

Central African Mining (CFM.L)

DECREASE TARGET PRICE

| | |
|------------------------|-----------------------------------|
| Rating | OUTPERFORM* [V] |
| Price (24 Mar 08, p) | 48.75 |
| Target Price (p) | (from 150.00) 120.00 ¹ |
| Market cap. (£ m) | 995.96 |
| Enterprise value (£ m) | 1,925.2 |

*Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.

¹Target price is for 12 months.

[V] = Stock considered volatile (see Disclosure Appendix).

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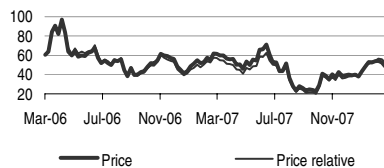
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The cobalt king is back

- **Summary:** We have reviewed our Camec model to incorporate changes to the company structure since the group joined forces with Dan Gertler (Prairie International Limited). The combination is a win/win for both Camec and Prairie and ends a long running dispute between the two parties.
- **Investment Case:** The re-opening of Mukondo Mountain in February means the group is now on track to deliver 7,000–8,000 tonnes of cobalt in FY'09 ending March 31st. For a capex of less than \$25 million, we think production could be raised to 12,000 tonnes of capacity, market permitting. Drilling on Mukondo Mountain is underway to test the vast cobalt/copper orebody at depth.
- Copper production is steadily rising and the third cell at Luita is about to commence production. The group should deliver 35,000 tonnes in FY'09 rising to 60,000 tonnes in FY'10 and 100,000 tonnes in FY'11 for a capex of a further \$88 million.
- **Catalyst:** We are raising our cobalt forecast from \$30 per pound to \$45 per pound in 2008 and from \$18.50 per pound to \$30 per pound in 2009 given the growing power shortages in DR Congo.
- **Valuation:** To reflect the 815 million share issue to Prairie International Limited for its 50% stake in Mukondo Mountain and various other concessions, we are cutting our price target from £1.50 to £1.20 per share. This is still 115% above today's share price and assumes conservative copper and cobalt forecasts.

Share price performance



The price relative chart measures performance against the Index - United Kingdom FTSE All Share index which closed at 2814.01 on 24/03/08

On 24/03/08 the spot exchange rate was £0.78/Eu 1. - Eu 0.65/US\$1

| Performance | 1M | 3M | 12M |
|--------------|------|------|-------|
| Absolute (%) | -7.6 | 25.0 | -21.4 |
| Relative (%) | -1.1 | 46.2 | -8.1 |

Financial and valuation metrics

| Year | 03/07A | 03/08E | 03/09E | 03/10E |
|-----------------------------|--------|----------------------|--------|----------|
| Revenue (US\$ m) | 138.9 | 145.2 | 791.5 | 821.4 |
| EBITDA (US\$ m) | 28.37 | 65.37 | 495.93 | 553.95 |
| Pre-tax profit (US\$ m) | 31.4 | 94.5 | 472.9 | 530.9 |
| CS adj. EPS (US\$) | 1.20 | 3.90 | 14.00 | 16.00 |
| ROIC (%) | 6.0 | 19.4 | 48.6 | — |
| P/E (adj., x) | 80.71 | 24.83 | 6.92 | 6.05 |
| P/E rel. (%) | 665.10 | 1.05 | 0.76 | — |
| EV/EBITDA | 69.5 | 29.5 | 3.6 | 2.8 |
| Dividend (2008E, US\$) | — | IC (03/07A, US\$ m) | | 225.2 |
| Dividend yield (%) | — | EV/IC | | 8.5 |
| Net debt (03/08E, US\$ m) | -53.4 | Current WACC | | 11.4 |
| Net debt/equity (03/08E, %) | -10.4 | Free float (%) | | 64.0 |
| BV/share (03/08E, US\$) | 0.19 | Number of shares (m) | | 2,043.00 |

