the Zanaga project. Since Xstrata's exercise in February 2011 of its first option to acquire a majority interest in the Zanaga Project, the project work streams continue to progress at a rapid rate. ZIOC's strategy of partnering with a major diversified mining company on the project has thus far proved to be significantly beneficial to our operations and ultimately is expected to add substantial value to the project. The project now progresses further along the path to completion of a Feasibility Study and the Board looks forward to announcing the outcomes of the Value Engineering Exercise in October"*

Copies of the unaudited interim results for the six months ended 30 June 2011 will be available on the Company's website at [www.zanagairon.com](http://www.zanagairon.com) today.

**For further information please contact:**

**Zanaga UK Services Limited**

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## Chairman's Statement

In the first half of 2011 ZIOC has achieved a number of significant milestones and the Company continues to focus on the Zanaga Project as it takes the first steps toward the development and construction of a world-class iron ore project capable of mining, processing, transporting and exporting iron ore concentrate from the Republic of Congo. The key developments in H1 2011 are set out below:

### *Xstrata's exercise of its First Call Option*

We are very pleased to have Xstrata, a global diversified mining group with a stated strategy to enter the iron ore market, as ZIOC's joint venture partner on the Zanaga Project. Xstrata has been closely aligned to the Zanaga Project since October 2009 when it entered into a call option agreement for the acquisition of a 50% plus one share majority stake in the Zanaga Project ("First Call Option"). In February 2011 Xstrata exercised its First Call Option and now retains a 50% plus one share majority controlling shareholder interest in the Zanaga Project as well as taking management control of the Zanaga Project. In consideration for the majority stake Xstrata is obliged to fund the costs of the Feasibility Study ("FS") in respect of the Zanaga Project in accordance with international best practice and Xstrata's internal guidelines. Xstrata must use reasonable efforts to deliver the FS no later than three months prior to the expiration of the licences in May 2014, assuming a second extension of the Zanaga Project exploration licences in May 2012 and no material adverse change.

The exercise of the First Call Option by Xstrata has triggered the implementation of the Joint Venture Agreement ("JVA") between ZIOC and Xstrata governing the working relationship between the two companies. The JVA stipulates that within 90 days of completion of the FS, Xstrata has the right to exercise a further call option ("Second Call Option") to acquire all (but not part of) ZIOC's remaining 50% less one share minority stake in Jumelles Limited ("JVCo") in consideration for an agreed price, failing which a net present value based price determined by an independent expert in accordance with the JVA's agreed valuation terms of reference.

It is important to note that when the FS is complete, if Xstrata does not exercise the Second Call Option, ZIOC will have a number of future funding options including (i) dilution at NPV (as defined in the JVA) during construction; or (ii) a right to fund ZIOC's pro rata equity share of construction capital expenditure. Furthermore, should ZIOC fund its share of construction capital expenditure ZIOC would retain marketing nomination rights over its pro rata share of production.

### *Value Engineering Exercise*

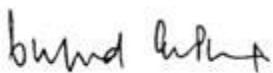
Significant progress has also been made on the Zanaga Project in H1 2011. After the exercise of Xstrata's First Call Option in February 2011 a Value Engineering Exercise ("VEE") was commissioned as an initial phase to the FS. The VEE's aim is to review and refine options and opportunities that could positively impact on the net present value ("NPV") of the Zanaga Project, either through added value or the reduction of risk. The VEE work streams are completing on schedule. ZIOC expects to announce the outcomes of the VEE in October 2011.

### *Increased JORC Resource*

In addition, an updated mineral resource estimate was announced and reported by ZIOC in accordance with the JORC code on 5 April 2011. The Zanaga mineral resource estimate has now grown to 4 billion tonnes at 33.9% Fe further supporting the long life potential of the Project. To date only 25km of the known 47km strike length of mineralisation has been drilled to define the current mineral resource, leaving potential upside to expand the resource size and annual production.

