

Saturday 29 January 2011

CAMEROON

Transforming into an African powerhouse



Under the palms
Cameroon's
tropical tapestry

National drill
Natural gas for a
high-energy future

HYDROMINE, INC.

HYDROMINE, INC.

Hydromine takes this occasion to express its deep sense of appreciation to the Government and People of Cameroon for their unfailing cooperation and support in the several projects which Hydromine and its various groups of partners are undertaking in Cameroon.

In these ventures, Hydromine has become aware that Cameroon is blessed with a multitude of resources, the most important of which is the "can do" attitude of its People.

Working together with the same degree of interaction, cooperation and mutual respect, we are confident that these projects will come to fruition and will be of lasting benefit to Cameroon.

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Cameroon is among the world's biggest cocoa producers; the country is working to better market the crop

Welcome to Cameroon: Land of opportunity

Buoyed by new investment, Cameroon is fast becoming the latest African success story.

By Simon Robinson

The message is clear. Africa is in the ascendancy – and one of its least-known countries, Cameroon, is leading the way in ensuring that the continent will become an economic powerhouse of the 21st Century. On January 1, 1960 at 2.30am Cameroon gained independence from France; last year it celebrated its 50th anniversary. Although there was an economic downturn from the mid-1980s to late 90s as a result of international economic conditions, drought and falling petrol prices, Cameroon turned to foreign aid, cut government spending and privatised many industries. Today, under the current government, the country is experiencing strong economic growth and is working on a programme to improve its infrastructure, develop its significant natural resources assets (such as oil, natural gas and iron ore) and further accelerate its agricultural production.

Cameroon is already one of the world's largest cocoa producers, but it produces a vast range of other crops, such as cotton, bananas, rubber and palm oil. The country is blessed with having some of the most fertile land in Africa, and with world food shortages predicted in the next 30 years, Cameroon's influence in Africa and globally is likely to increase. The country is also attracting increasing numbers of overseas investors, who see Cameroon as a country that has been overlooked as an investment opportunity. The Government is actively encouraging new investors by putting a programme in place which provides support and information in a swift and efficient fashion.

The country has been politically stable for many years. This has permitted the steady development of agriculture, roads, railways, and large petroleum and timber industries. Nevertheless, the Government wants to see increasing investment, enabling the country in turn to invest far greater sums in education, employment and health. They also want to encourage tourism. Although the number of hotels has increased dramatically over the last 10 years, and tourist numbers are growing, Cameroon still lags behind its near neighbours. This must change.

“ The Government is actively encouraging new investors by putting a programme in place which provides support and information in an efficient fashion

Cameroon is a beautiful country, largely untouched, and has been described as "Africa in One Country". It offers visitors landscapes of both rainforest and desert, and the highest mountains in West Africa. There is also a wealth of wildlife, and the people are welcoming and friendly.

Cameroon is little known, but like a growing number of countries in Africa it is fast developing. There are already a number of UK, Australian and US companies operating in the country but these are the vanguard; companies that have had the vision to see the potential in Cameroon and who are working with the Government to grow the economy for the benefit of the entire population.

Cluff courts Cameroon

The beginning of a long-term relationship: Cluff Africa boss builds value with limestone.

By Pat Lay

It says much for the expertise and drive of Douglas Chikohora, chief executive of Cluff Africa Associates (CAA), that less than four months since the company was founded he has already acquired several limestone exploration licences in Cameroon and investigation of their potential has begun. Cluff Africa is the latest African adventure from the Algy Cluff stable and it is focused on non-gold assets across Africa, including base metals, energy, coal and limestone. Still a privately-owned company, the first-round funding was only completed last September, but the board could consider an early flotation when additional funding is needed to develop the assets acquired.

While Mr Cluff is Executive chairman, Douglas, a non-executive director of Cluff Gold, has been tasked with bringing his near-30 years' experience in the mining industry to developing this new company. His aim is to replicate the success of Cluff Gold by building a major mining concern, and he is making his start in Cameroon, a country he sees as a key market.

A chartered engineer, Douglas' decades of experience includes rare-earth materials as well as base and special metals, and he sees Cameroon as being the undiscovered jewel in the

African continent. He has been studying Cameroon for some years and sees it as a country rich in natural resources, but a market where few British companies operate.

The global demand for raw materials means that the whole African Continent is set to be a front-line provider. GDP in African growth has jumped to an annual average of 57 per cent over the last decade and Standard Chartered Bank, for example, believes it could grow at an average 7 per cent a year over the next 20 years.

This impressive growth record has helped pay down country debt, which has led to an increasingly stable political environment. The number of African democracies has increased to 30 in the past 30 years, and that has stimulated investment and growth.

This is evident in Cameroon, which last year celebrated its 50th year of independence. Having suffered a decade-long recession in the 1980s, the country has been growing steadily, helped by the rise in prices of resources, particularly oil and cocoa. Now the Government is turning its attention to infrastructure development where the demand for limestone, one of the key components of cement, will



Focusing on non-gold assets: Meet Douglas Chikohora, chief executive of Cluff Africa Associates (CAA)

prove essential and that is why Cluff Africa is focusing its attention in this area.

The Company's limestone assets however, are at a very early stage, but it is testament to Douglas' contact base that these licenses have been acquired so quickly after the Company was founded. The Cameroon government has been keen to attract UK mining companies to their country to start helping it develop their resource base. Douglas believes that Cluff Africa will be active in Cameroon for a significant time and will look to apply for licenses in a range of sectors, including energy and base metals. He commented: "Cameroon is an untapped resource-rich country and the government is taking steps to encourage inward investment."

