



The Zanaga Iron Ore Project – Development of a world class asset

IMM African Iron Ore Conference
Cape Town, June 2011



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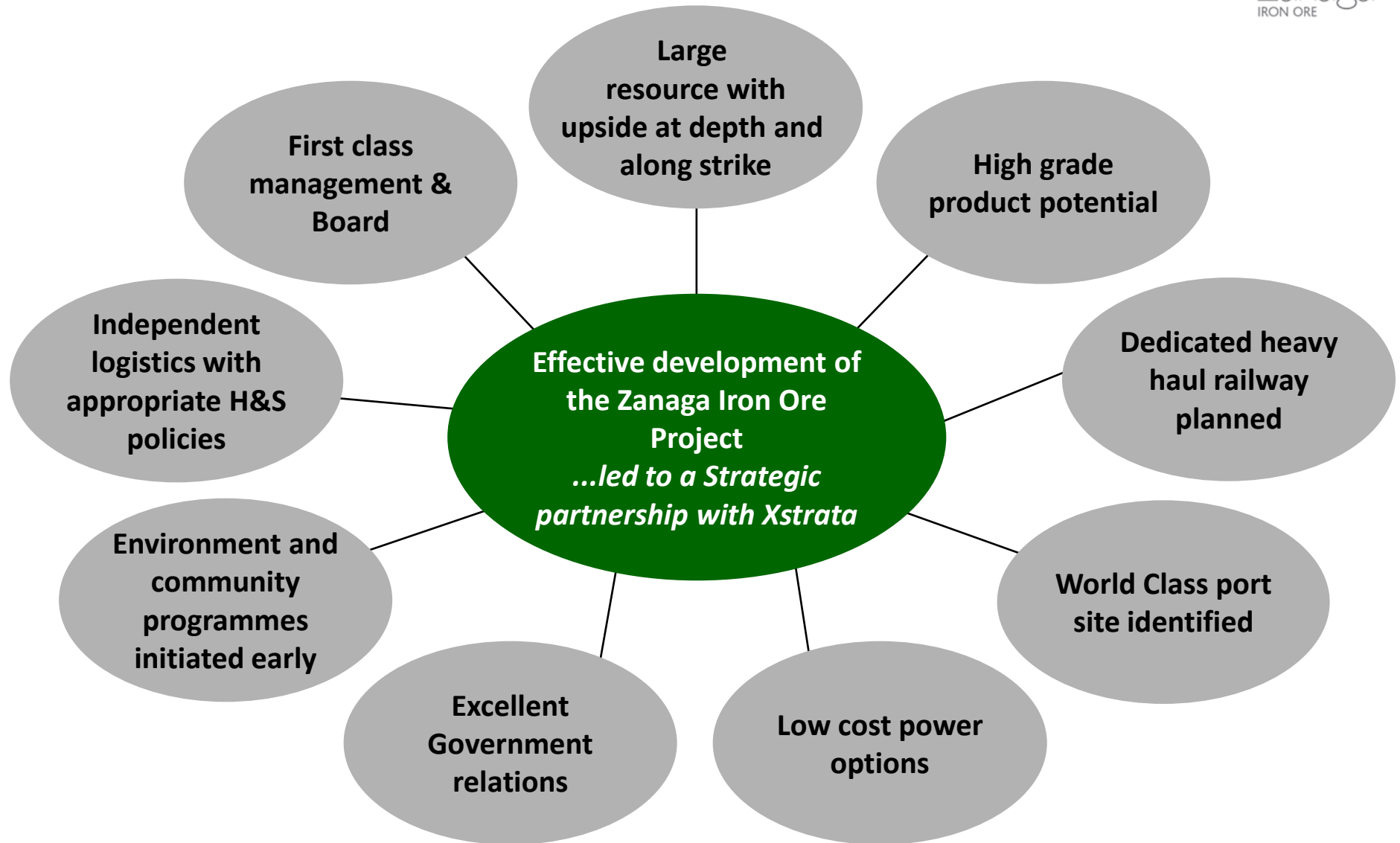
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Investment Highlights

- **JORC resource of 4.0bn tonnes at 33.9% Fe**
 - Upside along strike and at depth
- **World class production potential**
- **Indications of high grade product potential with low deleterious elements**
- **Strategic and funding partnership with Xstrata**
- **FS fully funded by Xstrata**
- **ZIOC has complete flexibility in funding obligations**
 - Dilution at NPV¹ during construction; or
 - Right to fund equity share of construction capex
- **ZIOC retains effective marketing nomination rights over its equity share of production**
- **Cash Balance of US\$ 48m**

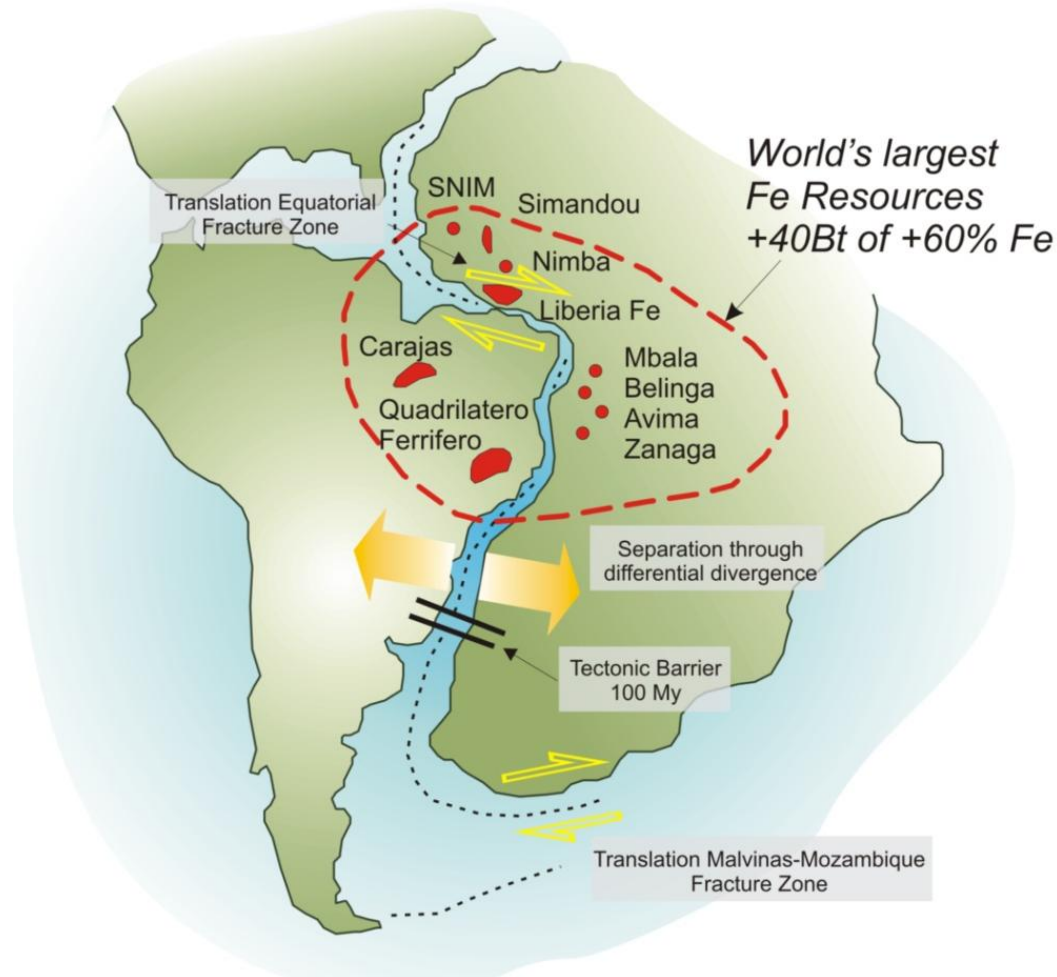
¹NPV valuation criteria : 10% real discount rate; Average of CRU and AME prices; Feasibility Study assumptions

The evaluation engine



Overview of Regional Geology

Palinspastic reconstruction of Africa – South America at 180ma.
Showing the world's largest high grade iron ore province



Republic of Congo Overview

- Congo (Brazzaville), NOT TO be confused with Democratic Republic of Congo
- Rated equivalent security and political risk to Mozambique¹
- Politically stable since end of civil war in 1999
- Long-established international investment in country (primarily oil)
- 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



