

Zanaga Project

Feasibility Study Results

Investor Presentation

May 2014



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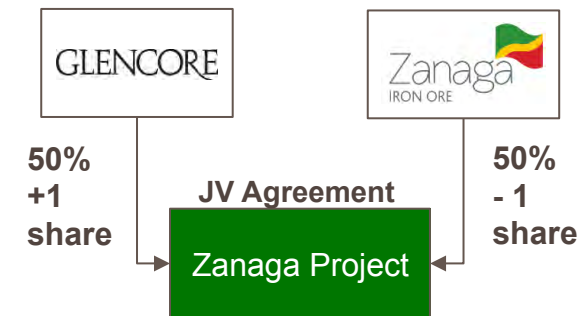
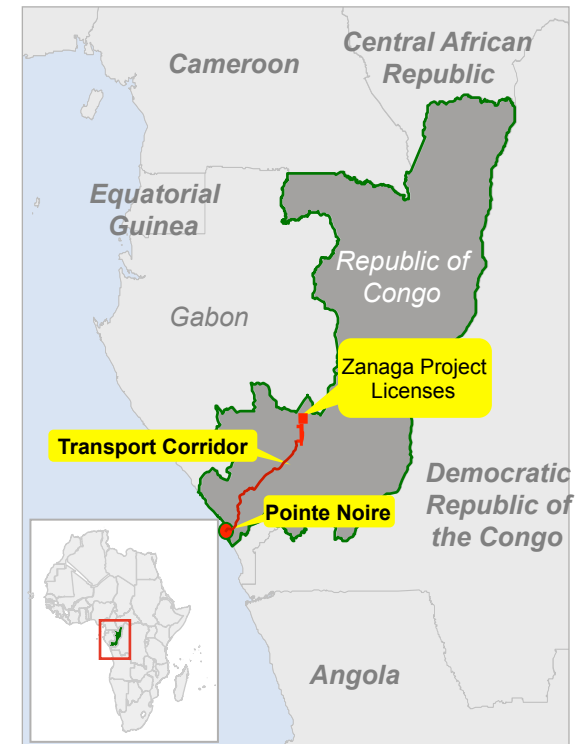
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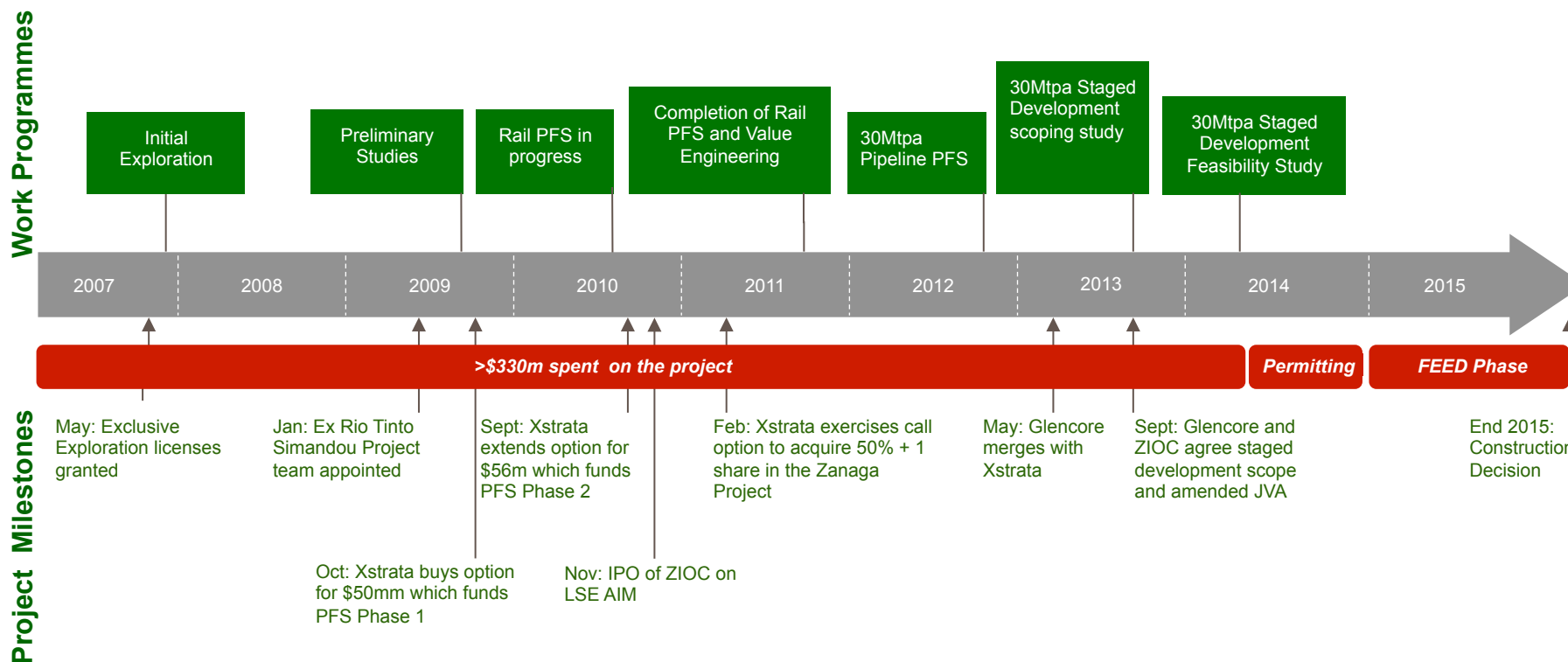
Zanaga Project Overview