"They have a system in place which is very user friendly and allows companies wanting to do business in Cameroon to have easy access to government ministers and a variety of additional support.

“Cameroon is an untapped resource-rich country and the government is taking steps to encourage inward investment”

"I hope that we are able to develop our limestone assets to such a stage that it can be used in the production of cement which can be used to build infrastructure developments across the country. Not only are the people very entrepreneurial, they are also committed to building a better future for their people and understand that the best way to do that is to welcome and support external investment. I would like to see more UK companies operating in this market because it does have significant potential."

Douglas hopes that the limestone assets are just the first among many licenses that the Company aims to acquire in Cameroon. He continued: "We are long-term players and want to continue to invest in Cameroon. With the expertise we have in CAA we can identify assets, build mines and bring them into production. We plan to accelerate our programme in the third quarter of this year." Such is CAA's belief in the

potential for Africa, it has also acquired licenses in Zambia where the Company will be exploring for base metals. It is also in the process of securing coal licenses in Zimbabwe. Although Douglas has spent the majority of his recent career in the gold market, his reputation for identifying assets that prove highly lucrative is well known. With Algy Cluff, Chairman of Cluff Gold, he has discovered one of the largest gold mines in Africa and helped Mr Cluff go on to build up three mining concerns.

Douglas is now in the process of proving up the assets already acquired, at which stage more funds will be raised and the Board may well consider a flotation at that time. Cameroon is a key strategic market for the Company and as such Douglas will continue to spend a large part of his time there. He has already started discussing the limestone assets with potential partners with a view to accelerating development of the project.



In search of a destination bursting with rich natural scenery and deserted beaches? Consider Cameroon

Journey of discovery

Cameroon rewards the intrepid few with a rich natural and cultural tapestry. By Pat Lay

Intrepid, rather than package, is the best way to describe the tourists who travel to Cameroon. The country has a long way to go before it rivals the Costas or Turkey as a holiday destination.

However, this is a country that welcomes visitors with top-class hotels, glorious beaches, stunning scenery, roaring waterfalls, the highest mountain in West Africa – and Africa's highest active volcano, Mt Cameroon – as well as landscapes that vary from tropical rainforests to desert.

Waza National Park hosts huge numbers of elephant, graffe, lion, buffalo, antelope and bird life that can all be seen in their own habitat, while the Limbe Wildlife Centre is the country's premier primate conservation project where visitors can get up close to gorillas, chimpanzee and other primate groups.

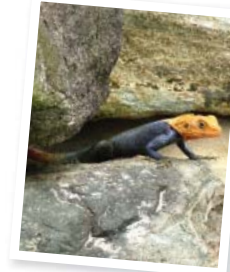
This is a country described as "all of Africa in one country." But it is an Africa with a strong

European influence. The region was a German protectorate until after the First World War when it was divided between the British in the north and the French, who controlled the larger area to the South.

Cameroon became independent in 1960, but its main language, particularly for business, is French. English is also widely spoken.

This is a country of some 250 ethnic groups, with multiple cultures, traditions and religions (the south being deeply Christian and the north Islamic). The people range from the forest Pygmies in the south to the semi-nomadic cattle herders of the Sahel and semi-deserts of the north. Specialist local-based tour operators offer the opportunity of staying in a Pygmy village and going out on a forest hunt, opening the door to probably the oldest intact culture in the world.

Douala, the largest city and home to the main airport in Cameroon, offers a rich cultural



Wherever you roam in Cameroon, you will find a country teeming with exotic fauna

TOP TEN TRAVEL TIPS

- 1 UK nationals require a passport and a visa to enter Cameroon.
- 2 All travellers require confirmed onward or return tickets and all necessary documents for their next destination.
- 3 The law requires everyone to carry identification at all times.
- 4 It is forbidden to take photographs of ports, airports, government buildings or military sites.
- 5 A yellow fever vaccination certificate is required for all travellers older than one year of age.
- 6 There is a risk of malaria throughout the country – so take your tablet.
- 7 Doctors and hospitals expect immediate cash payment.
- 8 Electrical current is 220 volts; round two-pin attachment plugs are in use.
- 9 If service charges are not included, then 10 per cent is customary.
- 10 Homosexuality is illegal.

fusion of Portuguese, German and French influences, while the capital, Yaounde, situated (like Rome) on seven hills, has a vibrant history of its own to share, as well as modern hotels, high-grade shops and atmospheric markets.

It is a 7.5-hour flight from London to Douala, but with a time differential of only one hour at the most, depending on the time of year, there is no danger of jet lag, and this is a perfect destination for those who wish to combine a seaside break with a journey of discovery. This year, the weather in January averaged more than 30 degrees centigrade.

There can be some security problems in Cameroon, particularly in the border areas and, as in many parts of the world, travellers are advised to avoid carrying valuables or wearing jewellery in public. However, in general there is an atmosphere of tolerance and respect; tourists are typically welcomed with broad smiles and kindness.

Hydromine to invest billions in Cameroon

Starting with a bauxite mining/alumina refinery, Hydromine is set to roll-out a series of mega projects. **By Pat Lay**

Through five separate consortia of international investor groups, Hydromine is planning a series of industrial, power-generation, agricultural and infrastructure projects in the Republic of Cameroon over the next five to six years involving investment of up to US\$12-15 billion.

