



MINA ALUMINA LTDA

**A UNIQUE INVESTMENT
OPPORTUNITY IN MOZAMBIQUE**

DISCLAIMER



This document has been prepared in connection with the proposed investment in Mina Alumina Limitada (“Company”). It is private and confidential and is an information memorandum only. This document is not a prospectus within the meaning of the Prospectus Rules published by the Financial Services Authority in the United Kingdom or the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland and has not been approved by any competent authority in the United Kingdom or Ireland. This document is in no way to be construed as a public offer or an invitation to subscribe for any shares. This document does not constitute an offer to the public as referred to in section 85 of the Financial Services and Markets Act 2000 (as amended). This document is not an offering document for the purposes of section 49 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland. This document’s sole purpose is to assist the recipient in deciding whether he wishes to invest in the Company and it is intended for use only by the person to whom it is addressed, and his/her professional advisors. The Directors stress that information contained in this memorandum is confidential and proprietary to the Company, and to emphasise that it is to be read solely by the person to whom it is addressed, and his/her professional advisors. As this document is confidential, it may not be reproduced in whole or part nor may its contents be distributed in written or orally nor may it be used for any other purpose other than that for which it is intended.

Whilst the Company, its officers and agents have taken reasonable care in the preparation of this document, the information contained herein is not exhaustive and its accuracy is not guaranteed. The Company makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this memorandum. This memorandum does not purport to contain all the information that may be required to evaluate an investment and any recipient hereof should conduct its own independent analysis of the Company and the data contained or referred to herein. Accordingly, no statement, whether contained in this document or made in the course of negotiations, should constitute an offer of any kind.

An investment in the Company is speculative in nature and involves risk and may not be suitable for all recipients of this document. Investors must be prepared to bear the economic risk of this investment for an indefinite period and be able to withstand a total loss of the investment. Potential investors are advised to immediately consult their investment advisor, accountant or solicitor before making any decisions.

This document is based upon the current intentions and beliefs of the Directors and may require modification in light of subsequent experience.

This document should not be distributed, published, reproduced or otherwise made available in whole or in part or disclosed by recipients to any other person and, in particular, should not be distributed to persons with addresses in Canada, Australia, the Republic of South Africa, Japan or the United States or in any other country outside the United Kingdom or the Republic of Ireland where such distribution may lead to a breach of any law or regulatory requirements.

INVESTMENT CASE



- Mina Alumina operates a profitable bauxite mine that has sufficient reserves to produce 50,000tpa (5x current production) for the next 50 years
- Demand for specialist bauxite in the cement and water treatment industries will continue to grow regionally and abroad
- Current management team has over thirty years' operating experience
- There is potential to more than double current sales of <10,000tpa to 25,000tpa by developing new regional markets
- The burgeoning demand for calcined bauxite as a proppant in the fracking industry is a potential new market for the Company
- Further potential to increase capacity by investing in new plant and equipment
- The company is debt-free and made \$150k profit on sales of ~\$890k in 2013
- Mozambique has a stable democratic government that is looking to develop its abundant natural resources

COMPANY HIGHLIGHTS



Established Bauxite Asset	<ul style="list-style-type: none"> • 2.7Mt proven reserves at 50% Al₂O₃ • Mining licence covers 1,600Ha, renewable in 2017 • Low cost surface mining operation
Increasing Bauxite Prices	<ul style="list-style-type: none"> • Specialist material attracting high prices (~\$120/t) • Favourable demand/supply dynamics linked to growth in regional demand for cement and water treatment chemicals
Experienced Management	<ul style="list-style-type: none"> • Mina Alumina is a going concern with an experienced management team in place • Current executive team available to consult to new owners as required
Attractive Entry Point	<ul style="list-style-type: none"> • A unique opportunity to invest in an already profitable business with considerable development upside • Good “stepping-stone” into Mozambique • Potential exit for investors via for future IPO/trade sale
Development Upside	<ul style="list-style-type: none"> • Significant potential to exploit current reserves and supply new markets regionally and abroad • Additional potential to identify gold deposits within the current licence area

