

Iron Ore Sector Update

Differentiating amongst the African juniors and identifying the next serious contenders

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The seaborne iron ore market continues to be dominated by the heavy weights of the iron ore sector with major Australian and Brazilian iron ore producers exploiting their respective iron ore deposits. Rising demand for steel driven primarily by the demand from China, has led to an increase in demand for iron ore, and the resultant increase in iron ore prices has led to it being one of the best performing sectors of recent years, surprising on the up side since 2003.

Despite concerns of Chinese growth slowing, coupled with stagnation in Europe, the supply side continues to struggle to meet demand supporting a favourable iron ore price and demand environment in the medium term and into the future.

Africa – another Pilbara on the horizon?

Africa is emerging, at least in the minds of the equity markets, as a credible alternative to Brazil and the Pilbara as a source of iron ore. Will Africa become the next frontier for an emerging group of iron ore producers and a focus of regional consolidation such as Western Australia's Pilbara or Canada's Labrador? Summarised below are key factors and current developments driving the African iron ore story:

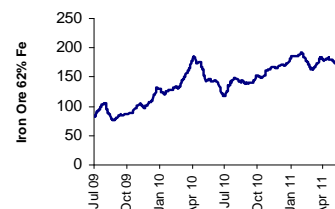
- **The continent of Africa hosts huge iron ore deposits.** We have analysed 16 companies with combined resources in excess of 30Bt.
- **A significant amount of capital expenditure is required for African projects.** The companies we have analysed require ~ \$45b worth of capital expenditure.
- **The requirement for infrastructure varies amongst different African iron projects.** Large developments of railways, roads, ports and power plants are underway with a new supply of African iron ore arriving in the market in Q4'11.
- Low grade African deposits that **once were uneconomic** to warrant project development **are now returning substantial NPV's** attributable to large forecasted operating margins as a result of higher iron ore prices.
- Steel mills especially in China, South Korea and Japan are **searching for a new source of iron ore to diversify** their reliance on the three major producers of BHP Billiton (BHPB) and RIO Tinto (RIO) in Australia, and Vale in Brazil. Africa represents a viable source of new iron ore supply.
- **Chinese investment in Africa is rapidly advancing to assist bringing new iron ore projects online.** African iron ore companies are forming strategic alliances with Chinese financiers and steel mills securing off-take in some instances.
- **Strategic investments by African iron ore companies have already begun.** We believe this is just the start of potential consolidation of regional projects that will become a very active space over the course of next few years
- **Africa is a continent not a country.** Each country within Africa has different levels of political and sovereign risk associated with the country. Risk premiums that need to be applied to projects/juniors within Africa vary considerably

In this report we have analysed 16 of the up and coming African iron ore companies which are at varying stages of the project development cycle. We have also examined the political and country risk associated with developing iron ore projects in each relevant country. Each company and its associated projects have been analysed in three categories; Infrastructure, Deposit and Country. We attempt to compare and contrast various projects and provide another level of detail to assist in differentiating amongst the African juniors and identifying the next serious contenders.

OCEAN EQUITIES

Iron Ore: AFRICA

7th July 2011



Investment ideas

Juniors offering upside: Ferrex, Ferrum

Crescent, Equatorial Resources

Infrastructure upside: Sundance

Resources, Afferro Mining

Companies Included

Afferro Mining	Page 29
African Iron	Page 30
African Minerals	Page 31
Avonlea Minerals	Page 32
Baobab Resources	Page 33
Bellzone Mining	Page 34
Cape Lambert Resources	Page 35
Core Mining	Page 36
Equatorial Resources	Page 37
Ferrex plc	Page 38
Ferrum Crescent	Page 39
Legend Mining	Page 40
London Mining	Page 41
Midwinter Resources	Page 42
Sundance Resources	Page 43
Zanaga Iron Ore Company	Page 44

Highlighted related research

Jun'09: Iron Ore Sector update

July'08: Iron Ore Sector update

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Disclosures & Disclaimer

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[Index](#)

P 3	Investment ideas - Identifying the next serious contenders
P 4	Africa a new generation of iron ore players
P 4	Difficulties in Africa – RIO Simandou
P 5	A new structurally higher iron ore price
P 8	Infrastructure
P 9	- The Cameroon Congo Corridor
P 10	- RoC Comilog Railway Re-Open for Business
P 11	- Sierra Leone - The Next Iron Ore Hub
P 12	- Port configuration – potential to constrain marketing and revenue
P 14	- Power
P 15	- Capital costs – African iron ore is an infrastructure play
P 18	Deposit
P 22	- Destination of product
P 23	- Off-take – assisting product stability
P 24	- Resources
P 27	Company Summaries
P 45	Country
P 45	- Cameroon
P 46	- Gabon
P 47	- Guinea
P 48	- Liberia
P 49	- Mozambique
P 50	- Namibia
P 51	- Republic of Congo
P 52	- Sierra Leone
P 53	- South Africa

Disclosure: All market prices included in this research report are as at Friday 17th June unless otherwise stated.

Identifying the next serious contenders

After analysing 16 African iron ore companies we have identified certain companies which satisfy various investment strategies.

Exposure to near term revenue

Having the ability for early stage cash generation in an iron ore project is extremely valuable to a developer. Not only does it reduce the risks associated with project execution, but it also provides shelter to external economic shocks by having an income producing asset. Phase 1 of African Minerals Tonkolili project in Sierra Leone is fast approaching first ore on ship in Q4 2011. London Mining's Marampa stage 1 project consisting of the processing of tailings from previous operations is forecasting first export of concentrate in Q4 2011. Bellzone Mining's Forécariah Joint Venture (JV) iron ore project in Guinea is targeting an initial DSO road haulage operation beginning Q1 2012.

African Minerals

London Mining

Bellzone Mining

Exposure to juniors offering significant valuation upside

Ferrex is currently seeking admission to AIM and offers excellent upside potential. The company is initially focussed on developing its Malelane iron ore project in South Africa. With the proximity of South Africa's Transnet rail network 6km from the Malelane project, Ferrex has an operational infrastructure solution readily available to support development of its project.

Ferrum Crescent has just announced an off-take agreement with Swiss based steel exporter Duferco SA for up to 6Mtpa of iron ore pellet production. On an EV/Attributable Fe unit multiple, Ferrum trades at a significant discount to its junior African iron ore peers at 0.7 in comparison to the junior average of 3.0.

Equatorial Resources has signed a conditional agreement with Le Chemin de Fer Congo Ocean (CFCO) enabling Equatorial to be responsible for the operation of the Congo-Océan railway connecting Equatorial's Mayoko-Moussondji iron project to the port of Pointe-Noire. Equatorial secured a strategic 19.9% interest in African Iron which holds an 80% interest in the Mayoko-Lekoumou iron project which lies adjacent to Equatorials 100% owned Mayoko-Moussondji project. With an exploration target of 2.9-3.9Bt, entry at this level offers upside prior to results of Equatorials current resource defining drilling program.

Ferrex

Ferrum Crescent

Equatorial Resources

Exposure to a high quality iron ore deposit

With resources of ~ 3Bt, and a reserve of 252Mt @ 64% Fe enough to support a 35Mtpa DSO operation, we rank Sundance's Mbalam project as having the best deposit and metallurgical qualities of its African iron ore peers.

Sundance Resources

Exposure to the company with greatest valuation upside from securing third party access agreements

Afferro Mining's Nkout project in Cameroon is located within 30-40km of Sundance's proposed railway line. Sundance is fully supportive of allowing access on commercial terms to other iron ore producers in the region. We believe Afferro Mining offers excellent upside as Sundance progresses to secure a strategic partner and advance development of their railway line to the coast of Cameroon. Of our African peers with the potential to produce greater than 10mtpa, Afferro trades at the lowest EV/Fe Attributable Units.

Afferro Mining

Africa – a new generation of iron ore players?

Higher iron ore prices have led to lower grade iron ore deposits that require beneficiation and large capital expenditures to now be economical

Iron ore deposits are abundant in Africa ranging from high grade hematite deposits that require minimal processing before being shipped, to low grade magnetite deposits that require extensive beneficiation to upgrade the material into a saleable iron ore product. Previously these iron ore deposits were overlooked because of: expansions of existing operations by the big 3 iron ore producers in Australia and Brazil; government/military volatility and sovereign risk; inability to secure equity market funding or project finance; and barriers to entry for third parties with extensive initial capital expenditure required to develop new integrated infrastructure, associated higher operating costs through additional processing costs from the need to beneficiate the iron ore and depreciation costs, iron ore pricing structures which did not pay for value in use, and a lack of a seaborne market for pellet related products. With low iron ore prices up until the early 2000's these projects would not have supported mine development.

16 African iron ore juniors plan to produce 300Mtpa by 2018 and invest US\$45b in capex

In this report we analyse 16 iron ore juniors (market cap range of US\$4m–US\$2,750m); which cumulatively plan to produce 300 Mtpa by 2018 for ~ US\$45b in capex. Will Africa become the next frontier for an emerging peer group of iron ore junior and mid-tier producers such as Western Australia's Pilbara (eg Fortescue, Atlas Iron, BC) or Canada's Labrador (eg Consolidated Thompson, Cliffs, and ArcelorMittal)? The purpose of this report is to help investors contrast the key aspects and risks of the African iron ore sector including the ability to secure project funding.

Case study producers problems in Africa – RIO Simandou

Projects in specific countries in Africa can present increased sovereign risk

The potential for Africa to become a new major production region of iron ore is not new. Indeed, Rio Tinto's Simandou project is generally regarded as one of the world's best undeveloped iron ore projects with RIO having been exploring in Guinea since 1996. Simandou was originally intended to be in production by 2013; however there still remains considerable uncertainty regarding its future with the government pushing RIO for initial production to undertaken in 2015. In 2010, Rio Tinto was stripped of the northern blocks 1 and 2 of the project (Vale paid US\$2.5b for a 51% stake in BSG Resources Guinea which secured blocks 1 and 2). The company recently had to make a US\$700m payment under a 'mining settlement' to the Guinea government. The project still requires +US\$10b in capex and the construction of a 650km trans-Guinean railway (including 21km of tunnels) and 11km-long jetty with no detailed feasibility studies yet completed for the port or railway. Originally under the previous government, RIO had considered a quicker export route through Liberia but this is no longer an option so the company is considering a low-volume trucking project in order for it to comply with its agreement to make "every reasonable effort" to achieve first production by the end of 2014, about the time of the next election.

RIO was stripped of the northern blocks of its Simandou project in Guinea

The case study of Simandou highlights just some of the many challenges in developing billions of dollars of infrastructure in Africa to commercialise these projects. Rio Tinto is the world's second largest producer of iron ore but project development of Simandou has been impacted by the ability to fund the project, sovereign risk, agreeing fiscal terms (the newly elected Alpha Conde government has a now secured 35% interest – 15% at no cost) with a preference to expand existing operations in Western Australia and Canada despite the potential scale and quality of Simandou.

The political risk and business environment varies amongst African countries

The African region has historically had a high degree of political risk, corruption and differentiation between countries and regimes need to be made. For example, Liberia and Sierra Leone are only recently recovering from civil wars and Guinea has had conflict since 2008 with the impact of a change in government obvious to RIO's Simandou project. Given the level of GDP, standard of living, education and recent political history each country has a different sovereign risk profile as we discuss in length from page 25 of this report. The economic and political motives and potential value of these iron ore development projects also varies as does the risk of increasing royalties/taxes and the transfer of exploration rights. We believe the sovereign risk for iron ore development projects in a country like the Republic of Congo, which has an established offshore oil industry (with significant international investment), a new pro-mining mining code promoting diversification of investment into non-oil related mining, and has been politically stable since the end of the civil war in 1999 is very different to Liberia, Sierra Leone or Guinea.

So what has changed . . .

As in our Jul'08 iron ore sector update, "Differentiating amongst the juniors in the Pilbara", whilst we believe that the majority of the African projects discussed in this report will not enter production in the proposed timelines and/or budgets (with some not being developed at all, or under the current ownership structures) there are a number of critical factors which support significant value being created in the region. Despite the Global Financial Crisis, out of the nine companies analysed in our Jul'08 report three are now ramping up production, three have been taken out by regional neighbours with a further two under takeover proposals leaving only one remaining either not in

production or the focus of M&A activities. We believe the trend will follow for African iron ore players supported by a number of critical factors including: pricing; diversification away from the Big 3 suppliers; continued upstream integration; and access to capital (both strategic and financial).

On June 30th, we saw the first direct corporate transaction between the African junior peer group. Equatorial Resources (EQX.AU) secured a strategic 19.9% interest in African Iron (AKI.AU) which holds an 80% interest in the Mayoko iron project which lies adjacent to EQX's 100% owned Mayoko-Moussondji project in the south-west region of the Republic of Congo. Similar to the wave of corporate activity in the Pilbara we believe this strategic investment is primarily driven by infrastructure and synergies relating to the capital costs required to enter production. We expect further M&A and corporate activity to take place in Africa as infrastructure developments advance and strategic foreign investment is made. For Equatorial its strategic investment in African Iron in our view is a positive step forward in delivering an infrastructure solution for its flagship project and provides various forms of corporate optionality.

Corporate activity and strategic investment has begun in Africa. EQX secured a 19.9% interest in AKI

Figure 1.1 – Global iron ore supply and China is increasingly source supply from new regions



Source: Equatorial Resources, Shipping sources, ISSB, Macquarie Research

Figure 1.2 – West African iron ore: the next major iron ore province



Source: Equatorial Resources, Zanaga Iron Ore Company

A new structurally higher iron ore price; at least for the medium term

China has been the key driver of iron ore pricing and demand in the current cycle. In 1990 China's seaborne imports were only ~10Mt. A decade later in 2000 this had increased to 72Mt, less than half of Western Europe's. By 2005, China imports were 276Mt compared to Western Europe's 191Mt and in 2009 China imported 628Mt compared to the Rest of the World only being ~ 309Mt.

The Big 3 iron ore producers (RIO,BHPB,Vale) represent the majority of new iron ore supply

Low grade high cost Chinese iron ore production has been buffering iron ore prices

Given the ever increasing list of proposed new iron ore projects the general consensus is that the seaborne iron ore market will eventually move into oversupply. However, the Big 3 iron ore producers that dominate the seaborne market (accounting for ~75-80%) unsurprisingly represent the majority of proposed new supply and continue to do so in a responsible manner – for example Rio Tinto expects to take a 25% share in the growth in the seaborne iron ore market between 2011-18 in line with the 23% it took between 2007-10. Furthermore, an estimated 1,100Mt of 'higher' cost Chinese iron ore production continues to offer a 'buffer' to pricing and there is increasing evidence of iron ore quality degradation and that cost push pressures are intensifying. This supports a further structural shift in the cost curve of production, so the scale, timing and capital cost assumptions of many proposed projects look optimistic in the context of mounting labour and equipment constraints, permitting delays and geopolitical risk both in established and new iron ore production regions with Western Australia's proposed Oakajee Port and Rail development in the Mid-West as the most high profile example. In a further example of this, Vale announced on June 27th that it had reduced its target for 2015 iron ore production by 50Mt (the equivalent to ~50% of incremental annual global demand according to RIO) which again highlights the difficulty in bringing additional supply on stream in line with "theoretical" time frames. Vale is the largest producer of iron ore and expects to only increase production by 1% this year. The oft predicted transition to oversupply and lower prices continues to be pushed out, supporting the continuation of the current favourable iron ore cycle that started in 2003 in the medium term. As such we expect there to be continued strategic and financial investment in the African iron ore

sector.

Global supply of iron ore needs to increase 100Mtpa from 2011-2018 to satisfy demand

According to Rio Tinto an average of 85Mt of global supply was added each year between 2007 and 2010, down from about 100Mtpa over the previous four years impacted by bottlenecks to expansion projects, delays to both brownfield and greenfield projects, capital cost inflation, the global financial crisis and access to funding. Over the next 8 years, 2011 to 2018, global supply additions need to be at least 100Mtpa (total +800Mt) to satisfy demand growth and the expected displacement of 300Mt of Chinese high cost production. High cost domestic Chinese iron ore production reached a record high in May'11 with output of 103Mt for the month and this is currently providing a buffer to an oversupply in the seaborne iron ore market, at least in the short to medium term. A recent 'stress test' presentation by the Raw Materials Group ('RMG') at the Metals Bulletin conference in Geneva for 'an almost worst case scenario' provides an interesting analysis worth highlighting and further comfort on the medium term outlook for pricing. Under this scenario they assumed China became a "normal" country where 35% of GDP goes to investment by 2015 (rather than 45%); domestic GDP growth slows to 6% pa between 2011 and 2015; and, steel intensity remains unchanged. Under this stress test scenario Chinese iron ore demand would grow 3.75%pa to 1,128Mt by 2015. If iron ore demand in the rest of the world grew at 3.2% pa (less than the past trend) then global iron ore demand would be 2,172Mt up 342Mt. On the supply side RMG sees published plans for ~1Bt of new capacity by 2015 with "certain" and "probable" additions amounting to ~600Mt. Assuming only ~75% will reach fruition then there will be 450Mt of new seaborne supply relatively to new demand of 342Mt. According to RMG, ~100Mt of Chinese capacity could not meet its cost if seaborne spot prices (CFR China) fell to US\$120/t and under a 'worse case scenario' there is no hard landing for the iron ore industry before 2015. It is worth again highlighting that iron ore pricing and demand has continued to surprise on the up-side since 2003 despite continued expectations for a supply side led oversupply in the seaborne market.

Australia and Brazil dominate the iron ore export market with Vale, RIO, BHPB accounting for 75-80% of the seaborne market

As displayed below in Figure 1.3 Australia and Brazil dominate the global iron ore export market. The concentration of the export market to two countries (Brazil and Australia) and Big 3 producers (Vale, RIO, BHPB account for ~75-80% of the seaborne market) is a concern for steel mills particularly in China, Japan and South Korea, but also in emerging and developing nations as they proceed through economic development of their countries. Recently there have been proposed increases in taxation of iron ore production in both Brazil and Australia and there is increasingly evidence of cost push pressures and supply degradation of iron ore. A new supply destination for iron ore is eagerly sought after to increase the supply of iron ore, increase upstream integration and effectively reduce the soaring iron ore prices through basic demand and supply principles. This will help control the steel mills cost of production in the steel making process by being able to access cheaper iron ore.

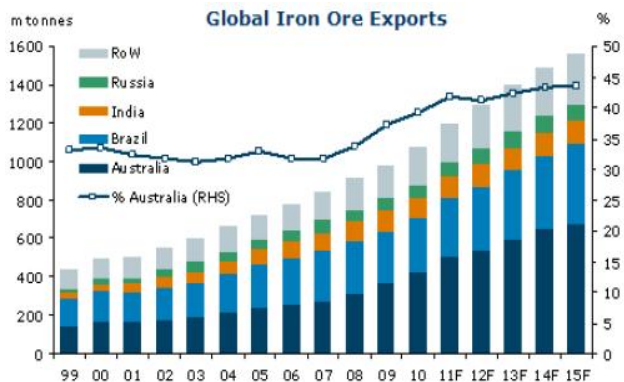
Steel mills require a new supply of iron ore – Africa is an attractive source

Increases in iron ore supply is constrained by port capacity

The business of bulk commodities requires significant capital investment in the construction of infrastructure to support a mining operation and the transportation of the end product. Infrastructure developments can take several years to bring online which effectively results in the supply of iron ore being constrained by port capacities around the globe. Africa represents a promising new source of iron ore, amongst other commodities, to help increase global supply. China is currently making significant investment into the African region either through direct investment in African iron ore projects, off-take agreements or financing packages being provided to African iron companies to assist in bringing the projects to fruition.

China is committing significant investment into the African region

Figure 1.3 –Global iron ore exports by country



Source: Bloomberg, FMG

Figure 1.4 – Global iron ore imports by country



Source: Bloomberg, FMG

China is the largest importer of iron ore and economic development will drive further import growth

Understanding the potential destination of an African iron ore product is also an important factor in determining the potential economics, demand for offtake and ultimate success of an African iron ore company. Figure 1.4 above illustrates the global iron ore imports by country. China is the largest importer of iron ore and its market share is forecast to increase as the country continually advances through the stages of economic development. China may not be directly accessible for all of our African iron ore companies. The size of vessels that are permitted to berth at African ports will guide the potential destinations for iron ore products and whether any additional handling through unloading/reloading will be required. Under the previous annual contract price system we have seen the steel mills recognise a freight saving and the trend to increased value in use parameters supports this increasingly being adopted, particularly if freight costs increase towards levels experienced in 2007-08. Vale in an attempt to increase its market share and address its relative freight disadvantage to Asia and Oman is commissioning a fleet of 35 Very Large Ore Carriers (VLOCs), with the first 400,000 tonne vessel received in May'11, and will invest a reported US\$4.6b in new iron ore distribution centres, including Malaysia with initial capacity expected to be 30Mtpa (expected to increase to 90Mtpa in the future).

West Africa to China is a similar distance as Brazil to China

Figure 1.5 below illustrates the distances of typical iron ore trade routes for cape size vessels. The distance from West Africa to the markets of China is relatively similar to the distance of Brazilian freight. The distance from South Africa and Mozambique to the market of China is positioned in between Australia and the Brazil/West Africa trade routes. Iron ore producers from South Africa and the east coast of Africa are potentially at an advantage as freight rates which are ultimately borne by the customer will be more competitive than West African/Brazilian shipments.

Figure 1.5 – Distances of trade routes (kms) – Cape size - Iron ore

From \ To	North America	East Europe	West Europe	Other Asia	China	Japan
Australia			21,740	5,856	6,236	6,829
Brazil	7,213	10,484	8,833	21,280	21,595	22,734
India			20,901	6,994	7,277	8,526
Canada			5,257	27,243	27,549	28,705
South Africa			11,602	14,307	14,767	15,924
Sweden			2,310	28,230		
Mauritania			4,168		22,240	
Ukraine			6,638	28,091	28,398	29,554
Peru			19,138	17,905	18,085	16,418
Guinea			6,240	19,867	2,014	21,330
Sierra Leone			5,852	20,321	20,505	21,782
Latvia			1,738	27,727		

Source: DnB NOR Markets

The type of product that African iron ore companies expect to produce is also a critical issue as the product specification will determine where the likely demand for the product will come from. The Deposit section of this report on page 18 addresses the issue of product specification in more detail and the likely destination of African iron ore products.

Infrastructure

Rail/Road, Port and Power are the key infrastructure requirements for an iron ore project

A well defined infrastructure plan is vital to the success of our African iron ore players. The key areas of infrastructure we examine in this report are:

- the project's ability to access rail or road haulage infrastructure;
- access to ports (and what size of ships these ports can service); and,
- the availability and access to power for a project.

We have analysed the current status of the infrastructure plans that each of the African iron ore companies currently have and the how well progressed these development plans are in terms of relevant agreements with governments and third parties. Rail and port infrastructure development plans are categorised into five groups. The first category is a build and operate development plan. Companies who have agreements and approvals to build railways and port facilities in African countries are ranked according to the progress of the construction of the development and the status of the current agreements and licenses in place to construct the infrastructure.

The second category rates the status of the agreements that are in place for companies aiming to utilise existing government infrastructure. The third category examines companies who currently have agreements with third parties for access to current infrastructure or planned infrastructure. The fourth category analyses companies who currently do not have any formal agreements with governments in relation to accessing existing infrastructure but anticipate that access to government infrastructure can be achieved. Our fifth and final category ranks companies that expect to use third party infrastructure but currently do not have any formal agreements in place.