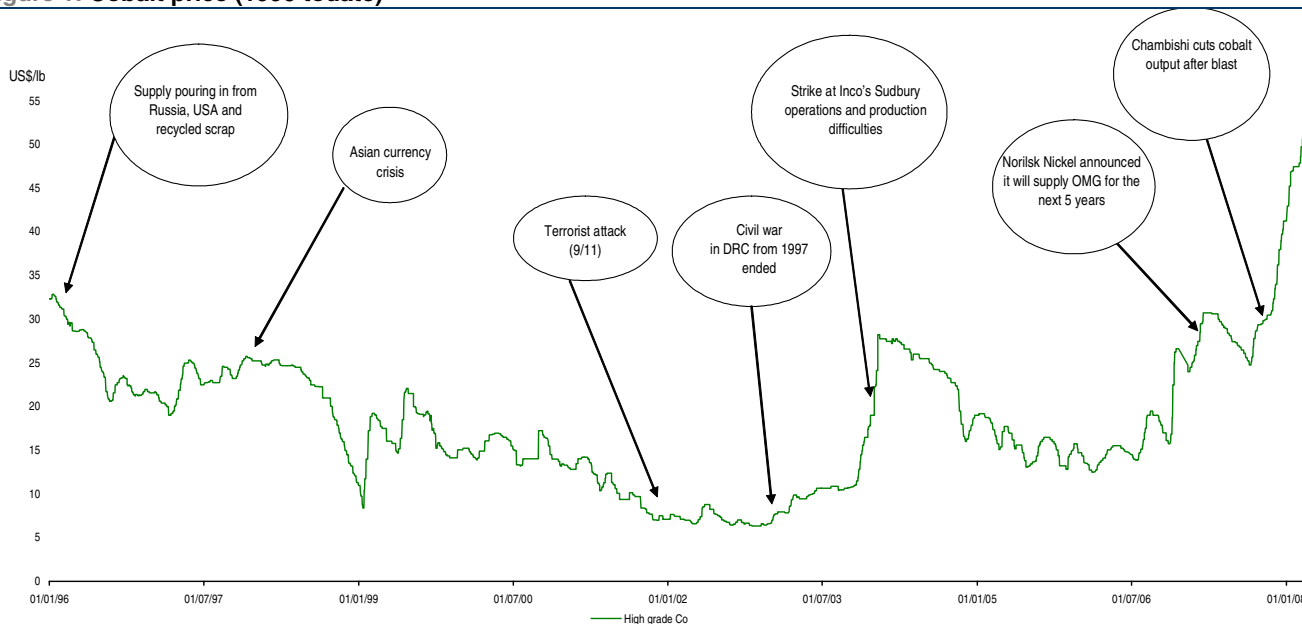
Source: FTI, Company data, Datastream, Credit Suisse Securities (EUROPE) LTD. Estimates.

Mukondo Mountain roars

Camec represents the most leveraged way to play a rising cobalt price, in our view. The re-opening of Mukondo Mountain in February this year has coincided with the Phase 1 completion of a \$120 million investment in the Luita copper and cobalt processing plant and the new DMS (Dense Media Separator). This has allowed the group to feed these new facilities with high grade cobalt ore from Mukondo Mountain at a time when cobalt prices are now trading at all-time highs. We think the harvesting of these higher prices has only just begun and Camec is now in the driving seat to take advantage of the strong market. After two years of frustrating share price performance owing to the shutdown of Mukondo Mountain in August 2006 and license uncertainty in 2007, Camec appears set for a major rally. The shares appear relatively under-owned and our new FY'09 EPS forecast of 7 pence means the shares are trading on just 7.4X PE and a deep discount to our £1.20 per share Discounted Cashflow. We visited the assets last week in DR Congo.

