



## Investor Presentation Indaba 2013



# Disclaimer

This document, which is personal to the recipient, has been issued by Zanaga Iron Ore Company Limited (the “Company”). This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of the Company in any jurisdiction, nor shall any part of it nor the fact of its distribution form part of or be relied on in connection with any contract or investment decision relating thereto, nor does it constitute a recommendation or inducement to enter into any contract or commitment regarding the securities of the Company. In particular, this document and the information contained herein does not constitute an offer of securities for sale in the United States.

This document is being supplied to you solely for your information. The information in this document has been provided by the Company or obtained from publicly available sources. No reliance may be placed for any purposes whatsoever on the information or opinions contained in this document or on its completeness. No representation or warranty, express or implied, is given by or on behalf of the Company or any of the Company’s directors, officers or employees or any other person as to the accuracy or completeness of the information or opinions contained in this document and no liability whatsoever is accepted by the Company or any of the Company’s members, directors, officers or employees nor any other person for any loss howsoever arising, directly or indirectly, from any use of such information or opinions or otherwise arising in connection therewith.

This document and its contents are confidential and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. This document is only addressed to and directed at persons in member states of the European Economic Area who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) (“Qualified Investors”). In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and Qualified Investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons.

Neither this document nor any copy of it may be taken or transmitted into the United States of America, its territories or possessions or distributed, directly or indirectly, in the United States of America, its territories or possessions. Neither this document nor any copy of it may be taken or transmitted into Australia, Canada, Japan or the Republic of South Africa or to any securities analyst or other person in any of those jurisdictions. Any failure to comply with this restriction may constitute a violation of United States, Australian, Canadian, Japanese or South African securities law. The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

Nothing in this document or in the documents referred to in it should be considered as a profit forecast. Past performance of the Company or its shares cannot be relied on as a guide to future performance.

Certain statements, beliefs and opinions in this document are forward-looking, which reflect the Company’s or, as appropriate, the Company’s directors’ current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company will not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation, except as required by law or by any appropriate regulatory authority. You should not place undue reliance on forward-looking statements, which speak only as of the date of this document.

This document has been prepared in compliance with English law and English courts will have exclusive jurisdiction over any disputes arising from or connected with this document.

By attending the presentation to which this document relates or by accepting this document you will be taken to have represented, warranted and undertaken that: (i) you are a relevant person (as defined above); (ii) you have read and agree to comply with the contents of this notice; and (iii) you will not at any time have any discussion, correspondence or contact concerning the information in this document with any of the directors or employees of the Company, or their respective subsidiaries nor with any of their suppliers, customers, sub contractors or any governmental or regulatory body without the prior written consent of the Company.

## Corporate information

- Listed on AIM in November 2010
- Ticker: ZIOC
- Market cap: £71m (\$111m)
- Share price: £0.26
- Shares outstanding: 279m
- Cash on B/S: \$40m

### ZIOC Top Institutional Shareholders

Fund Manager	Holding
BlackRock	8.5%
F&C AM	5.4%
TT Int'l	3.0%
Credit Suisse	1.4%
Henderson	1.4%

### Highly Experienced Management & Board

Clifford Elphick	Non-Executive Chairman Founder & CEO of Gem Diamonds Former Director of Anglo American
Mike Haworth	Non-Executive Director Ex-JP Morgan investment banking
Clinton Dines	Non-Executive Director Ex-President BHP Billiton China
Colin Harris	Non-Executive Director Ex-Project Director, Simandou Project
Dave Elzas	Non-Executive Director CEO of Geneva Management Group
Gary Vallerius	CFO Ex-Rio Tinto Africa & Europe
Andrew Trahar	Corporate Development & IR Ex-JP Morgan Investment Banking