A fully integrated mine and infrastructure development provides complete control and security over the exporting of iron ore

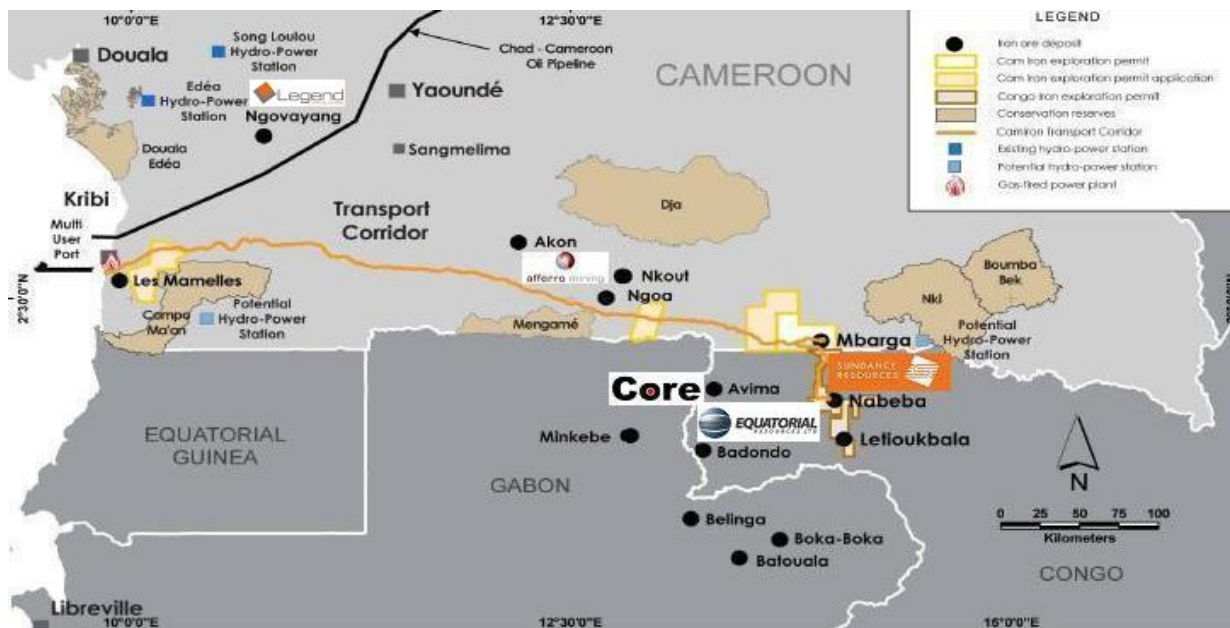
Construction of a fully-integrated mine and infrastructure development provide a company with complete control and security over the exportation of their iron ore product. Developing railways that are required to cross country borders adds an element of risk as RIO's Simandou project demonstrates. The project was originally planned to mine the ore body in Guinea and rail through the shortest route to the coast through the country of Liberia. This had to be amended to undertake a longer route to the coast out through Guinea to satisfy requirements of the Guinean government.

Third party access restricts capacity of an iron ore project

Executing and finalising third party agreements with other companies or governments will be a relatively new process for most of our African iron ore players and their associated jurisdictions. If successful, third party arrangements in Africa may provide the impetus to launch Africa as a new source of iron ore and promote economic development in the region.

After reviewing the status of infrastructure plans within the African continent we have identified three hot spots (Cameroon, Republic of Congo and Sierra Leone) where infrastructure developments will generate a lot of activity for companies with operations in the region.

Figure 2.1 – Proposed Sundance railway



Source: Sundance Resources Limited

Sundance's rail development will open up the southeast corner of Cameroon

Sundance Resources Limited ('Sundance') is the frontrunner in being able to deliver an infrastructure solution and open up iron ore developments in the southeast of Cameroon and northwest of the Republic of Congo. Sundance has environmental approvals for port, rail and mine for its Mbalam iron ore project and is in discussions with several prospective strategic partners to potentially fast-track its infrastructure and mine development plans. The company has signed a Memorandum of Understanding (MoU) with China Rail Construction Corporation (CRCC) and China Harbour Engineering Company (CHEC) to establish the scope, cost and development programme for an Engineering, Procurement and Construction (EPC) contract with respect to the required infrastructure for the Mbalam iron ore project. It is anticipated that the proposed deep water port on the west coast of Cameroon south of Kribi will be able accommodate vessels of Chinamax capacity of up to 300,000t. The Sundance developments have generated a lot of interest in the region. Sundance will own and operate the railway and is fully supportive of allowing access on commercial terms to other iron ore producers in the region. The news that Sundance has taken a convivial approach to third party access on its railway line is very promising news for potential iron ore players in the region. We expect any definitive commercial agreements that Sundance is able to agree for the development of regional rail and port infrastructure will lead to a re-rating of its regional peers.

Sundance is fully supportive of allowing access on commercial terms to other producers in the region

Afferro Mining's Nkout project is extremely well positioned within 30km of the proposed rail corridor

Afferro Mining Incorporated ('Afferro') is currently conducting advanced exploration at its Nkout deposit. The Nkout deposit is located in the south of Cameroon northwest of Sundance's Mbalam iron ore project. The project is strategically located 30-40km from the proposed rail corridor that Sundance is planning on developing. In Jun'11 Afferro posted a resource upgrade for its Nkout project of 36% to a total resource of a predominantly magnetite BIF to 1.42Bt @ 33.6% Fe. Developments in the progress of Sundance's infrastructure solution will have a direct impact on the valuation of Afferro's Nkout project.

Core Mining's Avima project is located west of Sundance's Mbalam project

Core Mining Limited ('Core'), a private mining company, owns the Avima iron ore project in the northwest of the Republic of Congo. The Avima project is west of Sundance's Mbalam project. The company is currently undertaking a drilling programme and aiming to commence a bankable feasibility study with completion during 2012. Avima is investigating rail options which consists of potentially accessing the proposed Sundance railway to the north through Cameroon or developing a railway south through Gabon potentially linking up to the existing national Gabonese railway. The upcoming feasibility study will determine which alternative will maximise returns for the Avima project.

Equatorial's Badondo project is on the same strike as Core's Avima project

Equatorial Resources Limited ('Equatorial') also has its second asset, Badondo, located in the northwest of the Republic of Congo along the regional strike (40km) of Core's Avima project. As with the Avima project, Badondo is located in heavy jungle. Equatorial is undertaking a very early stage exploration programme with drilling expected by year end and has a stated exploration targets of 1.3-2.2Bt of which there is scope for a higher grade zone of 200-300Mt. Given its

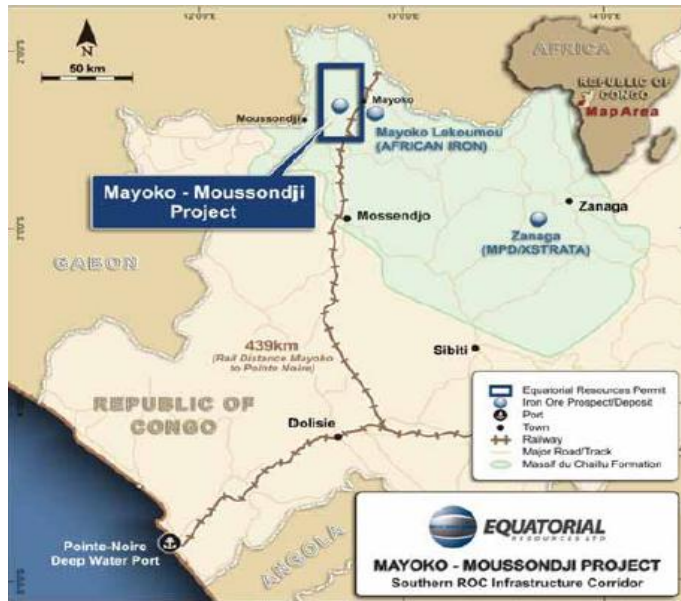
location near Avima and CMEC's Belinga projects being 45km along strike from Badondo in Gabon (target production of 30Mtpa) it offers considerable upside potential when infrastructure developments are progressed in the region.

The southern tip of Legend's exploration license is 20km from the proposed Sundance rail corridor

Legend Mining Limited ('Legend') is another iron ore contender anticipating access to Sundance's proposed railway. Legend is undertaking an exploration program at its Ngovayang deposit in Cameroon. From the north of the Ngovayang project the distance to the proposed Sundance rail corridor is 110km and from the south of the project the distance to the rail corridor is approximately 20km. In May'11 Legend signed a Letter of Intent (LOI) with Sundance for access co-operation with respect to the usage of Sundance's proposed rail and port infrastructure.

RoC Comilog Railway Re-Open for Business

Figure 2.2 – Congo - Océan Railway



Source: Equatorial Resources Limited

Equatorial has a conditional agreement to operate the Congo – Océan railway

Equatorial Resources Limited ('Equatorial') is advancing exploration of its Mayoko-Moussondji iron ore project in the Republic of Congo. The Mayoko-Moussondji project is also located in close proximity to the existing Congo - Océan Railway (within 500 metres at one point). Equatorial has begun a maiden drilling programme, seeking to confirm the potential for a DSO resource amongst its 2.3-3.9Bt exploration target which includes a hematite cap target of 500-900Mt @ 40-65% Fe. Equatorial has a conditional agreement with CFCO to be granted immediate access to the railway line committing both parties to enter into a 25 year user agreement which will see CFCO maintain ownership of the line while Equatorial will own all the rolling stock and be responsible for operating the line. Both parties are well positioned by obtaining agreements with CFCO to access the existing railway. The outcome of developments in relation to the progress and allocation of infrastructure access will be play an interesting part in the future valuation of both these projects.

Zanaga Iron Ore Company ('Zanaga') also has its Zanaga iron ore project in the Republic of Congo. Zanaga is advancing the project with its JV partner Xstrata and they are currently exploring numerous rail and port options including the rehabilitation of existing railways. Current plans are expected to see a 350km planned heavy haul railway and the company's namestake project is ~300km from mine to the proposed port site with closest rail head ~90km to the west.

Currently Zanaga has four port options with two prioritised and situated in a natural breakwater just kilometres from the Congo's largest port town, Pointe Noire. Unlike many other assets in West Africa, Australia and Brazil where ~20m water (required for Capesized loading) is +10km offshore, the port at Pointe Noire is just 2km from 20m water (significantly more favourable capex and opex) and offers potential for a pelletising/beneficiation sites.

Figure 2.3 – Iron Ore projects in Sierra Leone



Source: Cape Lambert Resources Limited

After being granted a 99 year infrastructure license to manage Pepel port and the existing railway line that runs through Tonkolili, Marampa, Pepel and Tagrin in Sierra Leone, African Minerals is on track to become another African iron ore producer with first ore on ship forecasted from its Tonkolili iron ore project in Q4'11. African Minerals has undertaken an infrastructure rehabilitation and construction project including the construction of 126km of new railway line and refurbishment of a 74km section of the railway. Rehabilitation of the existing shiploader at Pepel port has occurred as has dredging of the open shipping channel and construction of stockpile handling facilities and a 160 man camp. Part of the 99 year infrastructure license was a requirement for African Minerals to allow 3rd party users access to the new and refurbished infrastructure facilities.

Cape Lambert Resources Limited ('Cape Lambert') was the first company to take advantage of the African Minerals infrastructure development by securing access for its Marampa project to the Marampa railway, Pepel port and African Minerals stockyard.

Cape Lambert has been able to secure up to 2Mtpa of capacity with the option to increase this capacity to 5Mtpa when the African Minerals Tagrin infrastructure facilities west of Pepel port are operational. London Mining plc ('London Mining') is also forecasting first ore on ship from its Marampa project. The company intends on utilising a 40km haulage road before using barges to transfer the ore to deepwater transshipment points off the coast of Freetown.

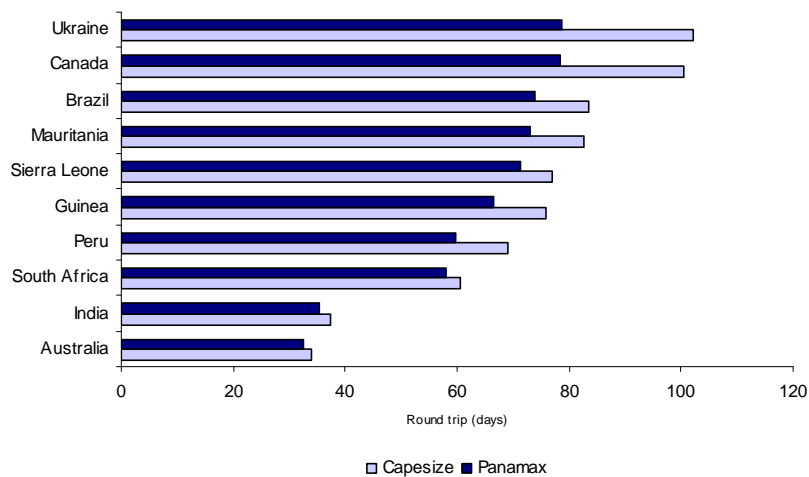
Port configuration – potential to constrain marketing and revenue

Port depth and handling facilities can constrain capacity

The configuration of port facilities and the depth of the port is a crucial factor in determining the potential market for iron ore products and the constrained port capacity of African iron ore companies. To optimise port efficiency reclaimers are used to pick the ore from stockpiles then convey it to a shiploader that feeds the ore directly into the vessel. Port facilities that don't have shiploaders and reclaimers typically utilise the loading of vessels through the use of cranes. The use of cranes is a slower method of loading a vessel and reduces the turn around of ships ultimately constraining the potential export capacity of suppliers.

Figure 2.4 below illustrates the required days for a vessel to complete a round trip journey from common destinations around the world to China including congestion and bunkering.

Figure 2.4 – Vessel Round trip (days) to China



Source: DnB NOR Markets

Figure 2.5 Round trip (days) including congestion and bunkering – Capesize

From \ To	North America	East Europe	West Europe	Other Asia	China	Japan
Australia			80	33	34	36
Brazil	33	44	38	82	83	87
India			77	37	37	41
Canada			25	100	101	104
South Africa			46	59	61	64
Sweden			14	102		
Mauritania			20		83	
Ukraine			28	101	102	106
Peru			69	69	69	64
Guinea			27	75	76	80
Sierra Leone			26	76	77	81
Latvia			13	100		

Source: DnB NOR Markets

Capesize vessels take longer to reach their destination but increase the revenue from one shipment and minimise the turnaround of vessels at a port

Figure 2.6 Round trip (days) including congestion and bunkering – Panamax

From \ To	North America	East Europe	West Europe	Other Asia	China	Japan
Australia			66	31	33	35
Brazil	32	42	37	78	79	78
India			52	35	35	39
Canada			23	77	79	73
South Africa			44	57	58	62
Sweden			13	79		
Mauritania			19		71	
Ukraine			26	59	60	64
Peru			44	66	66	61
Guinea			25	72	73	77
Sierra Leone			24	73	74	78
Latvia			11	77		

Source: DnB NOR Markets

Larger capsize vessels take longer to reach their final destination but the increased tonnage capacity of a vessel increases revenue from one shipment, and reduces the number of vessels required by minimising the turnaround of vessels at a port. To be able to accommodate capesize vessels ports need to be in deep water (either extensively dredged or located off-shore). In Figure 2.7 below we have listed the type of vessels that each company anticipates their port facilities will be able to accommodate.

Figure 2.7 – Anticipated vessel sizes and proposed ports

Chinamax (300k dwt)	Capesize (80k – 199k dwt)	Panamax (60k-80k dwt)	Handymax (35k-59k dwt)
Sundance Resources (p.port near Kiribi)	African Minerals (Pepel / Tagrin)	African Iron (Pointe-Noire)	Baobab (Beira)
Afferro Mining* – Nkout (Sundance p.port)	Avonlea Minerals (p. port Angra Fria)	Equatorial Resources (Pointe-Noire)	
Legend Mining* (Sundance p.port)	Bellzone (p. port south of Canakry)	Ferrum Crescent (Maputo/Richards Bay)	
	Cape Lambert (Pepel / Tagrin)	Ferrex (Maputo)	
	Core (Owendo / Transshipment)	Midwinter (Maputo)	
	London Mining (Transshipment)		
	Zanaga (p.port North of Point-Noire)		

Source: Company reports, Ocean Equities

We believe that companies who are anticipating on utilising ports which have the capacity to accommodate larger capesize vessels will be able to achieve higher levels of iron ore exports and be exposed to more customers across the globe.

Power

For African iron ore companies the availability and access to power can significantly reduce the initial capital expenditure of a project. If power can be provided there is potentially no requirement for power plants to be constructed at a mine site. Projects which involve beneficiation and multiple processing of ore bodies require a more intensive power supply and this directly impacts the operating costs of running a mine, and also the initial capital expenditure if a power plant is required to be constructed. Detailed below is information surrounding the current status on power for iron ore projects where available:

- **Afferro Mining** – the Putu project in Liberia will require high energy consumption for the grinding of the very hard itabirites. Currently there is a redevelopment of the electricity grid in Monrovia that Afferro may be able to utilise. In Cameroon the country has developed a network of hydroelectric power stations that provide most of the country's electricity. The remainder of the country's electricity is provided by oil-powered thermal engines.
- **African Iron** - the Mayoko power station is small and of limited capacity (250kVA) with reticulation to surrounding buildings.
- **African Minerals** – the Company entered into a Memorandum of Understanding (MoU) with China Communication Construction Company (CCCC) which could result in an expansion of the Bumbuna hydroelectric power generation facilities. This will support the second and third stages of African Minerals expansion plans.
- **Avonlea Minerals** – existing hydro-electric power is available at Ruacana around 90kms from the Company's license areas. Additional hydro-electric power is also available at Baynes circa 90kms from the license area.
- **Baobab Resources** – Low tariff hydro-electric power is readily available from the 2,075MW Cahora Bassa dam with an additional 1,500MW scheme at Mphanda N'Kuwa. Coal fired power plants potentially may also be able to be utilised with power plants proposed for Moatize and Benga.
- **Bellzone Mining** – start up power for Bellzone's Kalia project will be supplied by means of a diesel fired power plant. The design of the project will allow for tie in capabilities to future national power supplies.
- **Ferrum Crescent** – very limited local power available but supply is of no concern as the nearest transmission line is 15km west of the Company's Moonlight project site with approximately 18MW of spare capacity. This could be extended to the mine to provide the necessary level of power for a pellet project.
- **Ferrex** – power supply will be via 275kVA lines that pass through the Company's license area.
- **Midwinter Resources** – excellent availability of power. The project is located 100kms from the 4GW Matimba power station with high tensile power lines running through the project.
- **London Mining** – a power plant has been constructed for stage one of the Company's Marampa project. A coal fire power station has been planned for phase 2b of the Marampa project.
- **Sundance Resources** – stage one of the Mbalam project will be via diesel generated power. For stage two of the project a number of potential hydro-electric sites have been identified to deliver the estimated 350MW of electricity required.
- **Zanaga Iron Ore** – the project power requirement for the Zanaga iron ore project is 300MW. Power supply options include the availability of stranded natural gas and potential access to the new 150MW power plant which is to be built by Eni at Pointe Noire. Eni plans to expand this to 900MW in 150MW steps.

African Minerals is aiming to expand the Bumbuna hydroelectric power generation facilities to support the second and third stages of its Tonkolili project

Baobab has low tariff hydro-electric power readily available

Ferrum's Moonlight project is located 15km from transmission lines

Ferrex has power lines that pass through their license area

Stage one of Sundances Mbalam project will be via diesel generated power

Capital costs – African iron ore is an infrastructure play

Many of the African iron ore projects are capital intensive due to requirement to construct new infrastructure

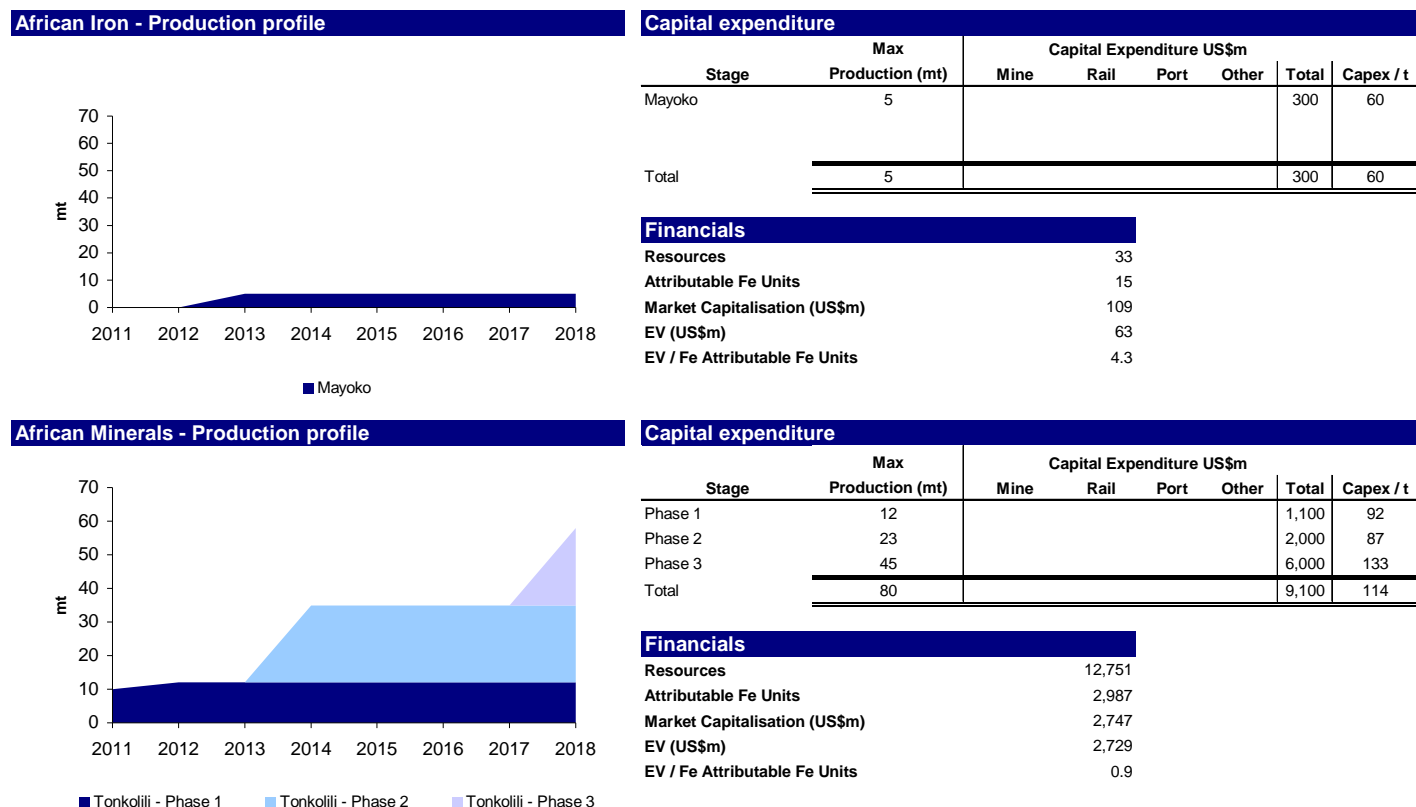
Whilst developing an owner operated infrastructure solution, the initial outlay in capital represents a major component of the total required capital to develop an iron ore project. For the Bellzone – Kalia stage 1 project the development of port and rail infrastructure represents approximately 70% of the total US\$3.9b required to develop the iron ore project in Guinea. Sundance's stage 1 Mbalam project that consists of the development of a rail line through the Republic of Congo and Cameroon to the proposed port near Kiribi on the Cameroonian coast represents close to 55% of the \$4.7b project development costs. Raising finance for infrastructure construction along with mine development increases the risk associated with a project as the amount of financing required is significantly higher as future revenue will be dependent on the successful completion of infrastructure to deliver the iron ore to the coastlines of their respective countries. Access to 3rd party infrastructure can significantly reduce the required initial capital to develop an iron ore project. Operating costs of companies utilising 3rd party access will be higher as commercial rates are generally applied to access the infrastructure. While 3rd party access reduces the initial capital upfront it constrains the total capacity of an iron ore operation as allocations will be determined by a 3rd party which ultimately sets a cap on the total production from an iron ore mine.

Where data containing capital estimates and anticipated production profiles has been provided we have calculated and illustrated the required capital expenditure per tonne of product below in Figure 2.8.