- **World class iron ore project**
 - 6.9Bt Mineral Resource
 - High quality, low impurity iron ore product
 - Bottom quartile operating costs
- **JV with Glencore Xstrata**
 - Glencore Xstrata manage the Project
- **Feasibility Study & SEIA completed**
 - Compelling project economics
 - Project optimised through Staged Development
- **Benefits of Staged Development**
 - Lowers capital and execution risk
 - Reduces financing requirements
 - Maximises return on capital
- **Project funding process underway**
 - Joint Glencore & ZIOC initiative
 - Focussed on Stage One financing



Rapid Exploration and Engineering Progress



World Class Project with Highly Attractive Economics



- **Stage One 12Mtpa initial operation**

- \$2.2bn capital expenditure
- \$32/t FOB bottom quartile operating costs incl. royalty
- Premium quality 66%Fe iron ore pellet feed product
- 13.2Mtpa for first 5 years of operation

- **Stage Two expansion to 30Mtpa operation**

- \$2.5bn capital expenditure for +18Mtpa production
- \$26/t FOB bottom quartile operating costs incl. royalty
- Premium quality 67.5%Fe iron ore pellet feed product
- Scheduled to suit forecast cash flow generation

- **Open pit mining operation**

- Contractor mining in early years moving to owner operator
- Conventional excavator & truck operation
- Low strip ratio, significant contributor to low cost

- **Process plant & mine infrastructure**

- Expansion in Stage 2 to accommodate magnetite ore

- **Slurry pipeline to transport iron ore concentrate to port facilities**

- 2nd pipeline built for Stage 2

- **Port facilities & infrastructure for dewatering & handling**

Key considerations

Power supplied by 3rd party to mine site and port site

Port marine works developed by 3rd party, however option costed for owner development

Value Added Through Staged Development Approach

				Feasibility Study (2014)		Pre-Feasibility Study (2012)
				Stage 1	with Stage 2	
Physicals	Mine life	years		30	22 (years 9-30)	30
	Production	Mtpa (dry)		12 (13.2 for first 5 years)	30	30
	Strip Ratio	Waste:ore		0.45	0.37	0.56
	Premium Pellet Feed Product	Fe%		66	67.5 Blended	68
Costs	Attractive LOM operating costs	Cash Cost	\$/dmt	30	23	23
		FOB Cost (inc royalty)	\$/dmt	32	26	26
		CFR Cost (China)	\$/dmt	57	50	50
	Infrastructure			Contractor mining Use of existing & potential power infrastructure Third party port		Limited leveraging possible
	Improved Capital Cost		\$	2.2bn	+2.5bn Total : 4.7bn	7.4bn
	Lowered Capital intensity		\$/annual tonne	183	139 Total : 157	245
Return	Maximised Return on Investment (IRR)	\$110/dmt IODEX 62%Fe	%	24.7	25.6	16.3
		\$100/dmt IODEX 62%Fe	%	21.0	22.3	14.5
		\$90/dmt IODEX 62%Fe	%	17.1	19.0	12.5
		\$80/dmt IODEX 62%Fe	%	12.7	15.0	10.3

- Actual mine life will substantially exceed modelled mine life
- Operating cost estimates : Royalty calculated at \$110/dmt IODEX 62%Fe

Large Scale Reserves and Resources

>178,000m of exploration drilling has resulted in a large, well defined ore body

Mineral Resource Statement

Classification	Tonnes Mt	Fe %	SiO2 %	Al2O3 %	P %
Measured	2,330	33.7	43.1	3.4	0.05
Indicated	2,460	30.4	46.8	3.2	0.05
Inferred	2,100	31	46	3	0.1
Total	6,900	32	45	3	0.05

Ore Reserve Statement

Classification	Tonnes Mt	Fe %
Probable Ore Reserves	2,500	34
Proved Ore Reserves	-	-
Total Ore Reserves	2,500	34

Mineral Resources and Reserves reported in accordance with the JORC Code.