## Zanaga Project has world class potential

---

Large Resource

**6.8Bt**

Large operation

**30 Mt**

Long life

**30 yrs**

High Quality Product

**68% Fe**

Low Cost

**\$23/t**

Supportive  
Government

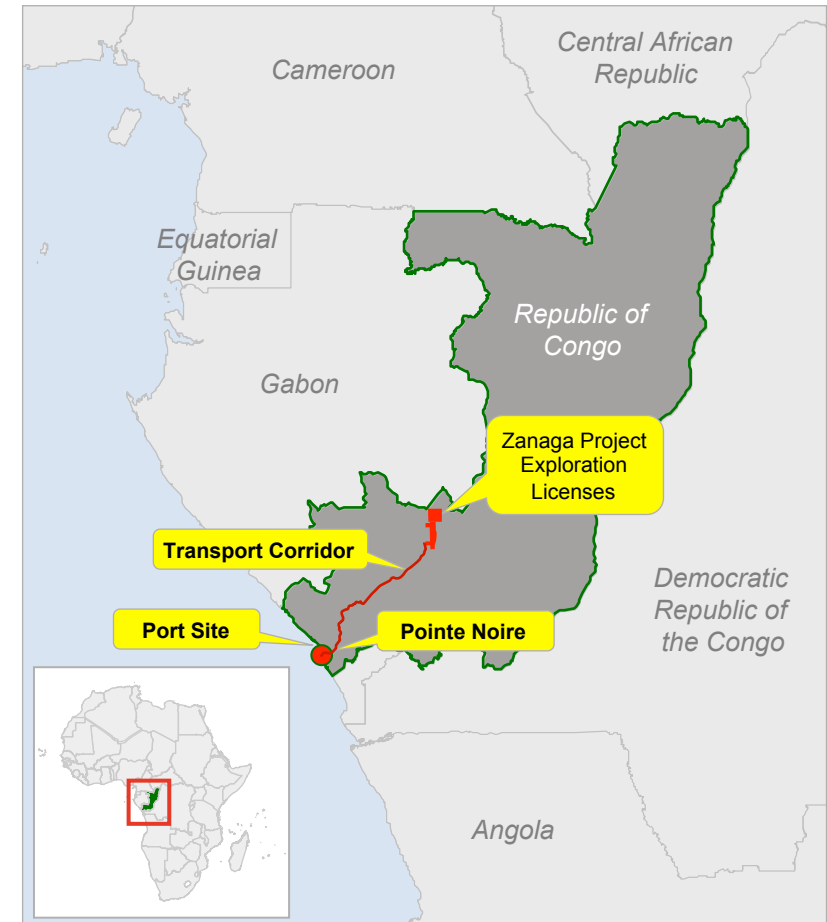


## Republic of Congo is open for business

- Successful & established oil and gas industry
  - In operation for over 40 years

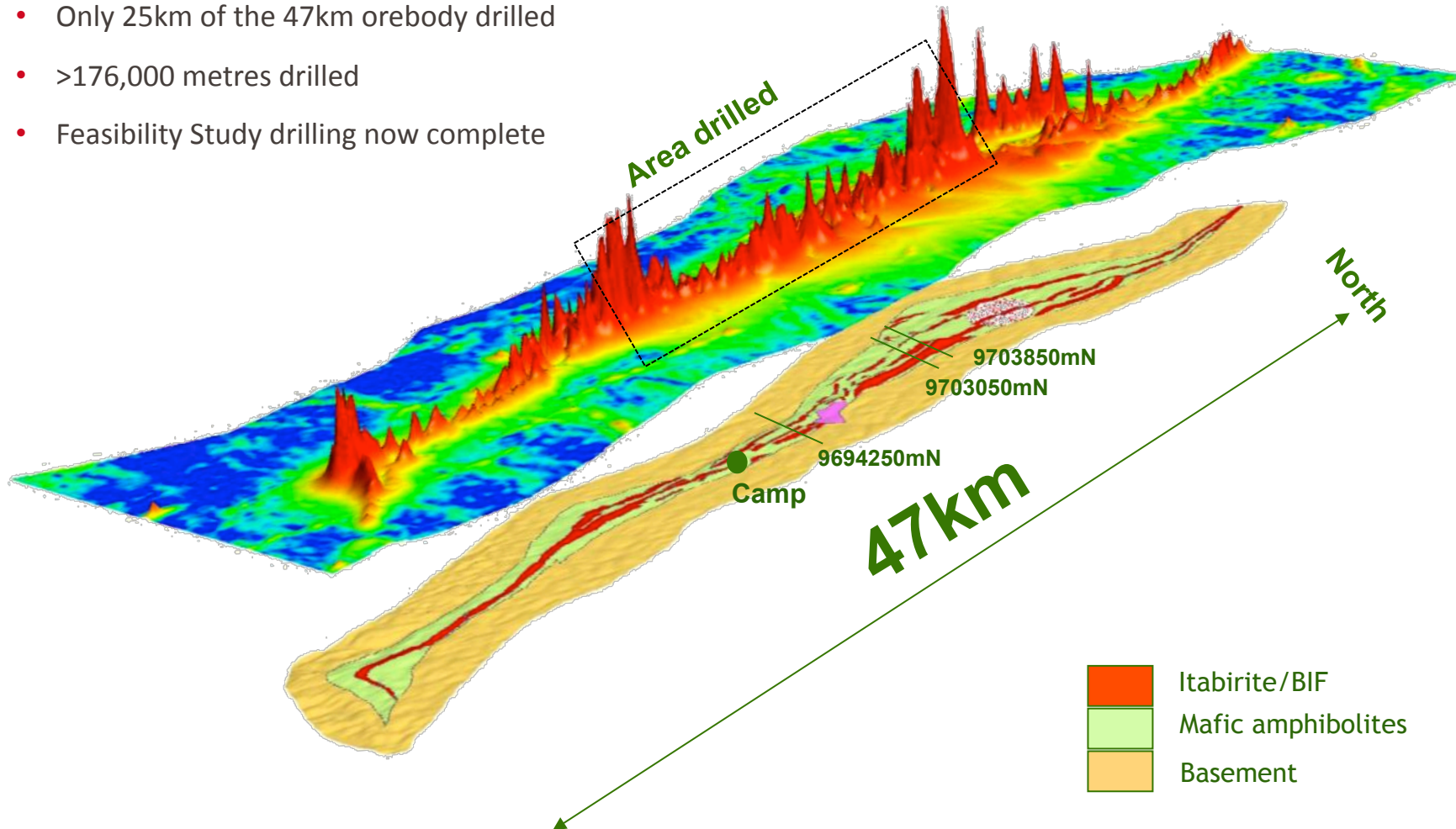


- Supportive government with strategy to diversify into mining
- Population only 4.2m
  - Zanaga Project outlined as a significant future employer
- Zanaga Project would become a significant contributor to national GDP