As one of its core projects in Cameroon, Hydromine, Inc., a US-based natural resource and infrastructure development company led by founder Peter L. Briger, Sr, is developing a bauxite mining/alumina refinery designed to convert 8-9 million tonnes per annum of bauxite into three million tonnes of alumina.

The estimated cost of this project is US\$4 to 6 billion and Hydromine's current partners include Dubai Aluminium Company Limited and the Indian group, Hindalco Industries Limited.

The former is the seventh-largest producer of primary aluminium in the world, while the latter is the metals flagship company of the Aditya Birla Group, the world's largest aluminium rolling company and one of the biggest producers of primary aluminium in Asia. This project will likely be the longest in terms of time of implementation. Alumina is one of the basic raw materials required in the production of aluminium. The other key raw material is low-cost energy.

When Hydromine's exploration licenses for the bauxite reserves required for the project were extended, several members of the Cameroon Government (the "GoC") team of Ministers responsible for the extension

process inquired whether it would be possible for Hydromine to add more value in Cameroon by converting the alumina into aluminium. Hydromine, clearly aware of the 60,000 MW hydroelectric potential of the country, immediately accepted this request. In order to provide efficient, low-cost power for the 500,000 tonnes per year state-of-the-art aluminium smelter contemplated

“Cameroon is very rich in resources and people; there is a great sense of everybody getting along

by Hydromine, working closely with the Cameroon Ministry of Energy and Water Resources, two high-potential hydroelectric power generation sites were identified for development.

These sites are the Mouséré (Mbakou/Pont Rail) and Grand Eweng hydroelectric sites; initial studies to date conclude that both projects would provide low-cost energy on a highly efficient basis (between 75-85 per cent guaranteed annual output to rated capacity). As 50 per

cent is considered a very good benchmark in the industry, the efficiency of these projects is exceptional. The Mouséré facility would have a minimum rated capacity of 350 MW and a guaranteed annual capacity of at least 290 MW. The Grand Eweng hydro facility appears to have a minimum rated capacity of 1,200 MW and a guaranteed annual capacity of about 1,000 MW, or a ratio of guaranteed annual power to rated power in excess of 83 per cent.

Hydromine's engineers and experts estimate that the cost of power produced by each of the facilities is likely to be less than US\$0.03 per kW hour. This would be over 50 per cent less than other hydroelectric projects in Africa, or even Brazil where more than 85 per cent of its electricity is generated through hydroelectric power production.

Mr Briger, a member of the United States Treasury Department during the administrations of John F. Kennedy and Lyndon B. Johnson, has much experience in the arrangement of project finance for natural resource and infrastructure development projects, and spent many years in Brazil advising in the recovery of that country's economy. He sees many similarities in the situation in Cameroon today and the way things were in Brazil 20 to 30 years ago.

Mr Briger commented that, "Cameroon is a country very rich in resources and people; there is a good working relationship and a great sense of everybody getting along with a can-do optimism. The Government is stable and there has never been a civil

war there; Christians get along with Muslims and the four major tribes are aligned to the British, French, German and Islam; but all seem to work together well."

It will be five years or so before the bauxite alumina and the above-mentioned hydroelectric projects are online, but Hydromine is also developing three other major projects in the country.

The first of these is an agro-industrial scheme being developed over the next 15 to 18 months. Based on the Brazilian experience of moving people from Rio de Janeiro to Brasília, the plan is for the Cameroon Government to provide 500,000 hectares of land in the Adamoua Province, a sparsely populated savannah region in the

north central part of the country, not unlike the State of Goiás in Brazil, where this technological driven approach to large-scale agro-industrial production was first developed.

In accordance with the Brazilian model, 60 per cent of the land will be provided as individual farms of roughly 30-50 acres in size to be run by a family of three or four, with the remaining 40 per cent to be large-scale industrial farming and the processing of agricultural products. The aim is to provide a range of crops from basic foods, such as cocoa, coffee, cotton, bananas, potatoes and bio-fuels.

In this project, Hydromine is working with the Brazilian state agricultural agency, Empresa Brasileira de Pesquisa

Agropecuária ("Embrapa") and the agricultural management firm Consultoria e Agronegocios Ltda. ("Campô"), and has entered into positive discussions with world-class Saudi, Brazilian, Japanese and Korean firms specialising in food security programmes of this type. Other institutions such as the Brazilian state development bank, Banco Nacional de Desenvolvimento Economico e Social ("BNDES"), the African Development Bank, and, it is understood, the Saudi Development Bank, the Islamic Development Bank and the United States Department of Commerce have also expressed interest in the project.

The ultimate goal of this project is to transform a

fractured agricultural industry disadvantaged by outdated technology, lack of infrastructure and access both to domestic markets (such as those in Yaounde, Douala and Kribi) and international markets, into a vehicle for sustainable economic growth and job creation.

In addition, Hydromine has been requested by the Cameroon Government to organise a consortium for the development and implementation of a new 550-600 km rail line to run from the southeast to southwest quadrant of Cameroon, to the new deepwater seaport which will be located in the southwest of the country.

The Mbalam-Kribi/Mbho

“As one of its core projects in Cameroon, Hydromine is developing a bauxite mining/alumina refinery

rail line is to be developed, implemented and operated pursuant to a BOT Agreement with the Cameroon Government.

