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## INDUSTRY OVERVIEW

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This section contains certain information which has been derived from official, market and other public sources including the USGS, Bloomberg, Darton Commodities Limited, LME, ICSG, etc. The Directors believe that the sources of such information are appropriate sources for the information. The Directors have exercised reasonable care in selecting and identifying the named information sources and, in compiling, extracting and reproducing such information, and have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. This information has not been independently verified by the Directors or any of the Directors' affiliates or advisers or any of their affiliates or advisers and no representation is given as

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### Copper Consumption by Sector

#### First Use Consumption

Copper and copper alloy semis can be transformed by downstream industries for use in end use products

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from silver and therefore is mainly used for electrical/electronic purposes.

#### End Use Consumption

According to LME and CRU Group, copper consumption can be categorized into electrical/

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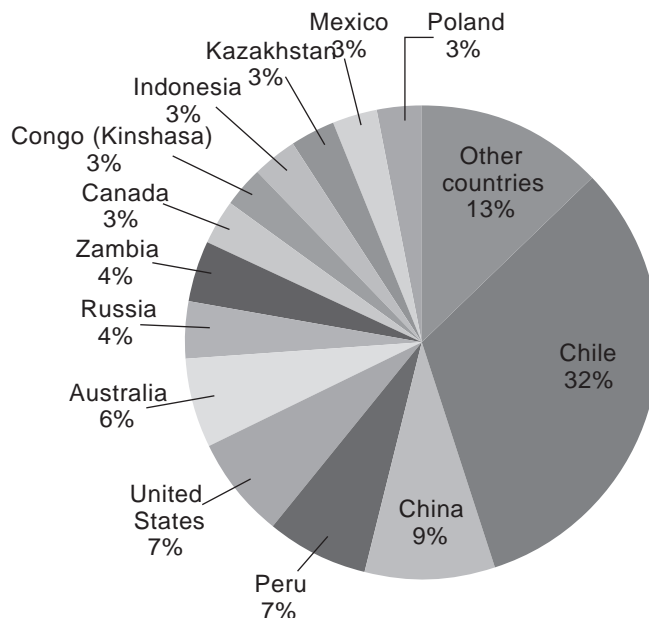
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The following chart shows the copper mines production by region in 2012:

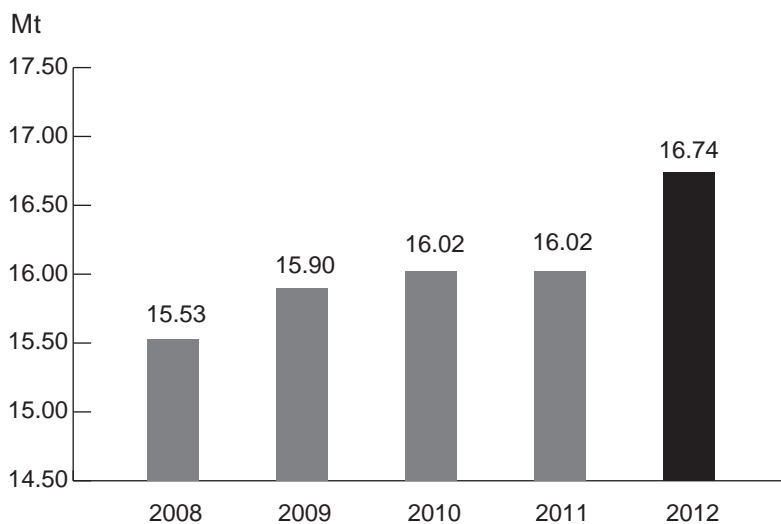
Copper Mines Production by Region in 2012



Source: Mineral Commodity Summaries 2013, USGS

The global copper mines production has been steadily increasing over the past five years. In 2012, it reached 16.74 Mt, representing a 4.50% increase over 2011. The following chart illustrates the historical world copper mines production during 2008 to 2012.

