Welcome to Project Lion

Mission

- To be the lowest cost producer of ferrochrome on a global basis
- Install plant with low exposure to variances into 3 key inputs, reductant, chrome ore and electricity prices
- Plant to operate best practice standards
- To establish a self sustainable micro economy in line with the Mining Charter

The Project

1.0 Million ton ferrochrome smelter build in three phases of 360 000 t/annum each

- Phase 1 : 2006
- Phase 2 : 2009 – subject to market conditions
- Phase 3 : 2012 – subject to market conditions

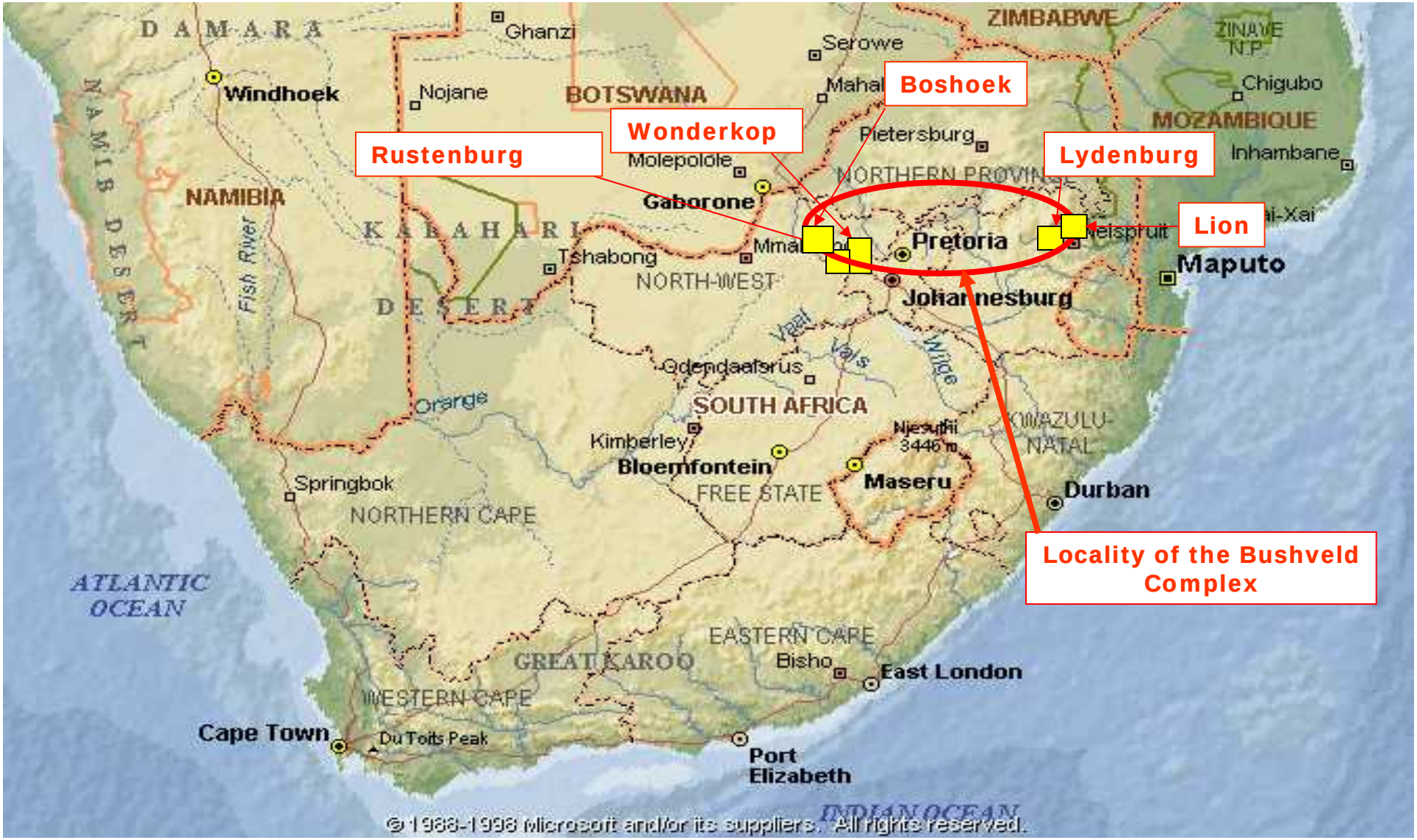
Positioned at the Vantech site

- Xstrata's Premus technology
- Utilizing existing infrastructure
- Utilization of the Maputo port facilities