The primary function of this rail line will be the transport of high-grade iron ore, nickel, cobalt, manganese, limestone and other minerals under development in the area. Based upon positive discussions now in the process of conclusion, the consortium that will undertake this project will consist of major European and Asian producers of steel rail, switching and control systems, as well as world-class European and Asian engineering and construction companies specialising in rail infrastructure projects. The total cost of the project, including steel rails,

equipment, locomotives and rolling stock has initially been estimated at US\$3 billion.

Hydromine has held positive discussions with contractors and equipment suppliers in the United States, Europe and Asia regarding joining the consortium and project company which will develop the Mbalam-Kribi/Mbho rail line. In addition, the European Investment Bank, the African Development Bank and other development and finance institutions have expressed their interest in the scheme.

In summary, Hydromine's projects under development in Cameroon represent a massive vote of confidence in the future of this entrepreneurial and forward-looking country.

In profile: Hydromine

Hydromine, Inc. is principally involved in a variety of natural resource development projects, as well as power generation, utilising as far as possible its own highly cost-effective, renewable, environmentally friendly energy technologies.

The Company has been engaged in developing a variety of mineral projects, including bauxite, iron ore, magnesium, nickel and coal, along with the mining and processing of those minerals into intermediary products, such as pig iron and metallurgical coke – plus the final step of making aluminium and steel.

Hydromine is headquartered and operated in New York, and was established by **Peter L. Briger, Sr.** The Management Team also includes: **Tom Newton**, an innovative engineer who was formerly a senior executive officer with several major power companies; **Dr Manfred Beschel**, formerly Head of Unit, Directorate General IV (Regional Development) of the European Commission; and **Toufik El Tal**, a former banker with extensive experience in project development.

The Advisory Board consists of: **Gustavo Cortes de Lima**, Senior Partner and founder of the law firm Cortés & Zupiroli; **Norbert Heil**, special advisor to the German Ministry of Economics and Technology, the Ministry for the Environment, Nature Conservation and Nuclear Safety, and the Ministry of the Interior; **Robert Lyle**, Advisor to the World Energy Council on sovereign, political and emerging market risks, Director of the Commonwealth Disaster Management Agency, Founder Director of Berry, Palmer and Lyle (BPL-Global), one of the world's leading political risk brokerage firms; and **Mohamed Saeed**, political, media and public affairs advisor to the telecommunications industry, as well as government and business leaders in EMEA.



Hydromine, together with a variety of other participants, is engaged in a variety of other projects, including, but not limited to two similar rail infrastructure projects in Brazil. Hydromine has also entered into discussions with the UK Ministry of Energy to build two renewable energy plants, and is currently involved in several other energy projects with Petrobras and Eletrobras in Brazil and further afield.

Finally, Hydromine and other partners have been selected by a North African country to develop a US\$7.5 billion, 700,000 tonne per annum aluminium smelter and two state-of-the-art 60 billion gallon per annum desalination facilities that will utilise CO2 capture for Enhanced Oil Recovery, which involves a 1,400 MW power plant development in the country, along with port upgrades and a 200 MW solar power component to be used to support the desalination facility.

Aside from the technology component provided by Hydromine, the Company also develops and implements the long-term, highly cost-effective financing required for the projects in which it is involved.

Strong growth forecast for Cameroon agriculture

Despite growth in other industries, agriculture is still Cameroon's main export driver. By **Ben Gillingham**

Despite the growth in other industries, agriculture remains the main pillar of Cameroon's economy, accounting for 43 per cent of GDP, employing 70 per cent of the working population and generating more than one-third of total export earnings.

Main agricultural products include plantains, cocoa beans, taro, bananas, maize, fresh vegetables and groundnuts, and the country's primary export crops are cocoa, cotton, coffee, bananas, rubber and palm oil. However, the majority of all agricultural activity is confined to subsistence-level farming, and even though agricultural productivity increased by an average of 4 per cent per annum between 1990 and 2007, domestic production still faces problems. The most basic of these is a rising population, which means the country has become increasingly dependent on food imports.

In 2008, the Ministry of Agriculture launched a programme to double agricultural productivity so that the reliance on imported food can be reduced. This appears to be working. Business Monitor International (BMI), a leading independent provider of proprietary data, analysis, ratings, rankings and forecasts, says for Cameroon that in the five years to 2015 "We anticipate strong production growth for most agricultural sectors. However, growth is expected to be particularly high in the case of cocoa, coffee and sugar."

BMI's analysis continues: "Cameroon's cocoa and coffee sectors are both benefiting from increased investment, improved industry fundamentals and better macroeconomic conditions. Meanwhile, a robust increase in sugar output over the next five years reflects the impact of recent industry reforms and increased competition. We highlight the risk of disease and the problems associated with corruption as factors with potential to disrupt our growth expectations for cocoa and coffee."

"Over our five-year forecast period, positive demand growth is envisaged for all Cameroon's agricultural sectors, with the exception of coffee, for which consumption growth is expected to be limited. Staple grains such as corn and sorghum will experience steady demand growth as Cameroon's population continues to expand. At the same time, growing domestic demand

for cocoa will be fuelled by rising disposable incomes and by increased exposure to value-added processed products."

The analysts believe Cameroon's cocoa industry will show a 3.6 per cent rise in production in 2010/11, this will raise total output to almost 222,000 tonnes. Over the long term, they expect the industry to benefit from a combination of better crop management techniques, and private and public sector investment. In the five years to 2014/15, they predict cocoa production will grow by 34.9 per cent to surpass 267,000 tonnes.