World Copper Mines Production 2008 – 2012



Source: World Refined Copper Production and Usage Trends 2006 – 2012, ICSG

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### Refined Copper

The total amount of world refined copper production in 2012 was 20.12 Mt. The production volume

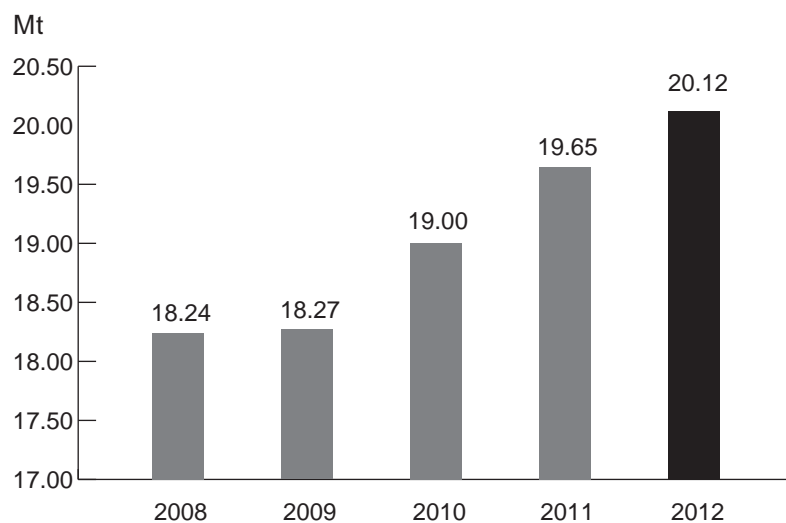
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The following chart shows the world refined copper production during 2008 to 2012:

World Refined Copper Production 2008 – 2012



Source: World Refined Copper Production and Usage Trends 2006 – 2012, ICSG

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According to Beijing Research Institute of Mining & Metallurgy, for the years from 2013 to 2016, the self-sufficiency rate of copper concentrate in China will maintain at 40%-42%. The demand of imported copper concentrate in China will continue to grow as the Chinese copper smelting industry will keep developing rapidly, and the trading amount of copper concentrate is expected to reach USD20 billion in the near future.

### Outlook of Copper Market and Challenge

As stated by SRK in Competent Person's Report, The outlook for copper is focused mainly on China and India, which are forecast to make up 50% of demand by 2020:

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The table below sets out the average copper price for the past seven years of 1 July 2006 – 30 June 2013, for the past five years of 1 July 2008 – 30 June 2013 and past three years of 1 July 2010 – 30 June 2013.

US\$/t	Historical Copper Price		
	7 years	5 years	3 years
	1 July 2006 –	1 July 2008 –	1 July 20
	30 June 2013	30 June 2013	1 July 20

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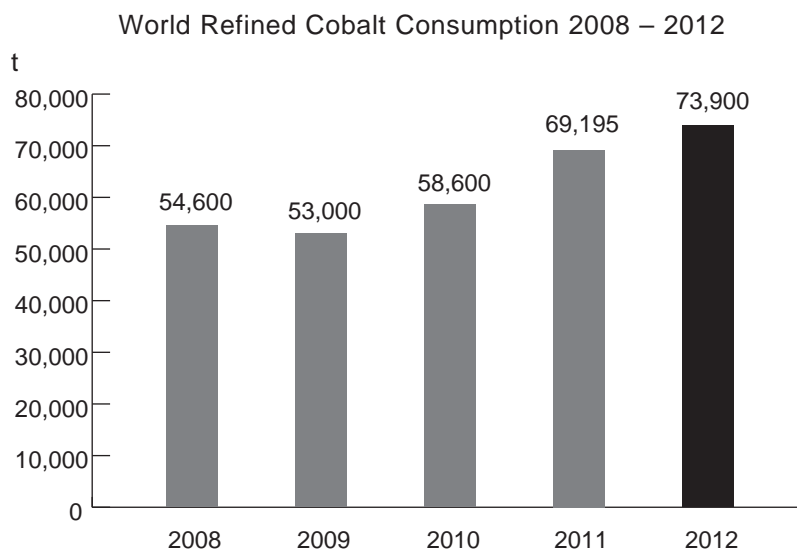
### Cobalt Demand Analysis

Cobalt is a strategic and critical metal used in many diverse industrial and military applications.