¹ Control Risks 2010

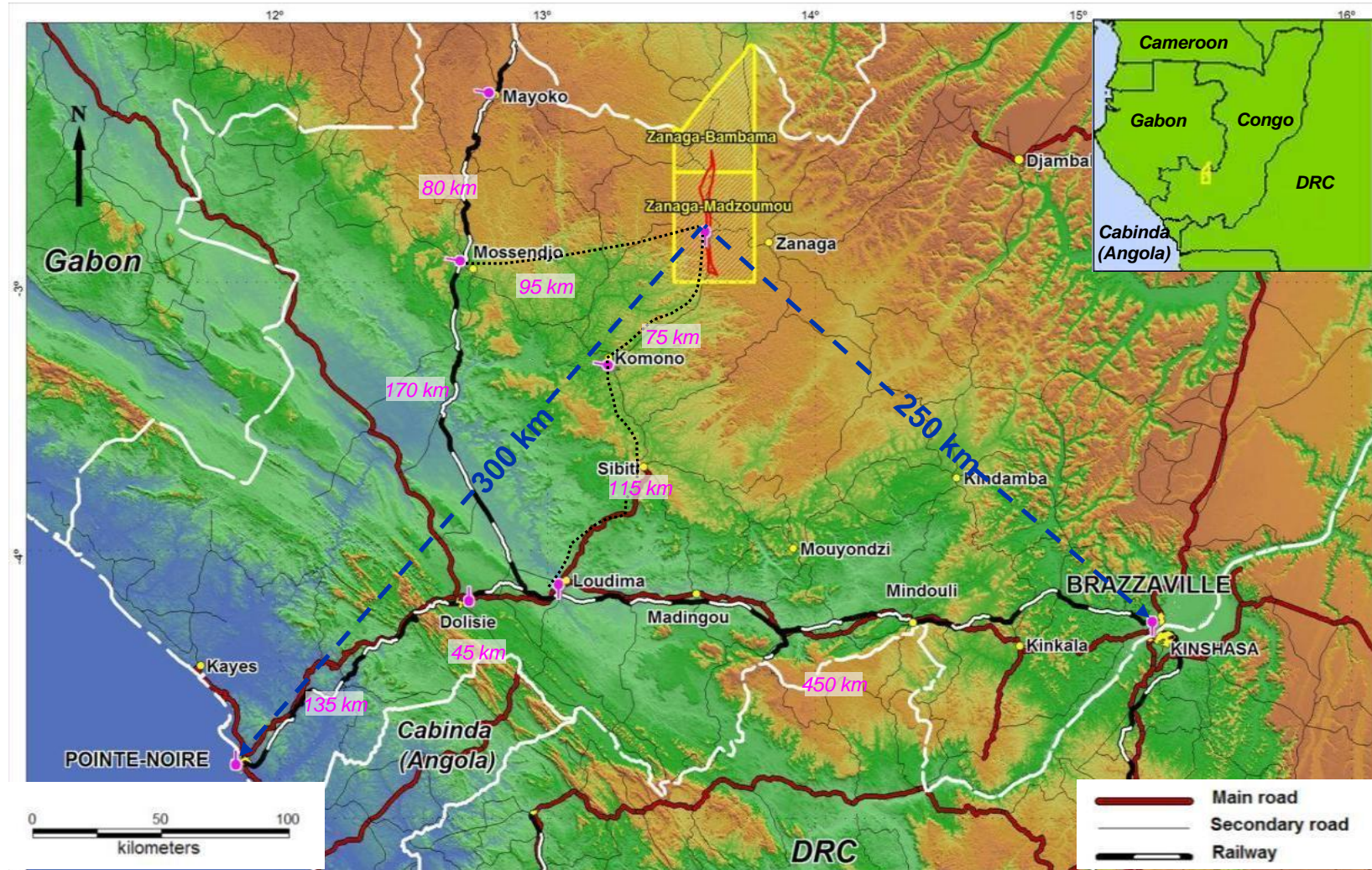
Project History



- Historical exploration in the 1950s and 1960s
 - >1400 pits, 4 adits and 60 short drill holes totalling 2,700 m
 - indicated a potential tonnage in the order of 400 Mt
 - the upper mineralised horizons returning concentrates grading >60% Fe
- No exploration between 1969 and 2006
- Property brought to the attention of Jumelles by a local Congolese entrepreneur in 2006
- A preliminary review of archive data resulted in the application for and granting of Prospecting Licences to MPD
- On behalf of MPD, SRK carried out a due diligence on archive data including a field visit - positive outcome led to application for Exclusive Exploration Licences

Project Location

300 km north-east of Pointe Noire, Republic of Congo



Project timeline

- May 2007 – Exploration Licences granted
- May 2007 – Dec 2008 – camp established – airborne magnetic survey – mapping and limited drilling



This identified potential of the project and triggered engagement of an experienced multi-faceted iron ore team with the ability to evaluate and progress all aspects of the project studies in parallel and to an appropriate level

Project timeline (cont'd)

- Feb 2009 – Conceptual Study completed
- July 2009 – Order of Magnitude study completed
- Aug to Sept 2009 – PFS fund raising exercise
- Oct 2009 – Option Agreement concluded with Xstrata to fund Phase 1 of PFS (US\$50m)
- Feb 2010 – Xstrata agree to fund Phase 2 of PFS up to total of US\$106m
- Nov 2010 – IPO of ZIOC on AIM – raise US\$50m
- Feb 2011 – Xstrata exercise option, take over management
- PFS and Value Engineering Exercise (Phase 1 of FS) to be reported in Q3 – 2011

100% tenure rights

Exclusive Exploration Licences

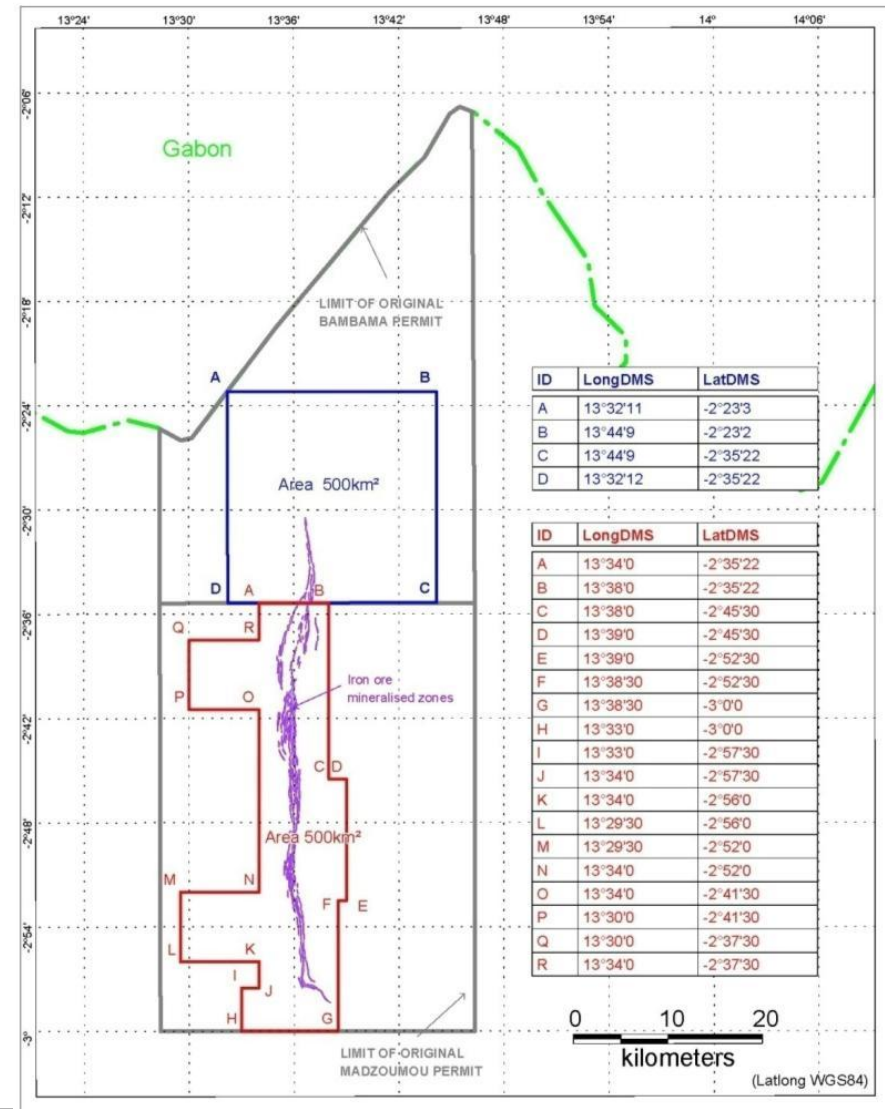
- Granted in May 2007 to MPD Congo SA for initial 3 year period
- Agreed budget of \$11.5m

Validity: 3+2+2 years

- 50% size reduction each time the licence is renewed

The current Mining Code stipulates:

- Royalty of 3%
- Tax rate of 30%
- Minimum 10% free-carried government participation

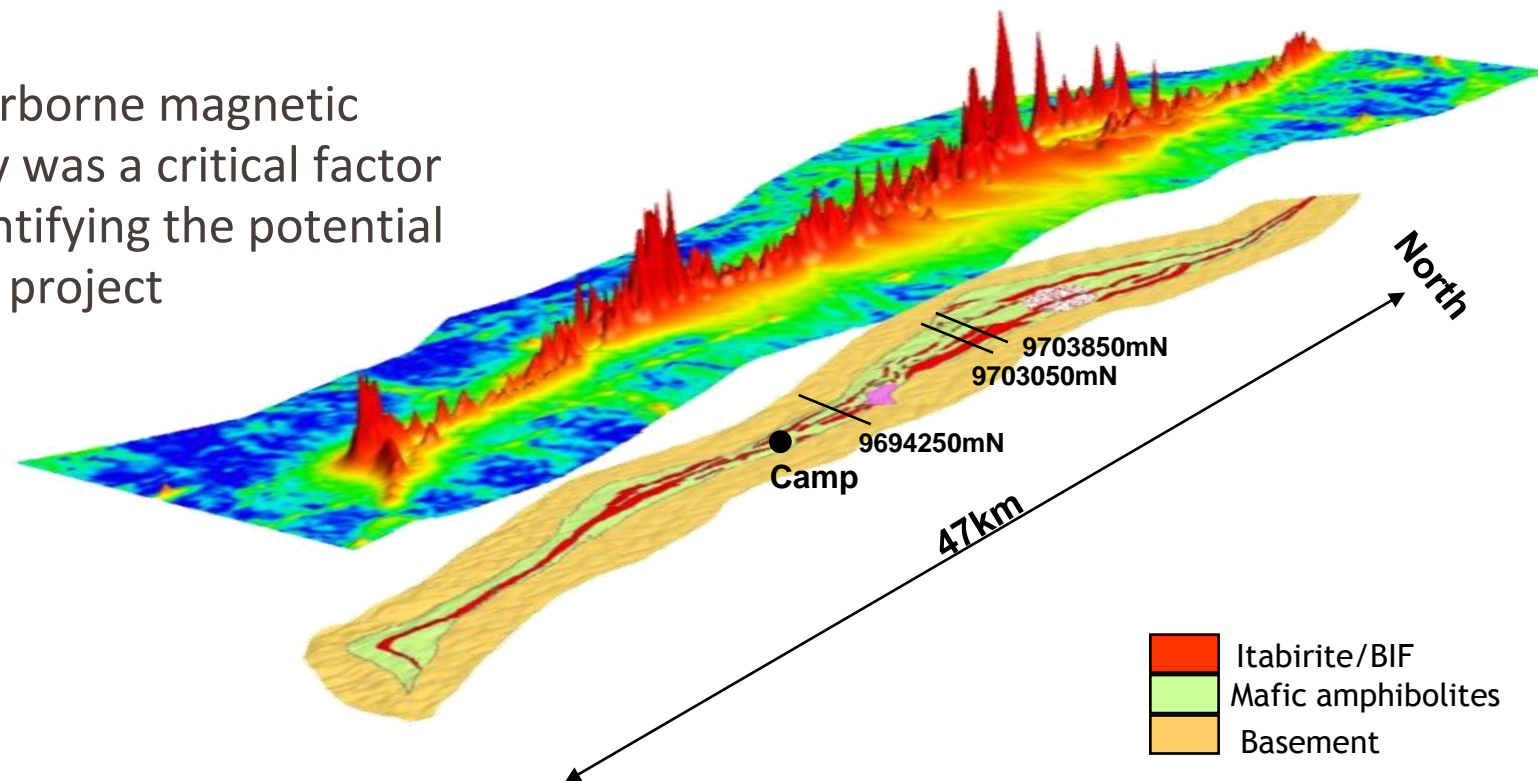


Analytical Signal Overlying Interpreted Geology

(after Prodemas / MPD December 2008)

