



Building Investment Platforms to Assist Asian Investors Find Attractive Opportunities in the Mining Sector

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- The Company has not fully completed feasibility studies on its projects. Accordingly, there is no certainty that such projects will be economically successful. Mineral resources that are not ore reserves do not have demonstrated economic viability. The Company is not declaring an ore reserve at this stage with this work yet to be completed. The existing resource model was utilised to estimate mineable resources. Given the continuity of mineralisation and the close proximity of inferred to indicated material the Company firmly expects that further planned drilling will readily convert a reasonable proportion of the inferred resource material to indicated status which can then be considered for conversion to an ore reserve as part of the DFS. Mineable resources based on the limited amount of inferred resources are considered too speculative to be considered for ore reserve estimation.
- The information that relates to exploration targets, exploration results and drilling data is based on information compiled by Gregory Miles who is a Member of The Australian Institute of Geoscientists and an employee of the Company. The Company's exploration targets include potential quantity and grade and is conceptual in nature. There has been insufficient exploration to define extended Mineral Resources and it is uncertain if further exploration will result in the determination of a such further Mineral Resources. The information that relates to the Mineral Resource Estimate for Parker Range has been authorized by Mr Paul Payne who is a member of the Australasian Institute of Mining and Metallurgy and an employee of Runge Limited whilst the information that relates to the Mineral Resource Estimate for the Winmar deposit has been authorized by Mr Clive Jones who is also a member of the Australasian Institute of Mining and Metallurgy. Mr Miles, Mr Jones and Mr Payne have sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Miles, Mr Jones and Mr Payne consent to the inclusion of their names in the matters based on their information in the form and context in which it appears.

Sources of Australia's success in resources investment

- Our states compete with each other to provide royalty regimes that are fair and do not deter exploration. (Hugh Morgan)
 - Attractive royalties in early stages and exploration incentives.
 - Cazaly recently received grant to explore Earraheedy
- Important to continue to recognize benefits of foreign investment.
- "Australia's economy is not just attracting investment capital because it is successful, but it is successful because it has attracted foreign capital", Andrew Cornell, AFR.
- Investment by Britain was crucial for Australia's early development of infrastructure and export capabilities. (Tim Harcourt, Austrade).
- Investment follows trade
 - China became largest trading partner and No.2 foreign investor in 2009

History of investments in the Pilbara

- Early investments by Japan motivated by security of supply concerns.
- Both Japanese and Chinese investment was also driven by desire to share in mining profits.
- Preference for direct investment in mines
- Important issues in negotiations have been:
 - Equity share
 - JV profit determination and sharing
 - Marketing fees
 - Infrastructure user and service fees

Japanese support built the Pilbara

Rio Tinto/Hamersley Iron

- 1962: HI formed by Conzinc Rio Tinto of Australia and Kaiser Steel
- 1962: Marketing to the Japanese steel industry
- 1964: Construction/financing underpinned by Japanese long term contracts.
- 1966: First shipments to Japan

Rio Tinto/Robe River

- 1970: formation with foundation partner Mitsui
- Equity shares: Rio (53%) Mitsui (33%) Nippon Steel (10.5%)
Sumitomo Metals (3.5%)
- 2004: Beasley River is a new opportunity with the same partners
acquiring 47% in a new deposit

Japanese support built the Pilbara



BHPB/Mount Newman, Goldsworthy, Yandi JVs

- 1966: Mitsui and CI Minerals founding participants of the Mount Newman JV
- Equity shares: BHPB (85%) Mitsui, CI Minerals/Itochu (15%)

JFE Western 4 JV

- 2005: announcing JV with Japan's major steel mill JFE and existing Yandi JV partners.
- Equity shares: BHPB (65%) JFE (20%) Itochu (8%) Mitsui (7%)

Chinese investment provided further boost to development

Rio Tinto/Channar JV

- 1987: First major Chinese investment in Australia
- Equity shares: Hamersley Iron (60%) Sinosteel (40%)
- Pushed through China's bureaucracy by Bob Hawke and former Chinese Premier Zhao Ziyang
- Sign of China's market reform and internationalization in the 1980s

Rio Tinto/Bao-HI Ranges JV

- 2002: partnership with China's largest steel mill
- Equity shares: Hamersley Iron (54%) Baosteel (46%)

Chinese and Korean investment in BHPB

BHPB/Wheelarra JV

- 2004: established unique JV with four leading Chinese steel mills and existing Japanese partners.
- Stake via sublease over BHPB's Jimblebar mine
- Equity shares: BHPB (51%) Tangshan (10%) Wuhan (10%) Shagang (10%) Maanshan (10%) Itochu (4.8%) Mitsui (4.2%)

BHPB/POSMAC JV

- 2003: JV with Korea's largest steel mill, Posco, over BHPB's Area C ("MAC") mine.
- Equity shares: BHPB (65%) POS Ore Pty (20%) CI Minerals (8%) Mitsui (7%)

Evolution in resources investments



During the 1990s global steel producers like Arcelor had divested mines but this trend reversed

- Renewed interest after 2004 as iron ore prices started to rise
- Global steel mills started looking at projects in Australia
 - Russians: Severstal, Metalloinvest, Magnitogorsk, Evraz
 - Brazil: Gerdau
- Arcelor also looked at projects in Australia and after the merger with Mittal implemented a policy of raw material self-sufficiency.
- ArcerlorMittal and Evraz considered raw material supply for their investments in China.