A PROFITABLE BUSINESS

Income		2013	2012	2011
Sales	Zambia	201,546	482,622	512,592
	Zimphos	683,702	503,482	581,154
	Other	3,600	(20)	27,377
		888,848	986,084	1,121,123
Expenditure		721,558	922,705	1,048,273
	Accountancy and audit	17,150	26,887	46,568
	Advertising & Marketing		309	1,295
	Administration	64,861	63,273	52,996
	Bank charges	3,708	5,363	7,111
	Bauxite loading		25,910	23,702
	Clearing charges	9,823	16,614	35,811
	Consultancy	14,874		1,050
	Depot: electricity, rates and wages	21,496	25,916	21,894
	Directors & Management fees	122,352	132,685	185,056
	Electricity	10,409	12,155	16,718
	Fuel	108,947	153,151	147,513
	Insurance, licences and export licence	23,584	24,784	31,602
	Legal	362	570	2,100
	Medical	10,406	10,429	5,048
	Protective clothing	3,758	8,420	4,164
	Repairs and maintenance:	127,086	187,635	204,929
	Royalties	26,749	29,383	36,092
	Tax: foreign services & other	43,855	30,763	40,939
	TIP, road access, foreign operators and VID	10,227	10,296	25,328
	Transport & Travel	1,354	18,301	26,081
	Wages	100,557	139,861	132,276
Net Income		167,290	63,379	72,850
Less	Depreciation	0	41,734	
	Taxation	0	25,560	0
		167,290	(3,915)	72,850
	Retained Income brought forward	504,282	508,197	435,347
Retained Income carried forward		671,572	504,282	508,197

KEY FACTS



- Located in Manica Province, Mozambique, Mina Alumina operates the only bauxite mine in Southern Africa
- A family owned business, the mine has been in operation since 1935
- The mine supplies regional water treatment and cement industries, both of which are expanding to meet growth in regional demand
- Current mining reserves 2.7Mt* (@ 50% Al₂O₃) significantly understate true reserves
- Current sales circa 7,350t generating revenue of ~\$890,000, EBITDA of ~\$150,000
- Potential to significantly increase production and sales through investment in plant and equipment in order to support the development of new markets
- Access to good local road and transport infrastructure (located on the Beira corridor)
- The Company enjoys high-level Mozambique government support

* Independent UNDP estimate

MARKET OPPORTUNITIES



Water treatment chemicals

- Bauxite is used locally to manufacture aluminium sulphate (alum) for the water treatment industry
- UN Millennium Development Goal of providing clean water to 75% of sub-Saharan Africa presents a huge potential market for aluminium sulphate and therefore bauxite

Cement Industry

- Potential to increase sales to Lafarge Zambia and develop sales to Lafarge Zimbabwe
- Regional demand for cement is growing at 10% p.a. in some countries, providing further opportunities to develop sales into this industry

New Markets

- The use of calcined bauxite as a proppant in the fracking industry is a growing market
- Regional investments in oil and gas exploration projects could justify investment in a local calcining plant
- The reopening of Zimbabwe's iron and steel industry provides potential applications for high alumina bauxite in slag

OPERATIONAL UPSIDE



Mining

- Bauxite is currently mined on demand using simple back-hoes and tractor-trailers
- The deposit is big enough to support bulk mining operations and the economies of scale these would bring

Processing

- Bauxite is separated into high alumina ROM ore and clay-rich ore, with the latter being washed in simple wet scrubbers to remove the clay.
- Bulk mining would require washing of all production at a central facility.
- Current wood-fired driers would be replaced with large capacity units, possibly with calcining capability
- Material would only be dried to ~10% moisture to reduce dust and handling problems

Transportation

- The use of bulker bags for the stockpiling and shipping of material would reduce handling costs
- Optional use of 20t shipping containers would facilitate loading at Beira should export markets be indentified

DEVELOPMENT PLAN



Base Case (Low capital intensity option)

- Improve current operating efficiencies
- Evaluate and prepare a capital development programme
- Negotiate long-term off-take agreements with existing and new customers such as Lafarge in Zambia and Zimphos in Zimbabwe