Rarely does one find a hidden gem like Camec in such a commodity bull market. Significant cashflow from their copper and cobalt assets in DR Congo in addition to vast coal concessions in Mozambique that could host well over 5 billion tonnes once their 20 concessions have been drilled. The key to Camec's success in DR Congo has been their 400-strong trucking fleet called SABOT Wheels of Africa, which has the potential to grow to 1,000 trucks in the coming two years. Although small, the group's soft commodities business DEKA is now Africa's largest supplier of mealie meal (ground maize) to Africa's poorest communities through the UN Aid programme and is already opening a second processing plant in Mozambique. We are re-iterating our Outperform rating on Camec but slightly reducing our price target from £1.50 to £1.20 per share to reflect the 815 new shares that are to be issued to Praire International Limited.

Figure 1: Cobalt price (1996 to date)



Source: Company data, Credit Suisse estimates

So why is Camec so cheap relative to its fundamentals? Part of the discount relates to a history of two years of uncertainty in DR Congo over their licences C19, C21 and Mukondo Mountain. By joining forces with Dan Gertler, the group now have a strong political voice in DR Congo and all licence issues have now been fully ratified by the DR Congo Government and Gecamines. We welcome the new partnership and think it is a win/win

for Camec shareholders. Both Dan Gertler and the current management team headed by Andrew Groves have a strong entrepreneurial 'can-do attitude', which we believe will lead to further deals and growth in Africa. If investors are looking for an African growth story, then Camec is arguably the most exciting with a strong presence in DR Congo in Mozambique backed by strong cashflow and large resources.

Camec's key asset is Mukondo Mountain. Rising over 1,000 metres, this massive cobalt/copper orebody is a freak geological discovery that dwarfs anything else in the DR Congo in terms of size and scale. Mukondo is the equivalent of Escondida for copper, Broken Hill for zinc, the Pilbara for iron ore and Sudbury for nickel. What makes Mukondo so unique is its rich cobalt grade that averages 1.2%. What is also so special about this mountain is the relative ease of mining. Waste rock is simply pushed off the mountain, which means once Mukondo is back up and running at full steam, the stripping ratio will be less than 5 to 1. At today's cobalt price of \$52 per pound, the economics of such a mountain are compelling. Ore is processed at both the Kakanda concentrator, the new DMS (Dense Media Separator) and the world-class Luita tailings crushing and floatation circuit. We recently visited operations with Camec's head of DR Congo, Laurent Decalion, who is doing an outstanding job overseeing the restart of Mukondo and the buildout of Luita. Laurent is confident that his new cobalt cathode line (which will produce a 99.8% cobalt) will be commissioned in August 2008. This will make Camec the first company in DR Congo history to produce cobalt cathode and will significantly raise their price received for 3,000 tonnes of their cobalt output from 72% of LMB to some 99%. In addition, this will create significant transportation savings, given the current concentrate grade averages just 6-12% contained cobalt.

We are confident the group can deliver 8,000 tonnes of cobalt in FY'09 for the period ending March 31st. However, for a small capex of less than \$25 million, we think Camec could increase this to 12,000 tonnes, markets permitting. This would involve the purchase of an additional 15 trucks and 3 loaders, given the group have spare capacity in their 3 processing plants at Kakanda, the DMS and Luita. So far, management are assessing all options available to them, but clearly if they increased production to 12,000 tonnes it could materially affect the cobalt price, given the world market is only 63,000 tonnes. In the last 12 months, cobalt has rallied from \$20 to \$52 per pound. Part of the buoyancy in cobalt prices may have been due to the unexpected shutdown of Mukondo Mountain in August 2006. Investors should recognise that now Mukondo has re-opened, the price of cobalt could be negatively affected by this new supply. However, so far the restart of Mukondo in February is having little affect on the price. We think this is partly due to the production problems that many other DR Congo producers have experienced in the recent rainy season. We think this has delayed approximately 500 tonnes of shipments during February and March as rains have made many roads unpassable. The recent strength in copper prices may have also encouraged many of the artisanal miners to switch from cobalt to the more easily mined malachite copper rocks. We estimate that artisanal production has fallen from some 5,000 tonnes of cobalt in 2006 to just 2,500 tonnes today. In total, we think DR Congo produces some 16,000 tonnes of cobalt in concentrate per annum, of which Camec is likely account for 7,000–8,000 tonnes.