## Large deposit identified

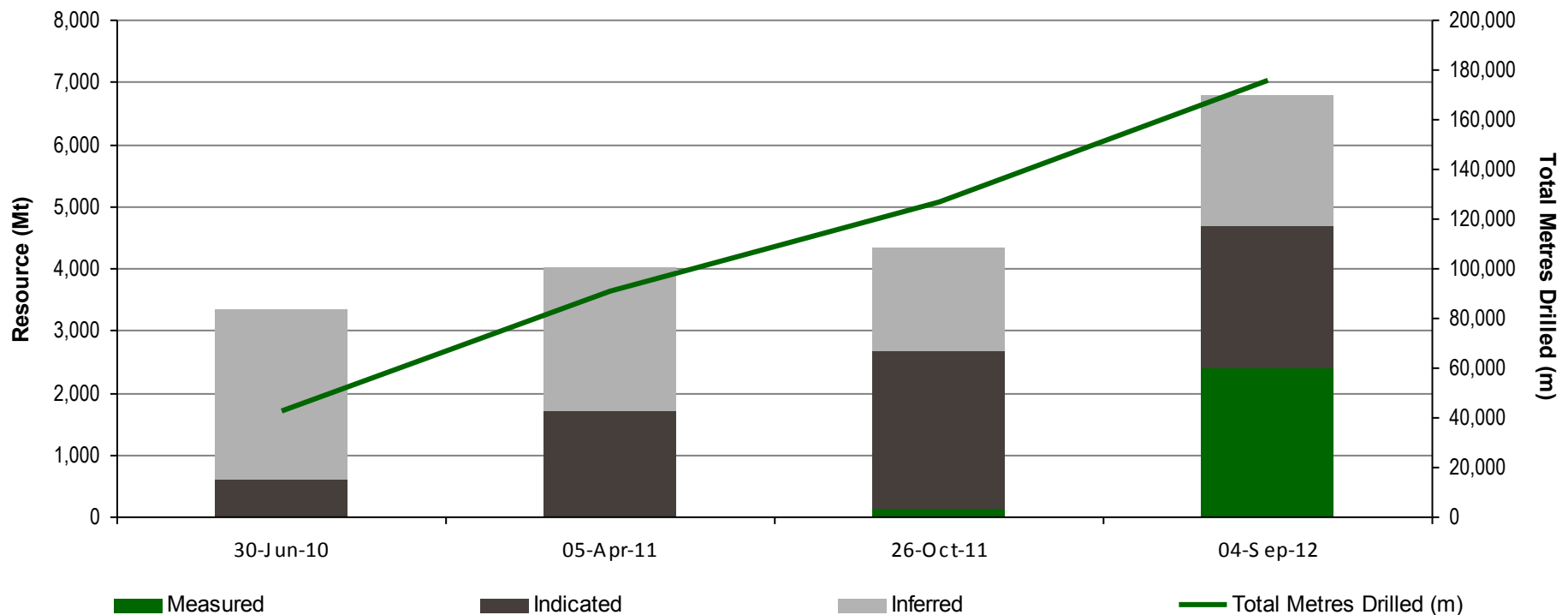
- Only 25km of the 47km orebody drilled
- >176,000 metres drilled
- Feasibility Study drilling now complete





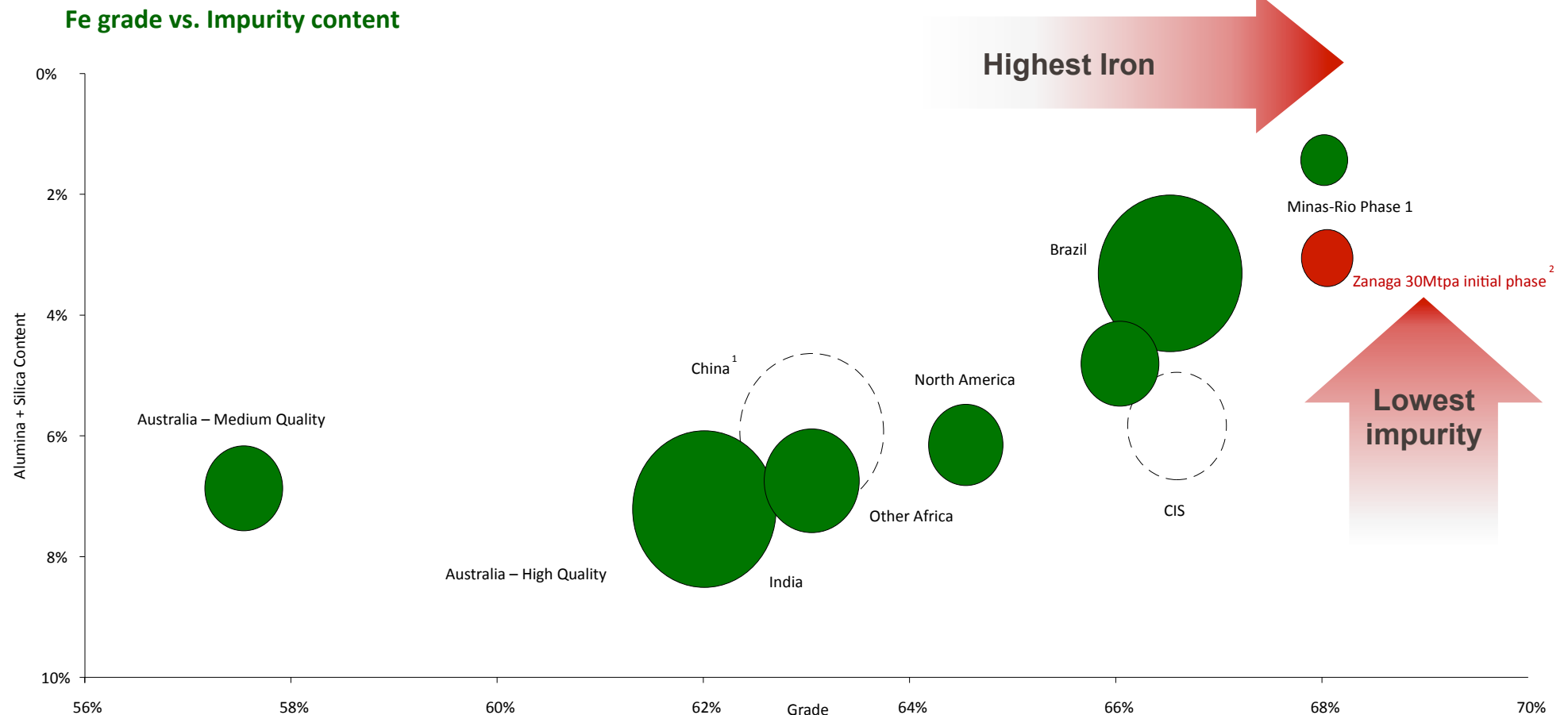
## Large, well defined, long life mineral resource

