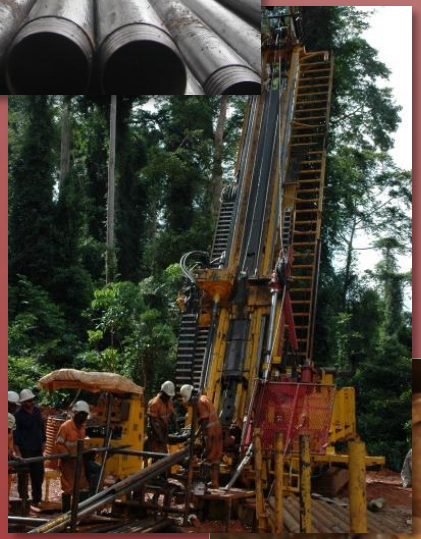
Developing Strategic Iron Ore Assets in West Africa

afferro mining



Putu Divestment
Dec 2011

Conference Call
11.00 GMT
12 December 2011

Luis da Silva, CEO

Ticker: AFF
AIM & TSX-V

Disclaimer

afferro mining

The information contained in this presentation ("Presentation") has been solely prepared by Afferro Mining Inc. ("Company") and is being delivered for informational purposes only to a limited number of persons to assist them in deciding whether or not they have an interest in investing in the Company. The Presentation has not been independently verified by any of Evolution Securities Limited, RBC Capital Markets or GMP Securities Europe LLP (collectively the "Agents") and the information contained within is subject to updating, completion, revision, verification and further amendment. The Presentation does not purport to contain all information that a prospective investor may require. Neither the Company nor its shareholders, directors, officers, agents, employees, or advisors (including the Agents) give, has given or has authority to give, any representations or warranties (express or implied) as to, or in relation to, the accuracy, reliability or completeness of the information in this Presentation, or any revision thereof, or of any other written or oral information made or to be made available to any interested party or its advisers (all such information being referred to as "Information") and liability therefore is expressly disclaimed. Accordingly, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers (including the Agents) take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortuous, statutory or otherwise, in respect of the accuracy or completeness of the Information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising from the use of this Presentation. In furnishing this Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies in, or omissions from, this Presentation which may become apparent.

This Presentation is confidential information and the property of the Company. It is made available strictly for the purposes referred to above. The Presentation and any further confidential information made available to any recipient must be held in complete confidence and documents containing such information may not be reproduced, used or disclosed without the prior written consent of the Company. This Presentation shall not be copied, published, reproduced or distributed in whole or in part at any time without the prior written consent of the Company. By accepting delivery of this Presentation, the recipient agrees to return it to the Company at the request of the Company. This Presentation should not be considered as the giving of investment advice by the Agents, the Company or any of its shareholders, directors, officers, agents, employees or advisors. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such financial, and or legal, advice as may be deemed necessary. In particular, any estimates or projections or opinions contained herein necessarily involve significant elements of subjective judgment, analysis and assumption and each recipient should satisfy itself in relation to such matters.

This Presentation does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to subscribe for or purchase any securities in the Company, nor shall it, or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to such securities.

The delivery or distribution of this Presentation in or to persons in certain jurisdictions may be restricted by law and persons into whose possession this Presentation comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the relevant jurisdiction. In particular, this Presentation has not been approved by an authorised person pursuant to Section 21 of the Financial Services and Markets Act 2000 ("FSMA") and accordingly it is being delivered in the United Kingdom only to persons to whom this Presentation may be delivered without contravening the financial promotion prohibition in Section 21 of the FSMA. Those persons are described in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("Order") and include persons who have professional experience in matters relating to investments and who fall within the category of person set out in the Article 19 (investment professionals) of the Order or high net worth bodies corporate, unincorporated associations or partnerships and trustees of high net worth trusts as described in Article 49 of the Order. Any investment activity to which this Presentation relates in the United Kingdom is available to, and will only be engaged with such persons and this Presentation should not be acted or relied upon in the United Kingdom by persons of any other description. This Presentation has not been approved as a prospectus by the UK Financial Services Authority ("FSA") under Section 87A of FSMA and has not been filed with the FSA pursuant to the United Kingdom Prospectus Rules. No offer of securities in the Company is being or will be made in the United Kingdom in circumstances which would require such a prospectus to be prepared. By accepting this Presentation, the recipient represents and warrants that it is a person to whom this Presentation may be delivered or distributed without a violation of the laws of any relevant jurisdiction. This Presentation is not to be disclosed to any other person or used for any other purpose and any other person who receives this Presentation should not rely or act upon it.

Neither the communication of this Presentation nor any part of its contents is to be taken as any form of commitment on the part of the Company to proceed with any transaction. In no circumstances will the Agents or the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation by you of the Company.

The Agents are acting exclusively for the Company and no one else in connection with the proposed private placement of the securities in the United Kingdom and will not regard any other person (whether or not a recipient of this document) as a client in relation to such matters and will not be responsible to any other person for providing the protections afforded to their respective clients, or for providing advice in connection with the proposed private placement, or any other matters referred to in this document.