Includes higher grade material with some >60% Fe DSO currently in definition



Photo	Lithology	Average Fe	
	SOL		
	CAN		
	COL	41.1%	Friable Itabirite 690Mt
	ITG	43.7%	
	ITF	39.7%	
	ITC	34.2%	Compact Itabirite 390Mt
	ITT	31.3%	Magnetite
	BIF	30.6%	

Mining – High Grade Product at Low Strip Ratio



- **Stage One**

- Contractor mining for first 5 years
- Targeting near surface friable Hematite in first 8 years
- Low cost mining due to low strip ratio and free dig material
- LOM strip ratio of 0.45 (less than 0.2 in first 8 years)
- Compact itabirite mined from year 8
- Mining starts in north pit and expands to central pit in 2029 and south pit in 2040

- **Stage Two**

- Magnetite mined from North Pit
- Average strip ratio of 0.37 (years 8-30)
- Requires drill and blast
- Sufficient magnetite ore to extend mine life and/or increase production

Processing summary

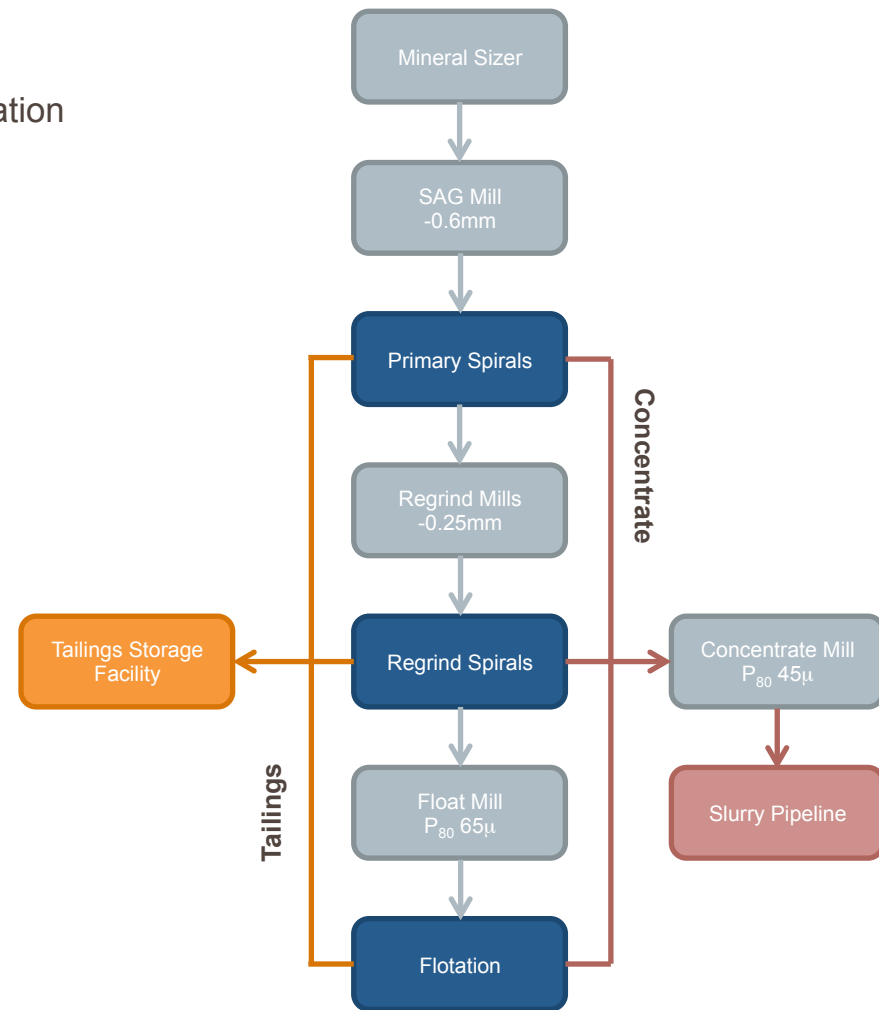
• Process plant – Stage One

- Stage One utilises gravity separation and flotation to produce 66% Fe content pellet feed product
- 13.2Mtpa production rate during first 5 years of operation due to higher grade feed and higher recoveries
- LOM feed grade of 37%
 - 45% for first 8 years
- LOM Plant recovery of 39%
 - 51% for first 8 years
- Concentrate final grind to 45 microns for pipeline transportation