- 6.8 billion tonne Mineral Resource grading 32% Fe
- 69% in Measured & Indicated category
- Supports >30 year mine life
- Potential for higher production levels & longer mine life
- Resource underpinned by >176,000m of drilling
- Feasibility Study drilling now complete



Mineral Resource reported in accordance with the JORC Code, as presented in ZIOC announcement on 4 Sept 2012. Reported at a 0% Fe cut-off grade within an optimised Whittle shell representing a metal price of 130 US\$/dmu.

# Product and scale places Zanaga amongst the best in the world



Notes: (1) Chinese production (iron ore equivalent) inferred from a small sample of mines. (2) Zanaga expected pellet feed product : 68% Fe with low impurities ( $\text{SiO}_2 + \text{Al} \sim 3.5\%$ )

Source: CRU, AME, Anglo American Analysis

----- Indicates processed ore

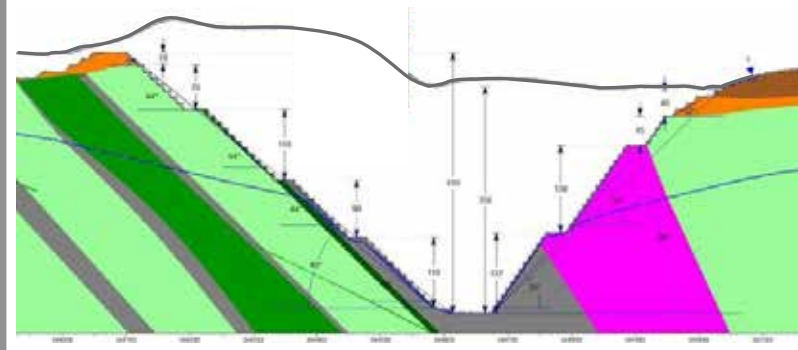


# Mining and Pipeline transportation

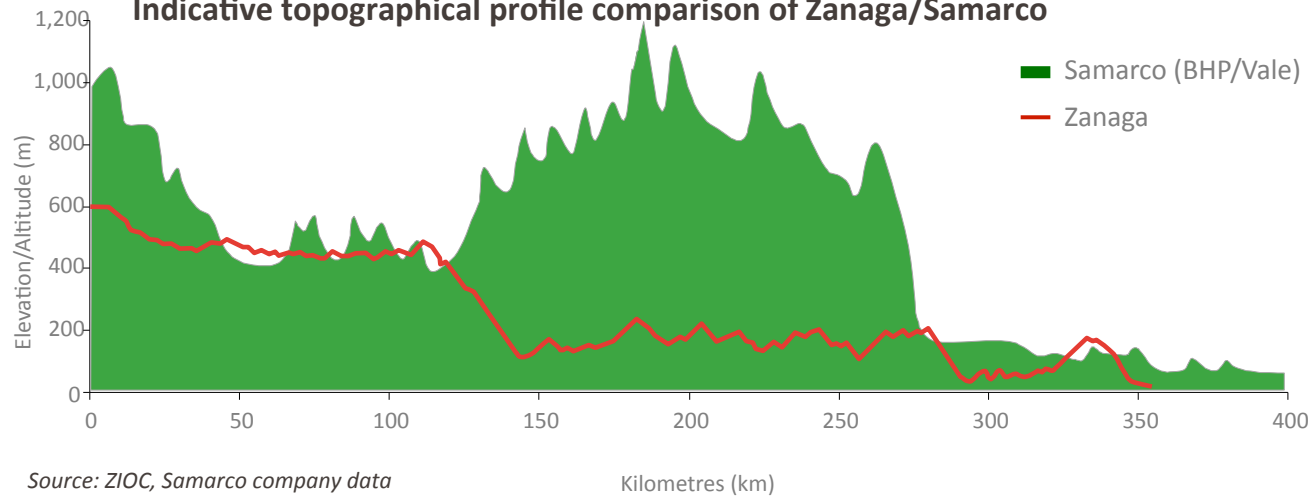
## Mining

- Open pit, low drill and blast operation
- Low strip ratio a key driver of low opex
- Targeting high quality product with very low impurities