Jointly, ZIOC and Xstrata have expended over US\$140m on the Zanaga Project to 30 June 2011. Further details of the forward work programme will be outlined shortly.

ZIOC's objective remains to maximise the value of ZIOC's 50% less one share minority stake in the Zanaga Project pending the possible exercise by Xstrata of its Second Call Option. ZIOC's strategy of partnering with a major diversified mining company on the project has thus far proved to be significantly beneficial to our operations and ultimately is expected to add substantial value to the project. The project now progresses further along the path to completion of a Feasibility Study and the Board looks forward to announcing the outcomes of the VEE in October.



Clifford Elphick  
Non-Executive Chairman

## **Business Review - Operations**

Due to the fact that the VEE results are in the process of being verified and collated, the Company will not be providing a detailed operational update at this stage. ZIOC expects to announce the outcomes of the VEE in October 2011.

### **Pre-Feasibility Study (“PFS”)**

The PFS commenced in September 2009 and was conducted in line with what the directors believe are internationally accepted best practice standards. The PFS work streams for Phase I were completed in June 2010 and Phase II in the course of Q1 2011, save for the processing of its results into a finalised PFS report. Total PFS related expenditure to 31 March 2011 totaled US\$105.45m. During this period the PFS project work programs covered a number of work streams. These work streams included mineral resource definition which resulted in the announcement of an increase in the JORC Mineral Resources of 4 Bt at 33.9% Fe on 5 April 2011. In addition, the PFS work programs included an assessment of the economic and technical viability of the various options for the development of the iron ore body including mining methods, processing, product range, waste disposal and management, tailings storage and containment, mine site infrastructure location and design, rail or pipeline options, port sites, product marketing, environmental and social aspects, commercial aspects, legal framework and government relations.

### **Value Engineering Exercise**

Following the exercise of Xstrata’s First Call Option in February 2011 and its assumption of majority control of the Zanaga Project, Xstrata and ZIOC jointly announced the commencement of a Value Engineering Exercise (“VEE”) including a scope and options review to take place during Q2 and Q3 2011 as an initial phase to the Feasibility Study work program.

The VEE further builds and expands on the opportunities to re-assess capex and opex options recognised as part of the PFS work undertaken by the JVCo. A team of internal and external experts was assembled by the JVCo to conduct the VEE and investigate a broader range of long-term development opportunities for the Zanaga Project before the final options and scope for the full FS are finalised.

The VEE commenced on 16 March 2011 with initial workshops generating and prioritising specific ideas and opportunities for the Zanaga Project that have the potential to impact positively on NPV, either through added value or reduced risk. A selection of specific opportunities were outlined, forming the basis of the VEE. The VEE work streams are completing on schedule and the outcomes of the VEE will be announced in October 2011.

### **Drilling Update**

Significant further drilling continues on the Zanaga Project. To date only 25km of the known 47km strike length of magnetic mineralisation has been drilled to define the current mineral resource, leaving potential upside to expand the resource size and annual production.

### **Project Team**

Since exercising its option to acquire a majority interest in the Zanaga Project Xstrata has recruited a number of employees and consultants for the Zanaga Project team with specific expertise in working on exploration stage development projects and evaluation of iron ore projects. The Zanaga Project is already a significant employer in the Republic of Congo with 850 people employed by the Zanaga Project, of which 88% are Congolese nationals.

### **ZIOC Consultants**

Following exercise of the Xstrata’s First Call Option in February 2011, the Company has continued to require significant technical, managerial and legal services to maintain and regulate its relationship with Xstrata and oversee the development of the Zanaga Project. Consequently the Company has agreed to enter into consultancy contracts with:

1. Harris GeoConsult Limited for technical services to be provided by Colin Harris, a director of the Company and Harris GeoConsult Limited, at an annual budgeted cost of c. UK£155,000 (provided on a day rate basis);
2. Wardrop Engineering Inc and Carl Wilson of Wilson Campbell & Associates. This dedicated technical team monitors the technical aspects of the Zanaga Project and provides independent expertise to ZIOC in the key areas of rail, port and mine site development appropriate for a large scale mining and infrastructure project such as the Zanaga Project; and
3. Strata Capital UK LLP, an FSA regulated partnership in the UK, for (a) management and consultancy services to be provided by Mike Haworth, a director of the Company and of Strata Limited (General Partner of Strata Capital UK LLP), at an annual

budgeted cost of c. UK£155,000; and (b) for company legal and administrative services to be provided by Francois du Plessis at an annual budgeted cost of c. UK£135,000 (provided on a day rate basis).