Project team

- GM East –T. Riley
  - Excess of 30 years experience
- Project Leader – C.J. Smith
  - 24 years experience
- Project Manager – M. Henrico
  - 26 years experience
- Site Manager – J. Lapau
  - 25 years experience
- Technical Design – R. Curror
  - 30 years experience in Lydenburg
- Design team – Experienced in Premus at Lydenburg

Locality of Lion



Plant Location

- Brownfield expansion adjacent to Xstrata Vantech site utilizing Vantech infrastructure
- Chosen for following reasons:
  - Xstrata-Merafe significant ore reserves in the area
    - Thorncliffe Mine and,
    - Helena Chrome ore deposit
  - The proximity of anthracite mines
  - The proximity of the plant to the Maputo harbor

Ore supplies

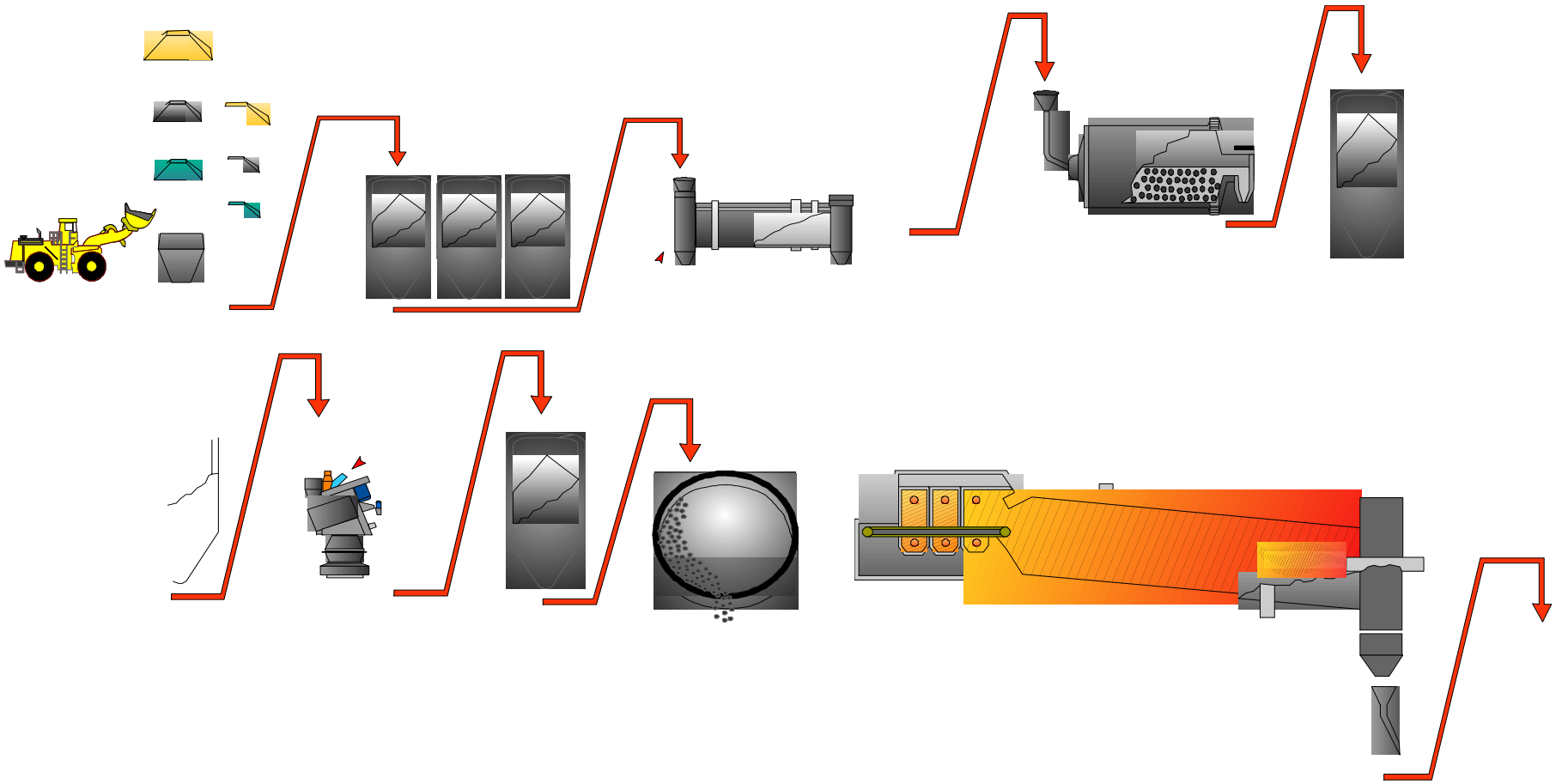
- Will be supplied with chromite ore from Helena, with Thorncliffe as an alternative source
- Helena and Thorncliffe situated 17km from the Lion site
- Development is already well advanced on the farm Helena 6JT
- Production at Helena in March 2006 will be 40 000 ROM tons per month increasing to 90 000 ROM tons per month by December 2007
- The production will consist of 70% fines and 30% lumpy/chips
- The board & pillar mining method will be utilized