Pit shell (North)



Indicative topographical profile comparison of Zanaga/Samarco



## Pipeline transportation

- Optimal transport solution
  - Most suitable for pellet feed product
  - Very low opex
  - +US\$1bn saving and less execution risk than rail

# Water, port site & power infrastructure

## Port site design

- Attractive port site – 1.6km trestle with minimal dredging to accommodate cape size vessels
- Land area presents scope for future expansion (to 60Mtpa)
- Good existing onshore support facilities in nearby Pointe Noire



## Power supply

- Initial project demand of 355MW increasing to 455MW
- Allowance for dedicated gas-fired power station located in Pointe Noire with HV transmission lines to mine and port sites
- 300MW ENI power plant already in operation with plans to expand

# Attractive project economics

## Capex

Area	Pipeline PFS (2012 US\$)
Mine & processing plant	2,348
Pipeline	1,194
Port	603
Power	717
<b>Total Direct</b>	<b>4,862</b>
Indirects	1,595
<b>Total incl. Indirects</b>	<b>6,457</b>
Contingency	897
<b>Total</b>	<b>7,354</b>

- Pipeline results in >\$1bn saving on direct costs vs rail

## Opex

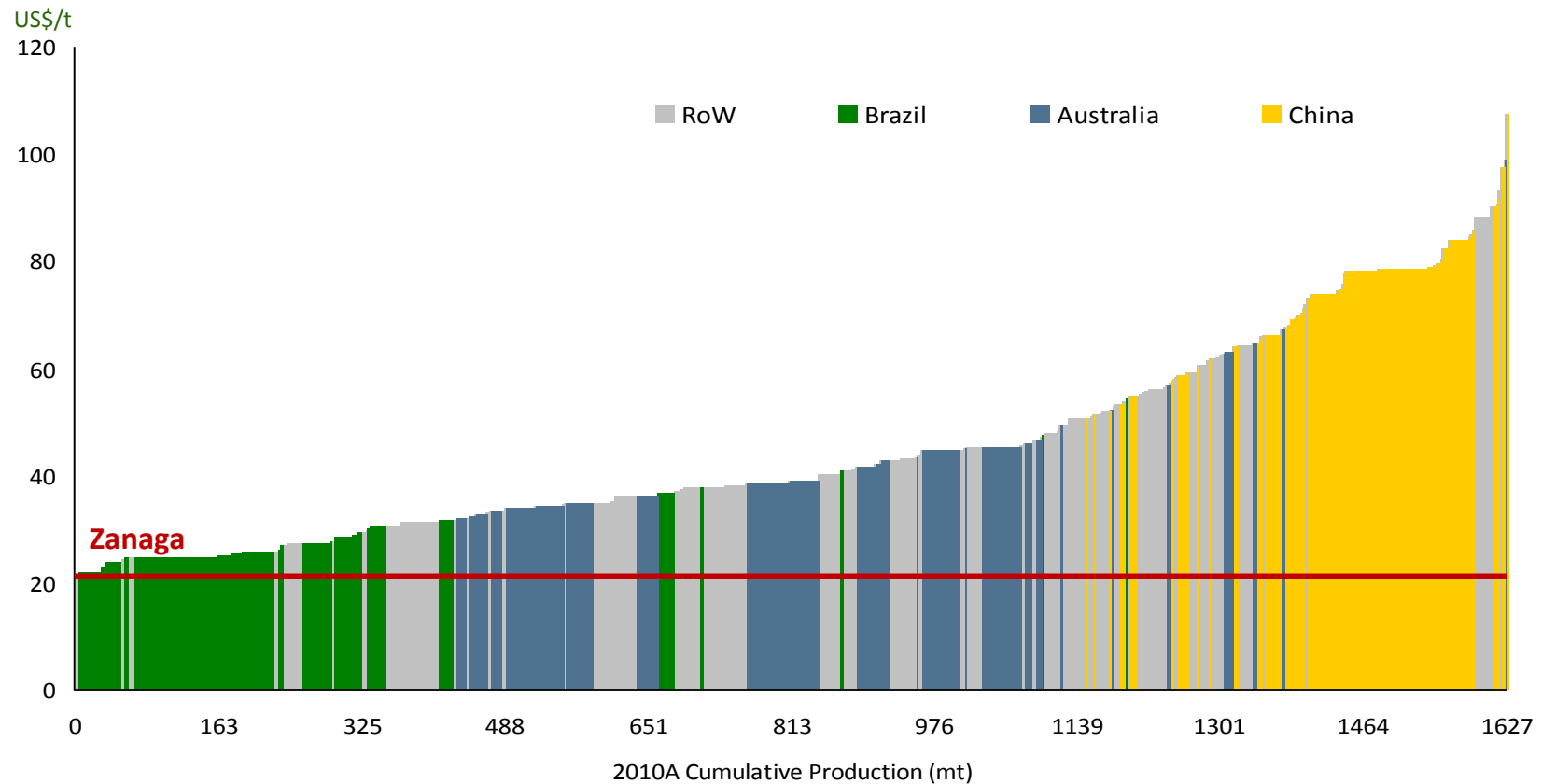
Mining	7.4
Processing	11.0
Admin/Overheads	2.5
Pipeline	0.5
Port	1.5
<b>FOB Cost (incl. contingency)</b>	<b>22.8</b>

