



THE MELBOURNE MINING CLUB LUNCHEON



5th April, 2008

**Andrew Michelmore - CEO & MD Elect, Planned
merger Oxiana & Zinifex**



A 730 strong crowd gathered to hear an insight into the proposed \$12 billion “merger of equals” between Oxiana & Zinifex to create one of those rare entities - a mid-tier globally diversified resources company. Before getting down to the merger specifics, Mr Michelmore touched on his previous experience in Russia and surrounding regions with EN+ Group and his exposure in this role to state based companies and sovereign funds increasingly “taking a long-term strategic value in assets worldwide”. He also outlined the balance of economic power shifting from the ‘Old’ to ‘New’ worlds; from the ‘old guard’ to the fast developing BRIC economies and South-East Asia. Mr Michelmore then went on to illustrate the trend of ‘mid-cap’ companies disappearing these mid caps are often absorbed into bigger rivals that leave a hole for Oxiana-Zinifex to fill. “The customers you can see sitting out there, whether they are large countries or not, are feeling like they’re being squeezed by this ever bigger, stronger marketplace,” he said.



The driver for this merger, according to Michelmore, “was simply to increase the growth in long-term value for both companies’ shareholders”. He said that the combined entity would be able to take advantage of opportunities that are “too small for the big guys to worry about but really too large for companies of either Oxiana or Zinifex size to tackle comfortably alone”. He believes that the joint firm creates a “critical mass” and a unique opportunity to optimise growth through pursuing strategic long-life low cost resources. Michelmore furthermore believed that this merger will “de-risk the two companies” considerably and with their combined regional, resources, and project pipeline mix, equipped them to be stronger both from a balance sheet and competitive perspectives. It created a company with the “combined skills and strength to do more” he said. We will wait to see if both Zinifex and Oxiana’s respective shareholders seem to agree!



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