Evolution in Resources Investments

- Greenfield projects in Asia began to investigate raw supply:
 - Thailand TSSI, Taiwan's Formosa Plastics and Dragon Steel, Korea's Hyundai,.
- The emerging private sector in China
- The state owned sector has become active but sometimes slow and bureaucratic
- After the FMG bond issue in 2006, much greater interest by Wall Street in Australia and the resources sector
- The universe of interested investors in resources started to expand.

Issues

Japanese investors want predictability

- Happy with minority stakes
- Prefer established companies
- Mature projects or existing producers
- Now also exploration. JOGMEC

Many Chinese companies want control

- Some leaders believe because they were successful in China, they can succeed overseas
- Often underestimate political and regulatory risk

Do not put enough emphasis on media/PR

Different Investors, Different Needs



Investor Type

Need

- Sovereign Wealth Funds
- Trading Companies
- Steel Mills
- Investment Companies

Return

Supply

Supply/Hedge against price increases

Return, capital gain

Increasing role for institutional investors in resources

- Trade buyers and portfolio investors have different perspectives.
- Trade buyers believe they can add value by industry expertise.
- Funds may not have risk appetite or expertise to invest directly in resources companies, especially early stage projects
- Urgently needed infrastructure funding is maybe more suitable:
 - many projects are stranded and cannot get off the ground
 - more predictable yields
- Infrastructure Australia: The private sector and superannuation funds need to help finance much needed infrastructure.
- A Regional Resources Fund may meet the needs of fund managers

How about a Regional Resource Fund?

- Large scale direct foreign investment in the WA (or other states) resources sector could be politically sensitive
- Investment via a dedicated fund can provide sovereign wealth funds/other Asian investors access to opportunities in:
 - resources, energy and infrastructure sectors
 - public and private equity
- Using a fund approach and a pool of leading local resources asset managers maximises investment access and make use of local expertise.
- Using local alliance network generates deal flow, market intelligence and political support

Brokers, merchant banks, consultants, universities, government

Taking advantage of mining centres of excellence

- Our mining states are - or have the potential to be – global mining centres spawning sophisticated technical mining supplier industries.
- Companies are headquartered in those centres with projects in other countries.
 - Extract (Namibia), Bannerman (Namibia), Sundance (Cameroon), FerrumCrescent (South Africa), Cape Lambert (Sierra Leone, Republic of the Congo), Equinox (Zambia), Sphere Minerals (Mauritania), Riversdale (Mozambique)
- Asian/Global investors can leverage specialist knowledge of Australian companies to gain exposure in global resources projects

Cazaly Strategic Partnerships



COMPLETE MINE to MARKET SOLUTION



HWE MINING

Mine to Rail

EPCOM contract.
Financing for construction and operation of mine to rail head

Asciano

Rail to Port

Provision of rail locomotives and wagons.
Full rail to port service

Fremantle Ports*

Ship Loading

Still awaiting decision on port allocation.

EUROMIN/VITOL

Product marketing

~\$30m Port finance facility.
Product marketing in conjunction with Tennant Metals

Strategic Partnerships – Project to be fully funded

Cazaly leading highly experienced project team

HWE MINING

- Australia's largest mining contractor, owned by Leighton Contractors (Mkt Cap. ~\$11b).
- Currently mining over 110mt of iron ore per annum.
- Engineering, Procurement, Construction, Operate and Maintain ("EPCOM") contracting model for the mining and contracting to deliver ore to the railhead.
- To fully finance EPCOM capital requirements for mine to rail head.
- Option to acquire 20% project equity.

PACIFIC NATIONAL

- To provide rail haulage solution from railhead to port. To fully finance rolling stock.
- Part of the Asciano Group, Australia's leading ports and rail company (annual rev. ~\$3b).
- PN runs the largest freight terminal in Australia at Kewdale which will be the operational base for the project

FREMANTLE PORTS

- First ore on ship planned for mid 2011.
- Awaiting decision on port allocation.

EUROMIN

- To provide ~\$30m financing facility for the construction of port facilities.
- Part of the Vitol Group; world's largest spot ship charterer with annual turnover ~US\$140b.
- Offtake agreement to be jointly marketed with Australian trading house Tennant Metals.