Both contracts (1) and (3) constitute related party transactions under Rule 13 of the AIM Rules and, as such, for the purposes of the AIM Rules, the Directors (excluding Colin Harris in relation to (1) and excluding Mike Haworth in relation to (3)), not being related parties in relation to the relevant contracts, having consulted Liberum Capital Limited, the Company's nominated adviser, consider that the terms of both contracts (1) and (3) are fair and reasonable insofar as Shareholders are concerned.

## Financial review

The principal business currently comprises managing ZIOC's 50% less one share minority interest in the Zanaga Project and monitoring the preparation of the Feasibility Study.

### Results from operations

The financial statements contain the results for ZIOC for the first half of 2011. ZIOC made a loss in the half-year of US\$3.8m compared to a loss of US\$13.2m in the year to 31 December 2010. The loss for the half-year comprised:

	1 January to 30 June 2011 Unaudited US\$000	1 January to 30 June 2010 Unaudited US\$000	1 January to 31 December 2010 Audited US\$000
General expenses	(1,781)	(556)	(2,755)
Net foreign exchange profit/ (loss)	1593	-	(1,343)
Share-based payments	(707)	-	(964)
Share of loss of associate	(2,996)	(6,947)	(8,805)
Interest income	87	-	17
Loss before tax	(3,804)	(7,503)	(13,850)
Share of other comprehensive income of associate – foreign exchange	2	602	621
Total comprehensive loss	(3,802)	(6,901)	(13,229)

General expenses of US\$1.8m consist of staff costs of US\$0.1m, Directors fees of US\$0.3m, professional fees of US\$0.9m and US\$0.5m of other general operating expenses.

The foreign exchange profit of US\$1.6m can be attributed to the impact of the weakening of the US Dollar against UK Sterling during the half-year on the cash balances that are held in UK Sterling.

The share-based payment charge reflects the expense associated with the grant of options to ZIOC's directors under ZIOC's long-term incentive plan ("LTIP") and to the expense associated with the grant of share options to one of ZIOC's consultants.

The share of loss of associate reflected above relates to ZIOC's investment in Jumelles Limited, the joint venture company in respect of the Zanaga Project, which generated a profit of US\$3.0m in the six months to 30 June 2011, together with a charge of US\$6.0m made for equity accounting purposes for share options provided to employees of Jumelles Limited. The profit comprised of US\$6.1m of foreign currency revaluations less US\$3.1m of administrative expenses.

During the year, Jumelles Limited spent US\$47.6m on exploration, increasing its capitalised exploration assets to US\$126.6m.

### Financial position

ZIOC's net asset value ("NAV") of US\$244.1m comprises of a US\$195.8m investment in Jumelles Limited, US\$48.5m of cash balances and US\$0.2m of net current liabilities.

	June 2011 Unaudited US\$000	June 2010 Unaudited US\$000	December 2010 Audited US\$000
Investment in associate	195.8	192.1	192.8
Cash	48.5	7.4	49.3
Other net current liabilities	(0.2)	(0.1)	(0.9)
Net assets	244.1	199.4	241.2

### Cost of investment

The investment in associate relates to the value of the investment in Jumelles Limited which as at 30 June 2011 owned 50% less one share of the Zanaga Project. The value of this investment has increased by US\$3.0m due to the US\$3.0m profit made by Jumelles Limited during the half-year net of US\$6.0m of additions. The additions relate to the share-based payments made to the employees of Jumelles Limited which have augmented the value of the investment.