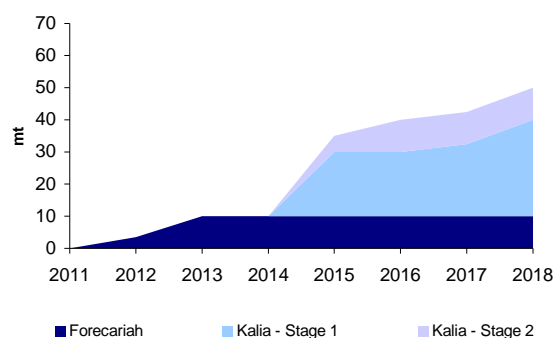
London Mining's and Bellzone's first stage projects require the least amount of capital per tonne of product at US\$28/t and US\$45/t respectively

For being granted 3rd party access to African Minerals infrastructure Cape Lambert's Marampa project is quite capital intensive to develop its proposed 5Mtpa operation at US\$131/t. London Mining's Marampa stage 1 (US\$28/t) and Bellzone's Forecariah (US\$35/t) projects require the least capital on a per tonne basis due to the location of each respective company's mine to the coast.

Figure 2.8 – Production profile and forecasted capital expenditure of African iron ore peers



Bellzone - Production profile



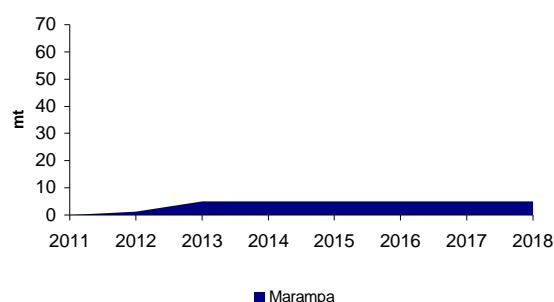
Capital expenditure

Stage	Max Production (mt)	Capital Expenditure US\$m				Total	Capex / t
		Mine	Rail	Port	Other		
Forecariah	10	-	-	-	-	346	35
Kalia - Stage 1	30	805	1,513	1,211	374	3,903	130
Kalia - Stage 2	10	438	-	-	114	552	55
Total	50					4,801	96

Financials

Resources (mt)	3,851
Attributable Fe Units (mt)	900
Market Capitalisation (US\$m)	419
EV (US\$m)	253
EV / Fe Attributable Fe Units	0.3

Cape Lambert - Production profile



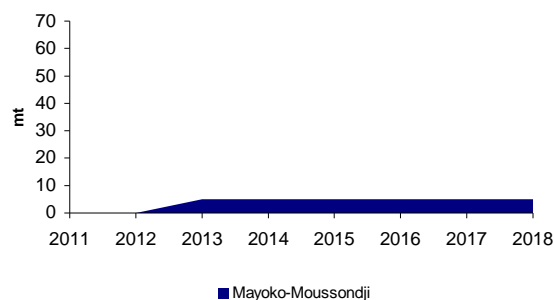
Capital expenditure

Stage	Max Production (mt)	Capital Expenditure US\$m				Total	Capex / t
		Mine	Rail	Port	Other		
Marampa	5	-	-	-	-	655	131
Total	5					655	131

Financials

Resources (mt)	680
Attributable Fe Units (mt)	192
Market Capitalisation (US\$m)	234
EV (US\$m)	159
EV / Fe Attributable Fe Units	0.8

Equatorial Resources - Production profile



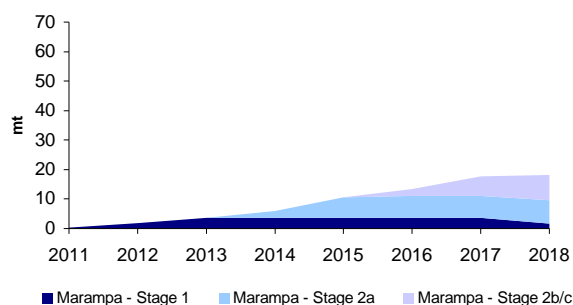
Capital expenditure

Stage	Max Production (mt)	Capital Expenditure US\$m				Total	Capex / t
		Mine	Rail	Port	Other		
Mayoko-Moussondji	5	-	-	-	-	500	100
Total	5					500	100

Financials

Resources (mt)	-
Attributable Fe Units (mt)	-
Market Capitalisation (US\$m)	235
EV (US\$m)	167
EV / Fe Attributable Fe Units	-

London Mining - Production profile



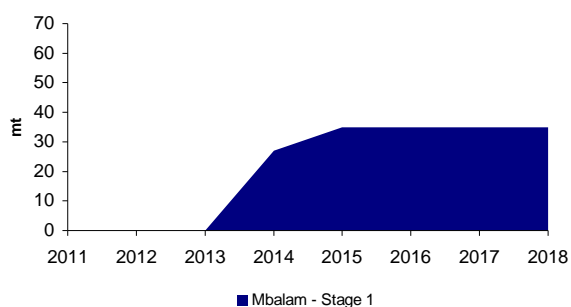
Capital expenditure

Stage	Max Production (mt)	Capital Expenditure US\$m				Total	Capex / t
		Mine	Rail	Port	Other		
Marampa - Stage 1	4	-	-	-	-	101	28
Marampa - Stage 2a	8	331	-	33	295	659	83
Marampa - Stage 2b/c	16	561	-	231	919	1,711	107
Total	18					2,471	137

Financials

Resources (mt)	2,392
Attributable Fe Units (mt)	719
Market Capitalisation (US\$m)	639
EV (US\$m)	599
EV / Fe Attributable Fe Units	0.8

Sundance Resources - Production profile



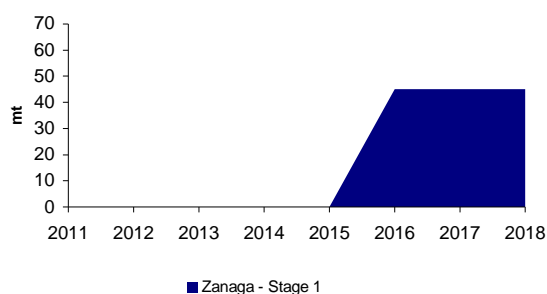
Capital expenditure

	Max	Capital Expenditure US\$m					
Stage	Production (mt)	Mine	Rail	Port	Other	Total	Capex / t
Mbalam - Stage 1	35	914	2,019	537	1,214	4,684	134
Mbalam - Stage 2	35	2,308	-	-	835	3,143	90
Total	35	3,222	2,019	537	2,049	7,827	224

Financials

Resources (mt)	3,061
Attributable Fe Units (mt)	1,196
Market Capitalisation (US\$m)	1,067
EV (US\$m)	975
EV / Fe Attributable Fe Units	0.8

Zanaga Iron Ore - Production profile



Capital expenditure

Stage	Max Production (mt)	Capital Expenditure US\$m				Total	Capex / t
		Mine	Rail	Port	Other		
Zanaga - Stage 1	45					7,488	166
Total	45					7,488	166

Financials

Resources (mt)	4,020
Attributable Fe Units (mt)	680
Market Capitalisation (US\$m)	771
EV (US\$m)	722
EV / Fe Attributable Fe Units	1.1

Source: Company reports, Ocean Equities

In Figure 2.9 below we have ranked the status of infrastructure developments and agreements in place for each of the iron ore companies and their respective projects. The higher level of bars in Figure 2.9 represents the increased potential of an infrastructure solution being successfully provided and facilitating the exportation of iron ore from the respective projects.

Figure 2.9 – Infrastructure development rankings of African Iron ore projects

[illegible]

Source: Company reports, Ocean Equities

Deposit

Magnetite deposits require a series of beneficiation processes to upgrade the Fe content and reduce the level of impurities

There are broadly two main groups of iron ore, high grade hematite and low grade magnetite iron ore. High grade hematite iron ore is more commonly known as Direct Shipping Ore (DSO). DSO generally contains >60% Fe and requires very simple preparation where the ore is typically mined from the ground and processed via crushing and screening facilities before being shipped to steel producers and used in blast furnaces as fine ores or lump ores depending on the sizing of the ore. Prior to being utilised in the blast furnace fines are agglomerated in a sinter plant before being charged into the blast furnace. DSO is commonly found in the Pilbara region of Western Australia and Brazil. The two countries by supplying predominately a fines product have enjoyed the majority of the worlds seaborne trade of high grade hematite fuelling the economic growth of China and India with their increased demand for steel.

The addition of beneficiation facilities to a mining operation represents additional initial capital expenditure and higher processing costs

Lower grade magnetite deposits typically have Fe head grades of 25-30%. To be utilised in the steel making process the magnetite must undergo a series of beneficiation processes to upgrade the Fe content and reduce the level of impurities in an ore body. Traditionally lower grade magnetite deposits that require extensive amounts of beneficiation to upgrade the Fe content of a product have not been mined or exploited, except for in China where such mines and beneficiation facilities are located close to steel product capacity. This has been the result of lower iron ore prices that result in magnetite operations not producing the project economics to support being a large component of the seaborne iron ore market. Magnetite deposits generally require low or high intensity magnetic separation with concentration upgrading utilising flotation processing facilities. The addition of beneficiation facilities to a mining operation not only represents a higher amount of initial capital expenditure to a project, it also represents an added requirement for power for ball mills and high intensity magnetic separators that are utilised in the concentration of magnetic materials. The additional beneficiation facilities generally result in increased capital costs, resulting in increased non-cash depreciation expenses and increased processing costs, effectively reducing the operating margins of a mining project. Once upgraded with a higher Fe content the beneficiated magnetite concentrate will command a premium over hematite due to a higher Fe unit level, lower deleterious impurity levels and other favourable value in use characteristics (such as shipping costs, flux levels etc).

Magnetite projects that were once considered uneconomical are now being progressed to capitalise on the new level of iron ore prices

With the iron ore price sky rocketing over the previous years, magnetite projects that were once considered uneconomical are now being progressed to capitalise on the new level of iron ore prices, providing blending ore with reducing DSO Fe grades/increasing impurity levels, and increase construction of Direct Reduction steel capacity which require a higher quality product feed. Operations producing premium products may be disadvantaged on an operating cost basis, but may have higher operating margins due to the price premium received which often is greater than the incremental cost of production. Operations producing a lump product are well positioned but are increasingly becoming scarce. Individual product demand will most likely vary across the cycle. In periods of high demand, lump and pellets are desired as steelmakers seek higher operating efficiencies, while in periods of low demand, fines are desired to ensure full utilisation of the sinter plants and to achieve the minimum raw material cost. Supply of higher quality products is declining and demand is expected to increase as the quality of Chinese domestic iron ore supply continues to deteriorate, the efficiency of steel mills increases, and the size of blast furnaces continue to increase.

A product's physical properties are as important in steel-making as its chemical properties.

The main impurities that are found in naturally occurring magnetite and hematite resources are silica (SiO₂), alumina (Al₂O₃), sulphur (S) and phosphorus (P). The level of these impurities is one of the main determinants of whether an iron ore resource has the potential to form a commercially viable product and determines the level of any discount or premium to benchmark prices due to product characteristics being outside of standard parameters.

A product's physical properties are as important in steel-making as its chemical properties. The various deleterious impurities and their effect on the steel making process are detailed below:

- **Silica (SiO₂):** - The main component of slag in the Blast furnace. High silica levels can result in increased operating costs due to a higher fuel requirement and handling cost.
- **Aluminium (Al₂O₃):** - Influences the viscosity of the slag. ~15% in slag is an operating maximum to prevent slag flow issues and ~2% appears to be desired cut-off for steelmakers but this will depend on other product factors.
- **Phosphorus (P):** - Has the impact of making steel brittle. Phosphorus enters the blast furnace via both the coke and iron ore, reports to the hot metal and is very difficult to remove. In the absence of external dephosphorization, the iron makers only control is to limit input loads via raw material selection. As a rule of thumb the

Phosphorus makes steel brittle and phosphorus levels in products are generally acceptable up to 0.08%

max phosphorus level in the BF is ~0.08%.

- **Sulphur (S):** - Like Phosphorus, sulphur makes steel brittle and is mainly the result of the coke/coal injection into the blast furnace, and to a lesser extent iron ore (although some Chinese sourced iron ore may be quite high in sulphur). Under the right conditions, ~95% can be removed with the slag and sulphur is generally controlled through addition of limestone flux – resulting in higher costs.

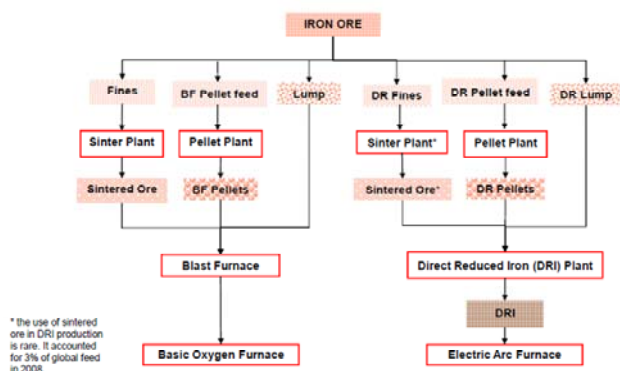
The iron ore market is made up of a range of different iron ore products as detailed below in order of desirability:

- **Pellets (BF/DR)** – Fine-grained concentrated products or naturally occurring hematite fines are agglomerated at a pelletising plant through the mixing with bentonite. The final product is a pellet of typical diameter between 8mm-20mm. Direct reduction pellets command the highest premium due to their lower contained impurity levels.
- **Lump** – consists of naturally occurring lumps of iron ore with sizing between 5mm and 30mm. Lump has the ability to be able to be charged directly into the blast furnace. The world supply of lump product is gradually declining.
- **Fines** – the most common form of iron ore product. Fines are naturally occurring iron ore and only require simple physical re-sizing mainly through crushing and screening processing. Prior to being utilised in the blast furnace the fines need to be agglomerated through the process of sintering to increase the productivity of the product in the blast furnace.
- **Concentrate** – fines that have been beneficiated through processes such as washing, floatation and magnetic separation to increase the iron content of the product.
- **Pellet feed** – fine sized concentrate that can be utilised in the pelletizing process

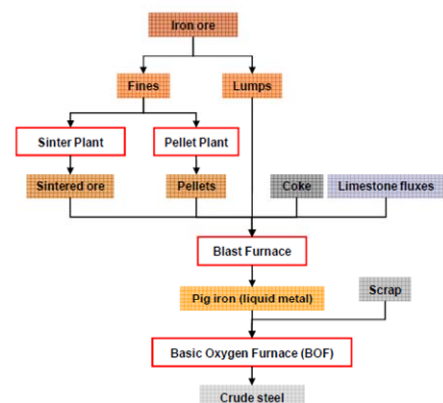
Most African iron ore companies will produce a concentrate or pellet feed product

Figure 3.1 below illustrates the typical uses of iron ore products in the steel making process. More than two-thirds of global steel production is from the Blast Furnace process with the majority of other production sourced from Electric Arc Furnaces (EAF) utilising scrap steel, pig iron and/or Direct Reduction raw material. Figure 3.1 illustrates the addition of coke and limestone fluxes into the steel making process.

Figure 3.1 - Summary of iron ore products which are typically used in the steel making process **Figure 3.2 – Blast Furnace process**



Source: CRU, Ocean Equities



Source: CRU, Ocean Equities

Of the African iron ore players contained in this report the nature of the ore bodies and metallurgical properties vary considerably amongst each of the projects. Understanding the potential product type each company is anticipating on producing plays an important role in determining the level of demand there will be for each product and whether discounts or premiums will be applied to the product.

As Figure 1.2 illustrates West Africa is highly prospective for iron ore given that the continent was, prior to continental drifting, previously connected to South America. The typical geological setting of the region is a primary bedrock itabirite iron mineralisation that can often have a near surface enriched supergene hematite iron mineralisation, commonly referred to a 'hematite or

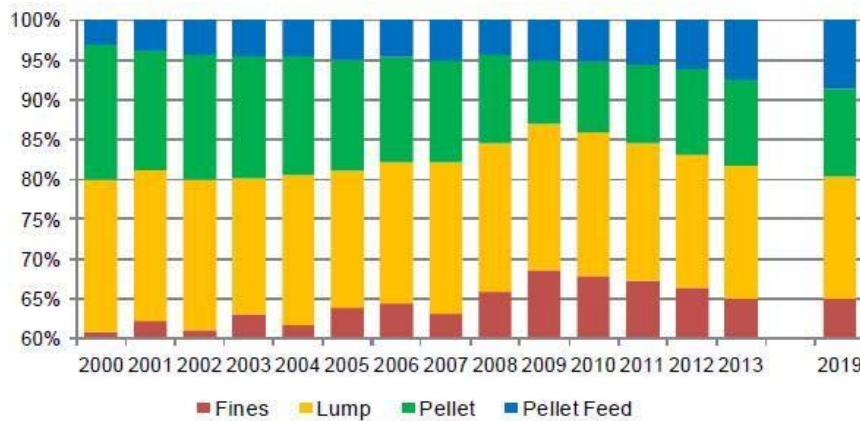
DSO cap', which is formed as a result of near surface weathering. The itabirite mineralisation can comprise magnetite and silicate with iron grades from 25%-45% Fe which can generally be beneficiated into a saleable product given the soft nature of the rock. Given the economies of scale proposed under a number of the African lower grade beneficiation projects and the current iron ore price environment these potential sinter or pellet feed projects are increasingly looking to being developed. However, a number of projects also offer an initial stage one higher grade or DSO operation where they will mine a higher grade hematite cap which often results in lower capex, opex and a shorter potential lead time into production and will produce potentially a traditional lump and fines product.

A number of African iron ore projects are targeting a stage one consisting of a higher grade or DSO operation

Figure 3.3 illustrates CRU's forecast for future seaborne iron ore products. Fines represent a majority of the market forecasted to comprise of around 65% of the total seaborne trade in the future. With global resources of lump product gradually declining it still represents the 2nd largest component of seaborne iron ore products. Pellets represent the 3rd largest component of the market while pellet feed products represents the minority of the seaborne iron ore market it is particularly relevant for the purpose of this report given the number of African iron ore producers who are anticipating on producing a Pellet Feed grade product.

Pellet Feed products represent the smallest component of the seaborne iron ore market

Figure 3.3 – Composition of seaborne iron ore market



Source: CRU, Ocean Equities

Figure 3.4 below illustrates the product specification that has been achieved through metallurgical test work on samples from each of the projects. Note these samples and target grades may not be indicative of the type of product that each of the companies will be able to achieve as companies are at varying stages of their metallurgical test work.

Figure 3.4 – Product specification

Company	Project	Product	Fe	Mass Recovery	SiO ₂	Al ₂ O ₃	P	Required Feed (t)
Afferro Mining	Putu	Magnetite concentrate	70.00%	50-70%	1 - 4%	0.30%	-	1.7
Afferro Mining	Nkout	Magnetite concentrate	70.25%	42.20%	2.20%	0.16%	0.00%	2.4
Afferro Mining	Nkout	Sinter Fines	65.00%	27.00%	2.90%	0.70%	0.03%	3.7
African Iron Limited	Mayoko	DSO	-	-	-	-	-	-
African Iron Limited	Mayoko	bDSO	-	-	-	-	-	-
African Iron Limited	Mayoko	DR Pellet Feed	68-70%	40-45%	4.00%	0.25%	0.01%	2.5
African Minerals - Phase 1	Tonkolili	DSO	58.30%	85.00%	1.00%	5.80%	0.05%	1.2
African Minerals - Phase 2	Tonkolili	Pellet Feed	64.30%	35.00%	1.90%	2.00%	0.06%	2.9
African Minerals - Phase 3	Tonkolili	Pellet Feed	70.30%	26.50%	3.00%	0.40%	0.01%	3.8
Avonlea Minerals	Ondjou	Magnetite concentrate	64.23%	19.90%	7.84%	0.48%	-	5.0
Baobab Resources	Tete	Magnetite concentrate	63.70%	19.70%	1.30%	2.75%	0.10%	5.1
Bellzone	Forecariah	DSO	-	-	-	-	-	-
Bellzone	Kalia	Oxide product	58.00%	39.00%	4.00%	5.70%	0.10%	2.6
Bellzone	Kalia	Magnetite concentrate	68.27%	28.46%	3.92%	0.16%	0.01%	3.5
Cape Lambert Resources Ltd	Marampa	BF Pellet Feed / Sinter Fines Feed	63.00%	30.00%	4.30%	0.90%	0.02%	3.3
Core	Avima	DSO	-	-	-	-	-	-
Core	Kango	-	-	-	-	-	-	-
Equatorial Resources Limited	Mayoko-Moussondji	DSO stage 1	-	-	-	-	-	-
Ferrum Crescent	Moonlight	DRI / BF Pellets	68.70%	32.40%	-	-	-	3.1
Ferrex	Malelane	DSO stage 1	-	-	-	-	-	-
Midwinter resources	Northern Lights	Magnetite concentrate	69.90%	32.40%	2.50%	1.00%	0.01%	3.1
Legend Mining Limited	Ngovayang	Magnetite concentrate	70.80%	36.80%	1.42%	0.20%	0.01%	2.7
London Mining - Stage 1	Marampa	Sinter concentrate	66.00%	36.00%	2.90%	2.50%	-	2.8
London Mining - Stage 2a	Marampa	Sinter concentrate	65.50%	45.60%	3.82%	1.24%	-	2.2
London Mining - Stage 2b/c	Marampa	Pellet Feed	65.50%	41.40%	2.00%	0.90%	-	2.4
Sundance Resources - Stage 1	Mbalam	DSO	63.57%	85.00%	3.64%	2.54%	0.08%	1.2
Sundance Resources - Stage 2	Mbalam	DR concentrate	68.00%	47.00%	1.80%	0.20%	0.03%	2.1
Sundance Resources - Stage 2	Mbalam	BF concentrate	66.60%	47.00%	3.50%	0.30%	0.03%	2.1
Zanaga Iron Ore Company	Zanaga	Sinter Fines	64.80%	43.00%	2.37%	1.80%	0.05%	2.3
Zanaga Iron Ore Company	Zanaga	Pellet feed	67.80%	33.00%	4.50%	0.20%	-	3.0

Source: Company reports, Ocean Equities

We regard companies that are expecting to produce fines that form part of the larger component of the seaborne iron ore market at a significant advantage to companies who are expecting to produce a Pellet Feed. Pellet Feed represents a small component of the global market.