Continuity of Protore over 47km strike length is confirmed by magnetic response

The airborne magnetic survey was a critical factor in identifying the potential of the project



Geological and geophysical data supported by mapping, prospecting, trenching, pitting, drilling and resistivity have identified :

- A ~47 km long N-S trending remnant Archæan/Lower Proterozoic greenstone belt
- Greenstones comprise folded sequence of itabirites and amphibolites
- Itabirites present as N-S trending parallel to sub-parallel limbs.
- Limbs vary in width from <100 m to >500 m

Trenching and Drilling

One of the Trenches


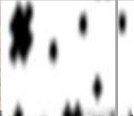
















Core Drilling



Shallow rippable enriched hæmatitic itabirite resource

Mineralised Profile

Photo	Graphic Log	Regolith Classification	Lithology Classification	Lith Code	Lithology Definition	*Average Drilled Thickness	Rep. Fe Grade	Deleterious Elements
		Soil	Soil	SOL	Clayey soil, few if any clasts. This portion can be purely alluvial in nature	1 m	NA	Elevated Al
		Cemented bedrock	Canga	CAN	Hematite clasts cemented by goethite	0 – 4m	~60%	Elevated Al
		Colluvium	Colluvium	COL	Unconsolidated clasts with a clay matrix	5.6 m	~50%	Strongly elevated Al (in excess of 5%)
		Weathered bedrock	Itabirite	ITG	Amorphous to weakly layered unconsolidated hematite/goethite/quartz	9 m	~45%	Elevated Si, elevated Al
				ITF	Itabirite, highly weathered, friable	24.3 m	~42%	Elevated Si
				ITC	Itabirite, moderately weathered, consolidated	22.8 m	~35%	Elevated Si
				ITT	Itabirite, weakly weathered	14.6 m	~35%	Elevated Si
		Unweathered bedrock (Protore)	Unaltered Itabirite	IT	Magnetite unweathered itabirite	10 – 120m	~30%	Elevated Si



Target hematite mineralisation from soft friable enriched itabirite

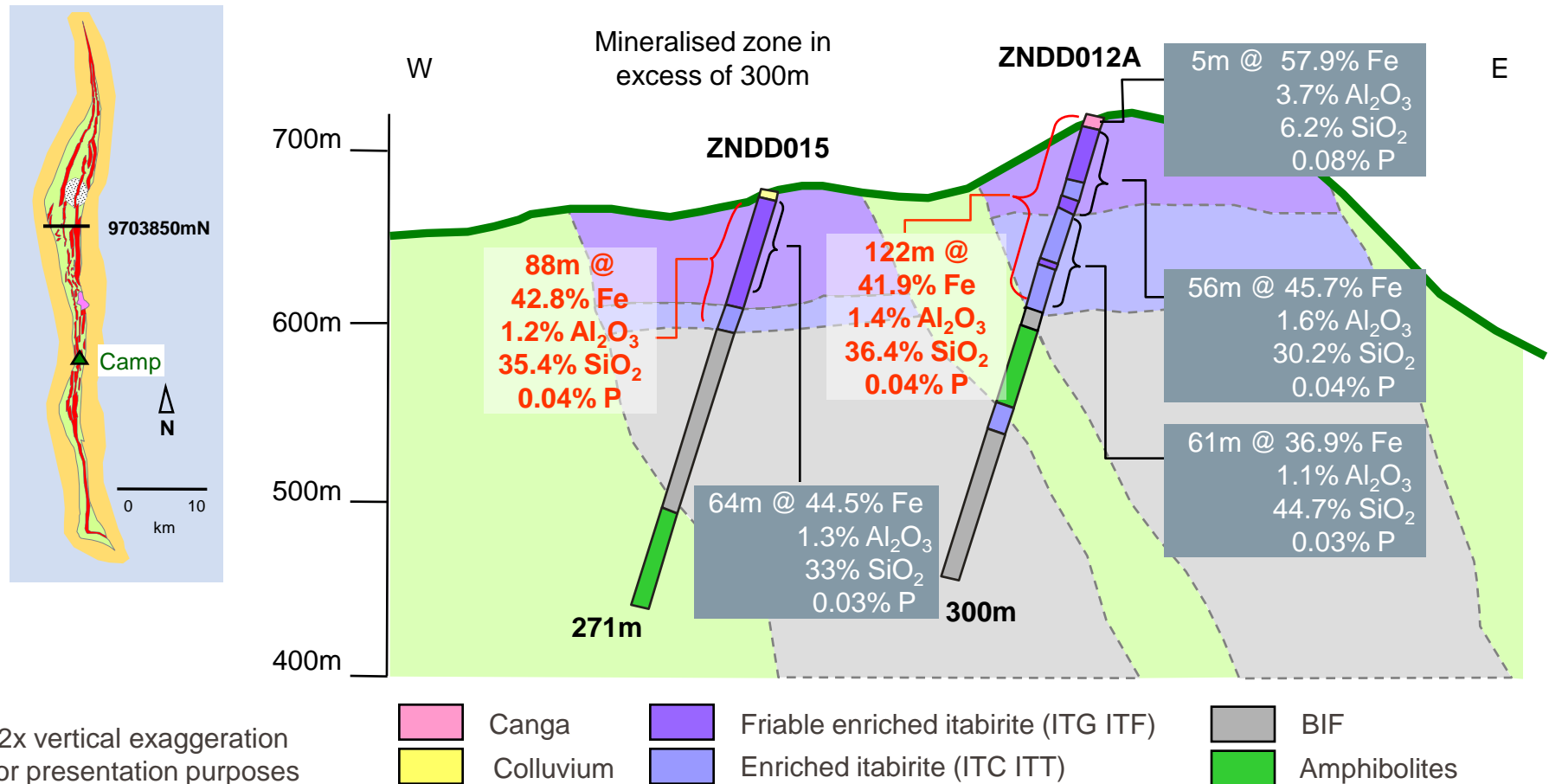


Magnetite itabirite

*Based on logged thickness of < 100 holes

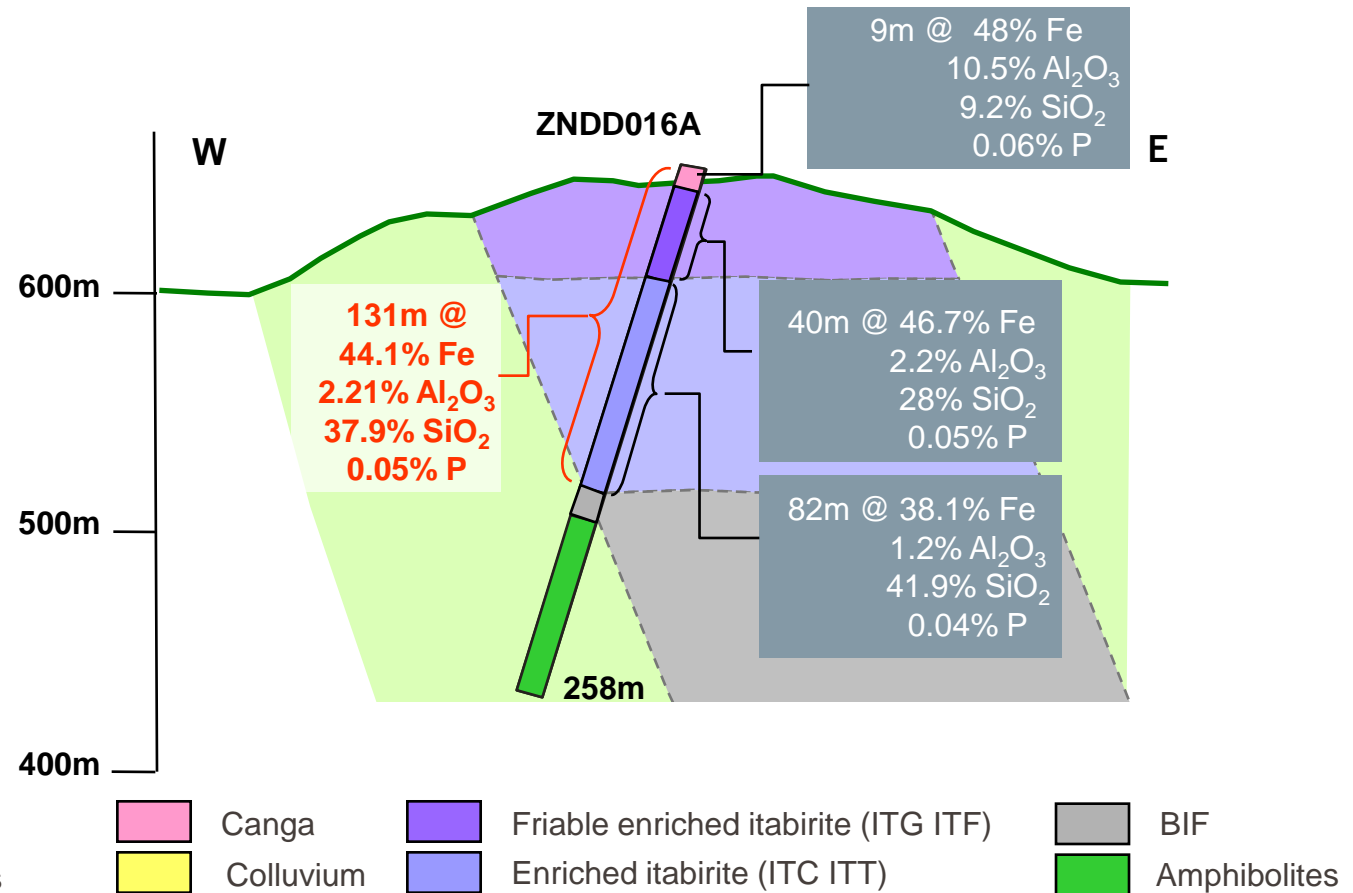
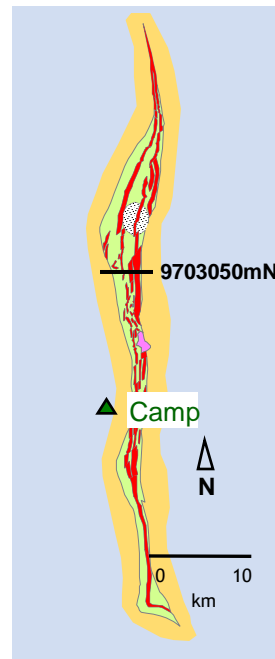
Cross Section - 9703850