As at 30 June 2011, Jumelles Limited had aggregated assets of US\$228.1m (June 2010: US\$61.8m) and aggregated liabilities of US\$16.0m (June 2010: US\$30.5m). Assets consisted of US\$126.6m (June 2010: US\$40.6m) of capitalised exploration assets and US\$15.1m (June 2010: US\$8.8m) of other fixed assets including property, plant and equipment. A total of US\$47.6m of exploration costs were capitalised during the six month period. Cash balances totaled US\$7.1m (June 2010: US\$8.4m) and other current assets had increased from US\$4.2m to US\$79.3m during the half-year.

#### **Cash flow**

Cash balances have decreased by US\$0.8m since 31 December 2010. Operating activities utilised US\$2.4m and foreign exchange differences generated a cash profit of US\$1.6m as the value of the US Dollar weakened against the UK Sterling thereby increasing the US Dollar value of the UK Sterling denominated cash balances.

## Statement of comprehensive income

for the six months ended 30 June 2011

	Note	1 January to 30 June 2011 Unaudited US\$000	1 January to 30 June 2010 Unaudited US\$000	1 January to 31 December 2010 Audited US\$000
Administrative expenses		(895)	(556)	(5,062)
Share of loss of associate		(2,996)	(6,947)	(8,805)
<b>Operating(loss)</b>		<b>(3,891)</b>	<b>(7,503)</b>	<b>(13,867)</b>
Interest income		87	-	17
<b>Loss before tax</b>		<b>(3,804)</b>	<b>(7,503)</b>	<b>(13,850)</b>
Taxation	5	-	-	-
<b>Loss for the period</b>		<b>(3,804)</b>	<b>(7,503)</b>	<b>(13,850)</b>
Share of other comprehensive income of associate – foreign exchange translation		2	602	621
<b>Total comprehensive loss</b>		<b>(3,802)</b>	<b>(6,901)</b>	<b>(13,229)</b>
<b>Loss per share (basic and diluted) (cent)</b>	7	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.05)</b>

The loss for the period is attributable to the equity holders of the parent company.



## Statement of changes in equity

for the six months ended 30 June 2011

	Share capital US\$000	Retained earnings US\$000	Foreign currency translation reserve US\$000	Total equity US\$000
Balance at 1 January 2010	207,967	(1,572)	(85)	206,310
Loss for the period	-	(7,503)	-	(7,503)
Other comprehensive income	-	-	602	602
<b>Balance at 30 June 2010</b>	<b>207,967</b>	<b>(9,075)</b>	<b>517</b>	<b>199,409</b>
Issue of shares - listing	44,114	-	-	44,114
Consideration for share-based payments - share issue costs	481	-	-	481
Consideration for share-based payments - other services	3,508	-	-	3,508
Loss for the period	-	(6,347)	-	(6,347)
Other comprehensive income	-	-	19	19
Total comprehensive loss	-	(6,347)	19	(6,328)
<b>Balance at 31 December 2010</b>	<b>256,070</b>	<b>(15,422)</b>	<b>536</b>	<b>241,184</b>
Consideration for share-based payments - other services	6,674	-	-	6,674
Loss for the period	-	(3,804)	-	(3,804)
Other comprehensive income	-	-	2	2
Total comprehensive loss	-	(3,804)	2	(3,802)
<b>Balance at 30 June 2011</b>	<b>262,744</b>	<b>(19,226)</b>	<b>538</b>	<b>244,056</b>