A lower mass recovery requires more ore to be fed into processing facilities to produce a tonne of product

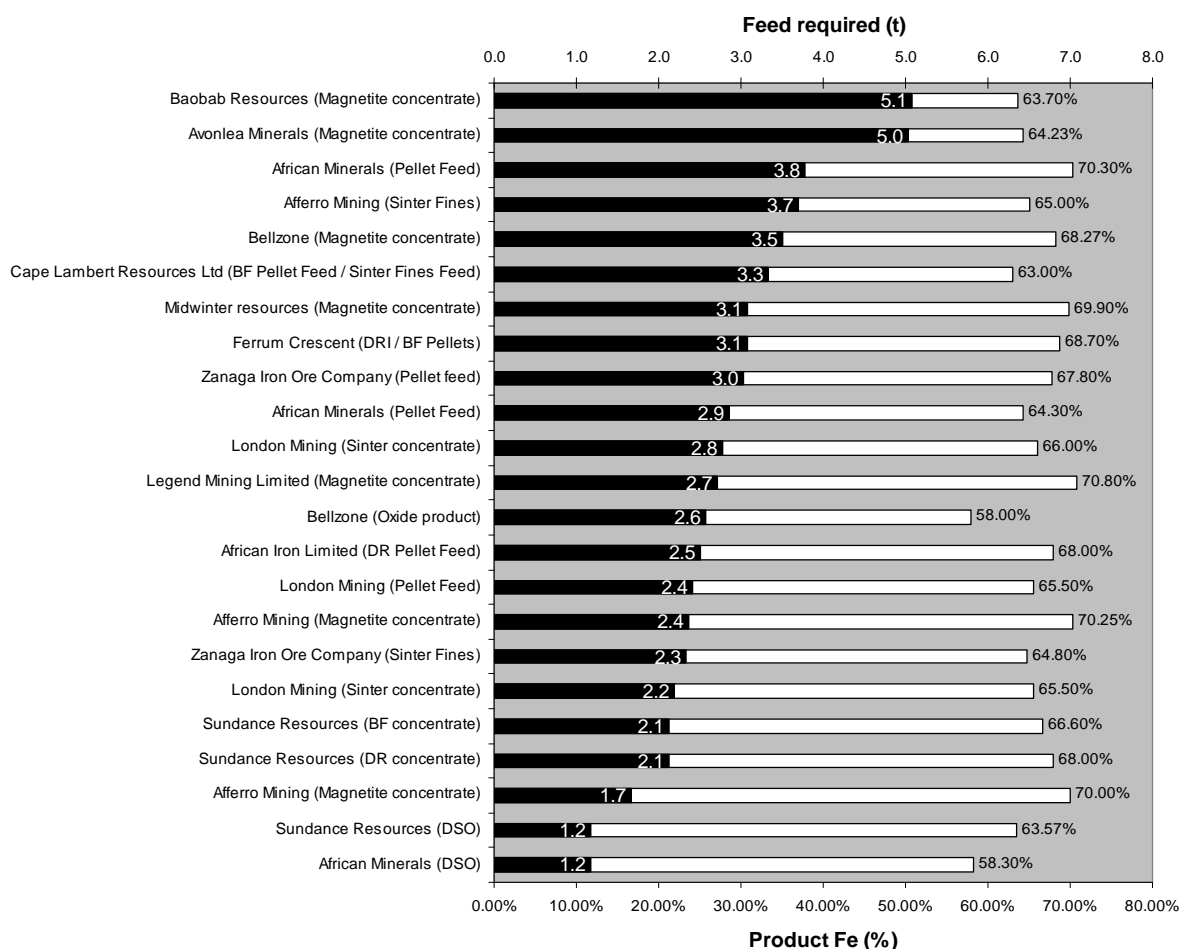
DSO products have the highest mass recovery reducing mining operating costs per tonne of product

Based on the mass recovery on the sample's we have identified the required amount of ore needed to be fed in to the processing and beneficiation facilities to produce one tonne of product. Not only does a lower mass recovery require more ore to be mined but it also impacts the total material moved through its relationship with the strip ratio of an ore body and the removal of overburden. The actual physical mining of ore and overburden represents one of the major costs of a mining operation. Conventional mining operations using drill and blast mining methods require ancillary equipment to drill and blast the ore, front end loaders to load the ore into haul and dump trucks which then deliver the ore to the processing facilities. Fuel is a major cost of a mining operation, on a per tonne basis the more ore that is required to produce a tonne of product will result in significantly higher mining operational costs. African mining operations have access to cheaper labour so that will help reduce the impact on higher mining costs associated with mining higher quantities of ore to produce product.

During periods of higher iron ore prices, a higher Fe content of a product will attract a premium in revenue and the premium received will more than likely outweigh the higher mining and processing costs associated with producing the product. If iron ore prices were to retract the opposite is true – for example in 2009 pellet prices and volumes were most heavily impacted with European pellet prices falling 33%, lump declined 50% while sinter fines fell only 20%. Therefore the production of high quality product is a more leveraged play on the iron ore price and as such understanding the mass recovery and the effective ore feed required for the processing facilities is important as it will have a vast impact on the operating margins of a project. In Figure 3.5 the ore feed required and effective product grades are illustrated. Although on the upper echelon of acceptable phosphorus levels with 0.08% P in the product, Sundance's DSO product from the Mbalam project is the standout performer yielding Fe grades of ~ 64% with high recoveries. Afferro's Putu and Nkout magnetite concentrates also perform well yielding concentrates up to 70% Fe with higher recoveries in comparison to their African peers. We consider Bellzone's Kalia oxide product to be the least desirable product with metallurgical test-work indicating phosphorus at 0.1% with a mass

recovery of 39% producing a product of 58% Fe.

Figure 3.5 – Product specification and feed required for 1t of product



Source: Company data, Ocean Equities

Significant power sources are required for magnetite concentrates and pellet feed products that require extensive beneficiation

Magnetite concentrates and Pellet Feed products that require extensive grinding and milling to enable effective magnetic separation will require a significant power source to enable the beneficiation of the ore bodies. Despite general concerns regarding the availability of power, the three South African companies (Ferrex, Ferrum Crescent & Midwinter Resources) analysed in this report are favourably positioned for power supply as transmission lines connecting to a respectable power source either pass through the project licenses or are within 15km. Companies that don't have access to an existing source of power will be required to inject capital into the construction of power plants to support their operations.

Destination of product

West Africa is well positioned to access the steel markets of Europe and the Middle East

Africa (especially West Africa) is well positioned to access the steel mill markets of Europe and the Middle East. The EU and the rest of the world currently imports ~ 4% and 3% respectively of the world's iron ore supply as detailed above in Figure 1.4 but the Middle East is expected to be a new growth region for the production of steel benefiting from cheap local sources of power. If the majority of African iron ore companies focus their marketing and sales on the Middle East and Europe either as a result of the proximity of the region to Africa reducing freight rates, or if the product the iron ore companies are producing is typically lower grade Pellet Feed which would be more suitable for the steel mills in Europe or the Middle East then there potentially could be a large increase of lower quality iron ore supply into a market that only represents a minor component of the global seaborne iron ore trade. As a result we favour projects that are anticipating on producing superior and higher demanded products such as DSO and sinter fines products that offer greater leverage to the expected continued growth of the Chinese market.

Off-take – assisting product stability

Off-take agreements significantly de-risk a project

Securing off-take of product with potential customers provides valuable security on future revenue which enables junior African iron ore players to proceed through feasibility studies, and explore financing options for their development projects with a higher degree of success due to the key commercial criteria being in place. By having off-take agreements in place, projects are significantly de-risked as there is a degree of certainty about future revenue and generally the offtake partner has undertaken significant due diligence on the technical aspects of the ore body, the company's proposed infrastructure strategy and the offtake partner often provides a current and/or future potential source of funding. Generally project financiers will have a preference for off-take agreements to be in place prior to providing debt facilities. Of the companies analysed in this report, five of them have secured off-take agreements some of which have provided either debt and/or equity funding and technical assistance in terms of project development (often infrastructure related).

African Minerals, Bellzone, Core Mining, London Mining and Ferrum Crescent all currently have off-take agreements in place

African Minerals has secured a 20-year off-take agreement for 10Mtpa with China Railway Materials Commercial Corporation. The company is also well positioned with an off-take agreement with Shandong Iron & Steel Group for up to 10Mtpa at a discounted price. Bellzone Mining has obtained an off-take agreement with China International Fund (CIF) for up to 100% of its Kalia mine production. Private company Core Mining has an off-take agreement with Glencore International, a leading commodities producer and marketer. In Jun'11 Ferrum Crescent, the South African focused steel feed commodities based company, announced it had reached an off-take agreement with Duferco in which Ferrum Crescent will sell Duferco all of the production available for export up to of 4.5Mtpa and Duferco has the first right of refusal over an additional 1.5Mt per year. London Mining is another African iron ore player that has struck a deal with Glencore; the company has achieved a 9.5Mt off-take agreement with the commodities producer and marketer.

The most recent announcement regarding Ferrum Crescent's off-take agreement with Duferco will significantly de-risk the company's Moonlight magnetite project and will provide the impetus the company requires to progress with financing and development of its DRI pellet production operation.

Resources

African Minerals has the largest resource at 12.7Bt

Of our African iron peers analysed in this report, African Minerals has the largest resource with a total of 12.7Bt. Based on current resources Afferro, Bellzone, London Mining, Sundance and Zanaga all have the potential join African Minerals to produce and support productions in excess of 10Mtpa. Below in Figure 3.6 we have detailed the current EV and resources of our potential +10Mtpa producers. Of the potential large producers Afferro and Bellzone experience the largest deviation from the average and median EV / Attributable Fe units. We believe the market is heavily discounting these projects as a result of the uncertainty regarding infrastructure development and access. Sundance is trading at an EV / Attributable Fe multiple of 0.8, whereas Afferro has an EV / Fe Attributable multiple of 0.2. Given Sundance's support of allowing access on commercial terms to other iron ore producers in the region we believe Afferro has great potential for valuation upside if Sundance's railway development progresses into construction.

Figure 3.6 – African iron ore peers (+10Mtpa potentials) resource and EV comparisons

Company	Country	Mkt Cap \$m	EV \$m	Resources (Mt)	Attrib Fe Resources (Fe Units)	EV/Fe (Attrib Fe Units)
Afferro Mining	Cameroon / Liberia	135	126	3,792	788	0.2
African Minerals	Sierra Leone	2,747	2,729	12,751	2,987	0.9
Bellzone Mining	Guinea	389	223	3,851	900	0.2
London Mining	Sierra Leone	639	599	2,392	719	0.8
Sundance Resources	Cameroon	1,067	975	3,061	1,196	0.8
Zanaga Iron Ore	Republic of Congo	771	722	4,020	680	1.1
Average						0.7
Median						0.8

Source: Company Data, Ocean Equities

Of the remainder of our African iron ore peers analysed in this report who fall into the category of juniors producing less than 10Mtpa, from Figure 3.7 below we believe Ferrum Crescent offers considerable upside valuation potential given the recent developments of securing an off-take agreement with Duferco for up to 6Mtpa of BF and DRI pellet production. Ferrum currently trades at EV / Fe attributable unit multiple of 0.7 compared to the average of 2.6 for our peers analysed below.

Figure 3.7 – African iron ore peers (<10Mtpa potentials) resource and EV comparisons

Company	Country	Mkt Cap \$m	EV \$m	Resources (Mt)	Attrib Fe Resources (Fe Units)	EV/Fe (Attrib Fe Units)
African Iron Ore	Republic of Congo	109	63	33	15	4.3
Avonlea	Namibia	13	11	521	119	0.1
Baobab Resources	Mozambique	97	86	48	12	7.1
Cape Lambert Resources	Sierra Leone	234	159	680	192	0.8
Equatorial Resources	Republic of Congo	235	167	0	0	na
Ferrum Crescent	South Africa	60	50	310	67	0.7
Legend Mining	Cameroon	57	52	0	0	na
Midwinter Resources	South Africa	4	1	0	0	na
Average						2.6
Median						0.8

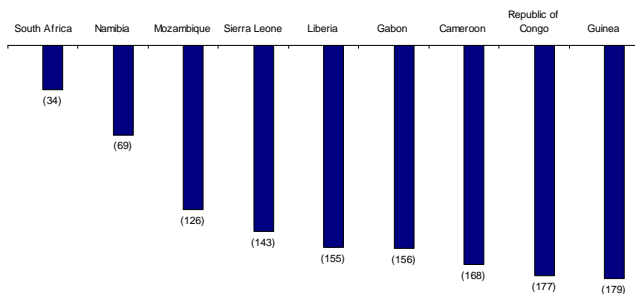
Source: Company Data, Ocean Equities

Country

Within our team at Ocean Equities we have a wealth of experience seeing first hand the current status and economic development progress of African nations. We have visited Algeria, Cameroon, Eritrea, Ethiopia, Ghana, Guinea, Ivory Coast, Lesotho, Liberia, Mali, Morocco, Nigeria, Senegal, South Africa, Sudan, Tanzania and Tunisia. The African region has historically had a high degree of political risk, corruption and differentiation between countries and regimes needs to be made. For example, Liberia and Sierra Leone are only recently recovering from civil wars and Guinea has had conflict since 2008 with the impact of a change in government obvious to RIO's Simandou project. Given the level of GDP, standard of living, education and recent political history, each country has a different sovereign risk profile. The economic and political motives and potential value of these iron ore development projects to the respective countries also varies as does the risk of an increasing royalties/taxes and the transfer of exploration rights. For example we believe the sovereign risk for iron ore development projects in a country like the Republic of Congo, which has an established offshore oil industry (with significant international investment), a new pro-mining mining code, is looking to diversify into non-oil related mining and has been politically stable since the end of the civil war in 1999 is very different to say Liberia, Sierra Leone or Guinea.

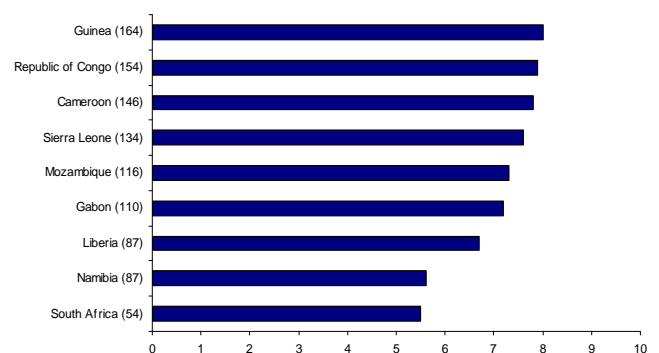
In the analysis of our selected African Iron Ore companies we have analysed the current economic and business environment of the countries of proposed projects to gauge an indication of the country risk associated with investing in an iron ore project in that country. Key elements we analysed were the business environment, corruption, GDP per capita, infrastructure and political stability of each country. For the business environment we utilised the World Banks 'Doing Business' economy rankings. World economy doing business rankings are illustrated in Figure 4.1 below. A total of 183 economies were analysed in terms of the ease of doing business in each country. Figures from Transparency Internationals 2010 Corruption Perception Index were utilised in Figure 4.2. The countries associated world rankings out of 178 countries are listed along with their corruption index. A score of 10 represents a highly corrupt environment and a score of 0 represents a very clean environment with no corruption. Guinea is the worst performer in our peer group of African countries with a Doing Business world ranking of 179 out of 183 countries and a corruption index rating the country 164th out of 178 countries in relation to the level of corruption in the country.

Figure 4.1 - Doing Business World Rankings



Data source: Doing Business, Ocean Equities

Figure 4.2 - Corruption Index



Data source: Transparency International, Ocean Equities

The wealth of countries were analysed through a comparison of GDP per capita figures. Political stability was ranked in relation to the relative peace in a country, the current appeal of presidents to voters, and whether pending elections may materially impact the current law that a country adheres to. The countries were ranked against their peers, South Africa was perceived to have the lowest country risk while Sierra Leone and Guinea were regarded as the countries requiring significant progress for development to occur.

Figure 4.3 below summarises the rankings we have assigned to each country and the respective companies with operations in the country.

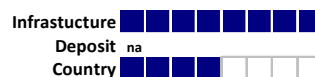
Figure 4.3 - Country rankings and associated companies with projects in the country

Country	Ranking	Companies with operations in each country
South Africa		Ferrum Crescent Ferrex Midwinter Resources
Namibia		Avonlea Minerals
Republic of Congo		African Iron Core Mining Equatorial Resources Sundance Resources Zanaga Iron Ore Company
Mozambique		Baobab Resources
Gabon		Core Mining
Cameroon		Afferro Mining Legend Mining Sundance Resources
Liberia		Afferro Mining
Sierra Leone		African Minerals Cape Lambert Resources London Mining
Guinea		Bellzone Mining

Data source: Ocean Equities

Equatorial Resources

ASX:EQX – Market Cap A\$221m (Cash ~A\$64m)



Ferrex

AIM: seeking admission – Market Cap £14m



Ferrum Crescent

AIM/ASX: FCR – Market Cap £37m (Cash ~A\$10m)



Legend Mining

ASX:LEG – Market Cap A\$54m (Cash ~A\$5m)



London Mining

AIM/OSLO: LOND – Market Cap £395m (Cash ~ \$129)



Midwinter Resources

ASX:MWN – Market Cap A\$4m (Cash ~A\$3m)



Sundance Resources

ASX:SDL – Market Cap A\$1,005 (Cash ~ A\$86m)



Zanaga Iron Ore

AIM: ZIOC – Market Cap £477m (Cash ~ \$49m)



28

Afferro Mining Inc

Overview

Afferro Mining Inc ('Afferro') is a TSX-V and AIM listed iron ore exploration company focussing on two iron ore projects, the Putu iron ore project in Liberia, in which Afferro has a 38.5% interest, and the 100% owned Nkout iron ore project in Cameroon. Afferro formally named African Aura Mining Inc ('African Aura') was renamed as a result of a butterfly split in Apr'11 to become two commodity focussed companies. Afferro holds the iron assets and Aureus Mining Inc (AIM:AUE) holds the gold and diamond assets.

Projects

The Putu iron ore project is located in the Grand Gedeh County in the south-east of Liberia, approximately 320km south-east of the capital city of Monrovia. Afferro Mining has a 38.5% interest in the project with Severstal a Russian based vertically integrated steel and mining company holding the remaining 61.5%. Both companies are funding the on-going development of the project in proportion to their respective shareholdings. The Government of Liberia granted a 25 year renewable Mineral Development Agreement (MDA) for the Putu iron ore project. Key elements of the MDA include a production royalty of 4.5% for the first fifteen years following the completion of a definitive feasibility study (DFS) which is subject to five annual reviews. The inferred resource of 2,375Mt at Putu is predominantly a magnetite itabirite deposit representing 92% of the total resource. Afferro estimates that \$2.5b of capital expenditure on infrastructure will be required for the Putu iron ore project. This includes a 120km railway line to the coast, port and mine infrastructure.

The 100% owned Nkout iron ore project is located in southern Cameroon close to the town of Djoum, which is 280km south-east of the Nsimalen International Airport in Yaounde. Afferro has a 489km² exploration permit which is due for renewal in Aug'11. On renewal, the license area has to be reduced by 50%. We visited the Nkout operations in Jun'11 as part of an Analyst/Investor site visit. The current resource at Nkout is 1,039Mt @ 34% Fe of a predominantly magnetite BIF. The Nkout project is an advanced exploration project currently undertaking an extensive drilling programme to delineate the resource at Nkout. Since the resource statement for Nkout was released in Jan'11, Afferro has drilled an additional 7,500m with three drill rigs on site and is forecasting to have seven rigs by September. The Company is scheduling further resource updates for the remainder of 2011. Nkout is located approximately 330km from the coast and Afferro is anticipating to build a 30-40km rail spur and connect to Sundance Resources planned railway. Afferro also holds interests in two other iron ore projects in Cameroon, the 70% owned Ngoa Hill and the 100% owned Akon Hills projects.

ReportCard

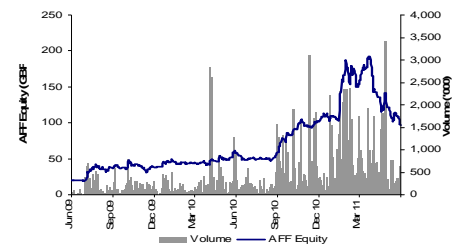
The proximity of the proposed Putu mine to the coast contributes significantly to a favourable view on Afferro delivering an infrastructure solution for its Putu project. If Sundance successfully advance through land acquisition and a declaration of public utility on their proposed railway line this will significantly re-rate Afferro by potentially providing Nkout with a infrastructure route to the market. Afferro currently has the 4th largest attributable Fe resource in our group of African peers and with favourable metallurgical test work indicating a high grade magnetite concentrate is achievable we believe the company is discounted as a result of infrastructure uncertainty. We believe Afferro have put together a good team based in London and on the ground in Liberia and Cameroon with potential to become a producer in the near future.

NewsFlow/Catalysts

- Further assay results from Nkout project
- Updated resources for Putu and Nkout iron ore projects


17th June 2011

Market Cap	~\$135m
Listing:Ticker	TSX-V/AIM: AFF
Share Price	97p
Shares o/s	~86m
52 week High/Low	193p / 47p
Net Cash/(Debt)	~\$10m
EV	~\$126m
Total Resources	3,792Mt
EV/Resource (Fe)	0.2



Project Country	Putu LIBERIA	
Ownership	38.5%	

Resource	Measured	Indicated	Inferred
Mt Fe%	-	-	2,375 34%

Project Country	Nkout CAMEROON	
Ownership	100%	

Resource	Measured	Indicated	Inferred
Mt Fe%	-	701 32%	717 35%



ReportCard

Infrastructure		
Deposit		
Country		

Directors / Senior Management

Mr Luis da Silva (President & CEO)
Mr David Netherway (Chairman)
Mr Peter Taylor (COO)

African Iron Ltd

Overview

African Iron Ltd ('AKI') is an Australian listed iron ore development company with its principal asset being the Mayoko iron ore project in the Republic of Congo (RoC). AKI has an 80% interest in the Mayoko project with Tanaka Mining Projects, Saurus Resources Ltd and MGM holding the remaining 20% (pre the government 10% interest at conversion of a mining lease). AKI expects to develop up to a 5Mtpa 'beneficiated' Direct Shipping iron Ore operation utilising its 33Mt @ 55% Fe supergene hematite resource by the middle of 2013. Cape Lambert Resource Ltd remains African Iron's largest shareholder with a 25% interest having vended the asset and management team into the company (lock up until Jan'12). On June 30th, AKI's regional neighbour Equatorial Resources ('EQX') acquired a strategic 19.9% stake in AKI.

Projects

African Iron's flagship asset it is Mayoko project that includes a 1,000km² exploration license in the south west corner of the RoC and located 300km northeast of the port city of Pointe-Noire. Mayoko has an existing Inferred Mineral Resource of 33Mt at 56% Fe prepared in 2008 based on 36 shallow holes by ICES-Geomin in 1974-75. A follow up 30,000m programme commenced in Feb'11.

Drilling campaigns throughout 2010/11 have confirmed the existence of three types of iron mineralisation; a supergene hematite cap of prospective DSO material, low-grade enriched hematite BIF grading 40-45% Fe; and underlying fresh magnetite BIF with grades of 30-36% Fe. AKI holds a Rail Memorandum of Understanding (MoU) with CFCO who own and operate the Mont-Belo to M'Binda rail line that terminates at the port of Pointe-Noire. African Iron in Feb'11 extended its Feb'09 MoU for a further six months as it works towards securing binding Heads of Agreement (HoA). An independent study into the Mont-Belo to M'Binda Railway by Egis International suggested that the existing rail network is capable of transporting a total capacity of 10Mtpa with the re-opening of some of the currently closed railway stations. The rail network is a public utility and is available to all users and was used to haul manganese ore from Gabon to Pointe Noire. The proposed port infrastructure for the Mayoko project is the RoC's sole import and export port at Pointe Noire located on the Atlantic Coast. The port facility is owned by the government agency Port Autonome de Pointe Noire (PAPN). PAPN is developing a new bulk commodities port to the north and has allocated land to African Iron. The existing Pointe Noire port is capable of berthing panamax size vessels.

ReportCard

The potential success of the Mayoko project on an independent basis is dependent upon increasing the scale of the resource to warrant a commercial scale operation and being able to effectively utilise the Mont-Belo to M'Binda rail line and export through the Pointe Noire port facilities. Despite having an early mover advantage in the RoC (resource and MoU with CFCO both in 2008) and being well located to existing infrastructure, AKI is on the look out for a new MD/CEO and is yet to convert its Rail MoU with CFCO into a binding HoA and confirm its port strategy. The update of the upcoming JORC resources will be important in determining whether the Mayoko project will be economically viable (AKI currently has the 2nd lowest attributable Fe resource of our African iron ore peers) to support the required upfront capital costs to commercialise the project and gain interest of the wider equity markets. African Iron has set an exploration target of 1.6 to 2.6Bt at 30-65% Fe consisting of 320-520Mt at 40-65% Fe representing DSO and bDSO material.

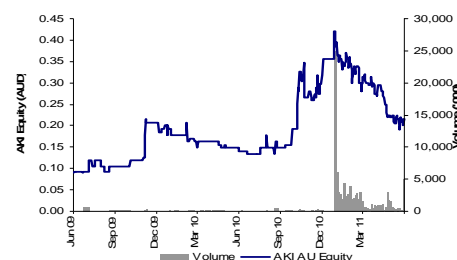
At Ocean we like potential for DSO operations and leveraging existing infrastructure; but in this instance, prefer exposure to African Iron's regional neighbour at Mayoko, Equatorial Resources. To this end we are encouraged by EQX's recent strategic interest in AKI as it provides obvious potential synergies for infrastructure and corporate optionality. The pending JORC resource update (initial upgrade expected in September before the main increase in December) will be critical for African Iron to advance feasibility studies and proposed project development with initial production in 2013.