Raising cobalt forecasts

We are raising our cobalt forecast from \$30 to \$45 per pound in 2008 and from \$18.50 to \$30 per pound in 2009. We are increasingly of the view that DR Congo is unlikely to increase output nearly as much as the market was expecting. We think cobalt production will rise from 16,000tpa in 2008 to around 22,000tpa by 2010 depending on the startup success of both Kamoto Deep and the rampup of Mukondo. This is contrary to current market thinking that DR Congo could add another 20,000 to 30,000 tonnes of cobalt from the startup of long awaited new projects like KOV (Katanga/Nikanor), Kolwezi (First Quantum) and Freeport's Tenke Fengerume which neighbours Camec. Two years ago the combined potential capacity of these three projects amounted to at least 40,000 tonnes of new cobalt by 2011. Already today, given KOV is now part of Katanga that

potential number has now dropped to around 26,000 tonnes. However, the reality is that electricity is now becoming a massive bottleneck for any new entrant in the region. In the last two years, we have seen over 15 new Chinese 'backyard' copper smelters startup in both Lubumbashi and Likasi taking the total number of Chinese smelters to some 20. We estimate these smelters produce approximately 100,000–150,000 tonnes of contained copper and 2000–3,000 tonnes of contained cobalt. The feed for these smelters is largely sourced from artisanal miners. Given the basic furnace technology, the smelters are generally energy inefficient and hence taking much of the spare generating capacity from the grid in the Katanga region. We estimate these 20 smelters are consuming as much as 120MW of power. This means that many of the larger projects like Kov, Kolwezi Tailing and Tenke Fengerume could find near term supply of electricity harder than originally expected.

We estimate that KOV, Kolwezi Tailings and Tenke will need approximately a combined 300 megawatts of power. At the moment this does not appear to be available unless a radical investment in the countries vast hydro potential is fast tracked. The Katanga grid delivers about 440MW in the province of which 130MW travels some 1,800 kilometres from Inga Dam situated near Kinshasa. The remainder is produced from four hydro plants in the Katanga province that currently produce 310MW, compared to their potential capacity of 460MW. Mag Energy are refurbishing Inga 2 and is expected to bring on up to 178MW of power in the first half of this year. We estimate 40% of this will be redistributed to the Katanga Province which will provide an additional 70MW, which is still well short of the 250MW required to develop both Kov and Tenke. Phase 2 of the rehabilitation of Inga 2 has yet to commence but could add a further 700MW to the grid. Much of this is likely to be sent to the Katanga grid, although it is still too early to assess the timing of this new supply.

When Nikanor Plc listed in London in September 2006, the then management believed the KOV pit would reach maximum capacity of 250,000 tonnes of copper cathode and 25,000 tonnes of cobalt by 2011. Since Nikanor was injected into Katanga last year, the new management team said they would develop KOV on a 'modular basis' with the intention to produce some 10,000 tonnes of cobalt through SX/EW in 2010/11. This is 15,000 tonnes below Nikanor's original estimate made two years ago. With the growing tightness in electricity, we believe such a development will not proceed unless the Government can give it assurances that the power will be available once the project is developed. The feasibility on both Kamoto Deep and KOV as a combined operation is expected to be complete in Q4'08. Nearer term, under the old management, KOV was also supposed to produce some 10,000 tonnes of cobalt in 2008 and over 16,000 tonnes in 2009. This is a massive shortfall, and underscores why we are also becoming increasingly excited about cobalt's nearer term prospects. In the meantime, Kamoto Deep is on track to produce about 2,100 tonnes of cobalt in 2008 and some 4,000 tonnes in 2009. We have been very impressed by the progress of Kamoto Deep that has started on time and budget. Outside of Mukondo Mountain, Kamoto Deep this is the only near term growth project in DR Congo until KOV, Kolwezi Tailings and Tenke come onstream.