## Balance sheet

as at 30 June 2011

	Note	June 2011 Unaudited US\$000	June 2010 Unaudited US\$000	December 2010 Audited US\$000
<b>Non-current asset</b>				
Investment in associate	6	195,771	192,094	192,799
<b>Current assets</b>				
Other receivables		96	6	80
Cash and cash equivalents		48,471	7,353	49,318
		<b>48,567</b>	<b>7,359</b>	<b>49,398</b>
<b>Total Assets</b>		<b>244,338</b>	<b>199,453</b>	<b>242,197</b>
<b>Current liabilities</b>				
Trade and other payables		(282)	(44)	(1013)
<b>Net assets</b>		<b>244,056</b>	<b>199,409</b>	<b>241,184</b>
<b>Equity attributable to equity holders of the parent</b>				
Share capital		262,744	207,967	256,070
Retained earnings		(19,226)	(9,075)	(15,422)
Foreign currency translation reserve		538	517	536
<b>Total equity</b>		<b>244,056</b>	<b>199,409</b>	<b>241,184</b>

These financial statements set out on pages 6 to 10 were approved by the Board of Directors on 19 September 2011 and were signed on its behalf by:

Mr D Elzas    Mr C Elphick  
Director      Director

## Cash flow statement

for the six months ended 30 June 2011

	Note	1 January to 30 June 2011 Unaudited US\$000	1 January to 30 June 2010 Unaudited US\$000	1 January to 31 December 2010 Audited US\$000
<b>Cash flows from operating activities</b>				
Total comprehensive loss for the period		(3,802)	(6,901)	(13,229)
<i>Adjustments for:</i>				
(Increase)/decrease in other receivables		(16)	5	(69)
(Decrease) Increase in trade and other payables		(731)	(202)	532
Net exchange (profit)/loss		(1,593)	(602)	1,343
Share of loss of associate		2,996	6,947	8,184
Share-based payments		706	-	964
<b>Net cash from operating activities</b>		<b>(2,440)</b>	<b>(753)</b>	<b>(2275)</b>
<b>Cash flows from financing activities</b>				
Proceeds from the issue of share capital		-	-	49,507
Share issue costs		-	-	(4,912)
<b>Net cash from financing activities</b>		<b>-</b>	<b>-</b>	<b>44,595</b>
Net increase/(decrease) in cash and cash equivalents		(2,440)	(753)	42,320
Effect of exchange rate difference		1,593		(1,108)
Cash and cash equivalents at beginning of period		49,318	8,106	8,106
<b>Cash and cash equivalents at end of period</b>		<b>48,471</b>	<b>7,353</b>	<b>49,318</b>

The notes on pages 12 to 14 form an integral part of the financial statements.

## **Notes to the financial statements**

### **1 Business information and going concern basis of preparation**

In common with many exploration and development companies in the mining sector, the Company raises funding in phases as its projects develop.

Following exercise of the Xstrata First Call Option, Xstrata is required to fund and implement the FS in accordance with the Xstrata Joint Venture Agreement. Xstrata has undertaken to use its reasonable endeavours to complete the FS at least three months prior to the expiration of the Zanaga Exploration Licences in May 2014, assuming renewal of the Zanaga Exploration Licences in May 2012 and subject to there being no adverse change. The directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. For these reasons, the financial statements of the Company have been prepared on a going concern basis.

In the event that a decision is taken to develop a mine at Zanaga (and assuming that Xstrata Projects has not acquired the Company's interest in Jumelles Limited), the Company will need to raise further funds.

### **2 Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### **3 Basis of preparation**

The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

In accordance with the AIM Rules for Companies, the condensed set of financial statements has been prepared in applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2010. The comparative figures for the financial year ended 31 December 2010 are not the Company's statutory accounts for that financial year. The accounts have been reported on by the Company's auditors. The report of the auditors was (i) unqualified and (ii) did not include a reference to any matter to which the auditors drew attention by way of emphasis without qualifying their report.

### **4 Segmental reporting**

The Company has one operating segment, being its investment in the Zanaga Project, held through Jumelles Limited. Financial information regarding this segment is provided in note 6.

### **5 Taxation**

The Company is exempt from most forms of taxation in the British Virgin Islands ("BVI"), provided the Company does not trade in the BVI and does not have any employees working in the BVI. All dividends, interest, rents, royalties and other expense amounts paid by the Company, and capital gains realised with respect to any shares, debt obligations or other securities of the Company, are exempt from taxation in the BVI.