NewsFlow/Catalysts

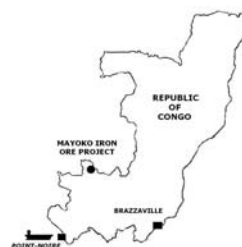
- Appoint MD/CEO and additional independent, non-executive director
- Interim JORC resource update in September 2011; main increase December

17th June 2011

Market Cap	\$109m
Listing:Ticker	ASX:AKI
Share Price	A\$0.215
Shares o/s	~480m
52 week High/Low	A\$0.42 / A\$0.13
Net Cash/(Debt)	~\$46m
EV	~\$63m
Total Resources	33Mt
EV/Resource (Fe)	4.3



Project	Mayoko				
Country	REPUBLIC OF CONGO				
Ownership	80%				
Resource					
	Mt	Fe	Measured	Indicated	Inferred
			-	-	33 56%



ReportCard

Infrastructure							
Deposit							
Country							

Directors / Senior Management

Mr Joe Ariti (Acting CEO)
 Dr Ian Burston (Non-Executive Chairman)
 Mr Tony Sage (Non-Executive Director)

African Minerals

Overview

African Minerals is an AIM listed iron ore development company focussing on its flagship development the Tonkolili iron ore project in Sierra Leone. The Tonkolili project has a huge 12.7Bt resource of a predominately magnetite deposit with an oxidised saprolite and haematitic cap, with material currently being stockpiled. In 2010 China Railway Materials Commercial Corporation (CRM) became a strategic investor attaining a 12.5% shareholding in African Minerals and securing a 10Mtpa 20-year off take for a magnetite concentrate. Shandong Iron & Steel Group also became a strategic investor by entering into a binding MoU with African Minerals to secure an off-take agreement for up to 10Mtpa of iron ore at discounted prices in exchange for a 3-staged US\$1.5b investment and a 25% interest in the Tonkolili project.

Projects

The Tonkolili iron ore project is located in the Sula Mountain range in central Sierra Leone, 190 km from the Atlantic coast. The Tonkolili project consists of four primary magnetite BIF targets, Simbili, Marampon, Numbara and Kasafoni. Lying above the primary magnetite deposit is an oxidised saprolite deposit and a haematitic cap. Metallurgical testwork has confirmed production of DSO from the haematite cap is achievable with a product grade in excess of 58% Fe. The testwork on the saprolite resource indicates that a pellet feed product is achievable averaging 64% Fe. From metallurgical testwork on the magnetite BIF it was concluded that a high grade magnetite concentrate suitable as a pellet feed product would be viable through beneficiation producing a concentrate of 70% Fe.

African Minerals has a three phase development plan looking to rapidly generate cash flow from its DSO cap before mining the larger, lower grade orebody. The first phase comprises of a 12Mtpa DSO operation with a grade +58% Fe, along with the development and refurbishment of rail and Pepel port infrastructure south-west of Tonkolili. African Minerals has estimated the first phase to cost US\$1.2b. Phase one has been fully funded through multiple equity issues and a US\$418m secured loan facility. African Minerals is aiming to start exporting DSO in 4Q'11. Phase two comprises of the production of 23Mtpa of a hematite concentrate produced from the saprolite deposit in 2014. The forecast for capital expenditure on phase two has been estimated to cost US\$2b including a narrow gauge railway to Tagrin point. Phase three consists of the development of a magnetite concentrate at a production rate of 45Mtpa post 2018. Capital expenditure for phase 3 is estimated to cost US\$6b. African Minerals has signed a Mining Lease Agreement with the Government of Sierra Leone which is valid for a period of 25 years and is renewable for a further 15 years following the expiry of the mining lease. In May'09, the Parliament of Sierra Leone granted African Minerals via African Rail and Port Services a 99 year infrastructure license to manage Pepel port and the railway line. African Minerals is required to allow 3rd party users access these facilities.

ReportCard

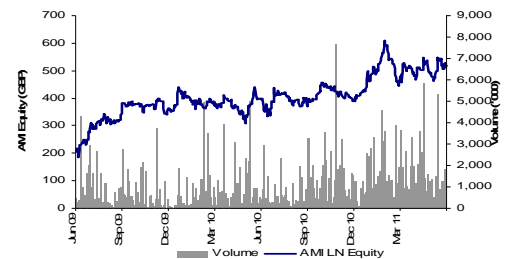
With the reconstruction of 74km of railway completed in Feb'11, and the new 126km railway line to the redeveloped Pepel port due to be completed in Q3/Q4 2011, African Minerals is fast approaching an infrastructure solution and becoming an iron ore producer in 4Q'11. Although boasting a magnetite BIF resource in excess of 11.5Bt, the ore will require extensive beneficiation and with a forecast yield of 26.5% on ore fed into the ore processing facilities, operating costs to produce a tonne of pellet feed concentrate in 2018 will be notably higher than the current DSO production. Alan Watling the CEO of African Minerals has extensive experience delivering iron ore projects as the Chief Operating Officer at Fortescue Metals Group now an iron ore producer in the Pilbara region of Western Australia, he also has 20 years experience with Rio Tinto and as a result we are confident the African Minerals team will be able to deliver the project on-time and become the next iron ore producer.



NewsFlow/Catalysts

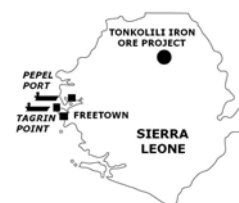
- Project development updates

17th June 2011

Market Cap	\$2,747m
Listing:Ticker	AIM: AMI
Share Price	£5.175
Shares o/s	~328m
52 week High/Low	£6.11 / £3.34
Net Cash/(Debt)	~\$18m
EV	~\$2,729m
Total Resources	12,751Mt
EV/Resource (Fe)	0.9135



Project Country		Tonkolili SIERRA LEONE					
Ownership		75%					
Resource		Measured		Indicated		Inferred	
Mt	Fe	2,531	31%	3,859	31%	6,361	32%



ReportCard

Infrastructure									
Deposit									
Country									

Directors / Senior Management

Mr Frank Timis (Executive Chairman)
Mr Alan Watling (CEO)
Mr Miguel Perry (CFO)

Avonlea Minerals Ltd

Overview

Avonlea Minerals Limited ('Avonlea') is a Perth based ASX listed company primarily focussed on the exploration of iron ore in Namibia. The company is also conducting exploration into other areas of interest in northern Namibia targeting vanadium, copper, lead and zinc. Avonlea listed on the ASX in Sep'07.

Projects

Avonlea has 3 magnetite targets at Ondjou, Hammerhead and Thresher in north-west Namibia. In Dec'10 Avonlea announced its maiden inferred resource at its Ondjou project with 521Mt of magnetite at 24% Fe. Avonlea has a 95% interest in the Ondjou project and the inferred resource was calculated on 3.6kms of a 10 km strike length. Diamond core drilling at the Southern extension of the Ondjou deposit was recommenced in 1Q'11.

Metallurgical testwork on samples from the Thresher and Hammerhead deposits have confirmed Fe mineralisation with early Davis Tube Recovery (DTR) producing a concentrate in excess of 65% Fe with low impurities.

In Nov'10, the Namibian Ministry of Works and Transport initiated the request for proposals into the execution of a detailed feasibility for a new port facility and associated infrastructure at Angra Fria on the north-west of the Namibian Atlantic coast line. The Company is meeting with various stakeholders and participants in Namibia at the end of Jun'11 regarding the Angra Fria/Cape Fria port and rail link development. The Department of Transport of Namibia is coordinating the process and have called for an independent consultant to draft the tender documents and review the tender process.

Avonlea has a 1.5Bt exploration target and metallurgical testwork in conjunction with the current drill program is underway. The company expects to release a resource upgrade in Sep'11.

Avonlea also has a targeted vanadium prospecting license in the north-east of Namibia as well as a copper, lead and zinc target exploration license to the east of the Thresher and Hammerhead deposit.

ReportCard

Avonlea is still an early stage exploration company. Infrastructure options are still being explored which include potential railway developments from Ondjou to Opuwuo connecting to the new proposed Angra Fria port site. Whilst the status of infrastructure developments is at a very early stage, the progression of the tender process by the Department of Transport of Namibia will be a very important catalyst for Avonlea further progressing studies and development of the Ondjou iron ore project.

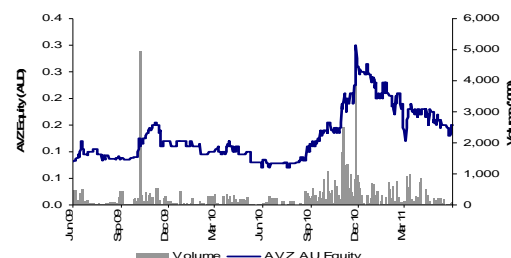
Of our analysis of African countries Namibia is rated as a superior business environment compared to our African peers (exc South Africa), combined with political stability we believe the country has excellent potential in which Avonlea can capitalise on with the development of the Company's Ondjou iron ore project.


NewsFlow/Catalysts

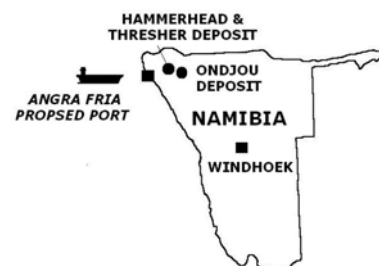
- Diamond core drilling results at Ondjou
- Further results of drilling program at Thresher and Hammerhead deposits
- Update on Angra Fria feasibility study

17th June 2011

Market Cap	~\$13m
Listing:Ticker	ASX:AVZ
Share Price	A\$0.15
Shares o/s	~83m
52 week High/Low	A\$0.30/A\$0.07
Net Cash/(Debt)	~\$2m
EV	~\$11m
Total Resources	521Mt
EV/Resource (Fe)	0.1



Project	Ondjou		
Country	NAMIBIA		
Ownership	95%		
Resource	Measured	Indicated	Inferred
Mt Fe	- -	- -	521 24%



ReportCard

Infrastructure									
Deposit									
Country									

Directors / Senior Management

Mr Roger Steinepris (Non Executive Chairman)
Mr David Riekie (Managing Director)
Mr Andrew Gastevich (Non Executive Director)

Baobab Resources plc

Overview

Baobab Resources plc ('Baobab') is an Australia based AIM listed mineral exploration company targeting iron ore, base and precious metals in Mozambique. Baobab's flagship project is the 85% owned Tete Magnetite – Ilmenite project. The International Finance Corporation (IFC) has the remaining 15% interest in the Tete project.

Projects

The Tete project is located north of the Zambezi River and the Provincial capital of Tete in the north-east of Mozambique. The Tete project consists of two areas of magnetite-ilmenite mineralisation, the Singore area and the Massamba Group trend. The Massamba Group trend comprises of five prospects including Chitongue Grande and Pequeno, Caangua, Chimbala and the South Zone. In September 2009 Baobab declared an Inferred Resource of 47.7Mt at a Fe grade of 25.3%, 0.18% V2O5 (Vanadium) and 9.69% TiO2 (Titanium oxide). This resource was calculated over a 500m portion of the Chitongue Grande prospect and a 400Mt to 700Mt exploration target over the broader Massamba Group area.

Baobab has employed an aggressive drilling campaign across its 632km² exploration licenses throughout 2011 in the aim of achieving a targeted resource inventory of 300Mt. RC Drilling programmes totalling 25,000m are scheduled to define resources at South Zone, Chitongue Grande extensions and Chimbala. Diamond drilling of 8,000m is also scheduled to develop and assess Baobab's satellite prospects of Singore & Tenge/Ruoni.

Baobab is anticipating utilising the refurbished railway connecting Tete to the port of Beira as well as the rail link connecting Tete to the deep water port of Nacala. Low tariff hydro-electric power is readily available from the 2,075 MW Cahora Bassa dam with the potential for an additional 1,500 MW supply at proposed M'phanda N'kuwa site also on the Zambezi river. Coal power plants have also been proposed for Moatize and Benga. Due to the strategic proximity to existing infrastructure Baobab is forecasting low capex to develop its Tete project. Baobab shares its license boundaries with mining majors Vale and Riversdale/Tata Steel who are developing large coal projects.

Baobab also has a JV with North River Resources on the Monte Muande magnetite/phosphorus deposit which has a 3-stage investment structure that can enable Baobab to earn a 90% total interest in the project if Baobab progresses to fund a definitive feasibility study.

ReportCard

Over the coming months Baobab is forecasting multiple resource updates. The results of the aggressive drilling campaign and updates in resource will determine whether the Tete project could be economically viable and produce the financial metrics to substantiate further development of the project. The current inferred resource was able to achieve an indicative beneficiated magnetite concentrate grade of 64% Fe and 0.7% V2O5 at a mass recovery of 20%.

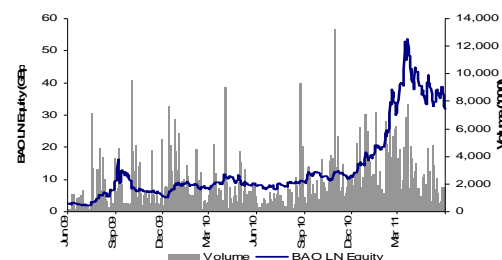
The ability of the Company to access low-tariff hydro-electric power will reduce the initial capital required in the development of the Tete project, and with the Company anticipating on utilising third party access to deliver its product to either Beira or Nacala, if agreements for access can be reached then Baobab potentially may be able to become an magnetite concentrate producer in the future as well as a potential producer of long steel and slag products.


NewsFlow/Catalysts

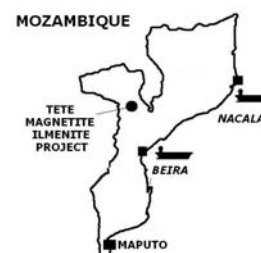
- Resource upgrades (South Zone, Chitongue Extension, Chimbala, Tenge/Ruoni, Singore)
- Commencement of Pre-Feasibility study in Oct'11

17th June 2011

Market Cap	~\$97m
Listing:Ticker	AIM:BAO
Share Price	31.88p
Shares o/s	~188m
52 week High/Low	53.75p / 6.88p
Net Cash/(Debt)	~\$11m
EV	~\$86m
Total Resources	48Mt
EV/Resource (Fe)	7.1



Project	Tete	
Country	MOZAMBIQUE	
Ownership	85%	
Resource	Mt	Fe
	-	-
Measured	-	-
Indicated	-	-
Inferred	48	25%



ReportCard

Infrastructure					
Deposit					
Country					

Directors / Senior Management

Mr Jeremy Dowler (Chairman)
 Mr Ben James (Managing Director)
 Mr Graham Anderson (CFO/Joint Company Secretary)

Bellzone Mining plc

Overview

Bellzone Mining plc ('Bellzone') is an AIM listed exploration and resource development company with iron ore and nickel/copper projects in the Republic of Guinea. Bellzone are currently focussing on two iron ore projects the 50% JV Forécariah iron project and the 100% owned Kalia iron ore project.

Projects

The Forécariah project is scheduled to come into production in 2012. Initially a 3-4Mtpa DSO operation the Company is targeting an annual production rate of 10Mtpa by 2013. The Forécariah project is a 50:50 JV with the Guinea Development Corporation which is comprised of China International Fund (CIF) (72.5%) and the Government of Guinea (27.5%). The project is conveniently positioned 80km inland from the proposed port of Konta. The project is likely to be an open pit mining and modular processing plant operation with road haulage along the existing road to Konta. Bellzone are conducting a feasibility study into the widening of the existing roads and are anticipating to utilise 150t to 200t road trucks which will deliver DSO material to the port of Konta. Capex is forecasted to be in the vicinity of \$300-350m to support a 10Mtpa operation.

The Kalia iron project is a 2-stage oxide and magnetite concentrate project with the first stage consisting of an oxide production of 20Mtpa from 2014 and a magnetite concentrate production of 10Mtpa from 2015. Capex forecasted for stage one is approximately US\$1,179m. Stage 2 includes the oxide production increasing to 30Mtpa from 2017 and magnetite concentrate increasing to 20Mtpa from 2018. Capex for stage 2 is forecasted to be US\$552m. Bellzone have posted a 3.7Bt magnetite resource for Kalia consisting of 270Mt, 400Mt and 3.07Bt of measured, indicated and inferred resource respectively. The combined concentrate potential of the magnetite is a 68% Fe concentrate with a 28% mass recovery. In May '11, Bellzone posted a maiden oxide inferred resource of 111Mt of 'enriched' oxide at 38% Fe. Test work indicates possible beneficiation of the oxide to 58% Fe with 39% recovery by weight but the resource came ~ 5 months late, was significantly below the 1Bt target and does not seem to include any DSO material and the low grade of the defined resource suggests that operating and capital costs for the so-called DSO project will be significantly higher than initially estimated.

Bellzone has signed an Infrastructure Accord with the Government of Guinea secured by Presidential Decree which gives Bellzone the exclusive rights to conduct studies into the development of rail and port infrastructure to support the Kalia iron project. Bellzone also had a signed a definitive agreement with China International Fund (CIF) where CIF will provide a market related financing package for the Kalia Mine and fund the port and rail infrastructure. In return for the financing package and infrastructure development CIF can elect to take up to 100% of the off-take from the Kalia Mines at market price. Kalia production will also be guaranteed perpetual priority access to the port and rail infrastructure with the application of transport tariffs that will be mutually accepted by both parties. Bellzone also have a nickel/copper project at Sadeka with current drilling programs underway.

ReportCard

The proximity of the Forécariah project in relation to the coast and with the use of road trains is a significant infrastructure advantage for Bellzone in the exportation of their DSO product. Development budgets of the Forécariah iron project were approved in Jan'11. There is currently no defined resource for Forécariah and development is progressing ahead on the basis of geological assessments made in Dec'10.

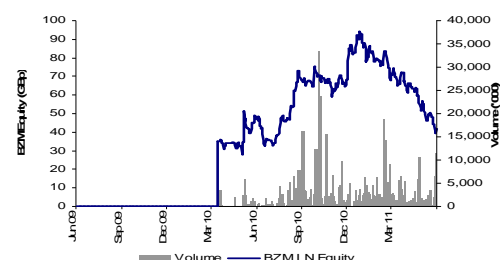
The Kalia project will be a capital intensive project with the first stage forecasted to be constructed at US\$130/t which includes the construction of a new 280km railway. Of our peer group Bellzone has the third largest attributable Fe resource which could support a large scale mining operation and the Company is anticipating of achieving a 50Mtpa operation.


NewsFlow/Catalysts


- Results of drilling programme at Kalia

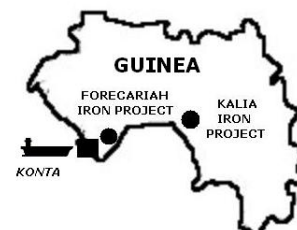
17th June 2011

Market Cap	~\$419
Listing:Ticker	AIM:BZM
Share Price	42p
Shares o/s	~616m
52 week High/Low	94p / 33p
Net Cash/(Debt)	~\$165m
EV	~253m
Total Resources	3,851Mt
EV/Resource (Fe)	0.3



Project Country Ownership	Kalia			
	GUINEA			
	100%			
Resource	Measured	Indicated	Inferred	
Mt Fe	270 27%	400 28%	3,181 22%	

Project Country Ownership	Forécariah			
	GUINEA			
	50%			
Resource	Measured	Indicated	Inferred	
Mt	-	-	-	
Fe	-	-	-	



ReportCard

Infrastructure	■	■	■	■	■	■	■	■	■
Deposit	■	■	■	■	■	■	■	■	■
Country	■	■	■	■	■	■	■	■	■

Directors / Senior Management

Mr Nikolajs Zuks (Managing Director)
Mr Michael Farrow (Non Executive Chairman)
Mr Graham Fyfe (COO)

Cape Lambert Resources Ltd

Overview

Cape Lambert Resources Ltd ('Cape Lambert') is an Australian mineral investment company, listed on the ASX. Cape Lambert's business model is unique in comparison to other African Iron ore players detailed in this note. Cape Lambert strategy is to identify undervalued or distressed early stage resource projects and companies, and by utilising the Company's strong balance sheet acquire projects and interests in companies with the objective of positioning them for resale prior to development into production.

In Jan'11, Cape Lambert completed the sale of wholly owned subsidiary DMC Mining Ltd (DMC) to African Iron Limited. DMC had an 80% interest in the Mayoko iron ore project in the Republic of Congo. Cape Lambert received A\$47m in cash and 120m Africa Iron shares which equated to a 25% interest in African Iron post the A\$96m equity raising. Through its diversification of investments Cape Lambert has exposure to iron ore, copper, gold, uranium, phosphate and vanadium assets in Australia, Greece, Africa and South America.

Projects

The 100% owned Marampa iron ore project is a brownfields exploration project located near the township of Lunsar in Sierra Leone. The project is located on a 305km² exploration license 84km inland from Pepel port via the existing Marampa railway. In July'11 Cape Lambert announced an upgraded resource for the Marampa project, consisting of an indicated 261Mt at a grade of 28.7% Fe and an inferred resource of 419Mt at 27.9% Fe. This resource represents 60% of the mineralised strike. The Company is anticipating a potential production start-up late 2012. The Marampa project is connected to the deep water port of Pepel by approximately 80km of railway infrastructure. African Minerals has an infrastructure license with the Government of Sierra Leone to manage the railway line and Pepel port. A condition on this license is to allow third parties access to the infrastructure and in Jan'11 Cape Lambert negotiated terms with African Minerals to be entitled to 3rd party access to the Marampa railway, Pepel port and African Minerals stockyard utilising up to 2Mtpa of capacity. Once African Minerals Tagrin infrastructure facilities are operational, Cape Lambert will have an option to increase this capacity to 5Mtpa.

During 1Q'11, the Company completed a scoping study into a 5Mtpa open pit hematite concentrate operation at Marampa. Initial capital estimates for the operation are US\$655m. Optimisation of metallurgical test work continues as the Company is targeting to yield concentrates of greater than 65% Fe with mass recoveries of greater than 40%.

Cape Lambert also has a 46.1% interest in Pinnacle Group Assets Limited ('Pinnacle') who have two early stage iron ore projects the Kukuna iron ore project in Sierra Leone and the Sandenia iron ore project in Guinea. The Kukuna iron ore project comprises of one exploration license covering 68km², 120km northeast of Freetown. The Sandenia iron ore project consists of two exploration permits covering 608km² in the central south region of the Republic of Guinea. Metals Exploration (Mauritius) Limited is a wholly owned subsidiary of Cape Lambert and has over 2,800km² of granted land licenses and applications north and south of the Marampa project.

ReportCard

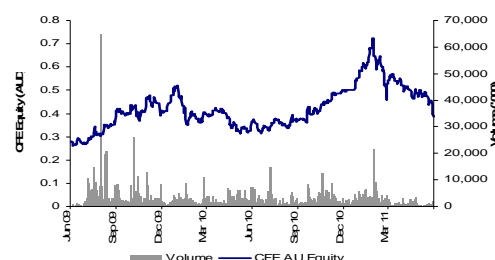
In comparison to African iron ore peers the Marampa project is located on prime real estate given its proximity to Marampa railway and the deal the Company has struck with African Minerals. Metallurgical test work to date has indicated a low yielding concentrate suitable as a BF Pellet Feed or Sinter Feed with lower mass recovery than the majority of our peers. The Marampa project is also capital intensive at US\$131/t utilising 3rd party access.

NewsFlow/Catalysts

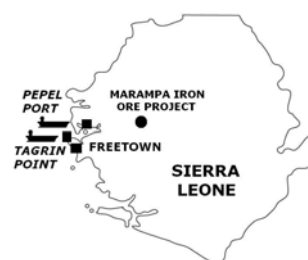
- Updated Marampa resource estimate – June-11
- Geophysics results of Kukuna

17th June 2011

Market Cap	~\$234m
Listing:Ticker	ASX:CFE
Share Price	A\$0.385
Shares o/s	~572m
52 week High/Low	A\$0.73 / A\$0.32
Net Cash/(Debt)	~\$75m
EV	~\$159m
Total Resources	680Mt
EV/Resource (Fe)	0.8



Project	Marampa	<div></div>			
Country	SIERRA LEONE				
Ownership	100%	<div></div>			
Resource		Measured	Indicated	Inferred	
Mt	Fe	-	261	419	
		-	29%	28%	



ReportCard

Infrastructure									
Deposit									
Country									

Directors / Senior Management

Mr Tony Sage (Executive Chairman)
 Mr Tim Turner (Non Executive Director)
 Mr Brian Maher (Non Executive Director)

Core Mining Ltd

Overview

Core Mining ('Core') is a private mining company incorporated in the British Virgin Islands with two iron ore projects, the Avima project in the Republic of Congo and the Kango project in Gabon. Core has set a development plan to bring its Kango project into production within two years with a 5Mtpa production ramping up production to 20Mtpa within six years.