The Kolwezi tailing project is owned by First Quantum (65%), Gecamines (12.5%), IDC (10%), IFC (7.5%) and Government of Congo (5%). The project is scheduled to commence production in 1H 2010 with an initial capacity of 35,000 tonnes of copper and 7,000 tonnes of cobalt hydroxide for a capex of \$553 million. This compares with the original target set by the previous owners Adastra to commence production in 2008.

At Freeport's Tenke Fengerume project which neighbours Camec's operations, management believe they can begin operations in late 2009 for a capital cost of around \$900 million to produce 110,000 tonnes of copper cathode and 8,000 tonnes of cobalt. By way of comparison, Camec will spend less than \$220 million to achieve a similar size of operation. This underscores the operational strength of Camec and their long history in the country. If Tenke cannot secure the power to produce the copper cathode, then it will not be able to produce the 8,000 tonnes of cobalt by product either. Time will tell how

quickly Tenke will secure the power, although we suspect that the rampup in Chinese production from their 20 smelters has taken most of the spare capacity. In reality the Chinese used the window of opportunity that presented itself when both KOV, Kolwezi Tailings and Tenke began to experience delays two years ago. Unless the DR Government were to turn off these 20 new Chinese smelters then this spare capacity will not be available again until the four new turbines at Inga 2 are commissioned sometime between 2009-12. Given the strong relationship now between the DR Congo Government and the Chinese we doubt this is likely anytime soon. In reality the Chinese were fast and nimble in developing this new capacity whilst others producers were in the middle of their feasibility studies.

In addition to the electricity concerns, the DR Congo Government last week announced that Gecamines would increase its holding in Tenke to 45%. This is just another reason for why Tenke could be delayed. When Camec had its ownership issues with Gecamines last year, investment in Luita was frozen for one year. Clearly Freeport would need to reassess the economics of the project if its equity ownership of 57.75% is diluted, but its capital commitments rise.

In short, the delays of both KOV, Kolwezi Tailings and Tenke in the last two years have already taken out some 22,000 tonnes of cobalt from the system in 2008 and 24,000 tonnes in 2009. How long these projects continue to suffer startup delays, the longer this potential capacity will be sidelined from the market. As a result, we are raising our cobalt forecasts from \$30 per pound in 2008 to \$45 per pound and \$18.50 per pound in 2009 to \$30 per pound. The reality is that the cost of producing cobalt has materially increased in the last two years due to growing tightness of DR Congo supply and rising electricity costs. As a rule, cobalt cathode production requires twice the amperage of electricity in the cells as opposed to copper cathode. With rising electricity costs around the world, this is another cost burden to the industry.

If big projects like KOV, Kolwezi Tailings and Tenke continue to be delayed, then this could open the door for Camec to increase its production to 12,000 tonnes of cobalt which would make them the world's largest producer by a clear margin. Such an increase would still only represent some 20% of the planned capacity that was supposed to be produced by both KOV and Tenke in 2009. Camec have the electricity and also the richest cobalt orebody known to man, Mukondo Mountain that could be ramped up with relative ease. At 12,000 tonnes and assuming a cobalt price of \$40 per pound, Mukondo Mountain has the potential to generate as much as \$650 million of EBITDA for Camec from cobalt alone. An increase from 8,000 to 12,000 tonnes would represent a payback of only 1 month for their upfront investment of \$25 million (at current cobalt prices). This would be money well spent, but for now, management will assess all options that are in the best interests of shareholders and it is still too early to say if this expansion will go ahead.

Copper production ramps up at Luita

In copper, the rampup of Camec's world class Luita SX/EW operation is going full steam ahead, after investment was put on hold in July 2007 when the license issues were raised by the DR Congo Government. During our visit to Luita, the 3rd copper cathode line was about to begin production lifting capacity to 35,000tpa. Laurent Decalion is confident of increasing capacity to 50,000tpa in the next six months which would involve installing an additional two cells. Camec have secured 85 megawatts of power, and are currently using 52 megawatts to power all of their copper and cobalt operations. As a rule each 2,000 tonnes of copper cathode requires 1 megawatt of power and each 1,000 tonnes of cobalt cathode requires 1 megawatt. This means Camec have just about enough power to reach 100,000 tonnes of copper cathode by late 2009. Our earning estimates assume Camec will produce 35,000 tonnes of copper cathode in FY'09 growing to 60,000 tonnes next year in FY'10, and 100,000 tonnes in FY'11. Each cell of 12,000 tonnes of copper is currently costing them around \$15 million to install, which means to get to 100,000 tonnes will cost them another \$88 million. At the current copper price of \$8,000 per tonne and a cash cost