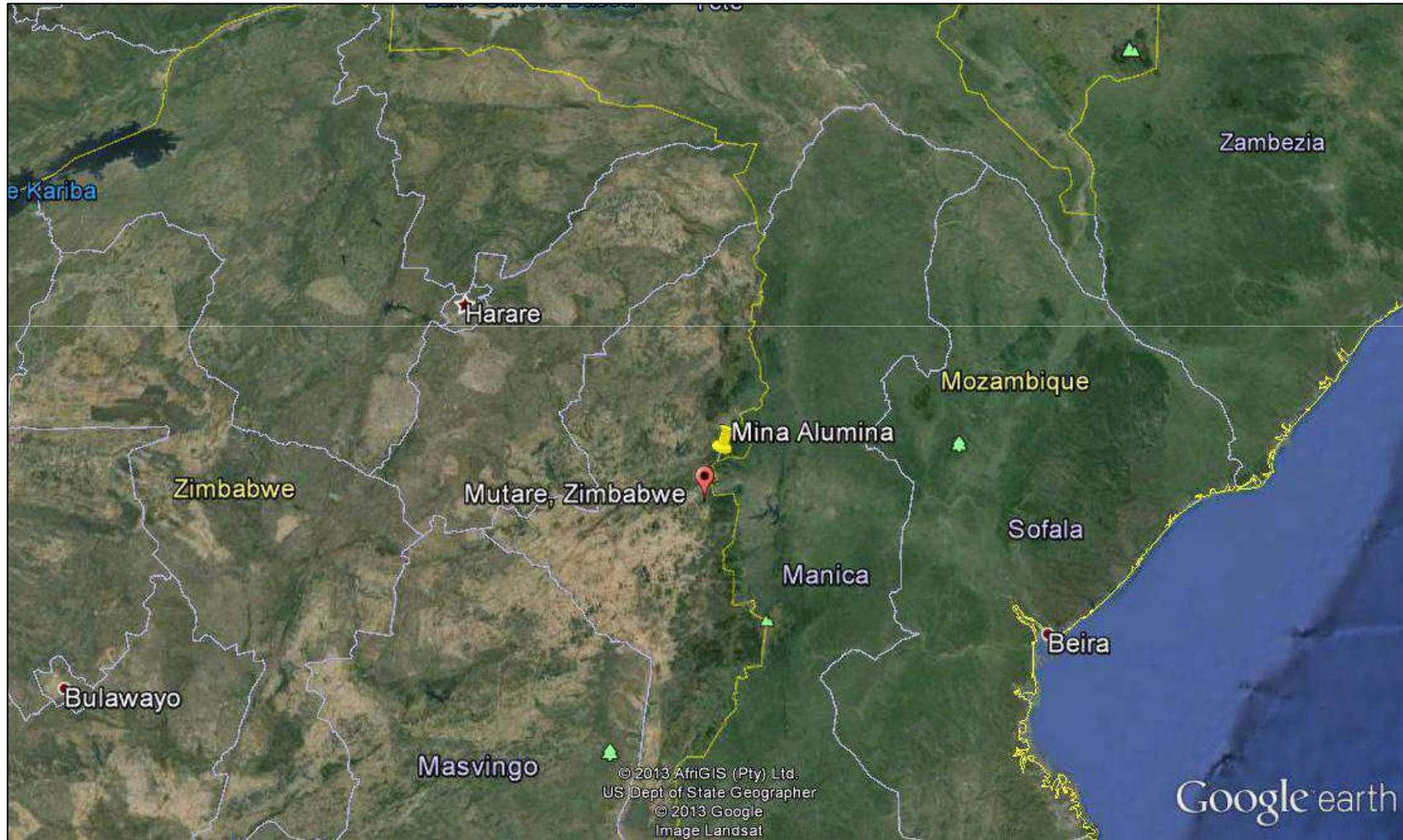
Capital Programme (Increase production capacity)

- Upgrade mining equipment to enable bulk-mining operations
- Replacement of wood-fired drying kilns with larger capacity units
- Construction of a centralised treatment facility (new scrubbers & associated plant)
- Possible introduction of ball mill/crushing plant to improve washing efficiencies

Expansion Programme (Organic growth)

- Improve staff training and recruitment to match increased production
- Focus on developing new markets, e.g. India and the Middle East
- Evaluate application in value-added products such as calcined bauxite for proppants
- Identify applications and markets for high alumina clay by-product

LOCATION MAP



CONTACT DETAILS



In the first instance all investment enquiries should be directed to:

GENET CONSULTING LIMITED
36 HARMOOD STREET
LONDON
NW1 8DP
U.K.

E: jonh@genetconsulting.com

M: +44(0)7977 129 737