• Process plant – Stage Two

- Stage Two process plant treats magnetite ore (ITT/BIF)
- Three stage low intensity magnetic separation producing 18Mtpa of 68.5% product
- Low operating cost autogenous milling circuit
- Product blended to produce 30Mtpa 67.5% Fe content pellet feed
- Stage 2 average feed grade of 33% with recovery of 36.6%

Stage One Processing Route



- ## Planned pipeline route



Port Development



- **MoU signed in 2013 between RoC Government and large Chinese SOE China Road and Bridge Corporation (CRBC) for construction of deepwater bulk export multi-user port facility**
 - CRBC is a subsidiary of China Communications Construction Company (CCCC)
 - CCCC/CRBC are completing a Feasibility Study
- **Zanaga Project Feasibility Study economics based on the port being a 3rd party facility with a capital charge based upon the estimated capital for the port development**
- **The yard facilities including filter plant and stockyard are assumed as owned and operated by the Zanaga Project**

Zanaga Port Solution

- The FS includes design & costing for Staged Development port solution which could be implemented if Government port is not available or incorporated into Government port
- **Stage One**
 - Stage One jetty structure loads transshipping shuttles which service capesize vessels up to 250DWT
 - Transshipping solution based upon proposal for self-propelled - self-unloading barges
- **Stage Two**
 - Allows for direct loading of capesize vessels up to 250DWT
 - Stage 2 expansion includes
 - *Extension of jetty*
 - *Dredging of channel and berth*
 - *Upgrades*
 - *Transshipping berth becomes service vessel port*
 - Capacity can be increased to 50Mtpa by dual sided loading

Richards Bay Coal Terminal
Multi-user with Glencore as shareholder



Example of Iron Ore transshipping



Power Opportunities

- Feasibility study based upon power offtake at the mine and port sites
- Stage One uses existing grid capacity for 100MW
- Stage Two requires new power generation
 - New gas sources currently being developed
 - Major Hydro projects under consideration by government
- Availability of local gas could make pellet plant economics compelling

CEC 300MW Gas Power Station in Pointe-Noire



Refurbished 220kV transmission lines (within 180Km of Mine Site)



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- The map shows a proposed transmission line route connecting ZANAGA, DJAMBALA, and LOUDIMA. The route is marked with a red line for the ZANAGA-DJAMBALA segment (158km) and a pink line for the DJAMBALA-LOUDIMA segment (199km). A technical drawing of a transmission tower is included, showing its dimensions and structure.

High Quality Product



- High quality, low impurity pellet feed product
- High iron content will command price premium relative to 62%FE IODEX
- Stage Two expansion provides option to produce two products or blend
- Product suitable for direct feed to pellet plants (size approx. 80% passing 45 microns)
- Attractive feed for pellet plants or as part of a sinter feed blend

	Stage One	Stage Two expansion	Stage One & Two combined
	12Mtpa	18Mtpa	30Mtpa
	Hematite	Magnetite	Blend
Fe %	66.0	68.5	67.5
SiO ₂ %	3.0	3.3–3.7	3.2–3.4
Al ₂ O ₃ %	0.8	0.3–0.4	0.5–0.6
P	0.04	< 0.01	0.02
S	0.014	0.015	0.015
LOI	1.6 to 2.0	-2.9 to -3.2	-0.9 to -1.3

Product Pricing expectations



Stage 1 Pellet Feed 66%Fe product pricing (\$/dmt)

IODEX 62% Fe (\$/dmt)	80	90	100	110	120	130	140
Fe Unit Adjustment	5.2	5.8	6.5	7.1	7.7	8.4	9.0
Quality Adjustment	2.6	2.9	3.2	3.5	3.8	4.2	4.5
Total Product Premium	7.8	8.7	9.7	10.6	11.5	12.6	13.5
CFR Price	87.7	98.7	109.7	120.6	131.6	142.5	153.5
Freight	24.5	24.5	24.5	24.5	24.5	24.5	24.5

Stage 2 Pellet Feed 67.5%Fe blend product pricing (\$/dmt)

IODEX 62% Fe (\$/dmt)	80	90	100	110	120	130	140
Fe Unit Adjustment	7.1	8.0	8.9	9.8	10.7	11.5	12.4
Quality Adjustment	2.6	2.9	3.3	3.6	3.9	4.3	4.6
Total Product Premium	9.7	10.9	12.2	13.4	14.6	15.8	17
CFR Price	89.7	100.9	112.1	123.4	134.6	145.8	157.0
Freight	24.5	24.5	24.5	24.5	24.5	24.5	24.5