- Expected lowest quartile (\$22.8/t) FOB
- Low opex driven by
  - Minimal strip ratio, blast & grinding
  - Low cost power potential
  - Abundance of water
  - Low slurry pipeline operating costs

*Estimated capital and operating costs in today's terms, before including potential future inflation. Further feasibility level studies are required to improve the level of definition of these estimates  
Operating costs include \$2.4/t contingency, exclude 3% royalty*

Expected to be positioned at the bottom of the cost curve...

### FOB Cash Costs for 2010 - Saleable Mine Production<sup>1</sup>



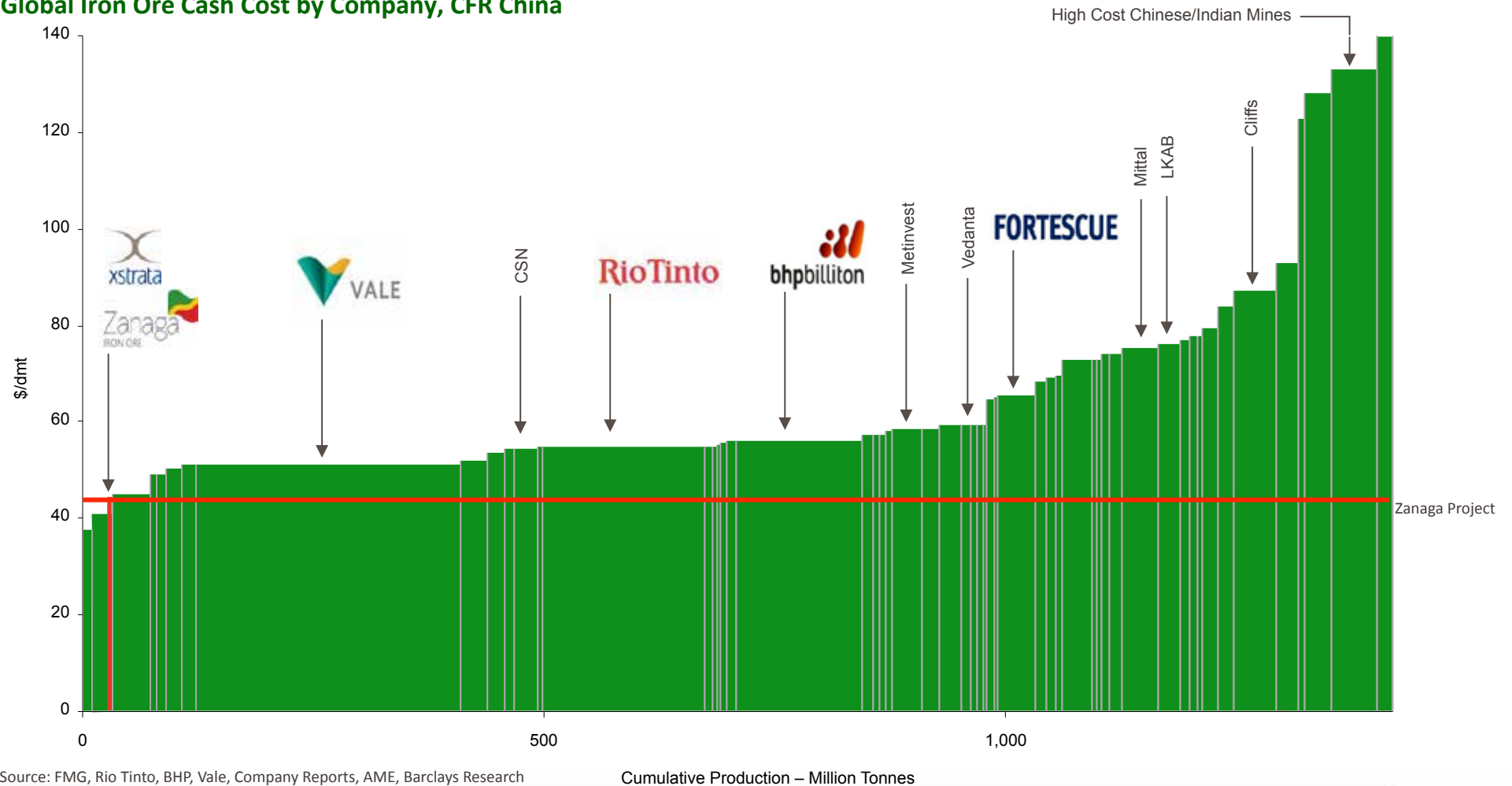
Source: AME

Note: (1) Cost curve inclusive of royalties. Curve shows cash costs per mine in the various countries.