The effective tax rate for the Company is therefore US\$nil (2010: US\$nil).

## 6 Investment in associate

	US\$000
Balance at 1 January 2010	198,439
Share of post acquisition comprehensive loss	(6,345)
<b>Balance at 30 June 2010</b>	<b>192,094</b>
Additions	2,544
Share of post acquisition comprehensive income	(1,839)
<b>Balance at 31 December 2010</b>	<b>192,799</b>
Balance at 1 January 2011	192,799
Additions	5,968
Share of post acquisition comprehensive income	(2,996)
<b>Balance at 30 June 2011</b>	<b>195,771</b>

The investment represents a 50% less one share holding in Jumelles Limited for the entire share capital of 2,000,000 shares (2010: 100%). The shares were acquired in exchange for shares in the Company and have been recorded at fair value of the interest acquired.

On 11 February 2011 Xstrata exercised the First Call Option and from that date owns 50% plus one share of Jumelles Limited and Jumelles Limited is controlled at both a shareholder and director level by Xstrata. However, as the shares issued on exercise of the option are not considered to vest until provision of the services relating to the FS has been completed, the Company will continue to account for a 100% interest in Jumelles Limited. Only at that time will the Company account for a reduction in its interest in Jumelles Limited. As at 30 June 2011, Jumelles Limited had aggregated assets of US\$228.1m (June 2010: US\$61.8m) and aggregated liabilities of US\$16.0m (June 2010: US\$30.5m). For the 6 months ended 30 June 2011, it incurred administrative expenses of US\$3.1m (June 2010: US\$6.5m) and incurred a tax charge of US\$26k (June 2010: US\$430k). A summarised consolidated balance sheet of Jumelles Limited for the 6 months ended 30 June 2011, including adjustments made for equity accounting, is included below:

	June 30 2011 Unaudited US\$000	June 30 2010 Unaudited US\$000	December 31 2010 Audited US\$000
Non-current assets			
Property, plant and equipment	15,095	8,766	13,623
Exploration and other evaluation assets	126,588	40,608	78,954
	<b>141,683</b>	49,374	92,577
Current assets	86,434	12,436	9,206
Current liabilities	(15,998)	(30,496)	(30,846)
<b>Net current assets/(liabilities)</b>	<b>70,436</b>	<b>(18,060)</b>	<b>(21,640)</b>
<b>Net assets</b>	<b>212,119</b>	<b>31,314</b>	<b>70,937</b>
Share capital	9,031	519	3,063
Share option reserve	227,131	50,000	88,918
Translation reserve	(55)	(71)	(52)
Retained earnings	(23,988)	(19,134)	(20,992)
	<b>212,119</b>	<b>31,314</b>	<b>70,937</b>

## 7 Loss per share

	June 30 2011 Unaudited	June 30 2010 Unaudited	December 31 2010 Audited
<b>Loss (Basic and diluted)</b>	(3,804)	(7,503))	(13,850)
<b>Weighted average number of shares (thousands)</b>			
Basic and diluted			
Issued shares at beginning of period	280,416	101,974	101,974
Effect of shares issued	-	-	33,788
Effect of own shares	(5,574)	-	(657)
Effect of share split	-	152,960	122,229
Weighted average number of shares at end of period - basic	274,842	254,934	257,334
<b>Loss per share (cent)</b>			
Basic and diluted	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.05)</b>

## 8 Related parties

The following transactions occurred with related parties during the period:

	Transactions for the period			Closing balance		
	June 30 2011 Unaudited US\$000	June 2010 Unaudited US\$000	December 31 2010 Audited US\$000	June 30 2011 Unaudited US\$000	June 2010 Unaudited US\$000	December 31 2010 Audited US\$000
Intercompany payable Jumelles Limited	234	-	298	64	-	298
Intercompany payable Jumelles Technical Services UK Limited	27	-	38	11	-	38
Strata Capital UK LLP	57	-	57	-	-	57

In addition to the transactions above, the Company has also issued share options to Strata Capital UK LLP. In this regard see page 49, note 15 in the Company's 2010 Annual Report.