In 2010/11, BMI predict Cameroon will expand its coffee output by 5.4 per cent to produce almost 901,000 60kg bags of coffee. In the five years to 2014/15, they anticipate robust growth for the sector, with coffee production expected to rise by 33.5 per cent. The strong growth expectations reflect the considerable support the industry is currently receiving from the Government and other sources.

As Peter Briger Snr, founder of Hydromine, points out elsewhere in this survey, the plan is for the Government to provide 500,000 hectares of land of which 60 per cent will be provided as smallholdings of 30-50 acres to be run by a family of three or four and the remainder set aside for commercial operations. The aim is to provide a range of crops, from basic foods such as cocoa, coffee, cotton, bananas and potatoes to biofuels. This project already has financial and technical backing from Saudi and Korean investors, and the African Development Bank.

As in most West African countries, the organic sector in Cameroon is still underdeveloped, but this too is changing. Estimates of certified organic production suggest that 7,000 hectares of land are under organic management, accounting for 0.08 per cent of the total agricultural area. The country shows a strong potential for further developing the organic sector to meet export opportunities and create a more sustainable form of agriculture. High premiums for organic produce, the increasing cost of synthetic farm inputs and a lack of support for ordinary farming have led to entire areas converting to organic farming.

The Government is also doing its bit to

encourage the use of renewable and green sources of energy to dry cocoa beans. The revolutionary concept is supported by the Government in tandem with Women for Green Growth, a civil society association that functions locally, with the target of developing and deploying a drying technique that is both energy efficient as well as sustainable using renewable solar energy, supplemented by biogas, to dry the beans at a slow pace thereby making this a cost-effective solution as well.

The technology will boost the income of cocoa farmers and have environmental benefits. It is estimated that millions of tonnes of cocoa are dried using firewood using conventional methods, three to five tonnes of firewood are needed to dry a single tonne of cocoa.

Timber is already one of Cameroon's major exports, and if the new drying technique catches on, there should be even more for the world market.

“Cameroon's cocoa and coffee sectors are both benefiting from increased investment, improved industry fundamentals and better macroeconomic conditions



Agricultural diversity is key to Cameroon's economic growth

Victoria Oil & Gas to turn on first ever domestic gas supplies in Cameroon

By Pat Lay

AIM-listed Victoria Oil & Gas plc ("Victoria") will shortly become the first producer and supplier of domestic natural gas in the Republic of Cameroon. Victoria is ready to lay the pipeline already shipped into country and finalise all necessary civil works in order to deliver gas to Douala-based industrial consumers in Q2 2011. The project is the first in Cameroon to deliver gas to industrial users, thus supplying cheaper, more reliable and cleaner energy where demand is growing rapidly.

Since its entry into Cameroon two years ago, Victoria has enjoyed a very positive experience. Chairman Kevin Foo stated, "Cameroon is an excellent place to invest with a stable and democratic government that welcomes outside investment and, in return, provides strong technical and professional project oversight."

In less than two years of project involvement, Victoria has completed appraisal, development and commercialisation of the Logbaba Gas Field, which lies beneath the city of Douala, the industrial capital of Cameroon. Douala is the Central African regional base for international giants like the French Castel Group (SABIC), Guinness and Nestlé.

One of Victoria's most noteworthy customers, Cotonniere Industrielle du Cameroun (Cicam), is the largest textile producer in the country, with roughly 60 per cent market share, with current fuel costs of around US\$2.2m a year. However, newly installed machinery to expand its operations and increase efficiency is still lying idle because of high energy costs and the unpredictable nature of power supplies in Cameroon. Cicam estimates that converting to gas could lower its energy costs by up to 30 per cent per annum.

There are nine customers within ten kilometres of the plant, who have already contracted for gas supplies and many others are in active consultation with the company. Victoria estimates that there are in excess of forty potential industrial customers capable

of taking large volumes of gas for raising the heat needed for their manufacturing process and/or for their own onsite power generation. Victoria's customers expect to make significant savings from their existing energy costs when the lower energy price is coupled with increased efficiencies, zero storage costs and lower maintenance requirements associated with using gas. The other major advantage is the environmentally cleaner nature of gas and the lower carbon footprints that are generated.

The Government of Cameroon intends to triple power generation in the next 10 years and much of that will be generated by gas. One of the biggest problems facing the country today is the lack of generation capacity and many industrial customers have cited constant power disruptions as a hurdle to future economic growth and corporate expansion. This puts Victoria in a very good position, for not only does the Company operate the only onshore gas discovery in the country, giving them first-mover advantage, but it has also the required proven and probable reserves to meet much of the future demand.

Victoria's gas to power strategy is two-fold. Once the pipeline infrastructure is in place and gas supplies are underway, the Company anticipates a large proportion of this existing customer base to readily enter into additional gas purchase contracts for their own onsite gas-fired power generation. Although this requires an initial capital outlay on the part of the customer, the advantages of a lower cost, uninterrupted power supply greatly outweighs this initial capital cost.

Once gas supplies are on stream, the Company expects many new industrial customers who desire a reliable onsite power source to also become customers. The fuel cost of diesel power generators currently available to the market is approximately twice the price of Victoria's supply contract price.

Power projects are a high priority in Cameroon and so the Company has also



“Cameroon is an excellent place to invest with a stable and democratic Government that welcomes outside investment

commenced discussions with the Government for participation in a large gas-fired power project, which would be connected to the existing power grid.

Since Victoria acquired its interest in the concession two years ago, it has managed to increase proved reserves five-fold and has more than doubled proved and probable reserves. These reserves are attributable to a total of six wells. Victoria anticipates drilling many more wells in the Logbaba natural gas field to meet future demand.