Some statements contained in this Presentation or in documents referred to in it are or may be forward-looking statements, including, but not limited to, statements as to future operating results, reserves, work plans and potential acquisitions and contracts. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "anticipates", "aims, "could", "may", "should", "expects", "believes", "intends", "plans" or "targets". Such statements reflect the Company's current views with respect to future events and there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Although the Company believes that such forward-looking statements, which speak only as of the date of this Presentation, are reasonable, no assurance can be given that they will prove to be correct. Accordingly, you should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. Actual results may differ from those expressed in such statements, depending on a variety of reasons. The development and production plans and estimates set out herein represent the current views of the Company's management. The Company's Board reviews the production estimates on an ongoing basis. All planning is subject to available funding and capital allocation decisions. None of the Company's agents or advisors (including the Agents) intend to update these forward-looking statements and expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as may be required by applicable law.

All disclosure of scientific or technical information made in the Presentation is based upon information prepared by or under the supervision of a qualified person ,as such term is defined under National Instrument 43-101 of the Canadian Securities Administrators.

Overview – A New, Focussed Afferro

afferro mining

Iron ore development focussed in Cameroon

- Strong cash position of US$128m following Putu divestment
- Cash to fund development of Nkout project
  - 2Bt @ 32.2% Fe, 47% at Indicated status
  - PEA (Preliminary Economic Assessment) to be delivered in H1 2012
  - Excellent metallurgy shows 70% Fe product at high recovery rates of 80-90%
  - Well-situated adjacent to proposed infrastructure
  - Significant DSO potential, currently 18.5mt at 60.3% Fe, Inferred
- Three other licences all close to proposed infrastructure in the south of Cameroon

Putu Divestment – Transaction Details

afferro mining

Significant value unlocked

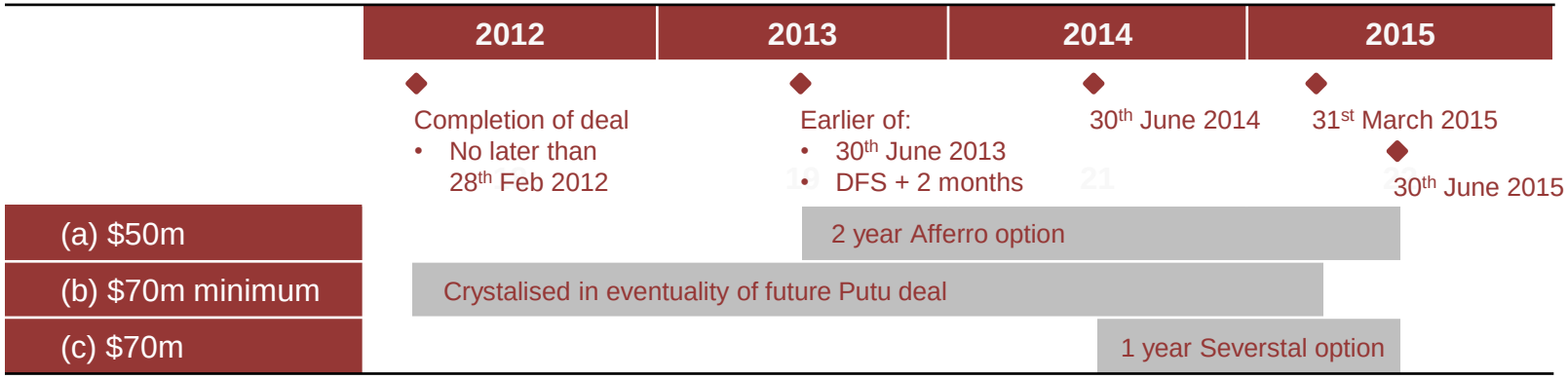
- Divestment provides total proceeds of at least US$115m
  - Afferro to receive a cash payment of US$65m on completion of deal, before 28th February 2012
  - Afferro with option to a deferred payment of US$50m from 30th June 2013 (or 2 months after DFS)
- Additional consideration should Putu be sold to a third party or an investor with an interest greater than 10% be brought in
  - Lower of $70m and 38.5% of crystalised Putu valuation less costs incurred and multiplied by 50%
- Afferro released from any further capital contribution to fund Putu from 1st January 2012
- Transaction subject to shareholder and regulatory approvals

Valuation underpinned by $128m cash[1] – 77p/share

Note 1: Cash figure includes current cash position and minimum guaranteed payment of $50m

Optionality: Additional Upside from Disposal of Putu

afferro mining



Option (a)

- $50m payment
- Afferro option to exercise
- From earlier of 30th June 2013 and 2 months after completion of DFS
- Option lasts for 2 years

Option (b)

- Higher of $70m and 38.5% of inferred value of Putu net of $65m and future Severstal development costs, multiplied by 50%
- Sale of 10% or more of Putu or investment of this value
- From deal completion to 31st March 2015