of \$3,000 per tonne (including transportation and pre cobalt credits), this would represent a payback of less than 6 months for each new cell. Although this is not as compelling as the potential cobalt expansion it clearly underlies how attractive the Camec cashflow story is if cobalt and copper prices remain strong. It also shows Camec's commitment to not becoming too reliant on cobalt, given cobalt's more turbulent history. Today cobalt is trading at about 14 times the copper price. In the dark old days just two years ago, this ratio was as low as 5 times the copper price. Therefore some may argue that cobalt is trading at an all time high relative to copper which could suggest cobalt prices are well above their historical averages and due a correction. We are less convinced especially given cobalt is only a 63,000tpa market compared to copper that is nearly 18 million tonnes.

During our visit, we also saw 'Billyville' which is a brand new 65-home complex situated 500 metres from the Luita operations. 'Billyville' is a tribute to Billy Rautenbach who is the original owner of Mukondo Mountain and was the key to the development of Luita with Laurent Decalion.

Earning changes

We have made a wholesale change to our earning forecasts to reflect the increase in shares issued to Prairie and the delay in the rampup of Luita that was caused from the license uncertainty during most of 2007. To Camec's credit, the group managed to continue to invest in the operations throughout most of last year and were still the only company to develop a copper cathode line in just 10 months. During the closure of Mukondo Mountain between August 2006 and February 2008, cobalt production fell from an average run rate of 6,000tpa to only 1,000–2,000 tonnes. This is why we have significantly cut our FY'08 forecast to reflect the shutdown of Mukondo that is now well understood by the market. Looking into FY'09 and FY'10, the downgrades again largely relates to the one year delay in ramping Luita copper capacity to 100,000 tonnes. We now believe Luita will hit full capacity of 100,000 tonnes in FY'11. Investors should also not be alarmed by the scale of our downgrades because at the end of the day our new cobalt forecasts for FY'09 and FY'10 of \$45 per pound and \$30 per pound is still below the current spot price of \$52 per pound. In short, we believe our new FY'09 and FY'10 estimates are conservative given the current strength in cobalt and the positive outlook we have for this market both on a short and near term basis.

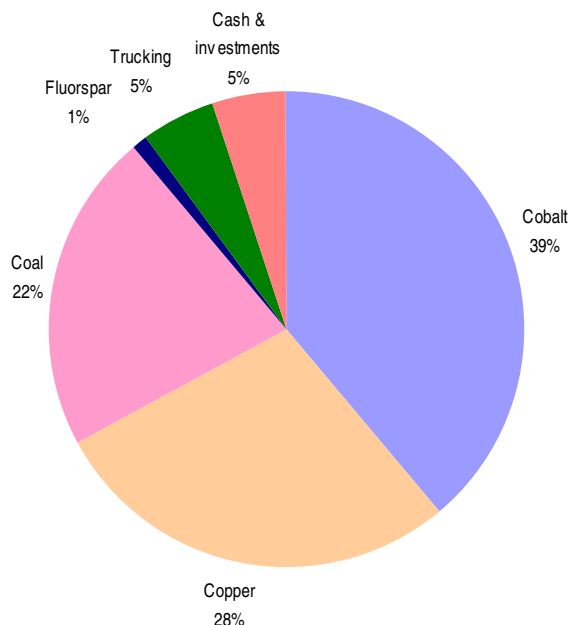
Figure 2: CAMEC: Summary of new estimates

| | 03/08E | 03/09E | 03/10E |
|-------------|--------|--------|--------|
| Old EPS \$ | 16.0 | 20.0 | 20.0 |
| New EPS \$ | 3.9 | 14.0 | 16.0 |
| Downgrade % | 76% | 30% | 20% |

Source: Company data, Credit Suisse estimates

Valuation

We derive a Discounted Cashflow of £1.20 per share, based on a number of issued shares of 2,043 million. This includes the 815 million shares issued to Dan Gertler's Prairie International Limited. A breakdown of the valuation is illustrated in Figure 3.