PREMUS TECHNOLOGY

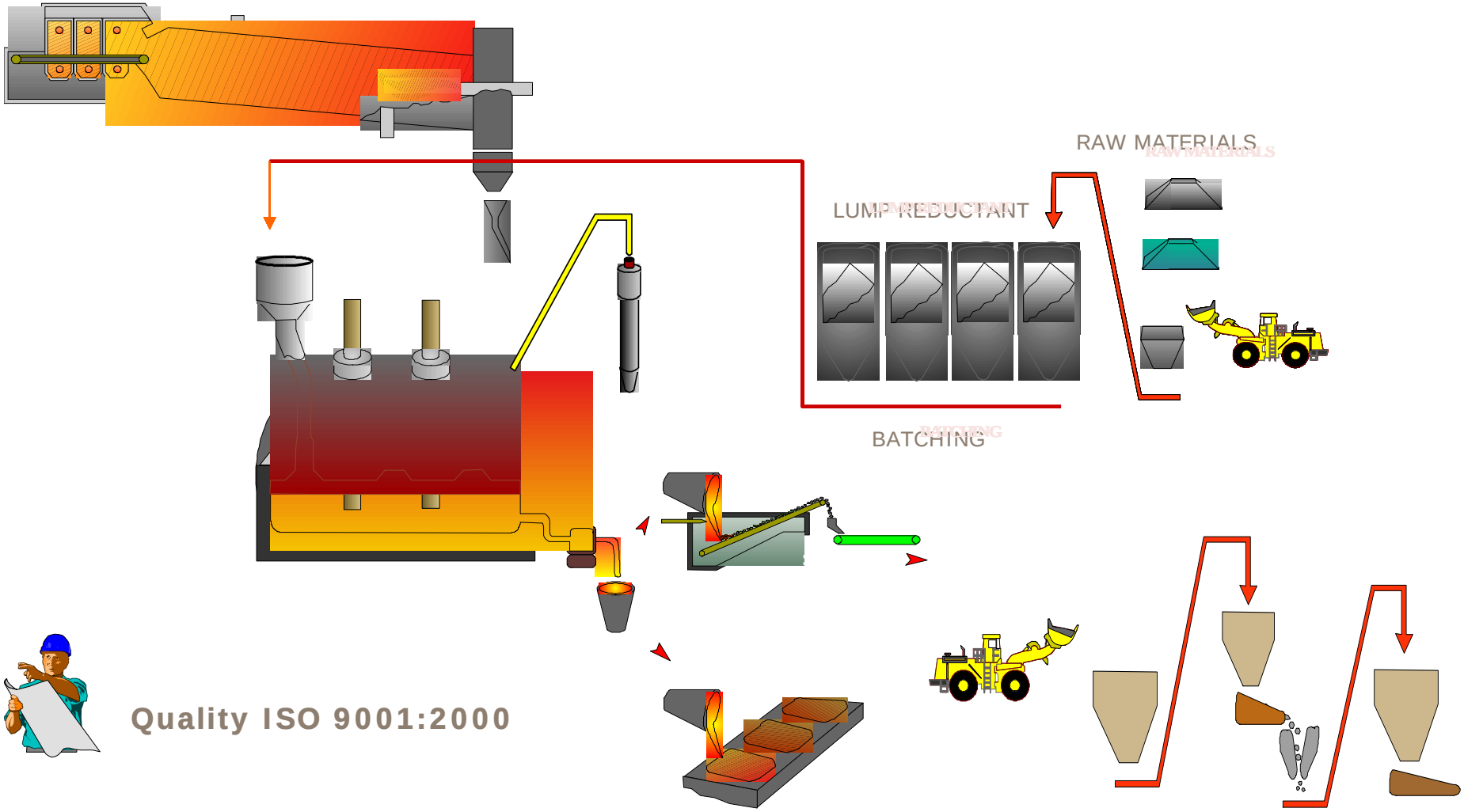
Premus Competitiveness

- It is the most sophisticated and competitive process used today in the production of ferrochrome
- Designed to reduce electrical energy consumption and provide high recoveries of metallic oxides, utilizing low cost reductants and energy sources such as anthracite and 0_2
- As electrical energy and chrome ore cost increase (50% of current variable cost structures) the plant's competitiveness improves

Premus Process
Pelletising and Pre Reduction



Premus
Smelting Process



Quality ISO 9001:2000

Major Considerations

Agglomeration

- 70% of chromite generation requires agglomeration

Power