Examples of early drilling results indicated significant intersections of soft friable hematite dominated itabirite with little or no overburden



Cross Section - 9703050

Cross section 800m south of previous cross section



Drilling

- Initial drilling targeted the airborne magnetic interpretation
 - difficult in tropical locations
- In an area of <5% outcrop and dense tropical vegetation only 50% of drill holes intersected mineralisation
- Mineralised zones comprised a number of parallel zones so it was critical to be able to define the boundaries of the limbs to prioritise targets and define drill hole collars to maximise drilling hit rate



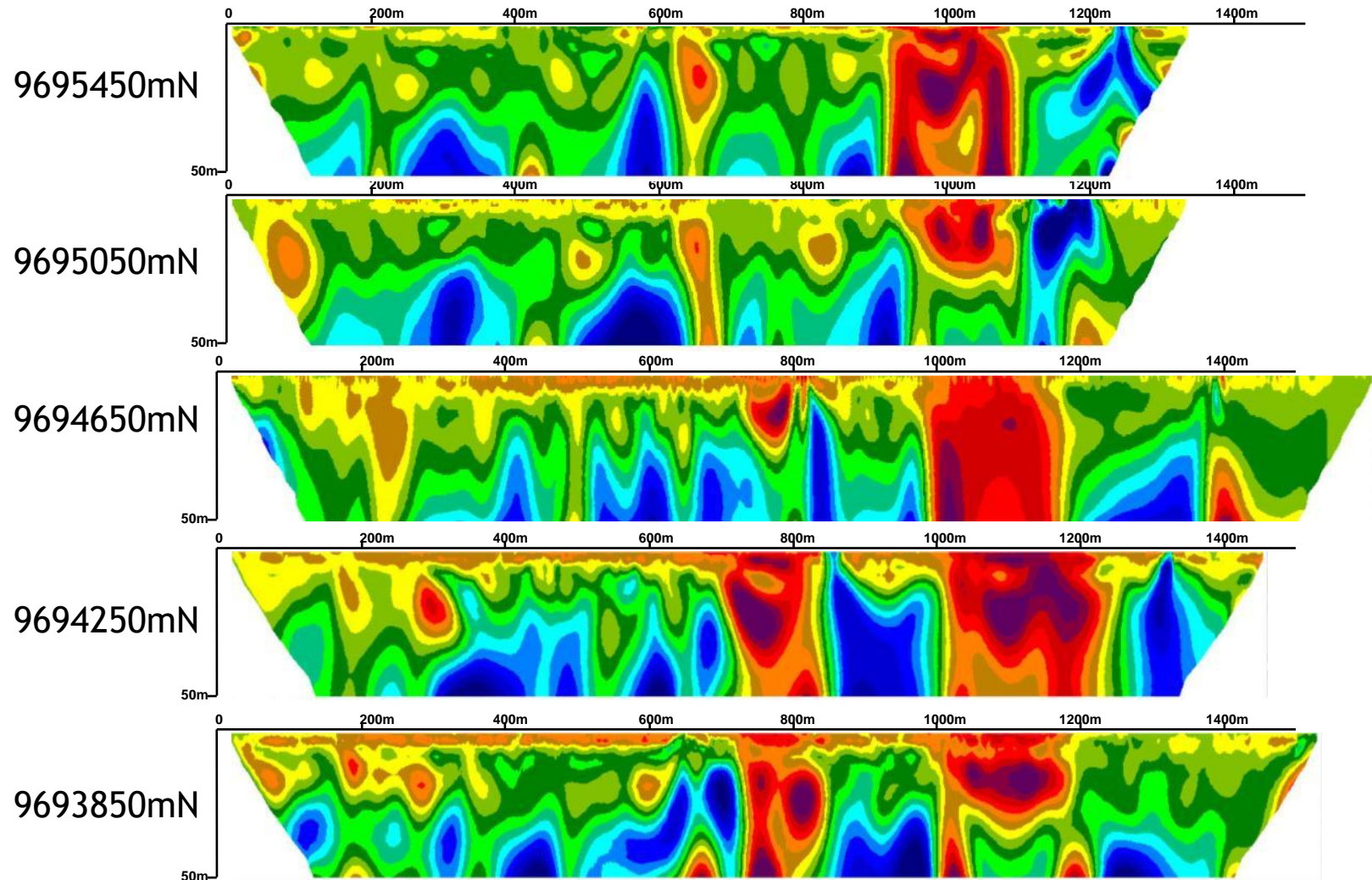
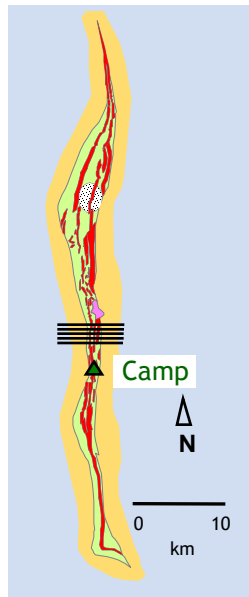
Resistivity Surveying

- Historical reports indicated resistivity could be useful exploration tool
- Initial modelling in early 2009 was followed by trial ground resistivity surveys over mineralised zones identified from the first drilling programme
- A Wenner array was used with 5m electrodes which gave penetration to approximately 50m