## **Board of Directors**

**Clifford Thomas Elphick**  
**Non-Executive Chairman**  
50 years

Clifford Elphick is the founder and CEO of Gem Diamonds Limited, a diamond mining company listed on the Main Market of the London Stock Exchange. Mr Elphick joined Anglo American Corporation in 1986 and was seconded to E Oppenheimer & Son as Harry Oppenheimer's Personal Assistant in 1988. In 1990 he was appointed Managing Director of E Oppenheimer & Son, a position he held until his departure from the company in December 2004. During that time, Mr Elphick was also a Director of Central Holdings, Anglo American and DB Investments. Following the buy-out of De Beers in 2000, Mr Elphick served on the De Beers executive committee until 2004. Mr Elphick formed Gem Diamonds Limited in July 2005.

**Colin John Harris**  
**Non-Executive Director**  
64 years

Colin Harris has been working as an exploration geologist for over 40 years and has a wealth of experience in the generation, exploration and evaluation of projects covering a variety of commodities and deposit styles in over 25 countries mainly in Africa and Europe. He has worked for major international mining companies including Anglo American, Cominco and more recently Rio Tinto. During his 18 years at Rio Tinto Mr Harris managed multi-million dollar programmes which in the past 15 years included the evaluation of iron ore deposits in Greenland, Scandinavia, Mali, Mauritania, Algeria, Morocco, Liberia, Senegal, Sierra Leone etc and more importantly between 1998 and 2008 heading up the team evaluating the world class Simandou iron ore project in the Republic of Guinea. Mr Harris resigned from Rio Tinto in 2008 and joined the Zanaga team later in the year as Project Director. Mr Harris stepped down as Project Director of the Zanaga Project after the exercise of the Xstrata Call Option (see page 27 for further details). Mr Harris is also a Non-Executive Director of AIM listed Ncondezi Coal Company Limited and AIM and Oslo AXESS listed London Mining plc.

**Clinton James Dines**  
**Non-Executive Director**  
53 years

Clinton Dines has been involved in business in China since 1980, including senior positions with the Jardine Matheson Group, Santa Fe Transport Group and Asia Securities Venture Capital. In 1988 he joined BHP as their senior executive in China and, following the merger of BHP and Billiton in 2001, he became President, BHP Billiton China, a position from which he retired in 2009. Mr Dines is currently a non-executive director of Kazakhmys plc, which is listed on the Main Market of the London Stock Exchange.

**Michael John Haworth**  
**Non-Executive Director**  
45 years

Michael Haworth is a director of Strata Limited, Garbet Limited and is the Managing Partner of Strata Capital UK LLP. Mr Haworth has 12 years investment banking experience, predominantly in emerging markets and natural resources. Prior to establishing Strata Limited in 2006, Mr Haworth was a Managing Director at J.P. Morgan and Head of Mining and Metals Corporate Finance in London. During his 10 years at J.P. Morgan, Mr Haworth held a number of other positions, including Head of M&A for Central Eastern Europe, Middle East and Africa and, before that, Head of M&A in South Africa.

**Dave John Elzas**  
**Non-Executive Director**  
45 years

Dave Elzas has over 15 years' experience in international investment banking. Between 1994 and 2000, Mr Elzas served as a senior executive and subsequently Managing Director of the Beny Steinmetz Group. Mr Elzas is currently the Senior Partner and CEO of the Geneva Management Group, an international wealth management and financial services company. Mr Elzas has been a non-executive director of Gem Diamonds Limited since October 2005.

## **Advisors**

Nominated Advisor and Joint Corporate Broker

**Liberum Capital Limited**

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Joint Corporate Broker

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Auditors and Reporting Accountants

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