Projects

The Avima project located on a 1,000km² exploration license in the northwest of the Republic of Congo close to the borders of Gabon to the west and Cameroon to the north. Current exploration is focussed on a 40km strike length along the mineralized ridge of Mount Avima consisting of Avima West, Avima Centre and Avima East. The Avima centre is 5.3km long consisting of high grade ore with iron contents of up to 69.25% Fe. Access to Avima is via a purpose-built 62km all weather road. Core is anticipating on Avima being a 20Mtpa operation and will require a dedicated railway and port. Core has an exploration target of 5.3Bt for the Avima project. Core claims to have a JORC resource of ~1Bt of iron ore¹.

The Kango project consists of a 1,900km² Exploration License 85km east of Libreville, the capital of Gabon on the Atlantic coast line. Core boasts infrastructure advantages with its Kango project as it is located nearby the Komo river which facilitates the use of barg operations in the exportation of iron ore. The project is also within close proximity to the main N1 highway, the Trans-Gabon Railway, and the Kinguele hydroelectric dam.

In Oct'10 Core announced the results of a feasibility study on the site selection for the marine export terminal with respect to the development of the Kango project. The first concept analysed was a transshipment method involving the use of barges with transfers along the river at transshipment areas where ore would be transferred from barges to panamax vessels by means of floating transfer units. The second concept analysed was the development of a new 20km railway from Kango to join the existing railway to Owendo, new facilities to support stock piling would be developed and either an iron ore terminal for handymax loading would be developed or a quay for loading barges would be developed to support further transshipment to vessels.

ReportCard

The Kango project is well positioned to be in production in two years. The projects close proximity to the coast and the ability of the company to utilise barg operations provide a genuine low cost infrastructure solution for Core to start generating revenue.

Core is exploring strategies to develop a dedicated railway and port for the Avima iron ore project. As mentioned previously the Avima project lies in close proximity to the Cameroon Congo Corridor. With Sundance's Mbalam project, Equatorial's Badondo project and the Avima project all located in the north west of the Republic of Congo their potentially could be an investment case for a consolidation of projects within the region to support infrastructure development.



NewsFlow/Catalysts

- Kango and Avima drilling results
- IPO developments

1- As Core is a private company, limited public information is available and of that information provided it does not have to abide by the same regulations as publicly listed entities.

17th June 2011

Market Cap	Private company
Listing:Ticker	
Share Price	
Shares o/s	
52 week High/Low	
Net Cash/(Debt)	
EV	
Total Resources	
EV/Resource (Fe)	

Project Country	Avima REPUBLIC OF CONGO			
Ownership	100%			
Resource	Measured	Indicated	Inferred	
Mt	Fe	-	-	-
Project Country	Kango GABON			
Ownership	100%			
Resource	Measured	Indicated	Inferred	
Mt	Fe	-	-	-



ReportCard

Infrastructure	
Deposit na	
Country	

Directors / Senior Management

Mr Socrates Vasiliades (CEO)
Mr Nick Burgess (CFO)

Equatorial Resources Ltd

Overview

Equatorial Resources Ltd ('EQX') is an Australian based ASX listed iron ore exploration company with two projects in the Republic of Congo (RoC), the Mayoko-Moussondji project and the Badondo project. The Company is currently undertaking an accelerated drilling programme to define a resource at its Mayoko-Moussondji iron project, this was reinforced in May'11 with the announcement that Wallis Drilling Pty Ltd would undertake the largest drilling contract in the RoC with a 28,000m reverse circulation and diamond core drill programme running parallel with Equatorial's current drilling contractor Partners Drilling International's operation at the Mayoko-Moussondji site. On June 30th, EQX secured a strategic 19.9% interest in African Iron which holds an 80% interest in the Mayoko iron project which lies adjacent to EQX's 100% owned Mayoko-Moussondji project.

Projects

The Mayoko-Moussondji iron project is located in the south-west region of the RoC. Based on airborne geophysical surveys and assay results, EQX has set an exploration target of 2.3–3.9Bt of iron mineralisation comprising of a potentially enriched hematite cap estimated to be ~ 500-900Mt with a grade of 40–65% Fe. It is expected that a primary magnetite itabirite deposit in the vicinity of 1.8–3.0Bt at a grade of 30–45% Fe is also within the exploration target and the favourable Davis Tube Recovery results achieved for the magnetite at African Iron's neighbouring Mayoko bodes well for EQX.

The Mayoko-Moussondji project is located in close proximity to a railway line, as close as 500m, which was originally used Comilog, a manganese producer from Gabon. Equatorial has signed a conditional agreement with Le Chemin de Fer Congo Ocean (CFCO) to be granted immediate access to the railway line committing both parties to enter into a 25 year user agreement which will see CFCO maintain ownership of the line while EQX will own all the rolling stock and be responsible for operating the line. A study into the railway commenced in Jan'11 assessing capacity and evaluating expansion options. The railway line connects to the Pointe-Noire port which is operated by the Port Authority of Pointe-Noire (PAPN). Equatorial has a MoU with PAPN committing both parties to a feasibility study into the exportation of iron ore from the current port. Pointe-Noire is a deep water port with capacity for panamax-sized vessels and currently has bulk material handling facilities. Equatorial is initially targeting the rapid development of a 3-5Mtpa operation of DSO material from Mayoko and a potentially world class, larger scale beneficiation operation in the medium to longer term.

The Badondo iron project is located in the north-west of the RoC and is an early stage exploration project with a first pass drilling programme expected by year end. The project has an exploration target of 1.3-2.2Bt, including a higher grade zone of 200-300Mt and the location of the project is in proximity to major companies, Core, China Machinery Engineering Corporation and Sundance who all have the potential to support infrastructure developments in the region.

ReportCard

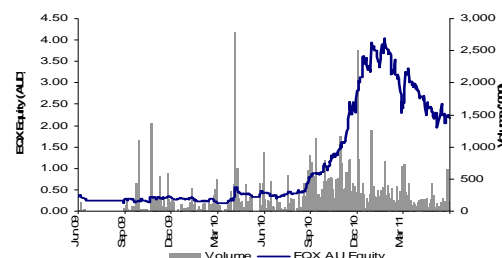
Having a conditional agreement with CFCO and a MoU with PAPN in relation to the use of infrastructure is a positive step for EQX delivering an infrastructure solution for their projects and we view EQX's recent strategic interest in AKI as a significant step forward and providing obvious potential synergies for infrastructure and corporate optionality. With no current resource the upcoming drilling results and resource definition will be imperative to substantiate project development. The Company remains well funded with a leading shareholder register of natural resource institutions in London/Europe. We are impressed with the team, MD John Welborn and Chairman Ian Middlemas has assembled with excellent African operational experience including Jonathan Hericourt the former MD of Bauxite Company of Guinea a 13Mtpa bauxite mine, 140km railway system and a deep water port facility in Guinea.

NewsFlow/Catalysts

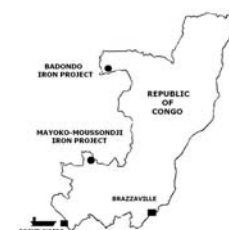
- Drilling results from Mayoko-Moussondji project
- Results of the studies and commercial discussions into use of Point-Noire and CFCO railway

17th June 2011

Market Cap	\$235m
Listing:Ticker	ASX:EQX
Share Price	A\$2.18
Shares o/s	~102m
52 week High/Low	A\$4.05 / A\$0.30
Net Cash/(Debt)	~68m
EV	~167m
Total Resources	-
EV/Resource (Fe)	-



Project	Mayoko-Moussondji			
Country	REPUBLIC OF CONGO			
Ownership	100%			
Resource	Measured	Indicated	Inferred	
Project	Badondo			
Country	REPUBLIC OF CONGO			
Ownership	100%			
Resource	Measured	Indicated	Inferred	



ReportCard

Infrastructure	■	■	■	■	■	■	■	■	■
Deposit	na								
Country	■	■	■	■	■	■	■	■	■

Directors / Senior Management

Mr Ian Middlemas (Chairman)
Mr John Welborn (MD & CEO)
Mr Mark Pearce (Non Executive Director)

Ferrex plc

Overview

Ferrex plc ('Ferrex') is an early stage exploration play positioned to capitalise on the favourable outlook for steel-feed commodities with a proven management team looking to create near-term value via the advancement of its portfolio of projects through exploration, development and towards production. The Company's focus is African pre-resource assets that offer the potential to be rapidly developed at a low capital cost due to their favourable location to infrastructure and known mineralisation.

Ferrex aims to become a medium scale, low/mid-cost producer of iron and manganese ore, with interests in various pre-resource projects including: two prospective mineral properties for iron ore and manganese located in South Africa (the Malelane and Leinster projects respectively); one prospective mineral property for manganese located in Mozambique (the Changara Project); and, a pipeline of other acquisition targets

Projects

Ferrex's initial focus is developing its Malelane iron ore project in the north-east of South Africa. Ferrex has a 74% interest in the project. The Malelane deposit is a large jaspillite deposit (also known as taconite) and also contains a mixture of hematite and quartz. Ferrex has set an initial exploration target of 775–930Mt at a grade of 34–36% Fe. Ferrex has just completed a first round of drilling at its Malelane iron ore prospect with results including 16m @ 60% Fe from surface and 212m @ 36.6% Fe. It is estimated that ~28,000 tonnes of up to 55% Fe material has been previously mined and the property has previously been drilled and trenched by Rio Tinto in the 1970's.

The Malelane deposit is located 6km away from the existing Transnet rail infrastructure (and operational siding) which currently has rail capacity of up to 3Mtpa. Transnet is fully owned by the South African government but operates as a corporate entity with the aim of promoting economic growth in South Africa by providing freight logistic solutions across the nation. The Transnet railway line is connected to the Port of Maputo in Mozambique, 175km south east of the proposed Malelane mine. The government of Mozambique appointed the Maputo Port Development Company to govern and operate the Port of Maputo. The Port of Maputo's layout and configuration is capable of having panamax vessels berthing at the port which will enable Ferrex access into European, Middle Eastern and potentially Asian steel mills with their sinter product.

Ferrex also has two manganese (Mn) projects, the Leinster Manganese project in South Africa and the Changara Manganese project in Mozambique. The Leinster deposit previously had a diamond and percussion drill program consisting of 51 holes drilled by Anglo American, and has an exploration target of 5.5-8.7Mt at 28.6-31.3% Mn.

ReportCard


Ferrex's board and management team have a track record of exploring and developing early stage mineral assets in Africa having been directly involved in mining projects comprising investments of +US\$1b. The Malelane iron ore is the company's current flagship asset, favourably located to existing infrastructure and initial exploration activities and previous mining supports the potential for a relatively quick start, stage one DSO operation followed by a long life, larger scale beneficiation project. A maiden resource is targeted within 6 months. The Company is seeking to raise a minimum of £1m, with an over allocation for a further £1m, via its current share placement and Admission to AIM.

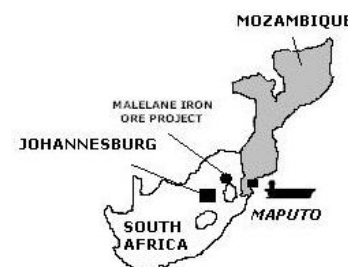
NewsFlow/Catalysts

The Company's pre admission market capitalisation is a modest £13.6m (assuming a 3p valuation). Ferrex expects to generate a near term value uplift from the conversion of known mineralisation and exploration targets into JORC-compliant resources at the Malelane iron ore project with a further value uplift expected through exploration, consolidation and development of its earlier stage, but potentially more prospective manganese projects in the medium term.

17th June 2011

Market Cap	~£14m
Listing:Ticker	Admission to Aim
Share Price	
Shares o/s	
52 week High/Low	
Net Cash/(Debt)	
EV	
Total Resources	
EV/Resource (Fe)	

Project Country	Malelane SOUTH AFRICA			
Ownership	74%			
Resource	Measured	Indicated	Inferred	
Mt	Fe	-	-	-



ReportCard

Infrastructure	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
Deposit	na
Country	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>

Directors / Senior Management

Mr Brian Moritz (Chairman)
Mr Dave Reeves (Managing Director)
Mr James Carter (CFO)

Ferrum Crescent Ltd

Overview

Ferrum Crescent Ltd ('Ferrum') is an Australian mining company dual listed on the ASX and AIM markets. Ferrum recently completed a JORC resource upgrade drilling campaign at its flagship Moonlight iron ore project in the northeast of South Africa which is expected to increase the tonnage and confidence of the existing resource, support the ongoing metallurgical programme to produce a DRI pellet and completion of the comprehensive DFS by early 2012.

Projects

The Moonlight iron ore project has defined a JORC compliant resource of 310Mt resource consisting of an Indicated resource category of 70Mt @ 34% Fe and an Inferred resource category of 240Mt @ 28% Fe with a resource upgrade expected in 3Q'11. The magnetite grain size at the Moonlight project is coarse and as a result the production of a commercial concentrate will require lower magnetic separation and will require less energy in the beneficiation process. The Moonlight Deposit was initially drilled by ISCOR (now Kumba) who defined 470Mt of 'reserves', capable of producing concentrate grading 68.7% with iron recoveries ~90%. Initial programmes conducted by Ferrum have suggested that ISCOR's estimates are conservative; however, at the time ISCOR described the deposit as being comparable to the world's best but did not develop the project due to its focus on high-grade hematite projects in the 1980-90's.

The geographic location of the Moonlight Deposit; existing mines and industrial nodes in the vicinity, railheads on existing and future proposed networks, ports for shipment, and domestic iron and steel works; and availability of power, water and other utilities mean that Ferrum has the luxury of a number of infrastructure options as well as the potential for secondary value adding processing to enhance the value of products produced from the Moonlight Deposit.

Ferrum also has the prospecting right to the De Loskop project located 150km east of the Moonlight iron ore project. Ferrum set an exploration target of 200m-1Bt of iron mineralization at a grade of 30-40% Fe for the De Loskop project.

ReportCard

In Jun'11, Ferrum announced an off-take agreement with Duferco SA, a privately owned world leader in the trading, mining, and end use of iron and steel products, for up to 6Mtpa of iron ore pellet production. Following extensive due diligence on the Moonlight project, required infrastructure and proposed development of a pellet plant, Duferco concluded that Ferrum should be able to produce and deliver Direct Reduction ('DRI') and/or Blast Furnace ('BF') pellets equal to or better than the current world best product. The announcement of an off-take agreement elevates Ferrum into a niche group of African iron ore players that have secured off-take agreements and significantly de-risks Ferrum's Moonlight project. Furthermore, Ferrum is now also 'in play' as a viable M&A target given the off-take agreement's takeover termination clause.

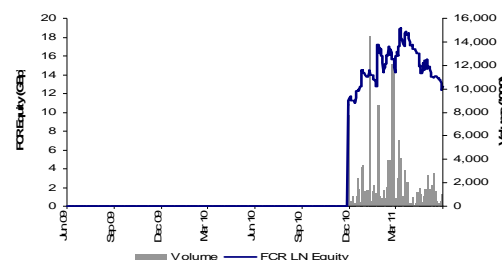
AMEC Minproc is managing the DFS for the development of a pellet plant for the production of iron ore pellets for the domestic market, with magnetite concentrate delivered to the plant via a slurry pipe from Moonlight. With access to the Transnet rail network 170km away and accessible by a sealed national highway, along with the potential to access the Botswana rail network, the Moonlight project has a feasible infrastructure remedy with the potential to access Maputo port in Mozambique or Richards Bay in South Africa and deliver its BF and DRI pellets. The supply of power appears of little concern for the project albeit very limited local power available the nearest transmission line is 15km west of the site with approximately 18MW spare capacity, this could be extended to the mine to provide the level of power required to develop the Moonlight project.


NewsFlow/Catalysts

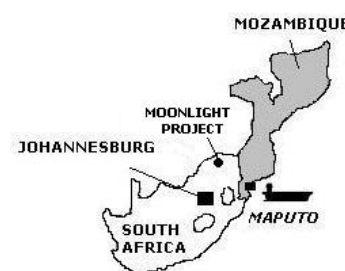
- Further drilling results from Moonlight iron ore project
- Upgraded JORC resource
- Completion of the ongoing DFS
- Exploration results and maiden resource definition at the De Loskop project

17th June 2011

Market Cap	\$60m
Listing:Ticker	AIM/ASX:FCR
Share Price	12.75p
Shares o/s	~292m
52 week High/Low	19p / 10.75p
Net Cash/(Debt)	~\$11m
EV	~\$50m
Total Resources	310Mt
EV/Resource (Fe)	0.7



Project	Moonlight		
Country	SOUTH AFRICA		
Ownership	%		
Resource	Measured	Indicated	Inferred
Mt Fe	- -	70 34%	240 28%



ReportCard

Infrastructure									
Deposit									
Country									

Directors / Senior Management

Mr Edward Francis Gerrard Nealon (Executive Chairman)
 Mr Vernon Harvey (Chief Operating Officer)
 Mr Robert Van Der Lann (CFO)

40

London Mining plc

Overview

London Mining plc ('London Mining') is a London based AIM and Oslo Axess listed bulk commodities exploration and development company. The Company has three iron ore projects consisting of the 100% owned brownfield development project of Marampa in Sierra Leone, the 100% owned iron ore project of Isua in Greenland and the 25% owned Wadi Sawawin asset in Saudi Arabia. London Mining also has a coking coal project in Columbia. In 2010, London Mining was facilitated with a \$60m revolving credit facility arranged by Standard Chartered and in Jan'11 the Company successfully completed a US\$110m convertible bonds issue. The financing activities have enabled London Mining to be fully funded and bring the Marampa iron ore project into production at a forecasted 3.6Mtpa level in 3Q'11, while also enabling the development of the Colombian coking coal project with a forecasted 200ktpa production level by the end of 2011.

Projects

The Marampa mine is a brownfields development site previously operated between 1933 and 1975 by the Sierra Leone Development Company (DELCO) and William Baird with a peak production of 2.5Mtpa. London Mining has a two stage development plan for Marampa. The first stage consists of the processing of the tailings from previous operations through a 1.8Mtpa processing module to produce a premium sinter concentrate. This production level will be ramped up with the construction of a second 1.8Mtpa processing module with construction due to start by the end of 2011. This will bring total production from phase 1 to 3.6Mtpa by 2013. Capital estimates for phase 1 are US\$101m, Stage 2 consists of an expansion to 16Mtpa of a pellet feed or sinter concentrate. Results from a pre-feasibility study into the phase 2 expansion concluded that a 3-staged expansion would be optimal initially producing a 8Mtpa sinter concentrate from 2014 for a capital commitment of US\$659. An additional 8Mtpa of pellet feed would be produced from 2016 with capital expenditure estimated at US\$1,187m. The 8Mtpa pellet feed production would be maintained from 2021 through the addition of regrinding and floatation processing facilities for a capital cost of US\$523m.

In Jan'11 the Company announced the signing of a five year offtake agreement for Marampa product with Glencore International. The offtake covers 9.5Mt of production from the first phase of the project over a period of five years.

Stage 1 involves the utilisation of haul road to truck the sinter concentrate to the river port at Tawfayim, then utilising a barging operation with handysize to capsize transhipment at a deepwater transhipment point off the coast of Freetown.

ReportCard

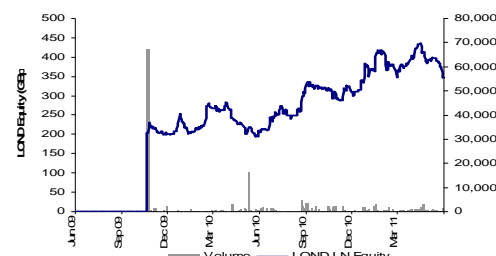
London Mining is fast approaching first ore on ship with its Marampa iron project. With an infrastructure solution through the use of barging and transhipment, London Mining has a significant infrastructure advantage over its African peers. Capital expenditure for stage 1 of the Marampa production is forecasted to cost \$28/t the lowest capital required of our African iron ore peers. A coal fired power plant is required for stage 2 of the Marampa project, capital estimates still come in under the \$100/t at \$83/t for stage 2a. With a resource in excess of 1Bt, competitive metallurgy in comparison to African iron ore peers and favourable infrastructure London Mining is poised to be apart of the new generation of iron ore producers.

NewsFlow/Catalysts

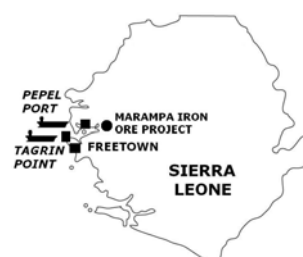
- Outcome of Marampa Phase 2 feasibility

17th June 2011

Market Cap	~\$640m
Listing:Ticker	AIM/OSLO:LOND
Share Price	£3.47
Shares o/s	~114m
52 week High/Low	£4.37 / £2.06
Net Cash/(Debt)	~\$40m
EV	~\$600m
Total Resources	2,392
EV/Resource (Fe)	0.8



Project Country	Marampa	<div><div></div></div>			
	SIERRA LEONE				
Ownership	100%	<div><div></div></div>			
Resource	Measured	Indicated	Inferred		
Mt		604	404		
Fe		31%	31%		



ReportCard

Infrastructure									
Deposit									
Country									

Directors / Senior Management

Mr Colin Knight (Non Executive Chairman)
Mr Graeme Hossie (CEO)
Mr Luciano Ramos (COO)

Midwinter Resources

Overview

Midwinter Resources ('Midwinter') is an early stage Australian based ASX listed exploration company with its prospective magnetite Northern Lights project located in the Limpopo Province of South Africa.

In Sep'10 Midwinter acquired a 49% interest in Capricorn Iron Ltd ('Capricorn'). Capricorn owns a 70% interest in the Northern Lights iron project in South Africa. Pending regulatory approvals being obtained Midwinter will have the right to move to 100% ownership of Capricorn and effectively a 70% interest in the Northern Lights project. The remaining 30% is owned by Nkgapu Investments (Pty) Ltd.

Projects

The Northern Lights project is a magnetite iron ore project in the Limpopo Province of Republic of South Africa. Midwinter is optimistic for a potential discovery of significant magnetite resources hosted in metamorphosed BIFs. The project area displays surface outcrops of magnetite. In 2010 Midwinter commenced a detailed magnetic survey and started its drilling campaign. Typical grades from samples recovered from the magnetite mineralised zone have a Fe content of 36%. This grade does not include intercalated waste or any allowance for dilution and as a result resource grades when calculated will be lower than the grade of the mineralization. The magnetic survey identified the Woolwichi magnetic anomaly, a large anomaly to the east with length of 10km with a high response core of 3km. The company is currently awaiting the grant of prospecting rights over Woolwichi. The prospects of Caledonia One and Klip One have been drilled to a depth of 120m with small intersections of mineralisation.

The Northern Lights project is located approximately 400km from Pretoria by sealed roads and 300km north of Johannesburg. The project is close to South Africa's largest thermal power station and has high tensile power lines running through the middle of the project connecting to the 4GW Matimba Power Station 100km's to the south of the Northern Lights project. The project area is also within 100kms from the South African owned Transnet railway line that connects iron ore producers to the steel mills around South Africa. The site is also close to the proposed Trans Kalahari rail link in Botswana. The project has the potential to access the port of Maputo in Mozambique.

Davis Tube Recovery metallurgical testwork on material from both oxidised and primary magnetite ore produced high grade concentrates of 68.9% Fe with a mass recovery of approximately 32%.