Pilbara Iron Ore

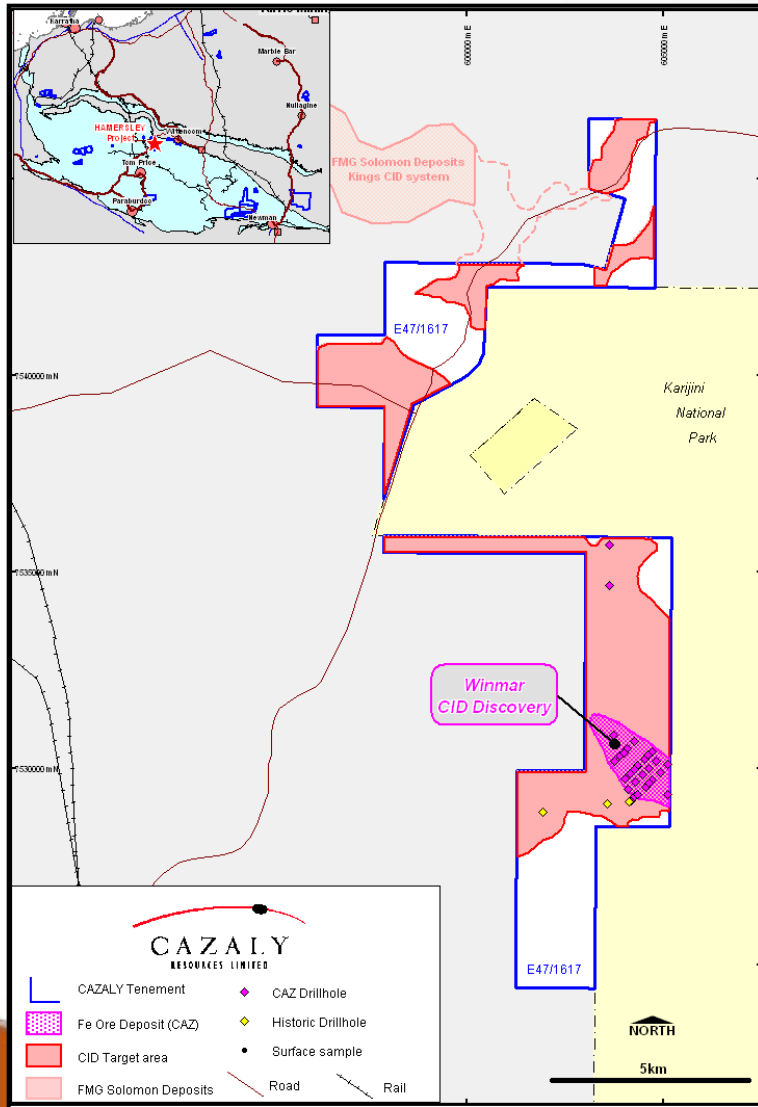
Further Pathways to Production



- Numerous projects in world class province
- Strategic land positions
- Proven iron ore occurrences
- Recent channel iron discovery at *Hamersley*
- Further potential in nearby Earaheedy iron province

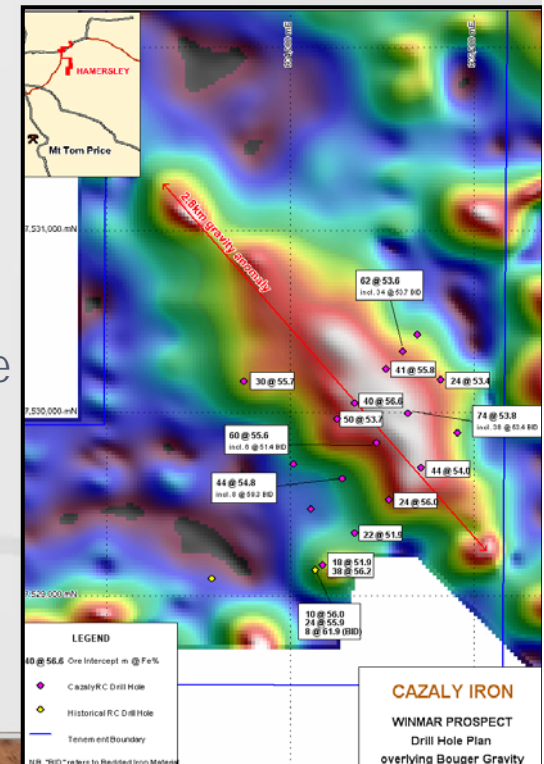


Pilbara Iron Ore – Winmar, Hamersley project



HAMERSLEY CID SYSTEM

- Winmar discovery: 2.8km target, only 1.5km tested to date
- Global maiden inferred resource of 140mt @ 52.6% Fe (55.6% CaFe)
- Beneficiation upgrading testwork underway
- Results include:
 - 60m @ 55.6% Fe (60.3% CaFe)
 - 40m @ 56.6% Fe (60.3% CaFe)
 - 24m @ 56.0% Fe (58.6% CaFe)
 - 38m @ 56.2% Fe (59.0% CaFe)
- 250–300 Mt @ 55–59% CaFe exploration target*