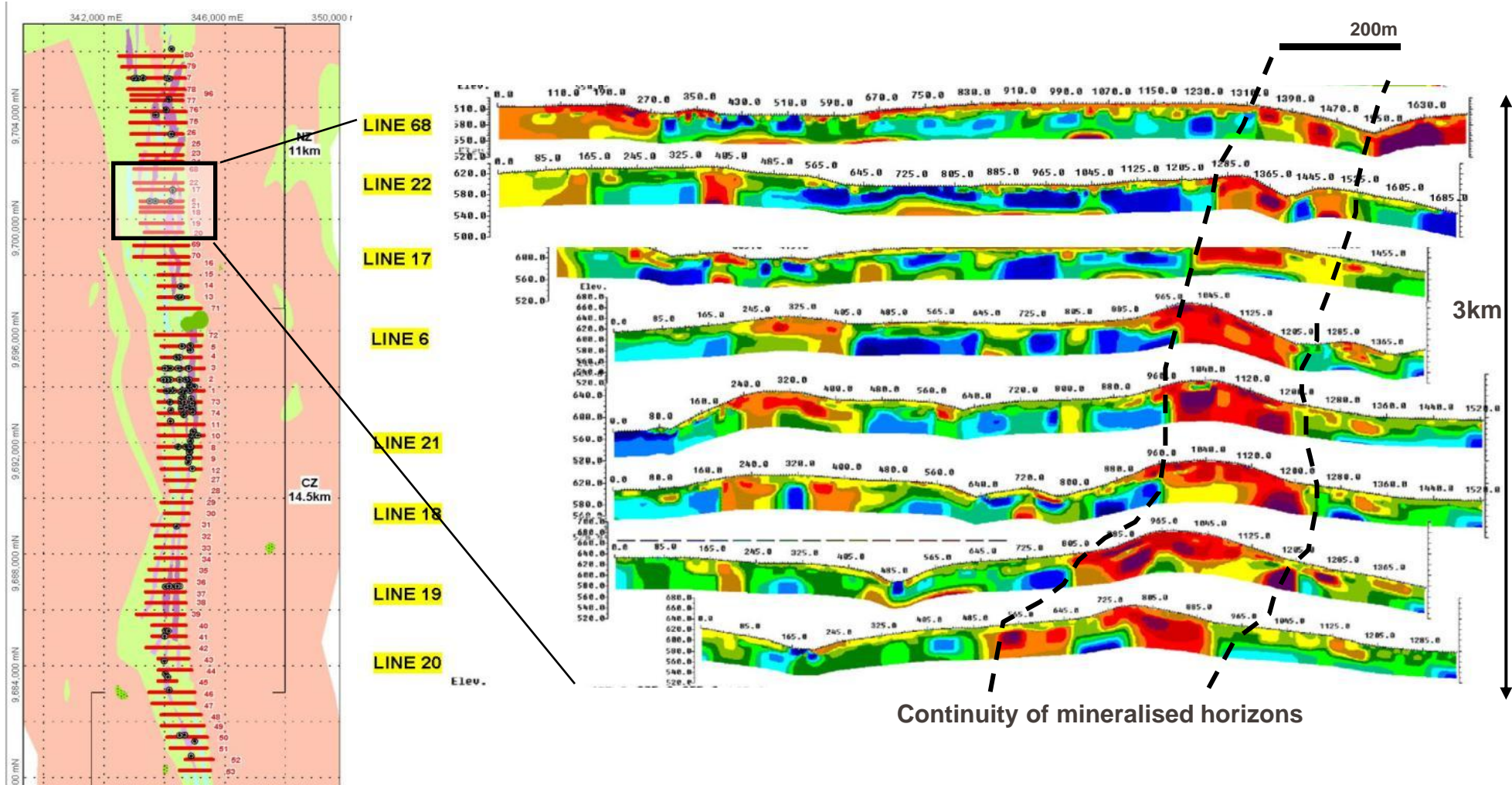


Stacked Inverse Model Resistivity Sections

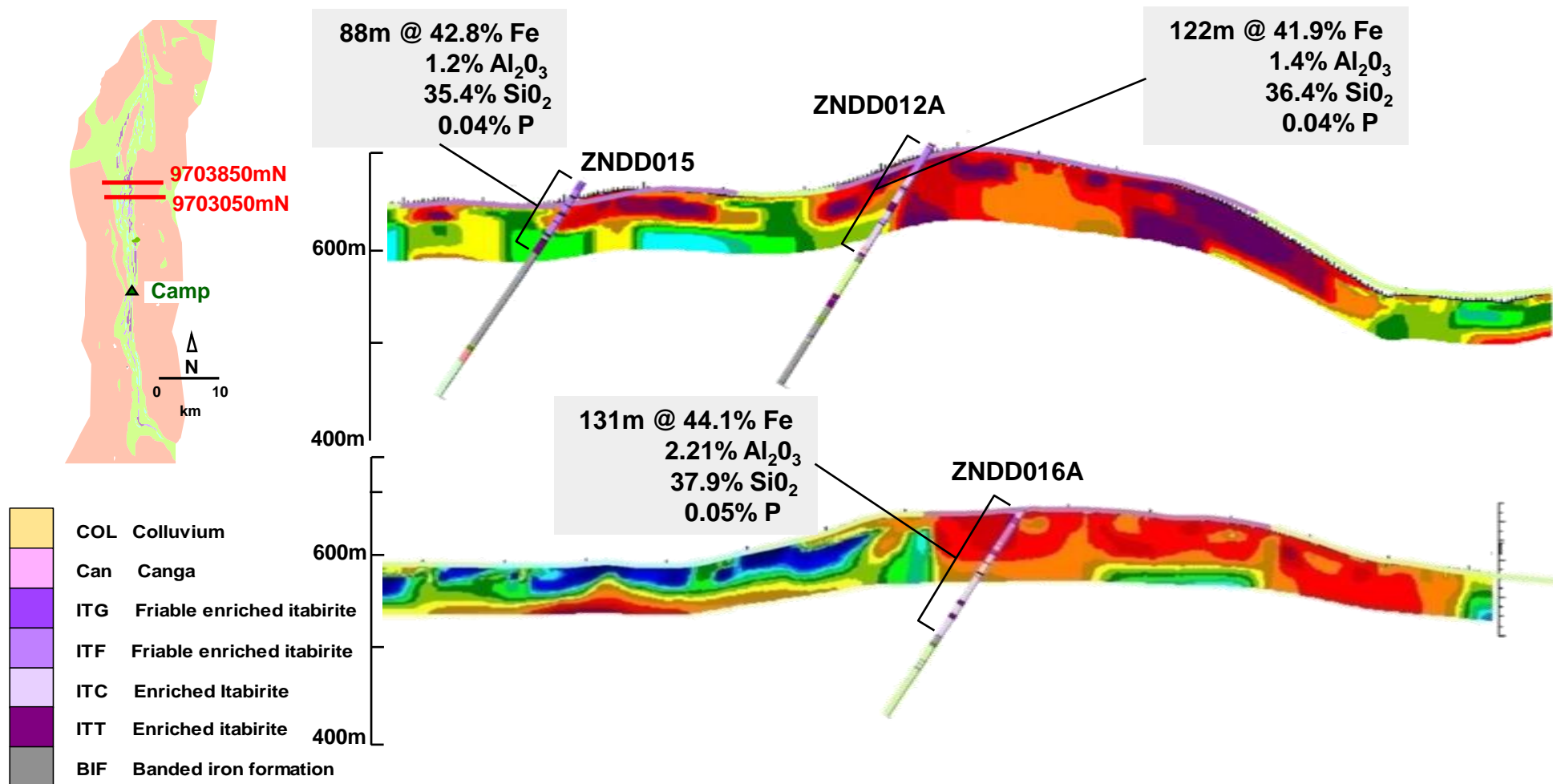
Sections are 400m apart



Topographically Corrected Stacked Resistivity Sections



Correlation between Drilling and Resistivity Anomalies



Resource History

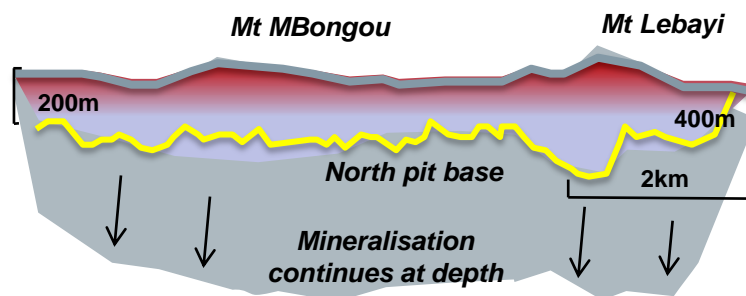
- Initial drilling commenced in late 2008 and continued to mid 2009
 - 147 holes (30% DD) totalling 12,851m
 - Between 760Mt at 39% Fe and 1,100Mt at 40% Fe of hematite dominated, soft friable enriched itabirite (over 35km of strike to a depth of 60m)¹
- In Phase 1 of the PFS – 468 holes totalling 42,706m
 - Total JORC compliant resource 3.3Bt at 33% Fe¹
- In Phase 2 of the PFS – 191 holes totalling 24,726m
 - Total JORC compliant resource 4.0Bt at 33.9% Fe¹
- Since 24 November drilling – 7 drill rigs working on a 24/6 basis
 - To date a further 155 holes totalling 31,463m

¹ All resource estimates modelled independently reviewed by SRK

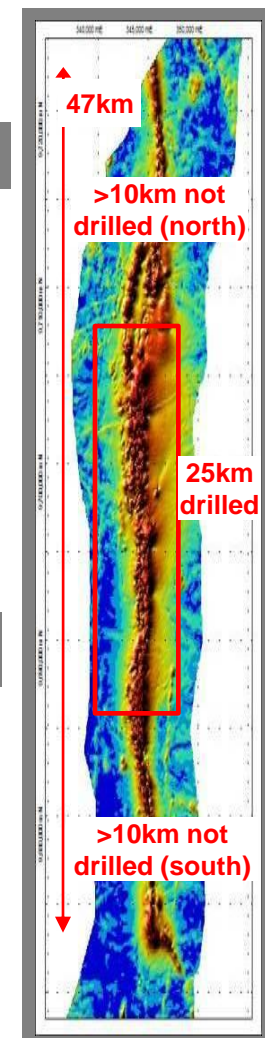
Zanaga JORC resource upgrade

- Expansion of resource to 4.0bnt
- Grade improvement to 33.9% Fe
- Only 25km of the 47km magnetic orebody drilled so far
- Resource open at depth

Longitude section of North pit



Source: Company



Resource Table

	Tonnes	Fe		P	Al2O3	Mn	LOI
Classification	(Mt)	(%)	SiO2 (%)	(%)	(%)	(%)	(%)
Measured	-	-	-	-	-	-	-
Indicated	1,720	36.3	41.4	0.046	2.70	0.10	1.20
Inferred	2,300	32.0	45.3	0.047	3.80	0.11	1.50
Total	4,020	33.9	43.6	0.047	3.30	0.11	1.40

Reported at a 0% Fe cut-off grade within an optimised Whittle shell representing a metal price of 120 US\$/dmu.

Sample Analysis

To ensure a high level of in-house QA/QC all samples are prepared on site. This also makes freighting of samples to the laboratory a lot more cost effective.

RC samples ~20kg/2m split in field to 2x2kg

A. → jaw crusher to 2mm, split to 200gm representative sample → LM5 → 150 microns

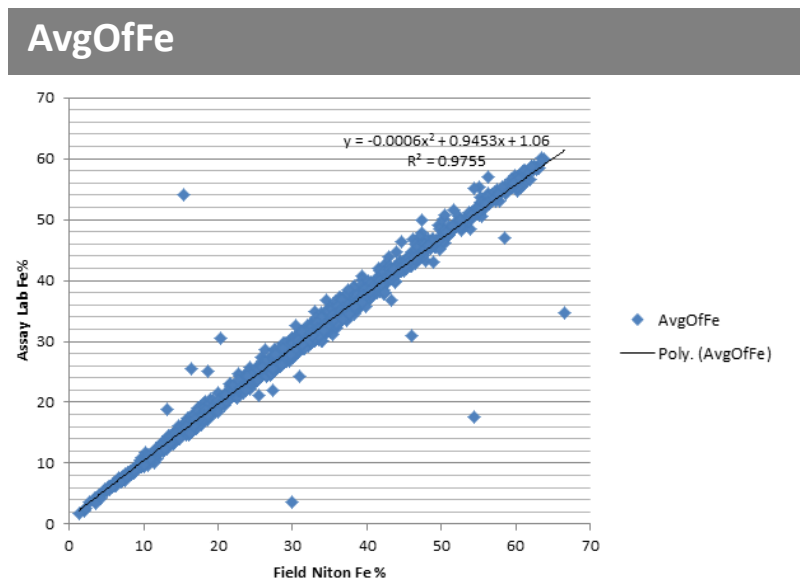
- 150 gm to lab for assay
- 50 gm for on site Niton analyses