As far as Victoria is concerned, this is just the end of the beginning; 90 per cent of the licenced block remains unexplored, and the best location within the current structure has yet to be drilled.

International languages spoken in Cameroon include French and English, and there are abundant well-educated professionals and experienced local labour with a solid work ethic. Given its positive experience, the Company may also seek further on-shore licences, and believes excellent growth prospects lie ahead for Cameroon.

For its part, Victoria Oil & Gas, working closely with SNH, the State-owned hydrocarbon company, has invested more than US\$70m on the Logbaba development and facilities and will provide nearly 100 jobs during the construction of its pipelines, and 50 more during steady-state operations. All construction is carried out to top UK specifications and the whole operation, when completed, will provide a major boost to the Cameroonian economy.



In Cameroon, all roads lead to infrastructure development

Road building remains at the forefront of Cameroon's development plans. By Pat Lay

Enhancing and developing Cameroon's infrastructure development, with roads occupying a privileged position, adding that this had been cited as a major factor if American companies were to be encouraged to invest in Africa. For road infrastructure to play the key role in development, Mr Yang instructed vote holders in the sector to use 2010 as the opportunity to catch up with lapses recorded in the 2008 and 2009 work and financial programme. He also gave specific instructions to each ministry concerned with road infrastructure development.

Roughly half of the money allocated to road infrastructure last year was destined for investment in the maintenance of 10,569 km of

one of the priority components of the country's strategy was basic infrastructure development, with roads occupying a privileged position, adding that this had been cited as a major factor if American companies were to be encouraged to invest in Africa. For road infrastructure to play the key role in development, Mr Yang instructed vote holders in the sector to use 2010 as the opportunity to catch up with lapses recorded in the 2008 and 2009 work and financial programme. He also gave specific instructions to each ministry concerned with road infrastructure development.

Roughly half of the money allocated to road infrastructure last year was destined for investment in the maintenance of 10,569 km of

“Prime Minister Yang will ensure that the road network is at the forefront of his spending plans

main roads, 5,295 km of rural roads, rehabilitation of 120 km of priority roads, 130 km of rural roads, tarring of 180 km of new high-traffic roads and 120 km of moderate roads. This year, the spending will be even higher.

Other plans include putting in place 120 community telecommunication centres, and in the energy sector Mr Yang announced the government will build thermal plants in Mbalmayo, Ebolowa, Bamenda and Yaounde to produce more than 100 MW. For water supply, the second phase of the Yato water supply station will increase water capacity in Douala from 170,000 cubic metres a day to more than 260,000. The water supply networks will be reinforced in 19 towns.

Foreign inward investment is also playing a major role,

as outlined in this survey. Hydromine and its partners are already putting together plans for a 140 km railroad, the Government has asked for them to look at the possibility of another track of more than 500 km. These will mainly be used for the carriage of freight such as iron ore, nickel, manganese and cobalt in the early stages, but it will also open up travel to other areas of the country.

Hydromine is also working on the development of major hydro stations to boost the growing demand for power and energy a priority for Cameroon's Government. Studies completed by Hydromine last autumn exceeded all expectations, with the promise of more than 60,000 MW of electricity supplied by these plants.

The Government has said

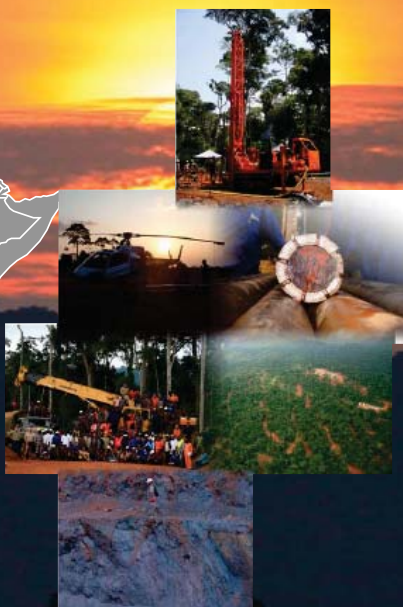
it wants to triple the power generation of Cameroon in the next decade and much of that will be generated by gas. Victoria Oil & Gas chairman Kevin Foo has established close ties with Government agency the National Hydrocarbons Corporation to ensure this happens. Sundance Resource is working with Chinese construction companies to develop cost-effective infrastructure solutions to deliver the iron ore they will be producing. And, finally, though Cluff Africa has yet to start producing its limestone assets, the company is already anticipating how the cement produced can help in the massive building programme that will form part of Cameroon's infrastructure development over the next 10 years.

SUNDANCE RESOURCES MBALAM PROJECT

Building a world class iron ore project in Cameroon



CAMEROON



Mbalam Iron Ore Project, West Africa

World-scale JORC-Code compliant Inferred Mineral Resources totalling 2.7 billion tonnes defined at Mbalam and Nabeba.

- Indicated & Inferred Resource of 2,325 million tonnes of itabirite hematite at 38% Fe at the Mbarga deposit.
- Inferred Resource of 215 million tonnes of DSO quality hematite at 62% Fe at the Mbarga and Mbarga South deposits.
- Inferred Resource of 200 million tonnes of DSO quality hematite at 63% Fe at the Nabeba deposit.

Total landholding controlled by the Company now totals 1,740km² within the broader iron ore province extending over Cameroon and Congo.