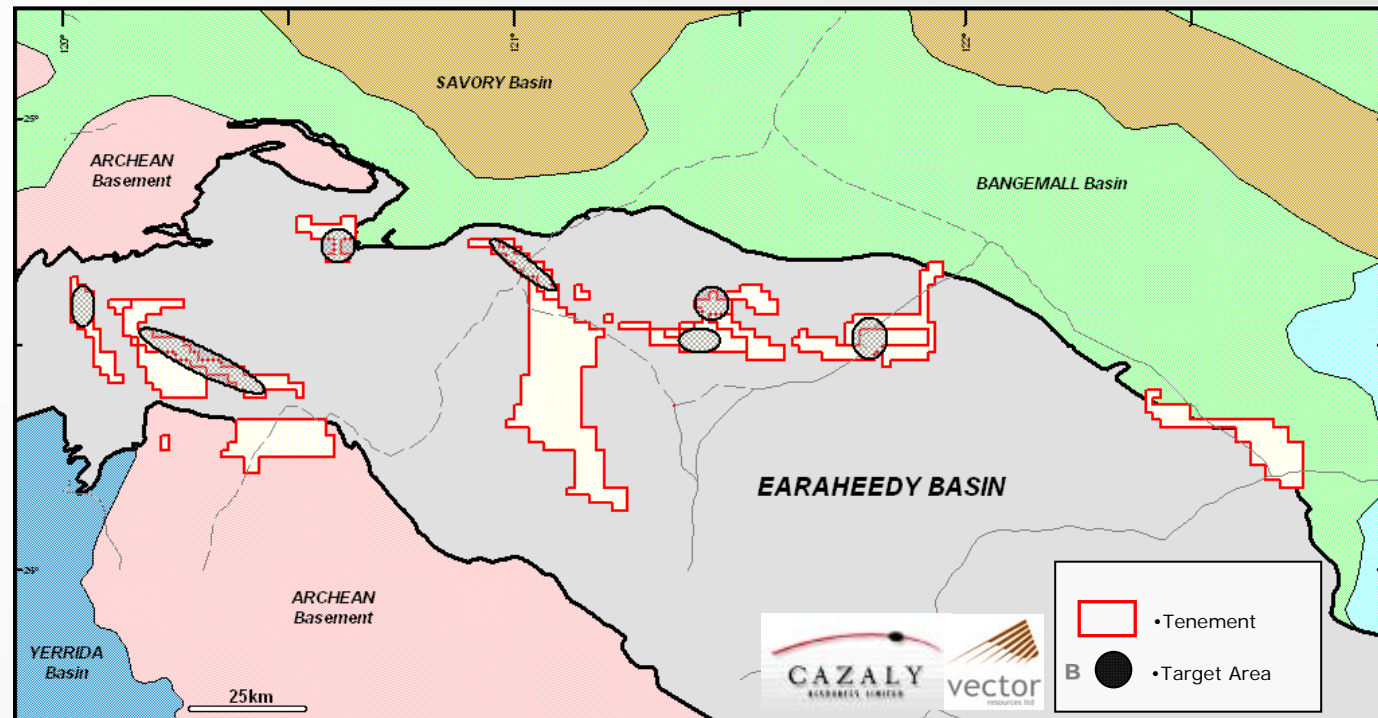
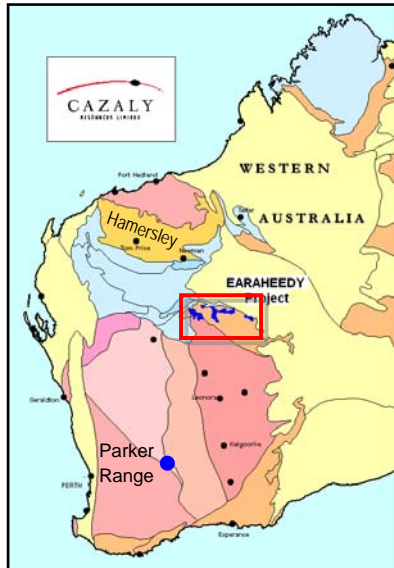


* See slide 2, Disclaimer & Important Information

Earaheedy Joint Venture



Potential Major New Iron Ore Province



- Recently announced 50/50 JV with Vector Resources
- Earaheedy basin comparable in age & size to the Hamersley Basin
- Initially explored by BHP & Amax in the 1970's; Iron rich Frere Formation targeted
- Major strategic land position; over 2,300km² of basin stratigraphy held
- Also highly prospective for manganese, recent nearby discovery announced