Figure 3: DCF Valuation – by commodity

Source: Credit Suisse estimates

Completion of DRC Joint Venture

On March 25th, Camec announced the completion of its Joint Venture (JVC) with Prairie International Limited, which is wholly owned by Dan Gertler. The original agreement was signed on the 7th of November 2007, where Camec agreed to establish a new joint venture with Prairie, subsequent related announcements being made on 28th November 2007 and 4th of March 2008. Under the terms of the agreement the JVC will own, operate and develop Mukondo Mountain as well as the mining concession areas previously known as C17, C18, C19 and C21.

Following the resolution by Camec and Gecamines of their previous disputes relating to the above licences and all other matters with the relevant authorities of the DR Congo Government, and the announcement on 10th March 2008 that Avis Cadastral Favorables from the Mining Cadastre in the DRC had confirmed the validity of the above licences under the Mining Code of the DRC, the conditions announced at the time have now been satisfied allowing completion of the JVC.

Camec and Prairie will now proceed with the plan announced on 7th February 2008 for Camec to acquire Prairie's 50% stake in the JVC. Under the terms of the proposed transaction, Prairie will receive 815 million new ordinary Camec shares representing approximately 39.9% of its enlarged share capital as consideration for Prairie's 50% stake in the JVC.

The proposed transaction remains subject to certain of the conditions announced at the time including the agreement of Camec shareholders at an EGM of Camec's shareholders, where a notice of the meeting will be issued shortly.

Summary

In summary, Camec is back on track. After two years of uncertainty, Mukondo Mountain is roaring and the licence issues with DR Congo Government and Gecamines have now been fully ratified. We look forward to learning more about Camec's drilling progress in Mozambique given the size of their 20 coal concessions that could host as much as 5 billion tonnes of coal. For now, the key driver will be cobalt and if management do decide

to ramp up production to 12,000 tonnes, it could be done at a time when some of their neighbouring projects continue to face delays. In reality, the markets fear that cobalt prices will collapse once Mukondo Mountain restarts are overdone, because Mukondo represents only 20% of the planned capacity that both Tenke and KOV were supposed to deliver in 2009. The reality also is that Camec is now a takeover target and its decision to go to 12,000 tonnes may be taken away from it. How many companies trade at such a discount to their Discounted Cashflow in the current bull market of commodities and yet boast world class orebodies like Mukondo Mountain and the vast Mozambique coal concessions? Camec is a hidden gem in the African sub Sahara.

Companies Mentioned (Price as of 24 Mar 08)

(Katanga Mining Ltd, NOT RATED)

Central African Mining (CFM.L, 48.75 p, OUTPERFORM [V], TP 120.00 p, OVERWEIGHT)

First Quantum Minerals Ltd. (FM.TO, \$79.67)

Freeport-McMoRan Copper & Gold (FCX, \$88.76, OUTPERFORM [V], TP \$130.00)