B. Retained as reference sample

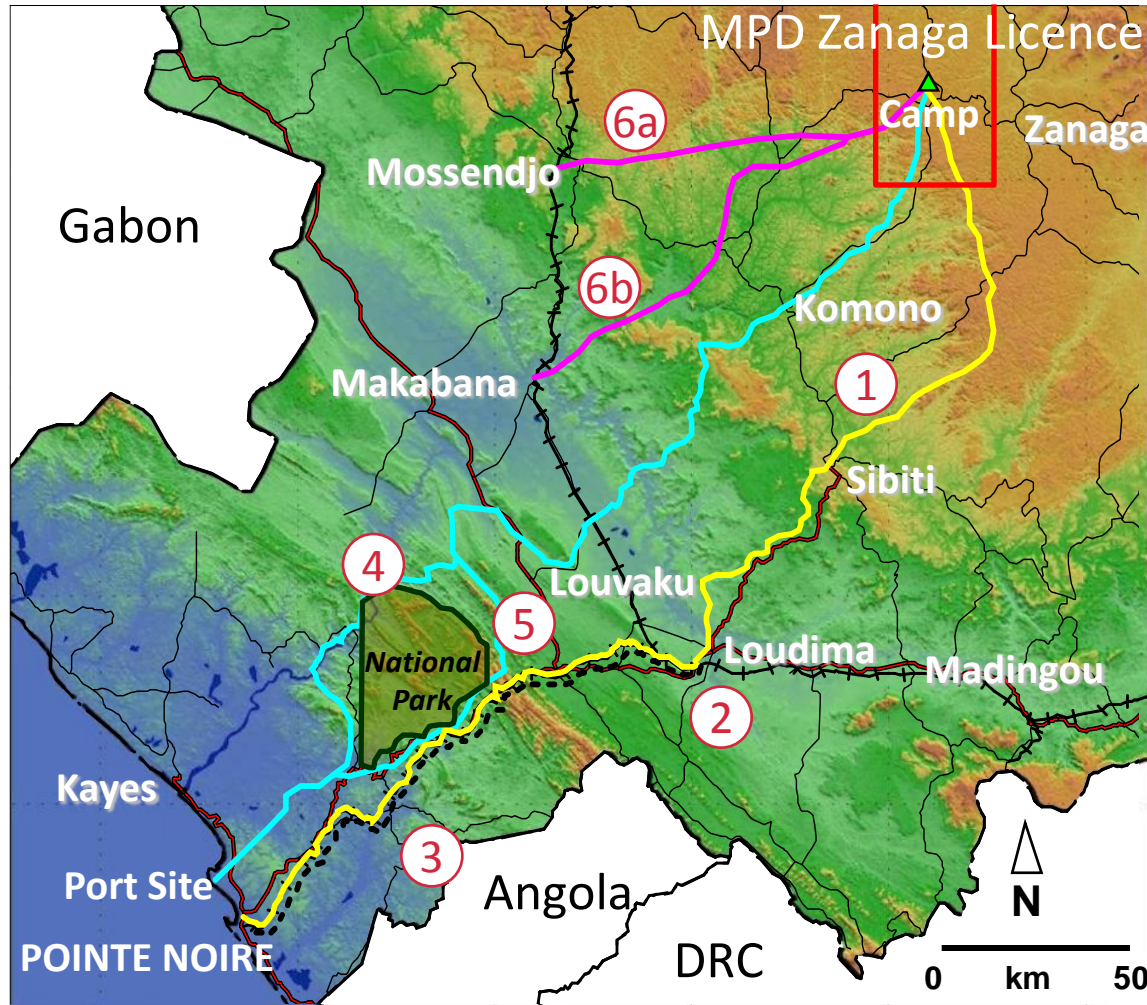


On site Fe analyses are carried out using a Niton XRF instrument

- 0.9755 correlation coefficient between Niton and the Fe lab analyses
 - “instant” feedback for resource estimates and drill hole planning
- Niton XRF models exist that analyse for SiO₂, Al₂O₃ and P (light elements)

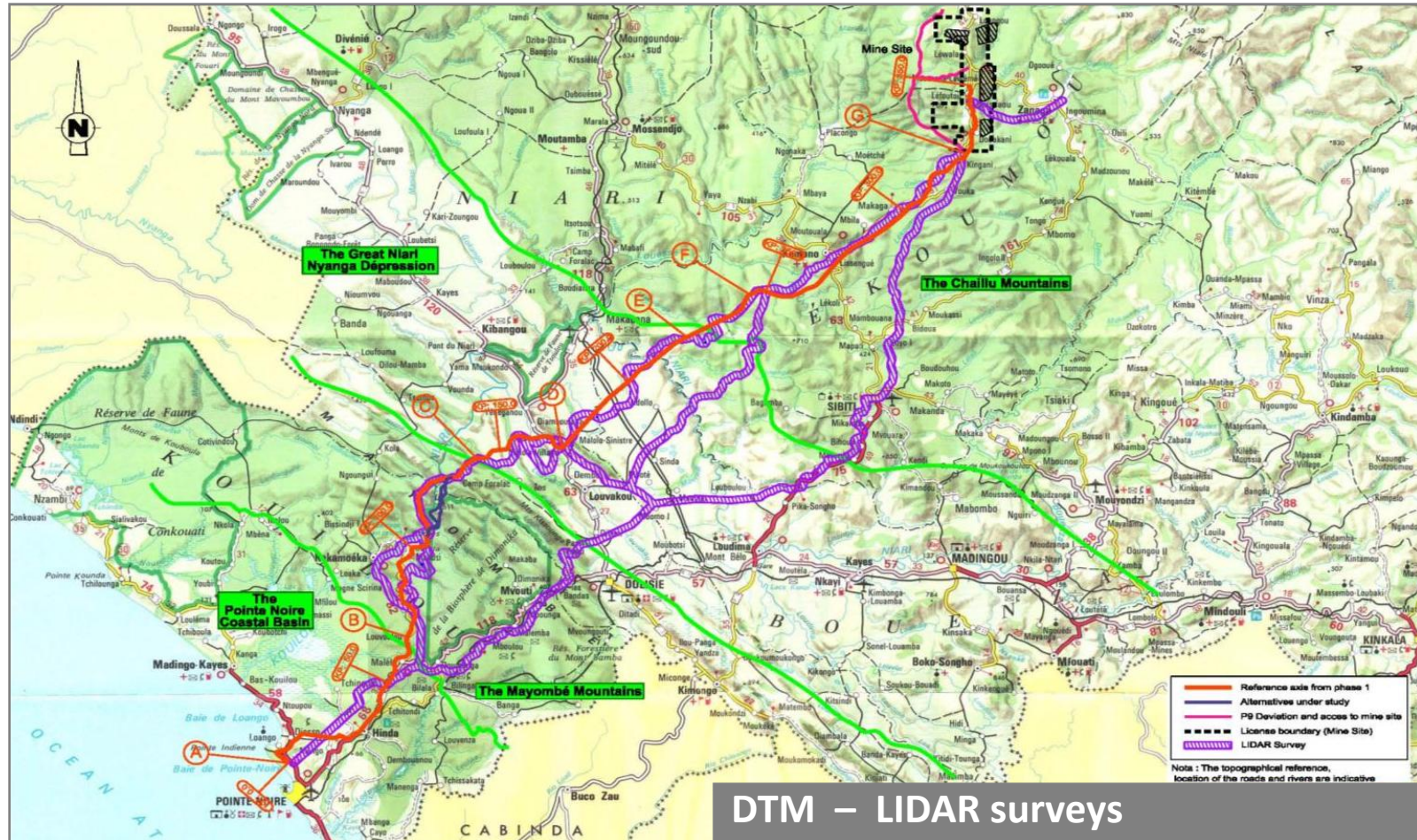


As with most large bulk mining projects infrastructure is a critical issue



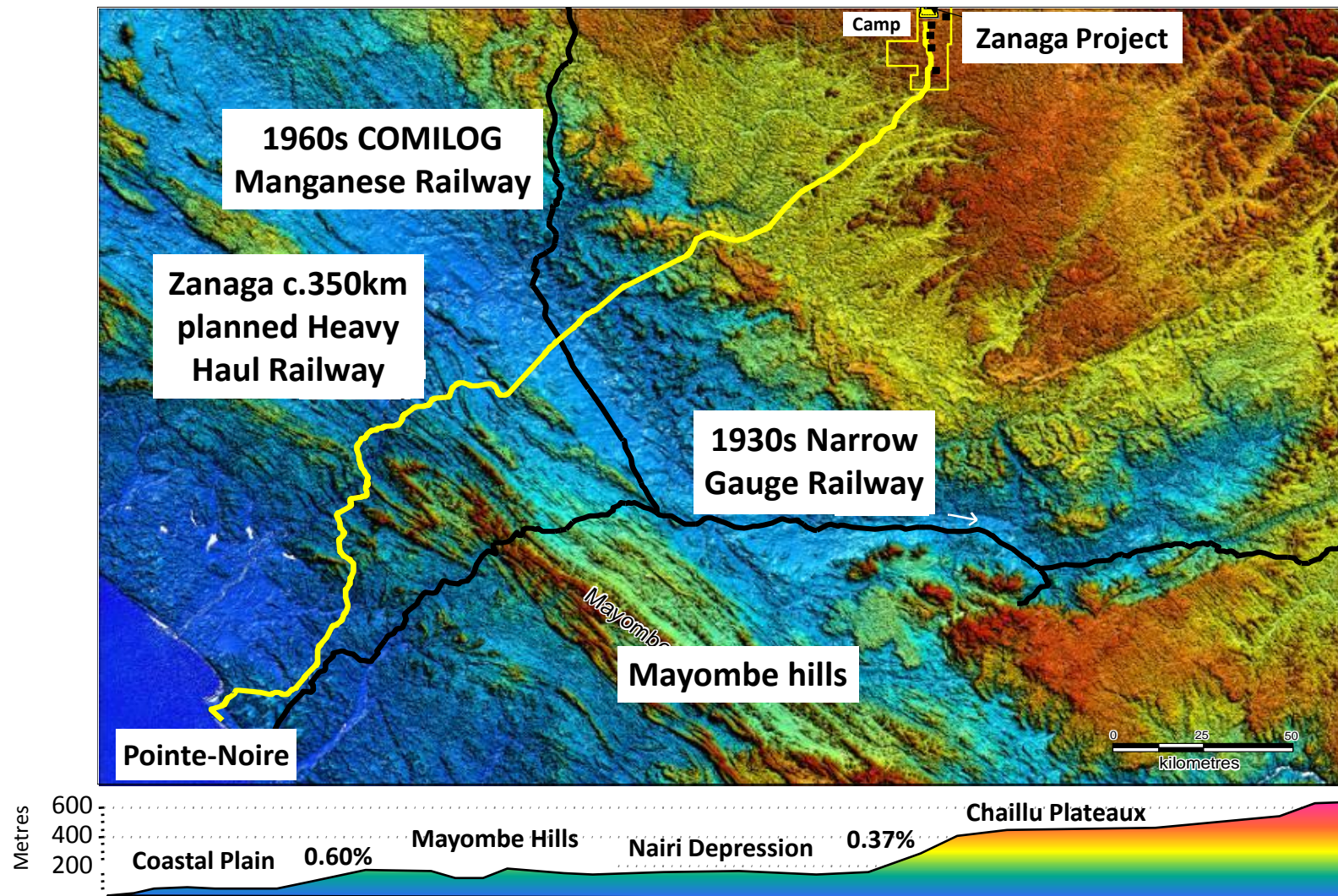
- c.300km from Mine to proposed port site
- Numerous rail options studied including rehabilitation of existing railways
- Closest existing rail head to the mine site is approx 90km to the west