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Sundance is focused on the development of a global iron ore business within a highly prospective emerging iron ore province in West Africa. By developing the Mbalam Iron Ore Project, Sundance will not only unlock the potential of its world-class iron ore deposits in the Republic of Cameroon and the neighbouring Republic of Congo but also provide the infrastructure required to bring this province to the global iron ore market



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CAMEROON

Sundance ready to achieve iron ore success

Cameroon in line for top-ten iron ore exporter status.
By Pat Lay

The Republic of Cameroon is poised to become one of the world's top ten iron ore exporters thanks to the drive and determination of Australian developer Sundance Resources (ASX: SDL), and the vision and support they have received from the Cameroon Government. The journey started in 2006 when Sundance acquired 90 per cent of CamIron, a company formed a year earlier which held exploration permits in the Mbalam region of Cameroon. Drilling commenced in 2007 and four-and-a-half years later, Sundance has discovered resources totalling 415 million tonnes of high-grade direct shipping ore ("DSO") hematite and over 2.3 billion tonnes of itabirite hematite, and is steadily moving towards having all the boxes ticked for production to commence by 2014.

The rewards from this project being delivered are likely to be enormous for the company, potential investors and particularly for the Cameroon people. But for Sundance at least, there has already been a huge price to pay, having lost their whole board of directors in an aircraft accident on the Cameroon/Congo border during a site visit in June 2010.

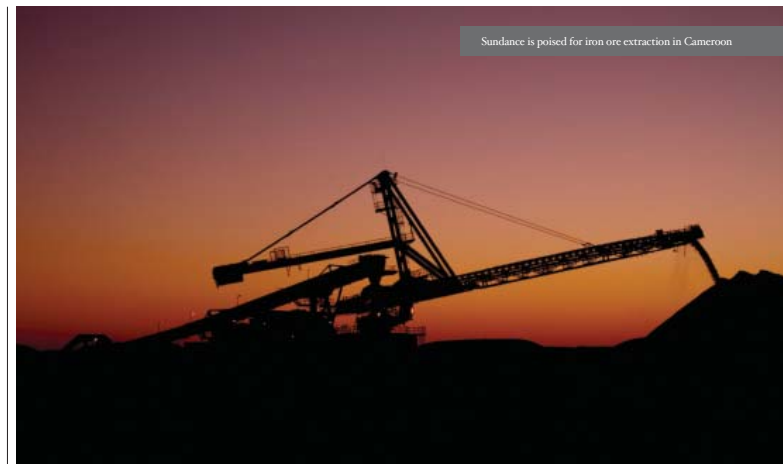
Rather than give up, however, the tragedy has united everybody involved and made them even more determined to succeed.

A definitive feasibility study ("DFS"), targeting resources to support a 35m tonnes a year high-grade iron ore operation for 10 years, and further resources for mining at least an additional 15 years, is expected at the end of March 2011. In addition, the project would provide an infrastructure source for other stranded iron ore deposits identified in the region, creating the opportunity to open up a new globally competitive iron ore province that holds the potential to produce up to 100 million tonnes a year.

Sundance is currently in talks with the Cameroon Government to finalise a Mining Convention which covers agreements for land access, and tax and royalty regimes. Environmental approval for the mine, rail and port infrastructure have already been granted.

Sundance has met with Cameroon's President, Prime Minister and Mines Minister, and has been negotiating the terms of the mining agreement for the past six months through a committee set up by the Government with representatives involved in the port project, railway and land. Once agreement is reached, construction will begin of the 500 km rail line to be built between the mines in Cameroon and the Republic of Congo, and the deepwater port at Kribi.

In the coming months, Sundance will also confirm a strategic partner to provide both



Sundance is poised for iron ore extraction in Cameroon

finance and guaranteed offtake. While steel mills in Asia and Europe are said to be interested, a major Chinese steel mill is expected to be the successful contender.

This is underpinned by Sundance having appointed China's largest investment bank, CITIC Securities, to assist in securing a partner. Sundance also has signed a Memorandum of Understanding with Chinese construction companies to develop cost-effective infrastructure solutions. Sundance's returning Chairman George Jones is also well known for having many contacts and vast experience working with China.

China and Cameroon have a strong relationship, and the blend of Australian mining expertise, Cameroon's high-quality resource and China's ongoing need for steel makes for the perfect background to ensure the Mbalam project will be a success.

China uses around half the world's production of iron ore in its steel mills and is unlikely to overlook the opportunity of ensuring a high quality, long term secure supply.

A further sign of confidence for the delivery of the project was the recent announcement that Eximbank of China and the Cameroon Government have signed a loan agreement at the beginning of January 2011 for US\$423m to help pay for the construction of the multi-user deep sea port at Kribi. This is near where Sundance plans to build its deepwater port which will be optimised to accommodate Chinamax bulk carriers.

When completed, Sundance's iron ore terminal will be able to host vessels of up to 300,000 tonnes or more that will arrive every two or three days and be filled with the ore.

“The blend of Australian mining expertise, Cameroon's high-quality resource and China's ongoing need for steel makes for the perfect background to ensure the Mbalam project will be a success

Early works for construction could start as soon as by the end of this year, once financing and government approvals are in place.

The first train loads of ore are scheduled to start rolling down the railway in the first quarter of 2014 (calendar year), by which time costs will have risen to around the budgeted US\$5.8bn but with operational costs expected to be around US\$20 a tonne, putting this project in the lowest cost quartile of iron ore producers.

Production is expected to reach its full 35m tonnes a year capacity in 2015.