Project Economics

Capital and Operating Cost Estimates

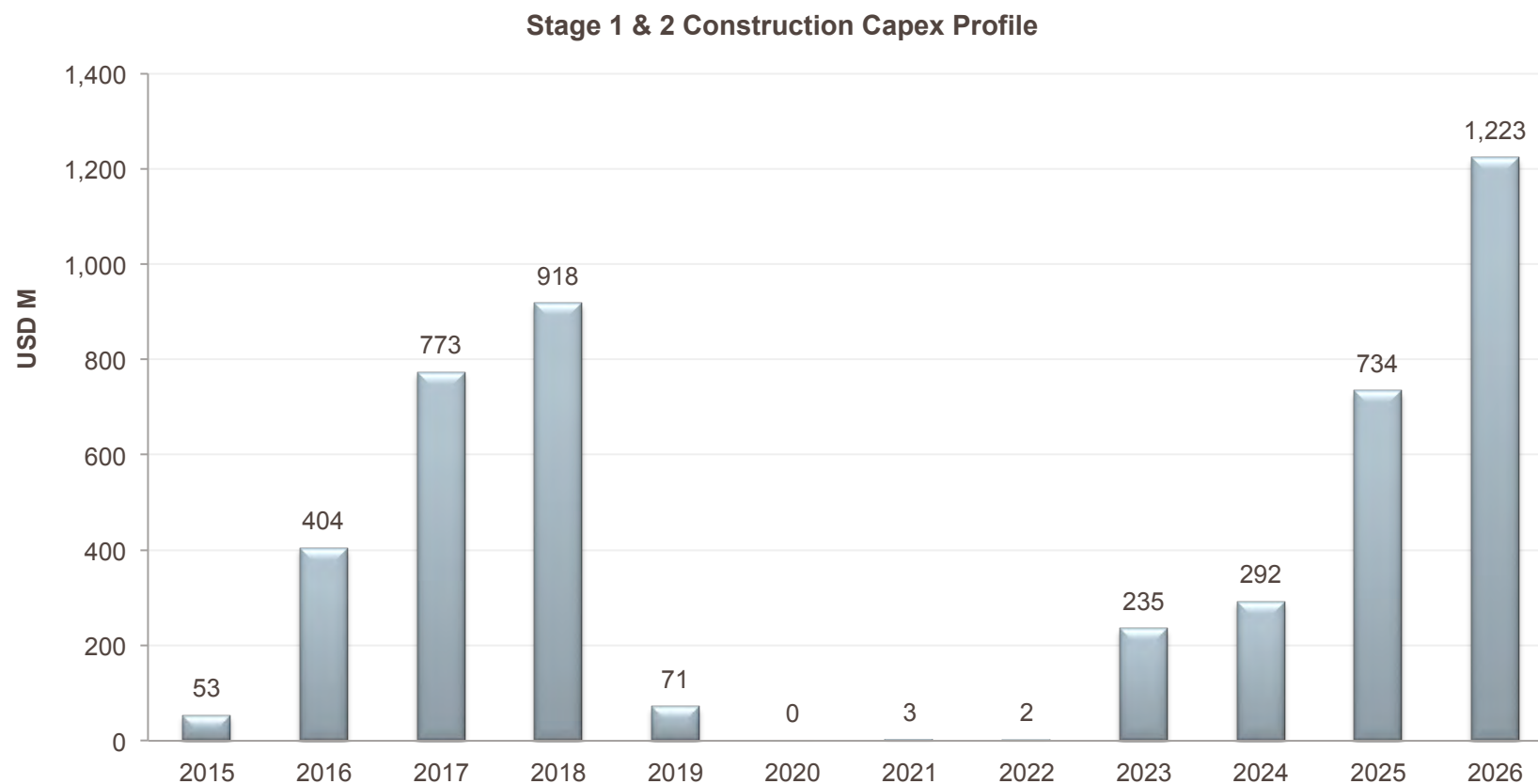


CAPEX \$m	Stage 1	Stage 2	OPEX \$/dmt	Stage 1 30 yr avg	Stage 2 9-30 yr avg
FEED	22	11	Mining & Processing	19.1	17.4
Pre Production	23	-	Pipeline	2.4	2.1
Mine Area	614	814	Port Area	6.5	2.7
Pipeline	399	467	G&A	2.0	0.9
Port Yard Facilities	173	243	Cash Cost	29.9	23.1
Total Direct Costs	1,231	1,535	Royalty	2.3	2.5
Construction Indirects & Owners Costs	529	353	Cost - FOB	32.1	25.7
EPCM	203	236	Shipping	24.5	24.5
Contingency	256	365	COST – CFR (not adjusted for product premium received)	56.6	50.1
Total Costs	2,219	2,489			