ReportCard

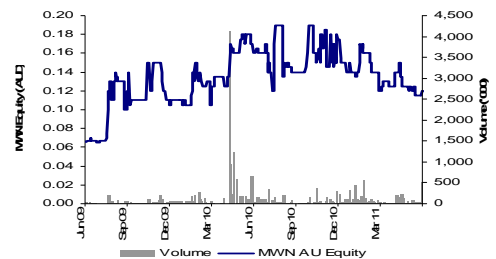
Midwinter is a very early stage exploration company. The granting of the Woolwichi prospecting license will be crucial in determining whether Midwinter has the potential to become a magnetite producer in the future. In comparison to our African peers infrastructure supply is relatively well rated, supply of power will be no problem for the project with the 4GW Matimba power station 100km's away and with potential access to the Transnet railway system connecting to domestic steel producers and the port of Maputo, Midwinter is well positioned to take advantage of favourable infrastructure solutions should further drilling results warrant project development.

NewsFlow/Catalysts

- Grant of prospecting license over eastern anomalies (Woolwichi)
- Further drilling results and verification of largest anomalies

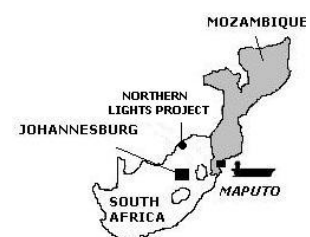
17th June 2011

Market Cap	~\$4m
Listing:Ticker	ASX:MWN
Share Price	A\$0.12
Shares o/s	~30m
52 week High/Low	
Net Cash/(Debt)	~\$3m
EV	~\$1m
Total Resources	-
EV/Resource (Fe)	-



Project	Northern Lights
Country	SOUTH AFRICA
Ownership	34%

Resource	Measured	Indicated	Inferred
Mt Fe	-	-	-



ReportCard

Infrastructure	■	■	■	■	■	■	■	■	■
Deposit	■	■	■	■	■	■	■	■	■
Country	■	■	■	■	■	■	■	■	■

Directors / Senior Management

Mr Adrian Griffin (Managing Director)
Mr Martin Pyle (Chairman)

Sundance Resources Ltd

Overview

Sundance Resources Limited ('Sundance') is an Australian listed resources company focussed on the exploration and development of the Mbalam iron ore project in Cameroon and the Republic of Congo. The project is located 400km southeast of the capital city of Yaounde of Cameroon and 510km from the Cameroon coast via a proposed railway.

Projects

The Mbalam iron ore project consists of the 90% owned Cam Iron SA subsidiary which has a 783km² exploration permit in Cameroon containing the Mbarga deposit, and the 85% owned Congo Iron SA that holds two Mining Research Permits of 476km² and 481km² in the Republic of Congo containing the Nabeba deposit. Sundance's strategy is to develop a two stage development plan with the first stage comprising of a 35Mtpa DSO production. Stage Two will be based on the continued production rate of 35Mtpa of a hematite concentrate product at 66% Fe utilising Sundance's itabirite hematite deposit. Following the results of a DFS into the Stage One development in April 11, Sundance has announced a maiden reserve of 252Mt @ a product grade of 64% Fe. Results from the DFS has estimated initial capex for the 35Mtpa DSO stage one development to be US\$4.7b including mining, processing and infrastructure, port, rail and EPCM costs.

Sundance has signed a MoU with China Rail Construction Corporation (CRCC) and China Harbour Engineering Company (CHEC) to establish the scope, cost and program for an Engineering, Procurement and Construction (EPC) contract for the construction of necessary port and rail infrastructure to support the development of the Mbalam iron ore project. It is anticipated that the proposed port at Kribi will be capable of supporting bulk iron carriers of up to 300,000t capacity.

Sundance has confirmed that it is ongoing discussions with several Strategic Partners to provide equity, construction, off-take and finance for the Mbalam Project in Cameroon and the Republic of Congo.

ReportCard

The proposed 510km railway and 70km rail spur from Nabeba has been forecasted to cost US\$2.02b which equates to ~ US\$3.5m/km. On a recent visit to Cameroon it became very clear that any infrastructure development in Cameroon would require a significant amount of clearing of vegetation as the forest extending from the south-east of Cameroon to the coast is extremely dense. Pending a declaration of public utility and land acquisition, Sundance is progressing towards obtaining necessary approvals to begin developing the required railway and port infrastructure which will open the south-east corner of Cameroon. With such a substantial infrastructure development many hurdles will be presented over the course of the year, if Sundance can successfully raise finance and be given the green light to commence the construction of the railway line, it will generate investment in the region (Afferro, Core, Equatorial, Legend) with Sundance fully supportive of allowing third party access.

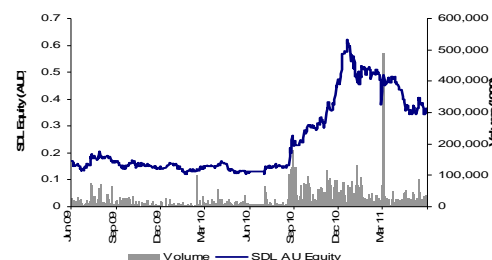
Sundance's deposit rises above its competitors analysed in this report with its potential to support a 35Mtpa DSO operation. Overall we regard the Sundance deposit as the number 1 deposit out of our African peer group in respect to the projected product quality and quantity of the deposit.



NewsFlow/Catalysts

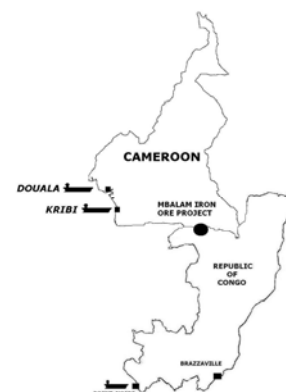
- Mineral resource updates
- Results of scoping study into rail/port development
- Strategic Partner updates

17th June 2011




Market Cap	~\$1,067m
Listing:Ticker	ASX: SDL
Share Price	A\$0.35
Shares o/s	~2,871m
52 week High/Low	
Net Cash/(Debt)	~\$92m
EV	~\$975m
Total Resources	3,061Mt
EV/Resource (Fe)	0.8



Project Country	Mbalam				
	CAMEROON / REPUBLIC OF CONGO				
Ownership	90 85%				
Resource					
	Mt Fe	252 64%	1,849 43%	960 39%	



ReportCard

Infrastructure								
Deposit								
Country								

Directors / Senior Management

Mr George Jones (Chairman)
Mr Giulio Casello (MD & CEO)
Mr Michael Blakiston (Non Executive Director)

Zanaga Iron Ore Company Ltd

Overview

Zanaga Iron Ore Company ('ZIOC') listed on AIM in Nov'10, is an iron ore exploration company focussed on developing its Zanaga iron ore project in the Republic of Congo. ZIOC owns 50% less one share interest in the Zanaga iron ore project with its JV partner and project manager Xstrata owning the remaining interest in the project. In Feb'11 Xstrata exercised its call option to acquire a 50% + 1 share interest in the project and is now committed to fund and deliver a feasibility study. Post the completion of the feasibility study Xstrata has the option to acquire the remaining share of the project from ZIOC.

Projects

The Zanaga iron ore deposit is located 300km northeast of Pointe-Noire in the Republic of Congo. Historical exploration of the Zanaga iron ore deposit was conducted in the 1950s and 1960s indicating a potential tonnage in the order of 400Mt. There was no exploration between 1969 and 2006. Between May'07 and Dec'08 airborne magnetic surveys, mapping and drilling activities were commenced. A 47km long north south trending remnant Archaean / Lower Proterozoic greenstone belt was identified from data supported by geological and geophysical data. Early drilling identified soft friable hematite dominated itabirite with little or no overburden. The current resource stands at 4.02Bt @ 33.9% Fe. Of the 47km magnetic ore body 25km has been drilled so far.

Numerous rail options are currently being studied including the rehabilitation of existing railways. The closest existing rail head to the mine site is approximately 90km away. The Zanaga project has the potential to access low cost energy as a result of established oil and gas producer Eni S.p.A constructed a 150MW power plant in Pointe-Noire to harness the local natural gas reserves. The 150MW plant has been commissioned and ZIOC understands there are phased 150MW expansion plans up to a total capacity of up to 750MW.

When the current feasibility study is completed if Xstrata does not exercise the Second Call option to acquire all of ZIOC's remaining 50% less one share minority stake in the JV company, ZIOC will have a number of future funding options including the dilution at NPV during construction utilising a 10% real discount rate and the average of CRU and AME prices and also a right to fund ZIOC's pro rata equity share of construction capital expenditure.

ReportCard

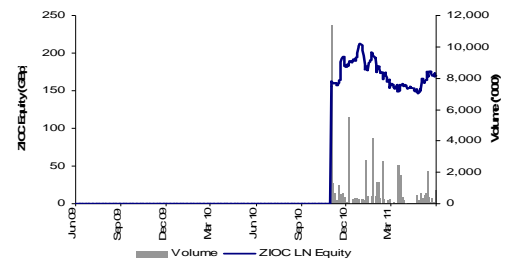
ZIOC is well positioned with a quality JV partner to the calibre of Xstrata a large global diversified mining company. The results of the minimum committed \$100m feasibility study building on the data from the current PFS will determine whether Xstrata will acquire ZIOC's remaining stake in the JV or continue to develop the project as strategic partners. For Xstrata to be committed to fund a \$100m feasibility study we believe their must potential for the Zanaga deposit to become a producing iron ore mine in the future.


NewsFlow/Catalysts

- Results of the Pre Feasibility Study and Value Engineering Exercise in 3Q'11

17th June 2011


































Market Cap	~\$771m
Listing:Ticker	AIM: ZIOC
Share Price	£1.70
Shares o/s	~280m
52 week High/Low	£2.13 / £1.46
Net Cash/(Debt)	~\$49m
EV	~\$722m
Total Resources	4,020
EV/Resource (Fe)	1.06



Project Country	Zanaga REPUBLIC OF CONGO			
Ownership	50% less one share			
Resource			Indicated	Inferred
Mt Fe	Measured		1,720 36%	2,300 32%
	-			



ReportCard

Infrastructure											
Deposit											
Country											

Directors / Senior Management

Mr Clifford Elphick (Non Executive Chairman)
Mr Colin Harris (Non Executive Director)
Mr Gary Vallerius (CFO)

Cameroon



Major cities

YAOUNDE (capital) 1.739 million

Douala 2.053 million

Infrastructure statistics

Country area (Land sq km)	472,710
Airports	34
Airports - paved runways	11
Airports - unpaved runways	23
Railway (kms)	987
Roadways (kms)	50,000
Roadways - paved (kms)	500
Roadways - unpaved (kms)	45,000
Ports and terminals	Douala
	Garoua
	Limboh Terminal

Imports

Machinery
Electrical equipment
Transport equipment
Fuel
Food

Exports

Crude Oil
Petroleum products
Lumber
Cocoa beans
Aluminium
Coffee
Cotton

Export partners

Netherlands	14%
Spain	12%
Italy	12%
China	9%
US	6%
France	6%
South Korea	5%
Belgium	4%
UK	4%

Source: CIA World Factbook

Country Rating

Business Environment				
Corruption				
GDP per capita				
Infrastructure				
Political stability				
OVERALL				

Overview

Cameroon is situated on the boundary of central and western Africa. With a coastline of over 300km, Cameroon's geography is diverse with desert plains and savannah in the north, mountains in the central regions and tropical rainforest in the south and east.

Cameroon became a German colony in 1884 and after World War I Cameroon became a League of Nations mandate and the territory was divided between France and Britain. In 1960 Cameroon became independent from France, and in 1961 the southern part of British Cameroon was merged with the Republic of Cameroon.

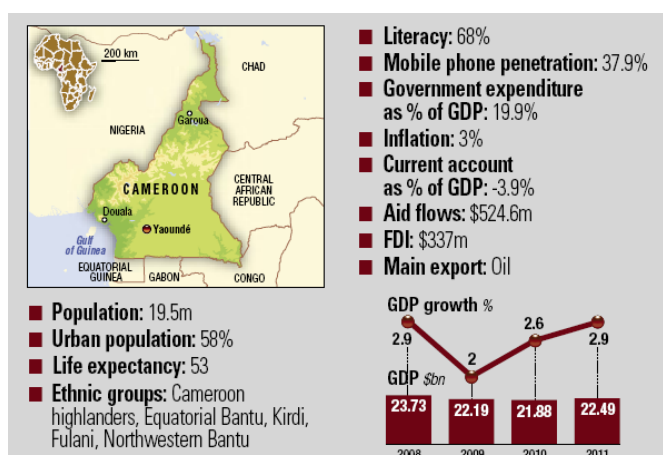
Cameroon's main international airport is located in Douala with secondary international airports located in the cities of Yaoundé and at Garoua. It is estimated that Cameroon has approximately 987km of rail line which provides connection between the major cities. The principal seaport in Cameroon is located at the Wouri River estuary in the harbour of Douala. Cameroon has a network of hydroelectric power stations that provide most of the country's electricity. Oil-powered thermal engines also provide energy for the nation. Current electricity production is 1,000MW a year and the government intends to spend in excess of \$12b by 2020 to increase electricity production to 3,000MW.

Compared to most other African countries, Cameroon enjoys relatively high political and social stability. The authoritarian president Paul Biya has been in power since 1982. Presidential elections are due to take place in October 2011 and President Biya is expected to run for a third term.

The oil and gas sector is Cameroon's main economic driver; as a result there has been too much of a dependency on the exportation of oil to promote economic growth in Cameroon. The government has launched a plan to diversify exports to improve the Country's GDP growth rate which has been lagging behind sub-Saharan Africa for the past several years. The economy's vulnerability to foreign demand and world raw materials was evident during the global financial crisis and was the instigating factor in the IMF granting Cameroon a \$144m Exogenous Shocks Facility in 2009. Economic growth accelerated in 2010 and so far in 2011 with the mining sector driving the economy alongside increased public spending.

Strengths of the Cameroon economy include their natural resources contained within their boundaries including forestry, mining and oil which will contribute to the economic development of Cameroon. Weaknesses of the country include the vulnerability of Cameroon to exogenous shocks, stagnation of real GDP per capital and infrastructure deficiencies.

The government is seeking to diversify its assets away from oil and as a result is exploring mining development projects in the region. Potential mining projects in Cameroon include iron ore, cobalt, bauxite, uranium, gold and diamonds.



Source: The Africa Report

Gabon



Overview

Gabon is located on the Atlantic coast of central Africa sharing its borders with the Republic of Congo to the south, Equatorial Guinea to the north-west and Cameroon to the north.

Gabon was previously a French territory when it was officially occupied by the French in 1885. It became one of the four territories of French Equatorial Africa in 1910 before gaining independence in 1960. Since independence Gabon has been ruled by three presidents. The current President Ali Bongo Ondimba has been in power since taking over from his late father in October 2009. In 2003 a constitutional amendment removed presidential term limits. The announcement of the election outcome initiated discontent immediately following the appointment of Ali Bongo Ondimba as president, however the relative political transition has been smoothed.

Gabon's economy is dominated by oil. Oil revenues are estimated to represent 43% of Gabon's GDP. Reliable oil revenues have contributed to relative political stability in Gabon. The other major income generators for the nation are logging and manganese mining.

Africa Review estimates that one-third of the population of Gabon is employed by the government². The Africa Report estimated that in Aug'10 Gabon had attracted \$4.5b in investment from Singaporean and Indian companies to build roads, low-cost housing, an export-processing zone and large palm-oil plantations.

Economic growth declined 1.4% in 2009 but recovered sharply in 2010 and has remained strong throughout the course of 2011. The solid performance of Gabon's economic growth is attributable to the growth of investment and production in the manganese sector and forestry operations. The rising price of oil has also contributed to an increase in taxation revenues which is expected to facilitate the implementation of government investment programmes into infrastructure development.

Strengths of the Gabonese economy include the accumulated natural wealth as a result of oil, forestry and mining sectors. Relative to its African peers, Gabon has higher economic development. Weaknesses of the nation include the heavy dependence on oil exportation, this increases the exposure of Gabon's economic development to fluctuations in oil prices. There is a deficiency in infrastructure especially with regards to transport infrastructure.

Major cities

LIBREVILLE (capital) 619,000

Infrastructure statistics

Country area (Land sq km)	257,667
Airports	44
Airports - paved runways	13
Airports - unpaved runways	31
Railway (kms)	649
Roadways (kms)	9,170
Roadways - paved (kms)	937
Roadways - unpaved (kms)	8,233
Ports and terminals	Gamba
	Libreville
	Lucinda
	Owendo
	Port-Gentil

Imports

Machinery and equipment
Foodstuffs
Chemicals
Construction materials

Exports

Crude Oil
Timber
Manganese
Uranium

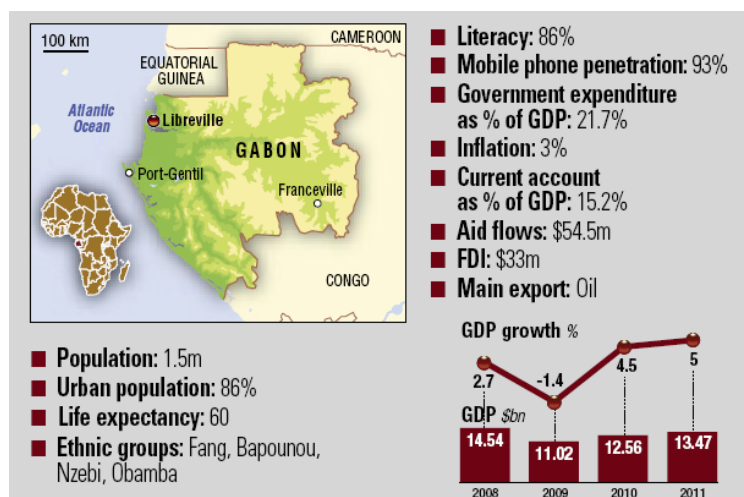
Export partners

Russia	31%
US	17%
China	16%
France	4%

Source: CIA World Factbook

Country Rating

Business Environment	■	■	■	■
Corruption	■	■	■	■
GDP per capita	■	■	■	■
Infrastructure	■	■	■	■
Political stability	■	■	■	■
OVERALL	■	■	■	■



Source: The Africa Report

2 - African Review 2011 'Africa Review - Gabon country profile' [online] 15th June 2011, Kenya, <http://www.africareview.com>.

Guinea

(Guinea-Conakry)



Major cities

CONAKRY (capital) 1.597 million

Infrastructure statistics

Country area (Land sq km)	245,717
Airports	16
Airports - paved runways	4
Airports - unpaved runways	12
Railway (kms)	1,185
Roadways (kms)	44,348
Roadways - paved (kms)	4,342
Roadways - unpaved (kms)	40,006
Ports and terminals	Conakry Kamsar

Imports

Petroleum products
Metals
Machinery
Transport equipment
Textiles
Grain and other foodstuffs

Exports

Bauxite
Alumina
Gold
Diamonds
Coffee
Fish
Agricultural products

Export partners

India	20%
Spain	13%
Russia	7%
Germany	7%
Ireland	6%
US	6%
Ukraine	6%

Source: CIA World Factbook

Country Rating

Business Environment				
Corruption				
GDP per capita				
Infrastructure				
Political stability				
OVERALL				

Overview

Guinea is one of West Africa's poorest, least stable and most corrupt countries. It is roughly the size of the United Kingdom and has 300km of coastline on the north Atlantic Ocean. The country shares its borders with Guinea-Bissau, Senegal, Côte d'Ivoire, Mali, Liberia and Sierra Leone.

After 52 years of authoritarian regimes in Nov'10 Guineans voted for the first time in a free presidential election. Alpha Condé unexpectedly won the election with 52.5% of the votes after scoring just 18.3% in the first round. Violence swept the country following the results of the election with ethnic clashes on the streets that led to several deaths, the civilian unrest post the election intensified the uncertainty and insecurity of Guinea.

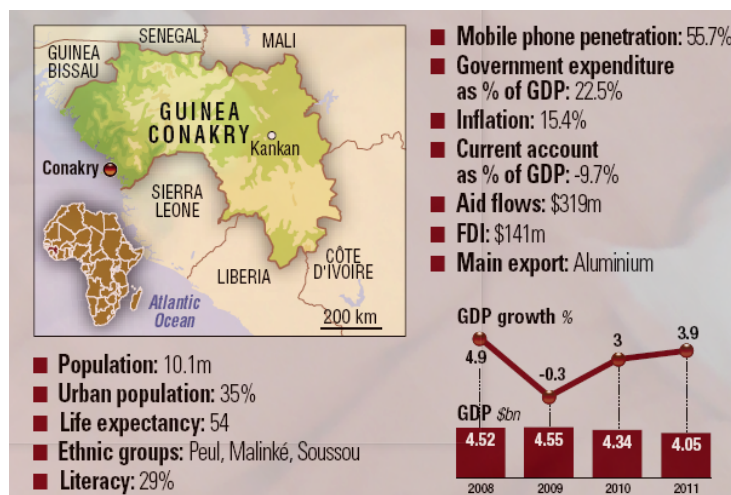
The period of 2007 – 2009 proved to be a difficult time for Guinea. The country was hit with an oil and food crisis in 2007/08, a coup erupted in late 2008, and in 2009 the global financial crisis impacted Guinea's economic development. The economy rebounded in 2010 as a result of increases in mining exports.

The provision of basic services consisting of transport, electricity and water continues to be spasmodic leading to uncertainty regarding international investments within the country.

It is estimated that Guinea possesses up to one-half of the world's bauxite reserve with over 25Bt. Guinea is also mineral rich with iron ore, diamond, gold deposits and undefined quantities of uranium. Of our African peer group Guinea's corruption is the highest risk on the Transparency International Corruption Index in Figure 4.2. Along with poorly developed infrastructure this has been a deterrent to additional significant large-scale mining investment to capitalise on Guinea's natural resources.

The instability of doing business in Guinea was highlighted with the Rio Tinto-Simandou incident. During the rule of former president Lansana Conte, Guinea stripped Rio Tinto of blocks 1 and 2 of their Simandou project (and subsequently 51% sold to Vale for US\$2.5b) and under the new government RIO recently had to make a US\$700m payment under a 'mining settlement' to the Guinea government and is under pressure to make "every reasonable effort" to achieve first production by the end of 2014, which is about the time the next election is scheduled. Rio Tinto has recently agreed fiscal terms with the newly elected Alpha Conde government which has a now secured 35% interest in the asset – 15% at no cost.

Strengths of Guinea include its massive reserves of bauxite estimated to be 40% – 50% of the world's resources. The country also still has large unexploited deposits of iron, diamonds, gold, uranium and oil. There is also potential for hydroelectric power development in the nation. Weaknesses of Guinea include the intensive political instability driven by ethnic tensions. International business investment is surrounded by a cloud of uncertainty mainly driven by political instability and legal uncertainty. The availability and standard of infrastructure also poses a major hurdle to economic development in the country.