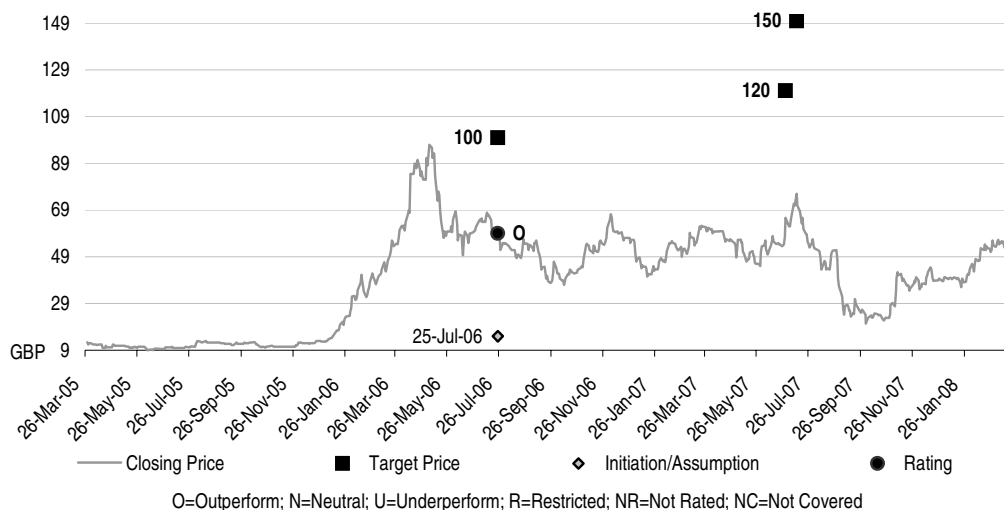
Disclosure Appendix

Important Global Disclosures

The analysts identified in this report each certify, with respect to the companies or securities that the individual analyzes, that (1) the views expressed in this report accurately reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

See the Companies Mentioned section for full company names.

3-Year Price, Target Price and Rating Change History Chart for CFM.L



| CFM.L Date | Closing Price Price (p) | Target Price Price (p) | Rating | Initiation/Assumption |
|------------|-------------------------|------------------------|------------|-----------------------|
| 25-Jul-06 | 59 | 100 | OUTPERFORM | X |
| 29-Jun-07 | 65.75 | 120 | | |
| 12-Jul-07 | 76 | 150 | | |

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Neutral: The stock's total return is expected to be in line with the industry average* (range of ±10%) over the next 12 months.

Underperform:** The stock's total return is expected to underperform the industry average* by 10-15% or more over the next 12 months.

*The industry average refers to the average total return of the relevant country or regional index (except with respect to Europe, where stock ratings are relative to the analyst's industry coverage universe).

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***For Australian and New Zealand stocks a 7.5% threshold replaces the 10% level in all three rating definitions, with a required equity return overlay applied.

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Analysts' coverage universe weightings are distinct from analysts' stock ratings and are based on the expected performance of an analyst's coverage universe* versus the relevant broad market benchmark:**

Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.

Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

*An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.

**The broad market benchmark is based on the expected return of the local market index (e.g., the S&P 500 in the U.S.) over the next 12 months.

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|-----------------------------|-----|-----------------------|
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| Neutral/Hold* | 39% | (55% banking clients) |
| Underperform/Sell* | 12% | (50% banking clients) |
| Restricted | 2% | |

*For purposes of the NYSE and NASD ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.

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See the Companies Mentioned section for full company names.

Price Target: (12 months) for (CFM.L)

Method: Discounted Cash Flow method(based on a 2% LT growth rate, a WACC of 12.0% derived from a cost of equity estimate of 18.0% and a tax rate of 30%) and the team commodity price forecasts. Our target price of £1.50 incorporates the 22% stake in Katanga mining which we valued at C\$25 per share. It also pre-empt's potential positive upside from a possible Luita II expansion to 200,000 tonnes of copper and attempts to factor in the significant waste dumps that exist near the operations that could contain anywhere between 1 to 3 million tonnes of contained copper, pending drilling work.

Risks: Political unrest and execution risks inherent in developing projects in the DR Congo, given its lack of infrastructure. Copper and cobalt prices are also highly cyclical

See the Companies Mentioned section for full company names.

The subject company (CFM.L) currently is, or was during the 12-month period preceding the date of distribution of this report, a client of Credit Suisse.

Credit Suisse provided investment banking services to the subject company (CFM.L) within the past 12 months.

Credit Suisse has received investment banking related compensation from the subject company (CFM.L) within the past 12 months.

Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject company (CFM.L) within the next 3 months.

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