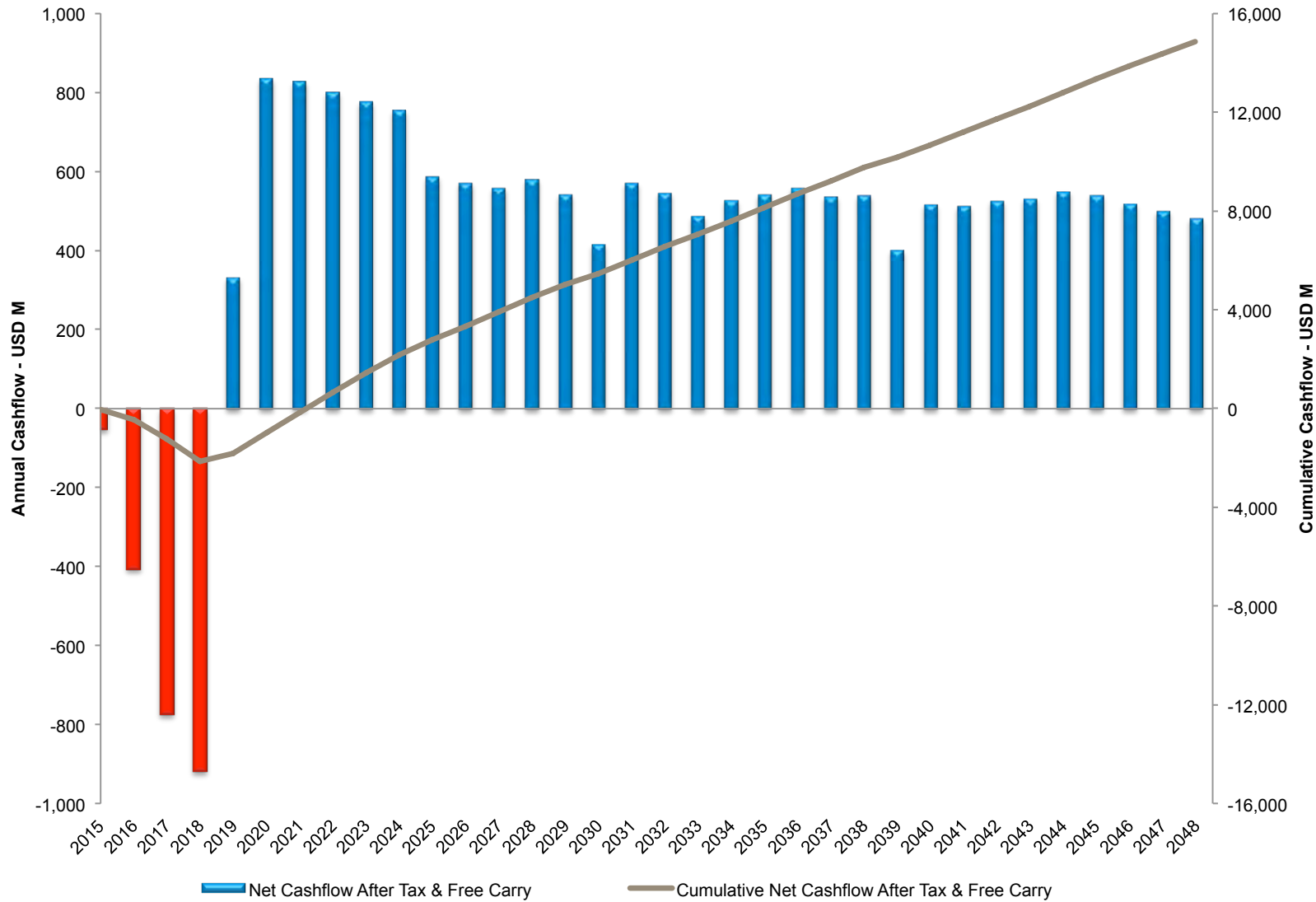
Basis of estimate:

- Contract mining for first 5 years
- Third party port "marine" construction, and third party power supply
- Road upgrades included in Government programmes
- Notes: Stage One capital costs have been estimated to an FS level of definition. The Stage Two costs are supported by a lower level of engineering (PFS level) but significantly leverages the work completed for the Stage One development. Cost escalation is excluded from the capital cost estimate. The capital cost estimate assumes the use of a third party port facility at Pointe-Indienne