Source: The Africa Report

Liberia



Major cities

MONROVIA (capital) 882,000

Infrastructure statistics

Country area (Land sq km)	96,320
Airports	29
Airports - paved runways	2
Airports - unpaved runways	27
Railway (kms)	429
Roadways (kms)	10,600
Roadways - paved (kms)	657
Roadways - unpaved (kms)	9,943
Ports and terminals	Buchanan Monrovia

Imports

Fuels
Chemicals
Machinery
Transportation equipment
Manufactured goods
Foodstuffs

Exports

Rubber
Timber
Iron Ore
Diamonds
Cocoa

Export partners

Germany	28%
Poland	17%
South Africa	16%
India	10%
Greece	7%
US	6%
Norway	6%

Source: CIA World Factbook

Country Rating

Business Environment				
Corruption				
GDP per capita				
Infrastructure				
Political stability				
OVERALL				

Overview

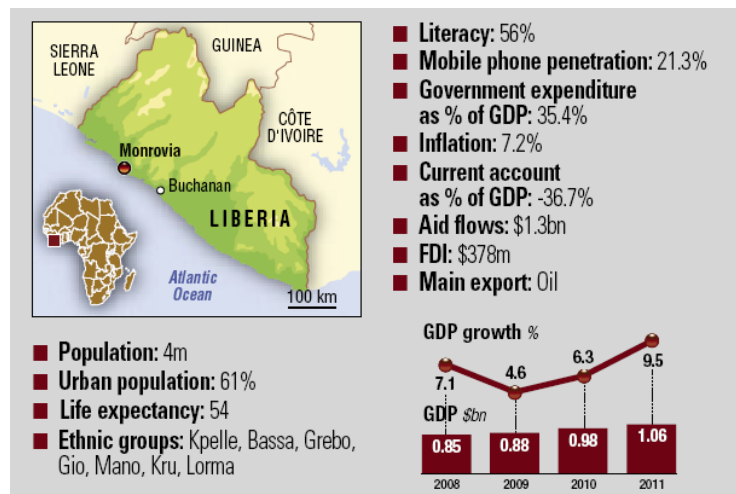
Liberia is on the west coast of Africa alongside the Atlantic ocean. The country shares its borders with Sierra Leone on the West, Guinea on the north and Côte d'Ivoire on the east. Liberia and Ethiopia are the only two countries in sub-Sahara Africa that don't have roots to Europe during the European scuttle for African settlements. Liberia was founded and colonized by freed American slaves and in 1846 they founded the Republic of Liberia establishing a government modelled on the United States system. The capital city of Liberia is Monrovia and was named after the fifth president of the United States, James Monroe.

Liberia has had a troubled history. A military-led coup in 1980 marked the beginning of instability that led to two civil wars (1989 and 1999) that buckled the country's economy and left hundreds of thousands of people dead. Former head of state Charles Taylor is currently on trial at the Hague.

In 2005 Liberia successfully conducted its first post-civil war presidential and legislative elections. Ellen Johnson Sirleaf was elected president and she pledged to be a one-term president. Elections are due in Liberia in Nov'11 and Ellen Johnson Sirleaf has announced she will seek re-election. Ellen Johnson Sirleaf will face an ever increasing list of potential candidates including former football star George Weah, former rebel leader Prince Johnson and politicians Charles Brumskine and Togba-Nah Tipoteh. The UN has committed the presence of 9,400 soldiers until after the elections to control peace in the region during the election period.

Liberia has slowly been rebuilding its economy after fourteen years of civil war, during the global financial crisis the export based economy suffered with its main exports of rubber, iron ore, timber and palm oil contributing lower revenues to the Liberian economy. Over the course of 2010 economic growth was estimated to rise by 6.3% and was mainly driven by rising rubber production and prices. Recently there has been an influx of foreign investment in Liberia with Arcelor-Mittal, China Union and BHP Billiton continuing to invest significantly in iron ore developments and new regional infrastructure. Chevron also signed a three-year agreement in Sept'10 to explore for oil and gas in the region which has further potential for economic development.

Strengths of the Liberian economy include its diversity of natural resources mainly rubber, wood and iron ore. The country is currently undertaking a major debt restructuring program and Ellen Johnson Sirleaf has worked hard to gain broad support from financial backers to continue developing the Liberian economy. Weaknesses of the country include the lack of transport and energy infrastructure along with the lack of education. During the civil wars it is estimated that 75% of schools and 95% of health care facilities were destroyed.



Source: The Africa Report

Mozambique



Major cities

MAPUTO (capital) 1.589 million

Matola 761,000

Infrastructure statistics

Country area (Land sq km)	786,380
Airports	106
Airports - paved runways	23
Airports - unpaved runways	83
Railway (kms)	4,787
Roadways (kms)	30,400
Roadways - paved (kms)	5,685
Roadways - unpaved (kms)	24,715
Ports and terminals	Beira
	Maputo
	Nacala

Imports

Machinery and equipment
Vehicles
Fuel
Chemicals
Metal products
Foodstuffs
Textiles

Exports

Aluminium
Prawns
Cashews
Cotton
Sugar
Citrus
Timber
Bulk electricity

Export partners

Netherlands	48%
South Africa	12%

Source: CIA World Factbook

Country Rating

Business Environment	■	■	■	■
Corruption	■	■	■	■
GDP per capita	■	■	■	■
Infrastructure	■	■	■	■
Political stability	■	■	■	■
OVERALL	■	■	■	■

Overview

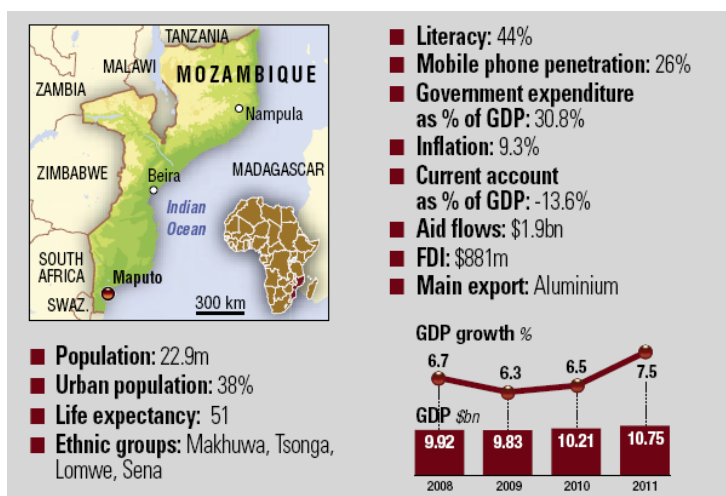
Mozambique is located in southeast Africa on the Indian Ocean. The country shares its borders with Swaziland and South Africa to the southwest, Zimbabwe to the west, Malawi and Zambia to the northwest and Tanzania to the north. Mozambique was colonized by the Portuguese in 1505 and became independent in 1975. Mozambique's independence had a troubled past with the Mozambican Civil War lasting 15 years through the period of 1977 – 1992. Today Mozambique is a multi-party democracy with President Armando Guebuza and his Frelimo Party in power following their re-election in October 2009.

Mozambique has made progress on critical issues such as health, water distribution and education. The country does however still have substantial improvements to be made on corruption, administrative efficiency, regulations and law and order.

Mozambique's economic growth is forecast to remain strong in 2011 with continued foreign investment in mining and infrastructure. Vale and Riverside are developing large coal projects in the north of the country and the number of hydrocarbon discoveries has increased over the past years with Oilmoz planning to build a refinery with a 350,000 barrel per day production capacity.

The Mozambican government is coming under pressure from foreign donors to be subject to lower amounts of foreign aid. Donors also have the desire for Mozambique to have greater transparency in their government spending, a stronger stance on corruption and electoral law changes.

Strengths of the Mozambique economy include the mineral wealth of the country with resources in bauxite, coal and gas. The country also has extensive hydroelectric potential and the geographical location of Mozambique and proximity to the larger economy of South Africa bestows Mozambique with a trading advantage over its African peers. Since the end of civil war Mozambique has experienced relative political stability which has fostered international investment into the country. Weaknesses of the Mozambique economy include the heavy dependence on foreign aid. Currently there is limited diversification on exports with a large dependence on aluminium, this leaves the economy exposed to fluctuations in aluminium prices. There is also regional disparities between the north and centre of Mozambique compared to the south. Poverty and malnutrition is still prevalent within the country.



Source: The Africa Report

Namibia



Major cities

WINDHOEK (capital) 342,000

Infrastructure statistics

Country area (Land sq km)	823,290
Airports	129
Airports - paved runways	21
Airports - unpaved runways	108
Railway (kms)	2,626
Roadways (kms)	64,189
Roadways - paved (kms)	5,477
Roadways - unpaved (kms)	58,712
Ports and terminals	Luderitz Walvis Bay

Imports

Foodstuffs
Petroleum products
Fuel
Machinery and Equipment
Chemicals

Exports

Diamonds
Copper
Gold
Zinc
Lead
Uranium
Cattle
Processed fish
Karakul skins

Source: CIA World Factbook

Country Rating

Business Environment	■	■	■	■
Corruption	■	■	■	■
GDP per capita	■	■	■	■
Infrastructure	■	■	■	■
Political stability	■	■	■	■
OVERALL	■	■	■	■

Overview

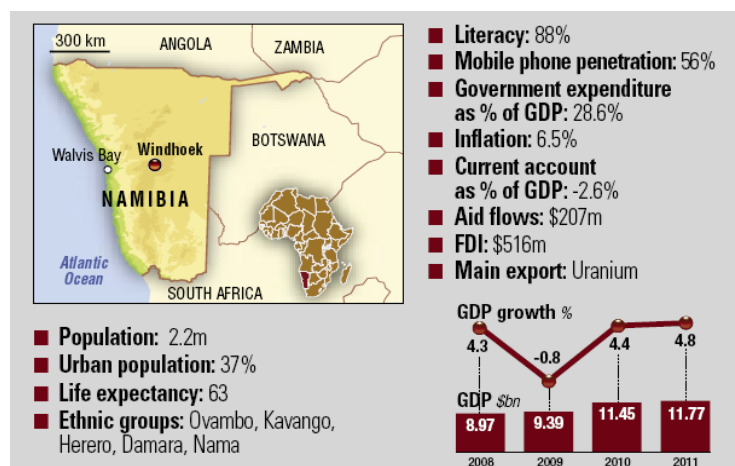
Namibia is located on the Atlantic Ocean in southern Africa. The country shares its borders with South Africa to the south, Angola and Zambia to the north and Botswana to the east. Namibia was a German colony until 1920 at the end of World War I. The League of Nations mandated the country to South Africa and South African law and apartheid policy was applied to the country post the end of World War I. Namibia gained independence from South Africa in 1990 following the Namibian War of Independence. Since independence Namibia has successfully completed the transition from apartheid rule to a multiparty democracy. The South West African People's Organisation (SWAPO) is currently in power after victory at the Nov'09 general elections. The party is led by president Hifikepunye Pohamba and maintains political stability within the country's borders.

Mining is estimated to directly contribute 10% of Namibia's GDP. It is estimated that Namibia is the fourth largest exporter of non-fuel minerals in Africa and the world's fourth largest producer of uranium. Namibia experienced a slight recession in 2009 mainly driven by a sharp fall in diamond and copper production. The sector is expected to grow with the development of new projects including uranium mine developments. The construction and public work sectors are enjoying strong growth as a result of ongoing infrastructure works, along with the recovery in commercial and residential construction activity.

Electricity in Namibia is mainly supplied by thermal and hydroelectric power plants. The Namibian government is also planning to build its first nuclear power station by 2018 to capitalise on the country's rich uranium deposits. Tourism also plays a vital part in Namibia's economy, given the country's political stability and diverse geography, millions of tourists embark on Namibia every year and it is estimated that tourism contributes 14.5% to Namibia's annual GDP.

In Apr'11 the Mines and Energy Minister of Namibia Isak Katali announced that uranium, gold, copper, coal, diamonds and rare earths were to be classified as strategic minerals and only be mined by state-owned company Epangelo Mining. The announcement led to fears of nationalisation through equity markets but it was later clarified that the proposed policy (yet to be made legislation) would only apply to future mineral discoveries.

Strengths of the Namibian economy include the extensive mineral resource the country has including diamonds, uranium, gas and copper. Political stability is a key to Namibia's development, Transparency International corruption index places Namibia in a considerably more clean corruption environment in comparison to other countries analysed in this report. The World Bank's Doing Business rankings also place Namibia significantly higher ranked on a world scale in comparison to the other African countries analysed. The country also has good transport infrastructure, a developed financial market and satisfactory governance. All these factors listed above point towards further economic development and international investment in the country. Weaknesses of the Namibian economy include the dependence of the mineral sector with foreign companies operating these businesses. There is still a large dependence on South Africa to stimulate growth, the country needs to start diversifying its international trading partners.



Source: The Africa Report

Republic of Congo

(Congo-Brazzaville)



Major cities

BRAZZAVILLE (capital) 1.292 million

Infrastructure statistics

Country area (Land sq km)	341,500
Airports	25
Airports - paved runways	6
Airports - unpaved runways	19
Railway (kms)	886
Roadways (kms)	17,289
Roadways - paved (kms)	864
Roadways - unpaved (kms)	16,425
Ports and terminals	Brazzaville
	Djeno
	Impfondo
	Ouessou
	Oyo
	Pointe-Noire

Imports

Capital equipment
Construction materials
Foodstuffs

Exports

Petroleum
Lumber
Plywood
Sugar
Cocoa

Export partners

US	40%
China	30%
France	8%
Taiwan	6%
India	4%

Source: CIA World Factbook

Country Rating

Business Environment				
Corruption				
GDP per capita				
Infrastructure				
Political stability				
OVERALL				

Overview

The Republic of Congo commonly known as Congo-Brazzaville is located in Central Africa bordering Gabon, Cameroon, Central African Republic, the Democratic Republic of the Congo, the Angolan exclave province of Cabinda and the Gulf of Guinea.

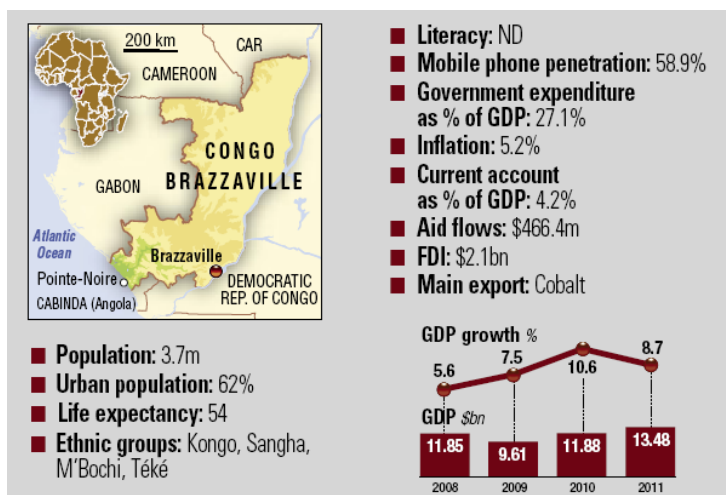
The Republic of Congo was a former French colony and was under French sovereignty in the 1880s. Since its independence from France in 1960, its history has been marked by a series of conflicts, and, between 1993 and 1999, the country was subject to three civil wars. A political liberalisation process took place in Nov/Dec'99 and the current constitution was adopted in January 2002, which was followed by presidential, legislative, local, and senatorial elections.

The current president, Denis Sassou-Nguesso, has presided over the country since Oct'97 and was re-elected for a seven year term in July'09 with a significant majority. The country has enjoyed political stability since the end of the civil war in 1999 and is a member of the UN, WTO, African Development Bank and African Union.

The Republic of Congo has participated in a long-term IMF programme which has resulted in the country being provided with debt-relief including a debt forgiveness package of \$1.9b.

Economic growth accelerated in 2010 as a result of rising commodity prices and an increase in oil production. Oil represents approximately 70% of the Republic of Congo's exports and the country has a long-established international investment in country with Total, ENI and Chevron having been operational for ~30 years. Economic growth is forecasted to slow over the course of 2011 but still remain strong in comparison to its African peers. The government of the Republic of Congo is committed to major infrastructure projects and with new mining development projects forecasted to come online over the course of the next few years. A new mining code was adopted in 2005 with favourable fiscal terms for miners (3% royalty on revenues and 10% government participation on conversion to a mining permit). The country is seeking to diversify from the current dependence on oil exports with iron ore being a key area of development (Zanaga/Xstrata, Equatorial Resources, African Iron, Sundance and Core Mining) are well positioned to maintain economic growth.

Strengths of the Republic of Congo's economy include its considerable oil wealth and the potential for further growth in the mining sector, especially within potash, gold and iron ore developments. Weaknesses of the Republic of Congo's economy include the lack of suitable infrastructure. Electricity, water and transport infrastructure still pose barriers to economic development of the nation. The business environment of operating in the Republic of Congo is regarded as one of the most difficult in the world with corruption among the worst performers in our analysis of African countries in this report.



Source: The Africa Report

Sierra Leone



Major cities

FREETOWN (capital) 875,000

Infrastructure statistics

Country area (Land sq km)	71,620
Airports	9
Airports - paved runways	1
Airports - unpaved runways	8
Railway (kms)	n/a
Roadways (kms)	11,300
Roadways - paved (kms)	904
Roadways - unpaved (kms)	10,396
Ports and terminals	Freetown
	Pepel
	Sherbro Islands

Imports

Foodstuffs
Machinery and Equipment
Fuels and Lubricants
Chemicals

Exports

Diamonds
Rutile
Cocoa
Coffee
Fish

Export partners

Belgium	27%
US	12%
Netherlands	8%
UK	7%
India	7%
Cote d'Ivoire	6%
Greece	4%

Source: CIA World Factbook

Country Rating

Business Environment	■	■	■	■
Corruption	■	■	■	■
GDP per capita	■	■	■	■
Infrastructure	■	■	■	■
Political stability	■	■	■	■
OVERALL	■	■	■	■

Overview

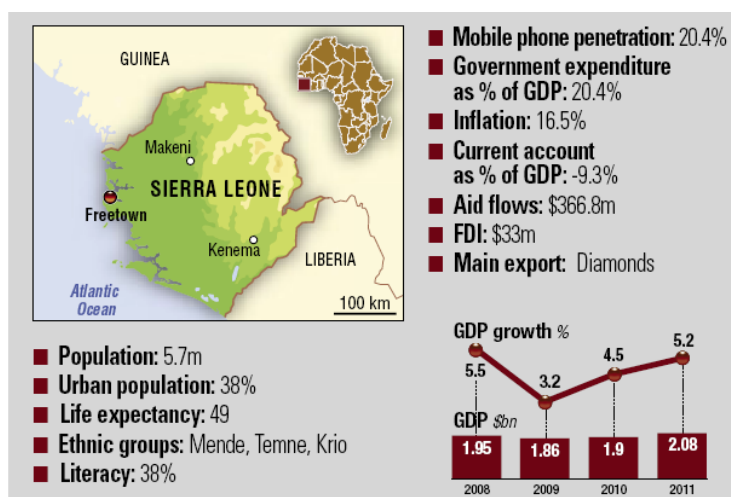
Sierra Leone is a country in West Africa on the Atlantic Ocean and shares its borders with Guinea to the north and east and Liberia to the southeast. The country was settled in 1787 by a majority of African Americans who had been issued with freedom during the American Revolution. In 1808 Sierra Leone became a British Colony. Independence from Great Britain occurred in 1961 with Sierra Leone's first general elections being held in 1962.

Sierra Leone is another African nation with a troubled past. The country was war ravaged and went in to civil war between 1991 and 2002. A decade has passed since the end of the civil war and Sierra Leone has now been able to peacefully execute elections through the ballot box and the country is beginning the long process of development.

The current president of Sierra Leone is Ernest Bai Koromo of the All People's Congress party who won the last election in 2007. Koromo has impressed voters in Sierra Leone through ministerial appointments to members of one of the opposition parties from the People's Movement for Democratic Change party.

Strengths of the Sierra Leone economy include the mineral resources and potential economic growth the extraction of the resources will bring the Sierra Leone economy. It is estimated that Sierra Leone has the world's third-largest magnetite resource. Other natural resources contained within the country are diamonds, bauxite, gold and rutile. Sierra Leone has agricultural resources including cocoa, coffee and rice which creates valuable industries for the country. Weaknesses of Sierra Leone include the deficiency in adequate infrastructure. Much of Sierra Leone's power generation capacity was severely impacted during the civil war. Electricity was recently returned to the capital of Freetown and it is believed that electricity supply is only available to customers for a few hours every week. The location of Sierra Leone between Guinea and Liberia has the effect of instability in the region. Sierra Leone is also one of the poorest countries in the world with GDP per capita amongst the lowest in the whole of Africa.

African Minerals Tonkolili iron ore project with resources in excess of 10 billion tonnes will stimulate economic growth in the region through employment and increased fiscal revenue.



Source: The Africa Report

South Africa



Major cities

Johannesburg 3.607 million
Cape Town 3.353 million
Ekurhuleni (East Rand) 3.144 million
Durban 2.837 million
PRETORIA (capital) 1.404 million

Infrastructure statistics

Country area (Land sq km)	1,214,470
Airports	578
Airports - paved runways	147
Airports - unpaved runways	431
Railway (kms)	20,872
Roadways (kms)	362,099
Roadways - paved (kms)	73,506
Roadways - unpaved (kms)	288,593
Ports and terminals	Cape Town Durban Port Elizabeth Richards Bay Saldanha Bay

Imports

Machinery and equipment
Chemicals
Petroleum products
Scientific instruments
Foodstuffs

Exports

Gold
Diamonds
Platinum
Other metals and minerals
Machinery and equipment

Export partners

China	10%
US	9%
Japan	8%
Germany	7%
UK	6%
Switzerland	5%

Source: CIA World Factbook

Country Rating

Business Environment	■	■	■	■
Corruption	■	■	■	■
GDP per capita	■	■	■	■
Infrastructure	■	■	■	■
Political stability	■	■	■	■
OVERALL	■	■	■	■

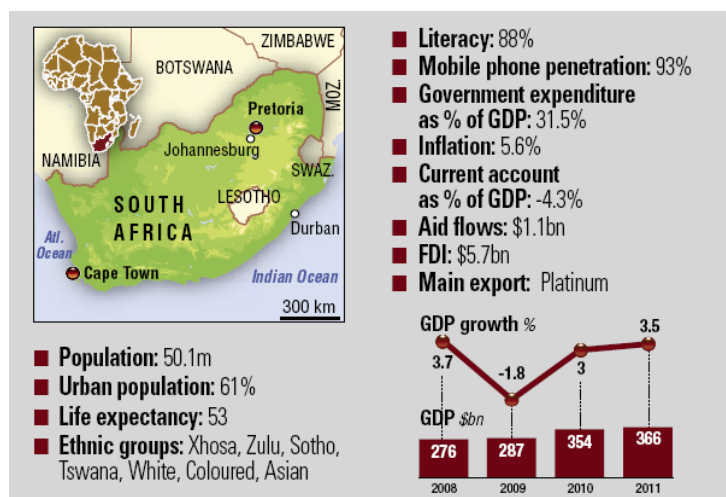
Overview

South Africa is located on the southern tip of the African continent on the Atlantic and Indian oceans. The country shares its borders with Namibia, Botswana, Zimbabwe to the north with Mozambique and Swaziland to the east and the country of Lesotho is an enclave surrounded by South African territory.

The Dutch settled in South Africa in 1652. Original European settlers from Dutch, Flemish, German and French origins known as Boers fought Britain for control of South Africa's mineral wealth. Today the country's President is Jacob Zuma, of the African National Congress (ANC) party. The ANC took control of South Africa after an Apartheid era of governance that lasted from 1948 – 1994.

Although physically located on the bottom of the African continent, South Africa is definitely on top of economic and political performance within Africa. With the largest GDP in Africa, South Africa has recently entered the group of countries all deemed to be entering a similar stage of newly advanced economic development more commonly known as the BRICS (Brazil, Russia, India, China and South Africa). The ANC recently implemented a Black Economic Empowerment (BEE) program to provide economic opportunities to previously disadvantaged groups under Apartheid governance. BEE policies regarding mining have seen black South Africa ownership in mining projects achieve 26% with representation at management level organisation wide employment opportunities. BEE policies have sparked controversy among a fraction of the population as there is a general consensus that BEE policy serves to enrich elite circles close to the ANC³.

Strengths of the South African economy include the extensive natural resources of coal, platinum, diamonds and gold and the ability of companies to be able to extract the value of these resources through a satisfactory business environment. South Africa has a diversified industry and an effective financial services system. The ranking of doing business and corruption index although still high, the results position South Africa in a fairer business environment than its African peers. Weaknesses of the South African economy include the severe inequality amongst the nation with high unemployment. A shortage of skilled manpower, unreliable and expensive power, significant infrastructure bottlenecks in areas, a strengthening rand and continued political uncertainty (and discussions of further nationalisation of natural resources) Being a major exporter of commodities the country has an elevated level of sensitivity to raw material prices.



Source: The Africa Report

3 Coface 2011 'Country Profile: South Africa' [online] 15th June 2011, Puteaux-France, <http://www.coface.com>.

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