(2) \$23/dmt relates to the LOM opex for an estimated 68% Fe pellet feed product. Excludes 3% royalty

...remaining at the bottom of the cost curve once shipped to China

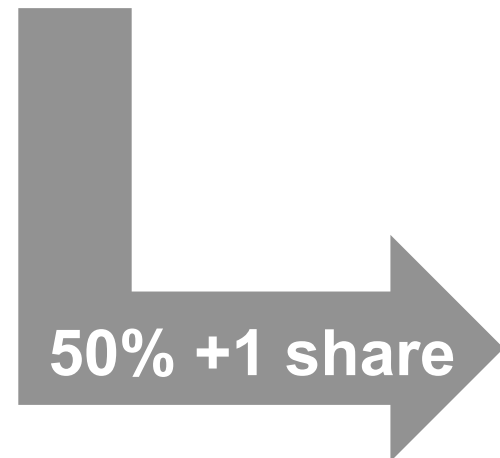
Global Iron Ore Cash Cost by Company, CFR China



Source: FMG, Rio Tinto, BHP, Vale, Company Reports, AME, Barclays Research

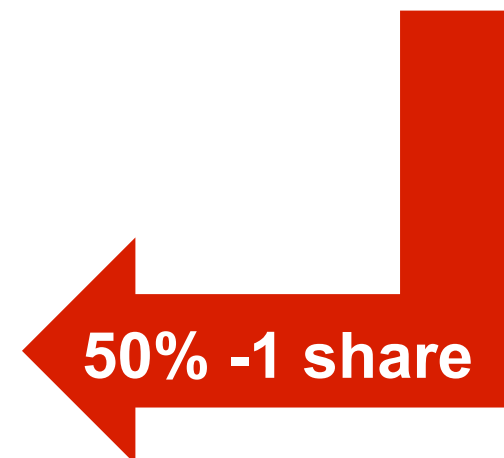
Cumulative Production – Million Tonnes

## Leveraging the expertise of a leading diversified major



**JV Agreement**

**Zanaga Project**



- Xstrata obliged to fund FS costs

- \$42m cash and no current funding obligations

## JV Agreement provides optionality to ZIOC

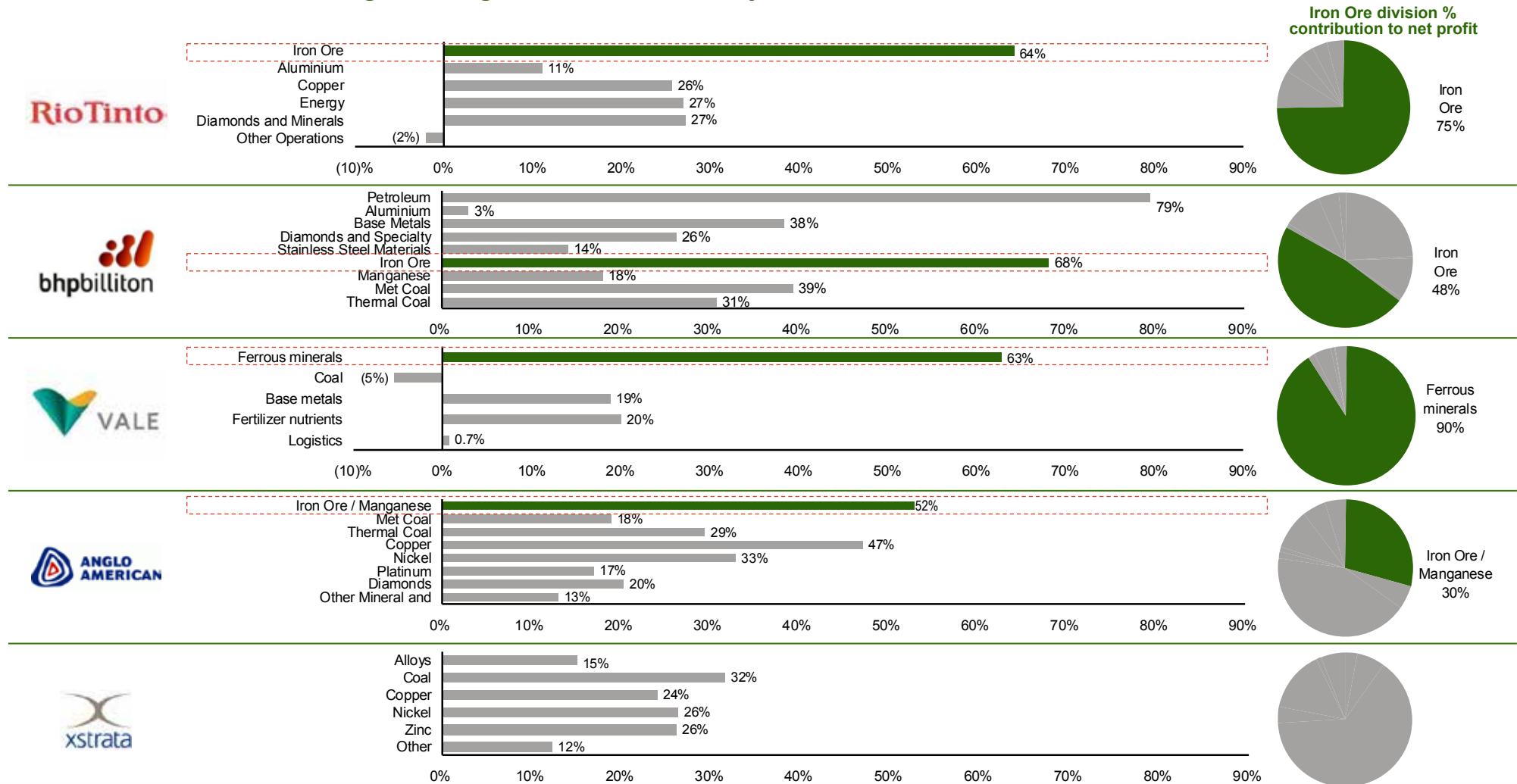
---