Rail alignments selected for LIDAR coverage

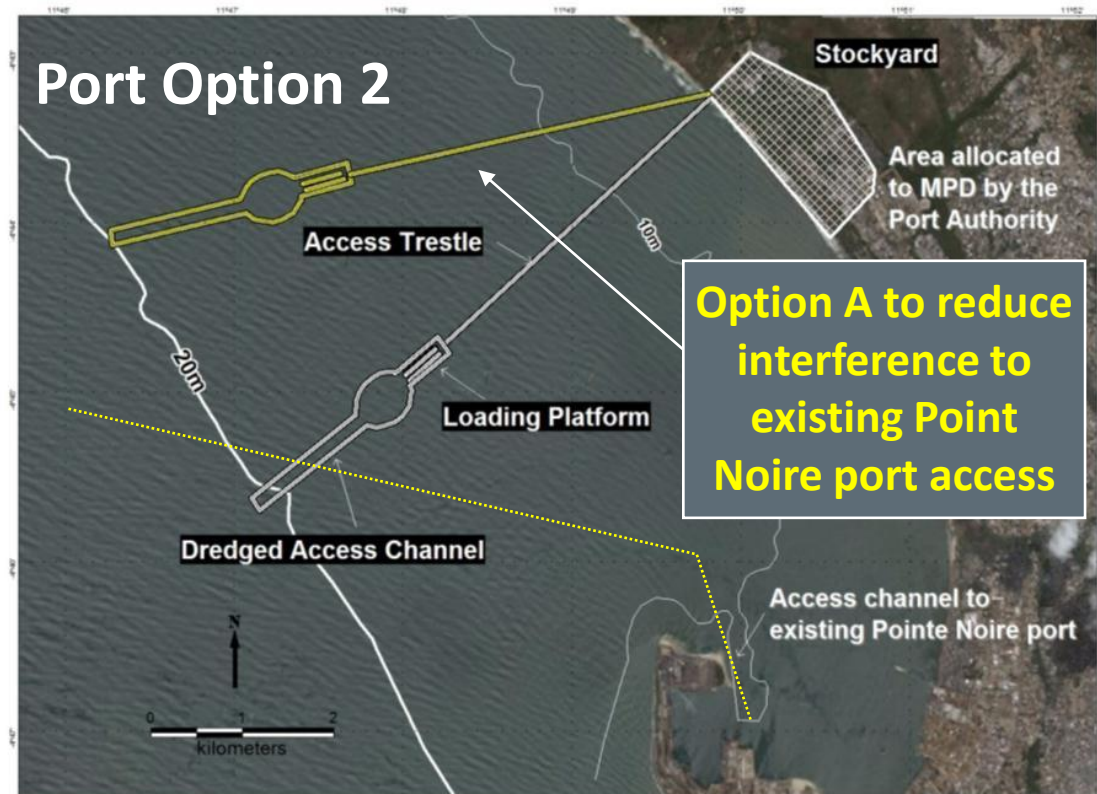


DTM – LIDAR surveys

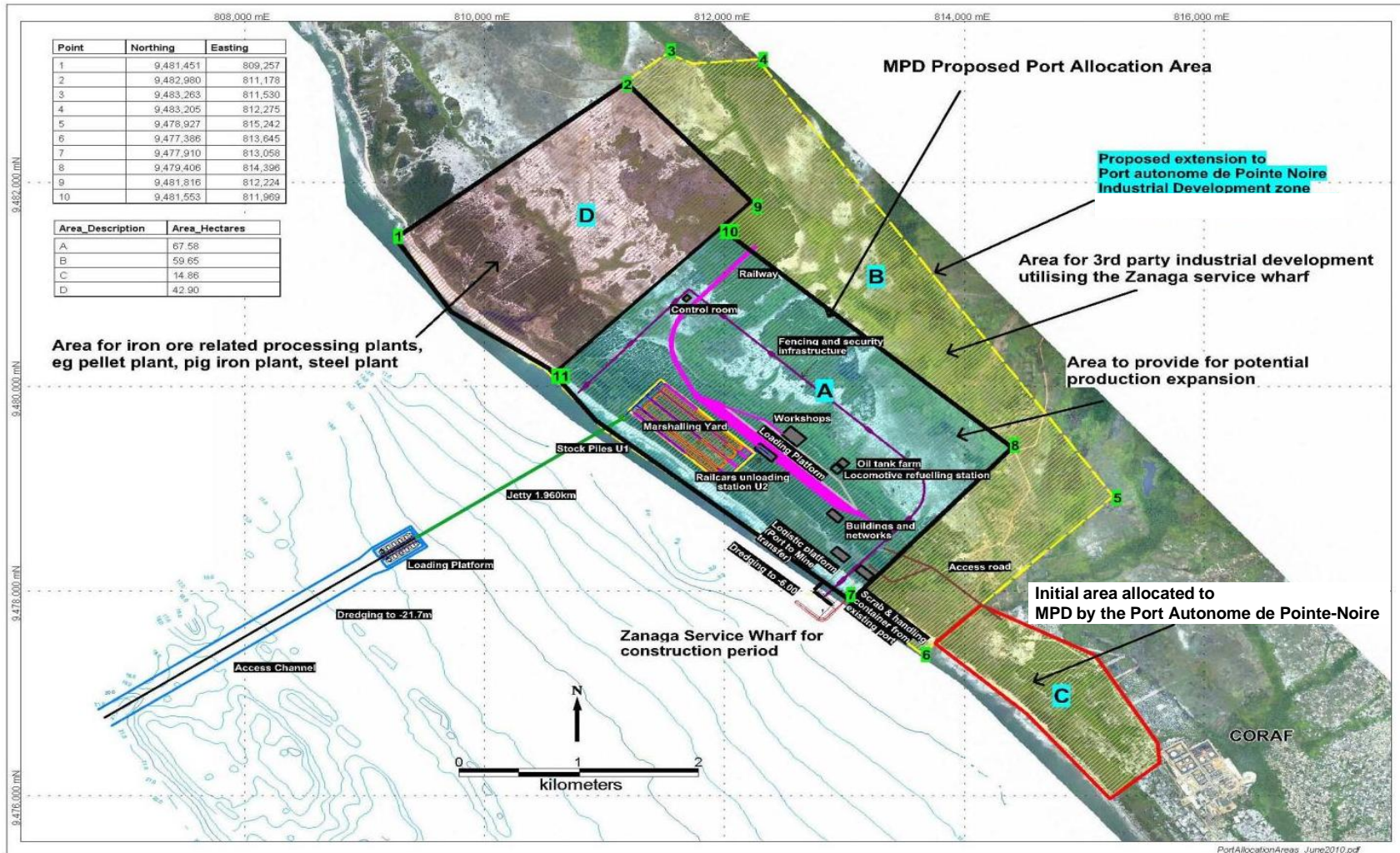
Zanaga Project Railway Alignment/Profile



Port Options – 4 options studied and option 2 prioritised



Port detailed studies indicated preferred location to the north of initially selected site



A preliminary port site model



Source: Egis

Experienced international consultants used to ensure high quality studies starting at conceptual evaluation level

- Royal Botanic Gardens, Kew (Flora)
- SRK International (Engineering)
- Prime Resources (Environment/Social Liaison)
- Landa (Energy)
- Fugro (Airborne Geophysics)
- R&H (part of the DAR Group (dar al-handash))
- Synergy (Social/Community)
- Prodemas (Metallurgical Testing and General)
- Cofinter (Non-Tangible Benefits)
- PSI (Pipeline Specialists)

Nursery at Lefoutou camp for rehabilitation



Community school rebuilding project



Community liaison officer in discussions with village ladies representatives



Critical path issue - maintain logistics independence

- Ability to keep +150 person camp fully operational with an overall workforce of +1500
- Road access to camp and drill pads
- Ability to maintain fuel supplies
- Comprehensive on site medical facilities for staff and local workforce/communities
- Maintain good and sustainable relations with local communities
- Find reliable in-country/international suppliers
- Manage expectations
- Engage a workforce ensuring full compliance with Congolese labour laws

Difficult road access conditions in the past



Significantly improved road access



Zanaga Camp

The Lefoutou airstrip 2008



The Lefoutou airstrip 2010



Lefoutou camp 2008



The Lefoutou camp 2010



Non-tangible value

- Cofinter appointed to carrying out non-tangible value studies
- Evaluated the indirect social and community benefits accruing as a result of the development of the project and its related infrastructure
- Estimated that Project could increase GDP of the Congo Brazzaville by up to 20%

To measure externalities the following indicators are used:

- Contribution to GDP, fiscal income.
- Employment created.
- Rate of poverty alleviation.
- Road accidents avoided.
- Effects on population movement, education, health.
- Commercial balance, image of Congo, financing, etc.