Stage One & Two Construction Capex Profile



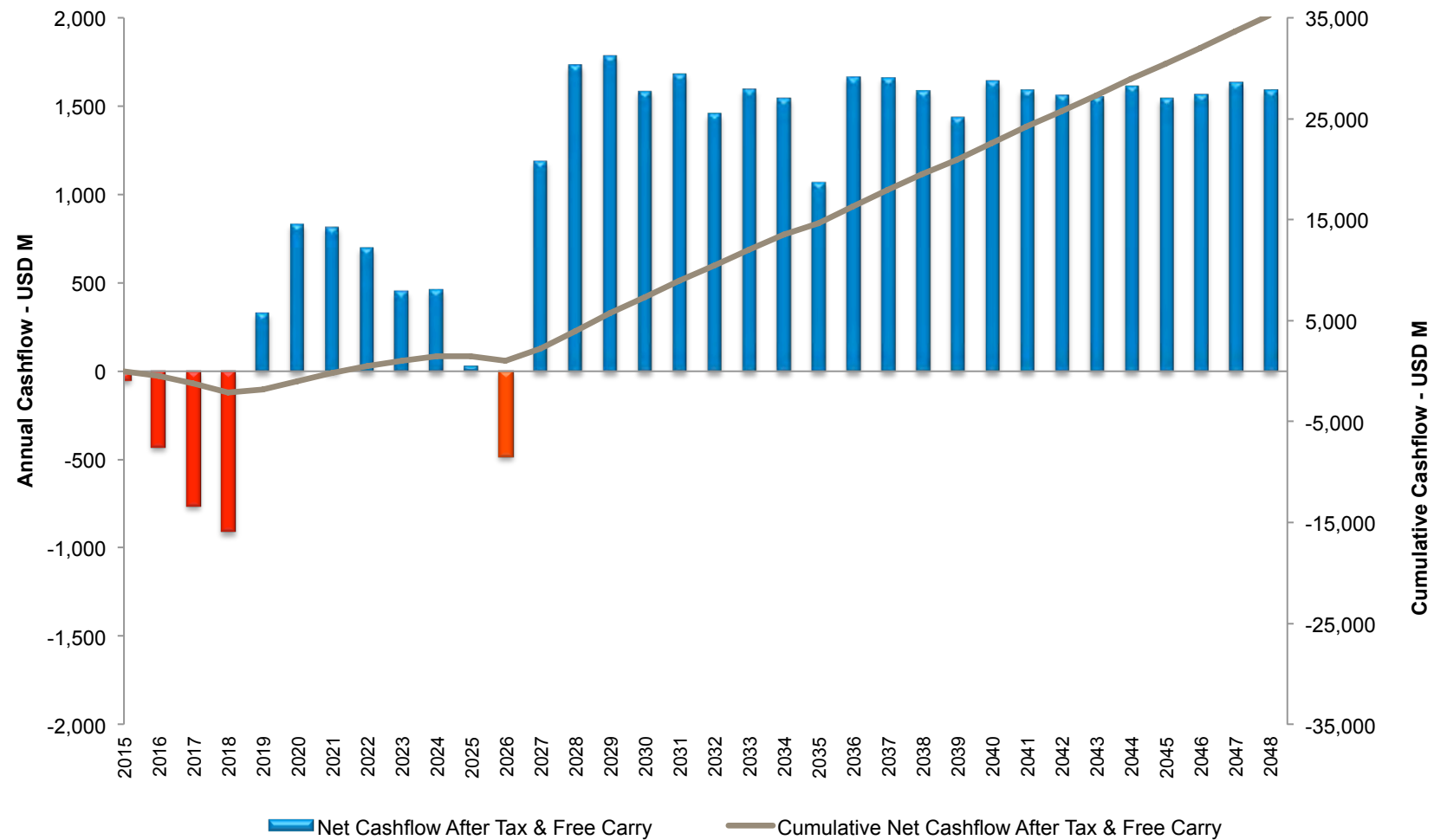
Stage One attractive on a standalone basis



Figures shown are on an all equity basis. Product pricing based on IODEX 62%Fe \$110/dmt

