



THE MELBOURNE MINING CLUB LUNCHEON

7th February, 2007

Greig Gailey – MD & CEO Zinifex Limited
Topic: Building The Future



600 Mining professionals gathered at Melbourne's Town Hall today to hear one of the industry's most magical stories – Zinifex. CEO Grey Gailey pointed out that it was a “phenomenal time to be involved in the resources business”. Recapping Zinifex's phenomenal rise from the ashes of Pasmico's 3 years of administration was a “remarkable success story”. “I don't think any of us could have anticipated the huge success the company has enjoyed” he said. Zinifex paid \$960 million to the administrators in 2004 for the assets they acquired that have since generated over a billion dollars profit in 2006 and a meteoric share price rise to today's share price of just under \$16, some 8 times the initial float price of \$1.95, as well as returning 50% of its initial capital price to investors during this period.

Gailey went on to describe the next stage of the transformation - that being the merger of its smelting assets with Belgium's Umicore to create the “pre-eminent zinc smelting company in the world”. Zinifex then would become “a pure mining play” with “opportunities not available to us as an integrated company”. The Zinifex business strategy is to “build our mining business and optimize the smelting business” something successfully achieved with this transaction.



Whilst “the movement in zinc prices has been nothing short of extraordinary” said Mr Gailey, the transformation of Zinifex is not simply because it was the “recipient of good luck and good fortunes” but largely due to the performance of its employees. The company's success he says “is based on productivity improvements and cost reduction initiatives”. Gailey said that the group was pursuing multiple opportunities to expand and that the outlook for its commodities continue to be strong, despite recent corrections due to supply constraints. They also remain “keenly interested in acquisitions” as Gailey is aware that they “will either grow successfully” or “be part of someone else's consolidation plans for the business and that is clearly not our intent”.



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Despite Mr Gailey having the coveted speaking spotlight at this illustrious gathering this week, Zinifex have had a bad week operationally with an important part of their supply chain – a transfer vessel with \$US15 million in zinc concentrate on board abandoned by its crew in the Gulf of Carpentaria as cyclone Nelson whipped up high seas and their Port Pirie blast furnace shutdown as the result of an unplanned incident. If Zinifex's next stage plans evolve in the same vein as their first, it's story – already “the stuff of legend” - will only continue to grow.