Option (c)

- $70m payment
- Severstal option
- From 30th June 2014
- Option lasts for 1 year

Asset Overview

afferro mining

- **Nkout (Cameroon, 100%)**
  - 2.0 Bt total Indicated & Inferred resource @ 32.2% Fe
  - Significant DSO potential at Nkout Centre
  - Located near proposed rail infrastructure
  - 21,350m total drilled to date, target to drill a total of 30,000m in 2011
  - Excellent metallurgy from early test work
  - PEA expected in H1 2012
- **Ntem (Cameroon, 100%)**
  - Reconnaissance drilling of strong magnetic target in Q1 2012
- **Ngoa (Cameroon, 70%)**
  - Reconnaissance drilling completed in Dec 2010
- **Akonolinga (Cameroon, 100%)**

Nkout camp centrally positioned in project

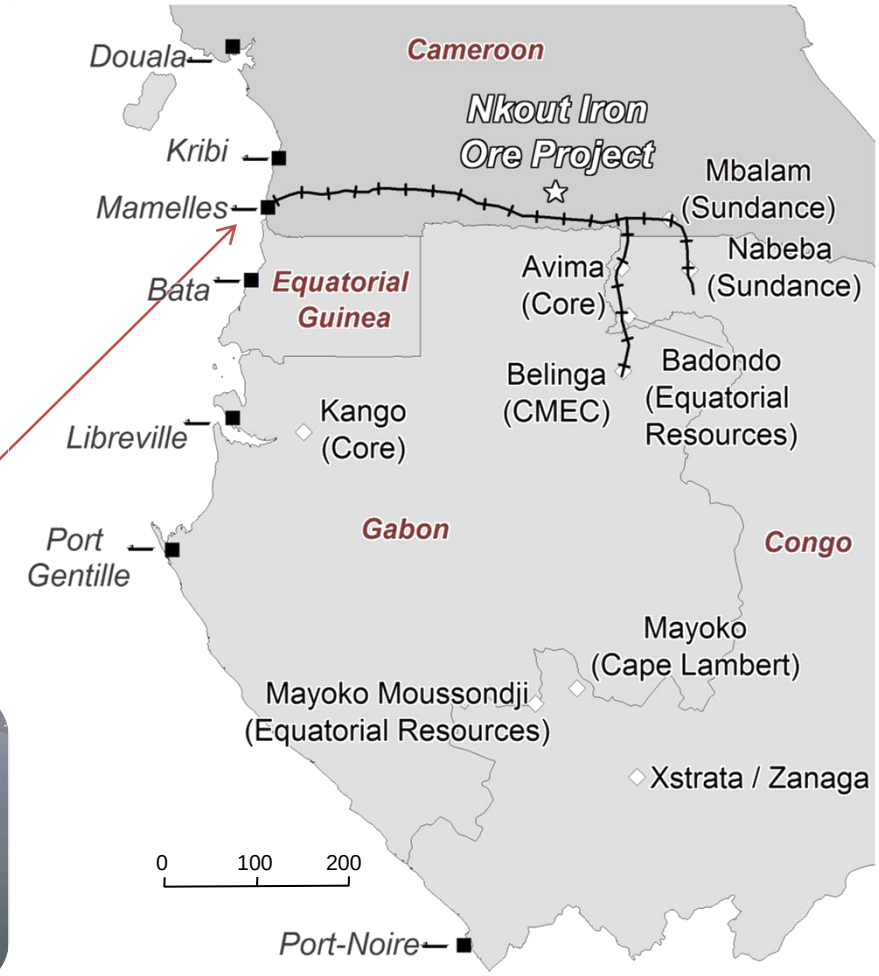
Core Shed Construction

Note 1: Nkout MRE effective 11th November 2011, 944.4 Mt @ 32.7% Indicated, 1,054 Mt @ 31.6% Inferred

Nkout Iron Ore Project is Strategically Located

afferro mining

- Located in a major emerging iron ore province
- Well positioned on Cameroon's future 'rail corridor'
- 330km from deep-water port option at Mamelles



Port-enabling works at Mamelles (June 2011)

Nkout Projected Timeline

afferro mining

Nov 2011
Updated MRE, including DSO and BIF
COMPLETED

Q1 2012
Further update of MRE

Q1 2012
Fast track delivery of PEA

2012
Deliver Preliminary Feasibility Study

2012
Building on BIF and DSO resource

Summary

afferro mining

Afferro well-funded after Divestment

- Afferro focussed on developing assets in Cameroon
- Strong Balance sheet after divestment of Putu. $128m sufficient to develop assets beyond 2013
- Nkout iron ore project most advanced:
  - 2Bt at 32.2% Fe
  - Significant DSO potential, resource currently 18.5mt at 60.3% Fe
  - Aggressive drilling campaign – 7 rigs operating
  - Excellent metallurgy, showing +70% Fe product at high recovery rates
- All four Cameroon licences in south of Country situated along same proposed infrastructure
- Management track record of delivery and value creation