The second stage of the project follows after the first ten years of DSO has been mined, when production would involve a further investment for the beneficiation facilities of the itabirite hematite but would then be maintained at 35m tonnes a year.

Cameroon enjoys relative political and social stability, as does the neighbouring Republic of Congo, which celebrated its 50th year of independence last year.

As well as sharing the rewards of this project through taxes, royalties and shareholdings, Cameroon's economy will benefit from the substantial employment, training and development opportunities for the people of Cameroon.

Around 200 Cameroon nationals are already working for Sundance (through its wholly owned subsidiary CamIron SA), this is expected to rise to around 1,800 as the project develops, which will provide further investment into the country's economy. In addition, Sundance is dedicating a half of one per cent of all its net profits after tax from the project to be re-invested into the local community.

What do you get if you take iron ore deposits and add a cup of coffee? Answer: Legend Mining's Cameroon operation



It all started with a coffee

Legend Mining set to become one of Cameroon's leading iron ore producers. **By Pat Lay**

It is the stuff from which legends are made. Mark Wilson, managing director of Legend Mining, was enjoying a coffee in a Perth café one morning in 2009, wondering where his next business opportunity was coming from, when an old school mate walked past. As they caught up the friend revealed he was looking at a possible mining operation in Cameroon and could be looking for a partner.

A few months later Mr Wilson was in Cameroon starting his next project in the face, holding tenancy over nearly 3,000 sq km of land, close to the coast and with an infrastructure that could ensure reasonable access and the prospect of substantial iron ore deposits with "a sideshow of gold".

The final chapter still has to be written, but initial surveys already have identified millions of tonnes of low-grade ore to target. However, what Legend spent nearly US\$4m on last year, and will spend \$6m on this year, is searching for the higher grades that will enable the company to initially produce 1-2m tonnes a year of direct shipping ore. This will provide an early cash flow that will finance future developments.

A bonus has been the quality of the local workforce that Mr Wilson has been able to bring on board, and the support from Government and local communities. The value of this support becomes obvious as he enthuses: "Our Cameroon people have been fantastic; everything we require is dealt with, there is a high quality of people educated to a European level and a strong work ethic."

"We have just one expatriate in the country

and he runs a team of local geologists who are continuing their education on the job and lapping up the opportunity; they are passionate about developing not only the company but also their country."

Mr Wilson says his team was attracted by the potential scale of the project, by its proximity to existing road, rail and port infrastructure, and the people who come with the deal.

The Ngovayang Project is located in the south-western region of Cameroon and is roughly 90 km long by 35 km wide. The terrain is rugged, equatorial and covered in forest, but there is good road access around the perimeter of the area. There are three granted exploration permits and there is a commercial/passenger rail line which passes through the tenements and terminates in the largest commercial Cameroon port of Douala.

Following initial exploration involving field reconnaissance and an extensive 2,566 sq km aeromagnetic/radiometric survey over the Ngovayang and Mayo Binka Projects, Legend Mining decided to exercise its right to acquire 90 per cent of local firm Camina SA in Feb 2009.

Camina, its consultants and advisors, have substantial experience and expertise in dealing with mineral projects, infrastructure and government relationships in Cameroon, and Legend Mining will access this capacity across these areas to advance the projects.

Legend Mining's aeromagnetic/radiometric survey identified the occurrence of itabirite on a larger scale than previously known information had indicated, confirming the iron ore prospectivity of the Project. Numerous

“Our Cameroon people have been fantastic; everything we require is dealt with, there is a high quality of people educated to a European level and a strong work ethic

structural targets for DSO were also evident throughout the project area.

Legend started a 5,000m diamond drilling programme, utilising a man portable rig, last August, and a total of 15 holes for 707.66m were drilled before the onset of heavy seasonal rain resulted in suspension of drilling. Drilling started again in January.

The primary target for Legend Mining is the discovery of 50m tonnes of the higher-grade ore that would translate into the planned 1-2m tonnes a year operation with potential future expansion. A secondary target is the lower-grade, but potentially very large tonnage of itabirite. This type of material has the ability to be beneficiated into a valuable saleable product, but it would require significant capital expenditure for crushing/grinding/magnetic separation processing.

"So far we have barely scratched the surface," says Mr Wilson, who is quite confident that an economic-sized discovery will be made.

The other project is the Mayo Binka Permit, which currently has extensive scree and cover in the area. This will need trenching to assist geological mapping and geochemical sampling.

As he contemplates the Cameroon riches beneath his feet, Mark Wilson must sometimes wonder what might have been if he had not fancied a cup of coffee on that day 21 months ago. Legend Mining is not short of investment funds available to complete this tale – at the end of December 2010 the company still showed an investment balance of some US\$17m, and its investments are still growing faster than it is spending.



LEGEND MINING PROACTIVE INVESTORS IN CAMEROON

www.legendmining.com.au

Legend Mining Limited is an Australian mining and exploration company listed on the Australian Securities Exchange.

Legend's mission is to make value-adding mineral discoveries and utilise all available asset bases to maximise shareholder benefit.

The company's exploration focus is on the discovery of iron ore, base metal and precious metal deposits at its project areas in Cameroon and Western Australia.

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Investing in the Cameroon

At Cluff Africa, we are proud to be focusing on Cameroon's rich natural resources and will savour the opportunity of bringing greater investment to the country. As an investor and employer, we look forward to working with the people of Cameroon to realise our common vision to bring greater prosperity and industrial growth in the years ahead.