- 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 at 100% NPV
- Alternatively ZIOC has the right to fund its share of capex or dilute during construction at 100% NPV



# EBITDA breakdown by commodity for majors

Iron ore remains the highest margin business for the majors, even in H1 2012 with iron ore around c.\$105/t













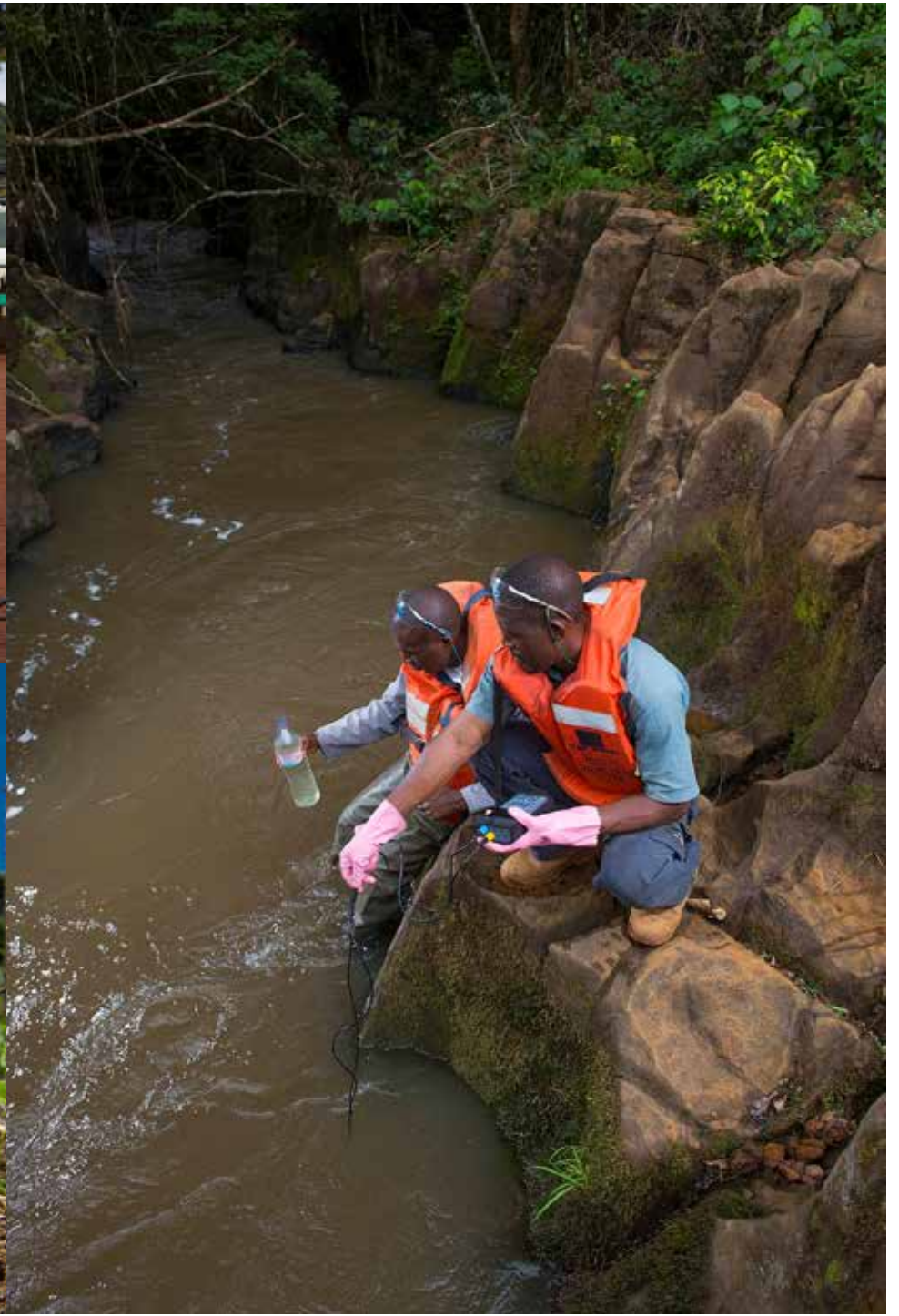














## Zanaga Project continues to show world class potential

---

Large Resource

**6.8Bt**

Large operation

**30 Mt**

Long life

**30 yrs**

High Quality Product

**68% Fe**

Low Cost

**\$23/t**

Supportive  
Government



- ✓ Strategic partnership
- ✓ Funding FS



- ✓ High standards



## Investor Presentation Indaba 2013