ZIOC's strategic partnership with Xstrata



- Oct 2009 – Xstrata pays US\$50m for option to acquire a 50%+1 share interest in the Project ➡ option fee used to fund Phase 1 of PFS
- Sept 2010 – Xstrata extends option for up to \$56m which funds PFS Phase 2
- Feb 2011 – Xstrata exercises call option to acquire 50%+1 share in the Project and commits to fund and deliver a Feasibility Study to internal standards and international best practice ➡ Xstrata now manage the project
- FS completion – Xstrata has option to acquire remaining share of the Project from ZIOC

Xstrata's option to acquire remaining 50% less 1 share in the Project from ZIOC

- At end of the FS Xstrata has a one off right to acquire the remaining 50% less 1 share of the Project from ZIOC
- If Xstrata's offer is rejected by ZIOC, price determined by independent valuer and based on 100% NPV :
 - ✓ 10% real discount rate
 - ✓ CRU/AME forecast prices unless index price available
 - ✓ FS technical assumptions
- If Xstrata does not acquire ZIOC stake
 - ✓ Pre-emptive rights lapse
 - ✓ ZIOC has marketing nomination 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 100% NPV

The development of major iron ore projects is driven by long term demand for seaborne iron ore

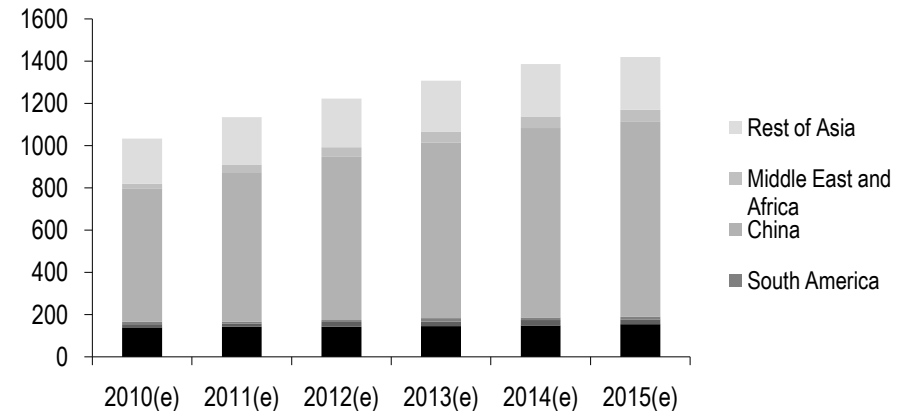
Ongoing urbanisation in China continues to drive demand

- the largest consumer of sinter/DRI fines (977.6mt in 2009)¹
- Increased its consumption of pellets by 13% in 2009, and expected to increase by 57mt from 2010 to 2015¹
- imported approximately 66% of all iron ore traded globally¹
- expected to import 629mt– 6x any other single country, 61% of global seaborne trade (2010)¹
- is expected to rely increasingly on imported ore as turn away from low grade, costly home-grown ore

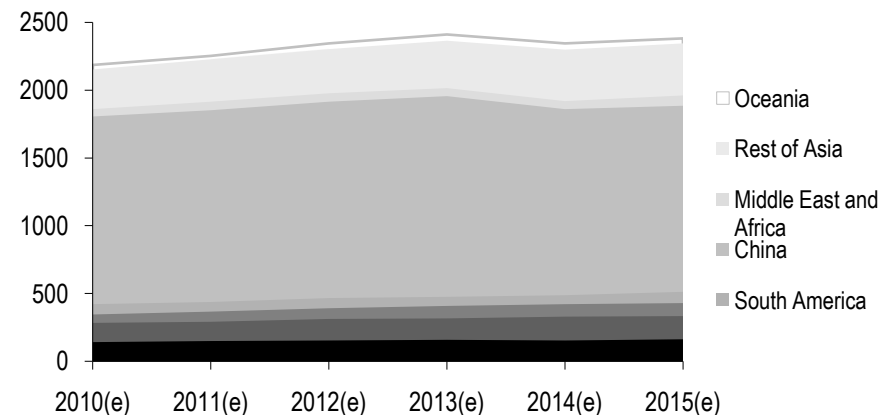
Vale, BHP Billiton & Rio Tinto control ~60% of seaborne traded iron ore¹

¹ Source: CRU, 2009

Global Imports (mt) 2010 - 2015

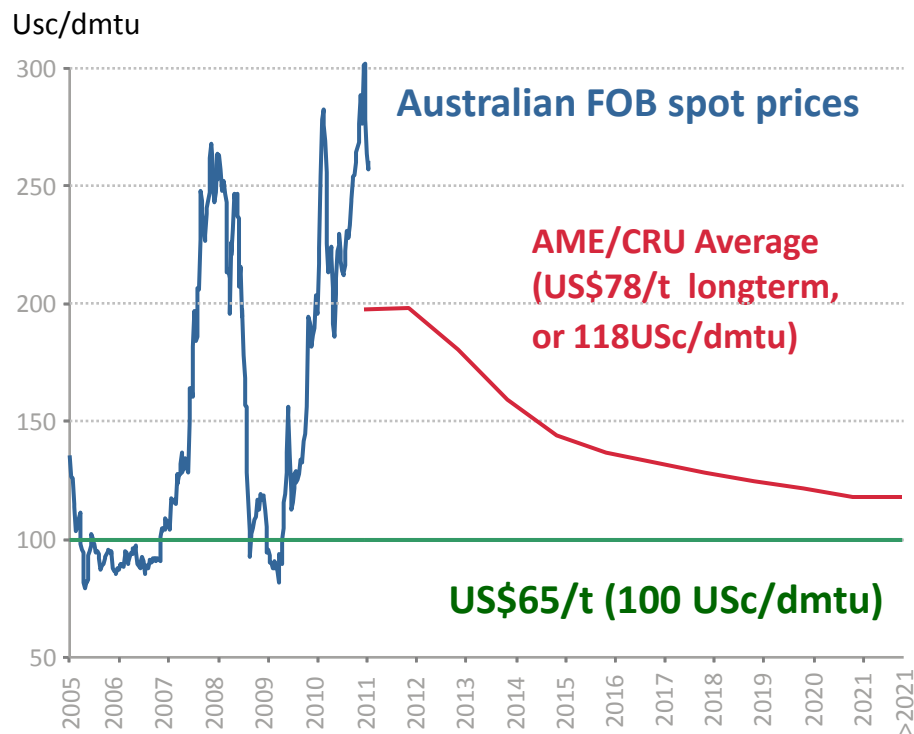


Global Consumption (mt) 2010 - 2015



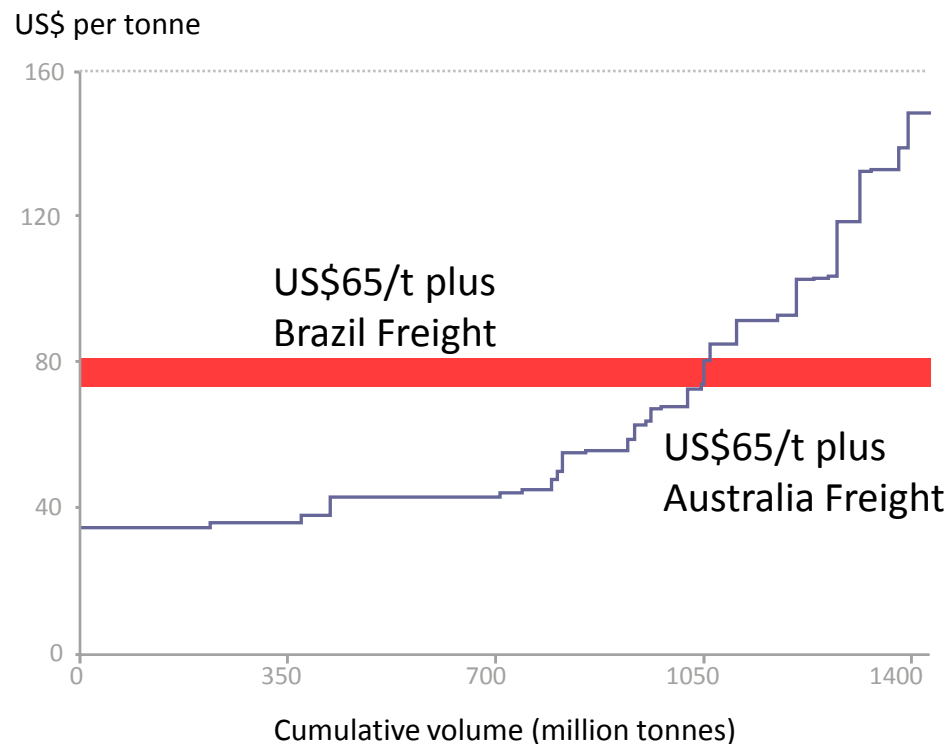
Long-term fundamentals for iron ore prices look positive

AME/CRU average real long-term prices (FOB) v current consensus



Source: Bloomberg and the Company
Note : AME/CRU average = straight FOB average of AME Southern System Fines and CRU Itabira Fines

Current global cost curve for iron ore fines for delivery into China



Source: BHP Billiton presentation 25 March 2011

ZIOC corporate overview



Listing: **London Stock Exchange AIM market**

Ticker: **ZIOC LN**

Market Cap: **GBP 423m / USD 670m as at 4 April 2011**

Cash Balance: **US\$ 48m**

Top 10 Shareholders

	Fund Manager	% O/S	Shares (m)
1	Founding shareholders	72.5%	204.4
2	BlackRock	8.3%	23.3
3	F&C Asset Management	5.5%	15.5
4	TT International	3.3%	9.3
5	Company Related Hldgs	2.0%	5.57
6	Credit Suisse	1.6%	4.56
7	Henderson	1.4%	3.98
8	Investec	0.9%	2.47
9	Goldman Sachs	0.8%	2.12
10	Goldman Sachs (Custodian)	0.6%	1.81
	Other	3.2%	8.89
	Total	100.0%	281.9

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