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Source: Cobalt Market Review 2009, 2010-2011, 2012-2013, Darton Commodities Limited

### Battery Chemicals

Rechargeable batteries are an important end use sector for cobalt, accounting for close to 38% of total cobalt demand in 2012 according to Cobalt Market Review 2012-2013, Darton Commodities Limited. Nickel-metal hydride batteries have historically dominated cobalt use in vehicle batteries, but within the next decade, cobalt use in lithium-ion batteries is expected to surpass nickel-metal hydride



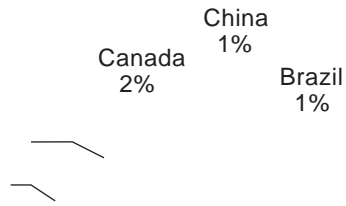
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The following chart shows the global cobalt reserve split in 7n6.

Global Cobalt Reserve Split 7n6



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The following graph shows the global cobalt mine production in 2012:

Global Cobalt Mine Production 2012



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According to Darton Commodities Limited, the production recorded for mined/semi-refined cobalt

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China Factor

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The following graph shows the LME cobalt price in the past three years:

LME Cobalt Price May 2010 – June 2013

Cobalt Price (US\$/t)

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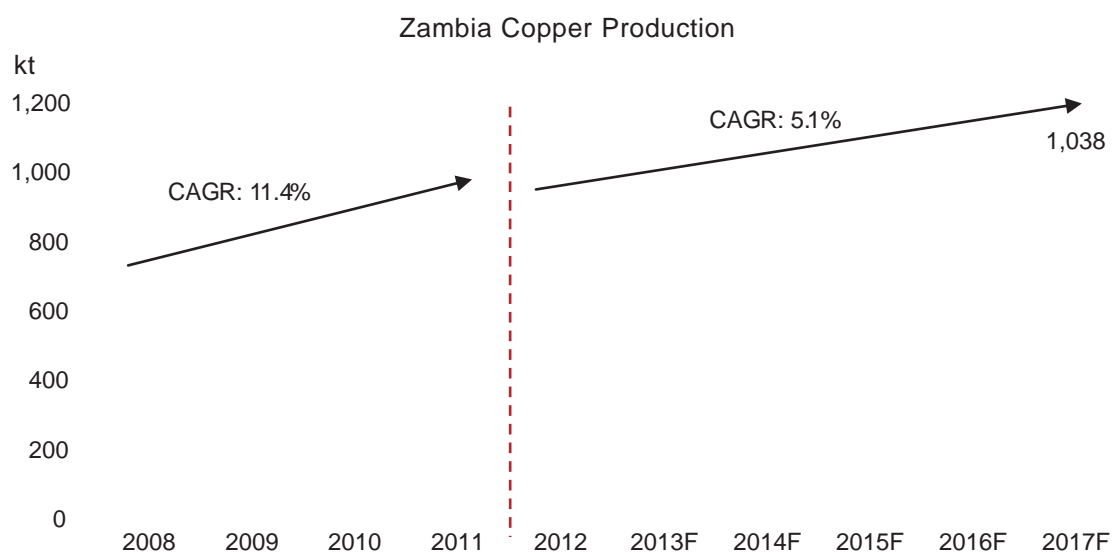
### Zambia

According to World Bank, Zambia contains the largest known copper reserves in Africa. Copper mining and refining were the dominant components of Zambia's mineral industry. In 2012, Zambia was ranked sixth in the world in terms of the production of copper and cobalt. The copper industry in Zambia has gone through significant changes in the past. Mines were privatized in 2000 which resulted in increasing investment and output. It also led to geographical expansion to other parts of the country, beyond the copperbelt, where geological surveys have suggested the existence of significant copper deposits. Government of Zambia has the long term target of achieving 1 Mt of copper production per year from 784 kt in 2011.

According to World Bank, historically, the performance of the copper mining industry has played an important role in Zambia's economy. Although the economy is diversifying, copper mining continues to account for a sizeable part of GDP and is one of the leading industries that contribute to economic growth. Many of the country's large copper mining and processing operations are located in Copperbelt Province in north-central Zambia. Many of the firms involved in Zambia's copper mining are the subsidiaries of large mining companies such as Glencore, Vale, Barrick, First Quantum, China Nonferrous Mining Corporation Limited, Vedanta and Jinchuan Group. Although Zambian copper mining essentially is a state industry, the Zambian Government retains minority interest in most of the large copper mines.



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Zambia Copper Exports By Immediate Destination, 2011

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