...with Stage Two potentially self-financed

Net Cashflow Stage One & Two combined – IODEX 62%Fe \$110/dmt



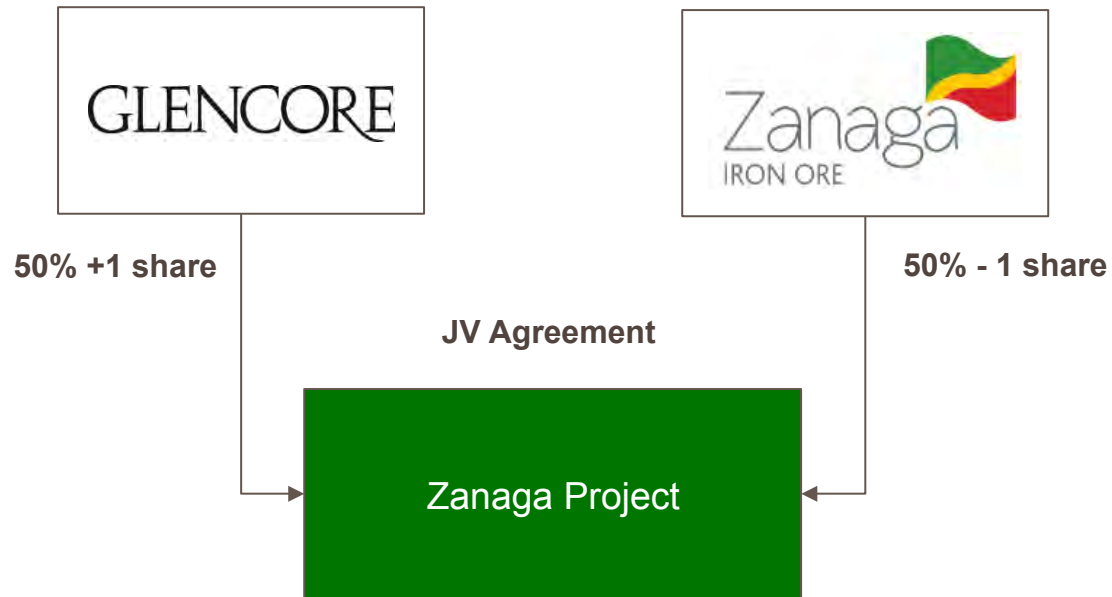
Figures shown are on an all equity basis. Product pricing based on IODEX 62%Fe \$110/dmt

Next Steps

Development Timeframe

Activity	Key Date
FS & SEIA completed	April 2014
Mining Licence Application Submitted	May 2014
Preparation for FEED	Second Half 2014
Front End Engineering (FEED) Phase	2015
Construction Phase	2016 – 2018
Mining Commences	End 2018
First Shipment	Q1 2019

Ownership of the Zanaga Project



- **Glencore Xstrata managing the Zanaga Project**
- **FS demonstrates major improvements on previous PFS**
- **Joint Glencore and ZIOC project funding process underway**
 - Both debt and equity financing under consideration for potential project implementation

Strengths of the Zanaga Project

- **Bottom quartile operating costs and competitive capital costs**
 - Competitive CFR operating cost estimates across both stages of \$50-57/dmt over LOM (*unadjusted for premium received**)
 - Capital costs in line with greenfield iron ore benchmarks
- **High grade pellet feed product**
 - Stage One pellet feed product of 66%, similar to Brazilian supply with low impurities
 - Product would command a price premium relative to 62%Fe IODEX, both as function of Fe content and low impurities, and will be attractive feed for pellet plants or as part of sinter feed blend
- **Reduced technical risk and enhanced economics through staged development approach**
 - Processing capability matched with sequential mining of orebody layers provides technical efficiencies and reduced execution risk
 - Mining of higher grade ores in initial years enables higher production rate of 13.2Mtpa for first five years of operation while maintaining bottom quartile operating costs
 - Initial power requirements supplied by existing grid generation capacity, with Stage Two development implemented in parallel with timing of potential power generation projects
 - Capital cost profile enables potential self-financing of Stage Two through existing project cash flows
- **Mine life/operating scale upside**
 - Production underpinned by 6.9Bt Mineral Resource & 2.5Bt Probable Ore Reserves
 - Mine life or operational scale capable of extension beyond scheduled mine plans
 - Stage One will mine approx. 1Bt of ore, expansion to 30Mtpa will increase mined resource to 2Bt over 30 year LOM

* See 'Product Pricing expectations' slide for assumed premiums

Investment Highlights

✓ Robust project fundamentals

- Large ore body defined to support long life operation
- High quality product specifications

✓ Feasibility Study complete

- Confirms attractive economic basis for development
- Significant improvement on PFS

✓ Deliverable and financeable project

- Reduced capital intensity and quantum
- Optionality with respect to port & power infrastructure

✓ Mining Licence Application submitted

- Supported by Feasibility Study and SEIA

✓ JV with Glencore