- Eskom is almost at capacity utilization
- Future expansions must substantially reduce energy requirements
- New electricity capacity is likely to be considerably more expensive

Reductant

- New capacity - less reliant on coke - not sacrificing metallurgical efficiency
- Apart from difficulty in sourcing Coke, prices increased by 130% over 16 months

Major Considerations (continued)

Customer demand

- Produce a product that remains in demand and which the competition cannot produce with ease (Lower Si)

Environmental issues

- Manage the environmental impact of our operations to international best practice standards

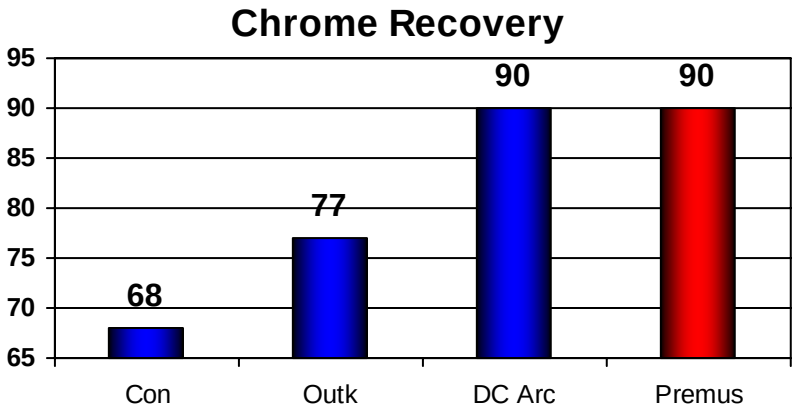
Capacity utilization

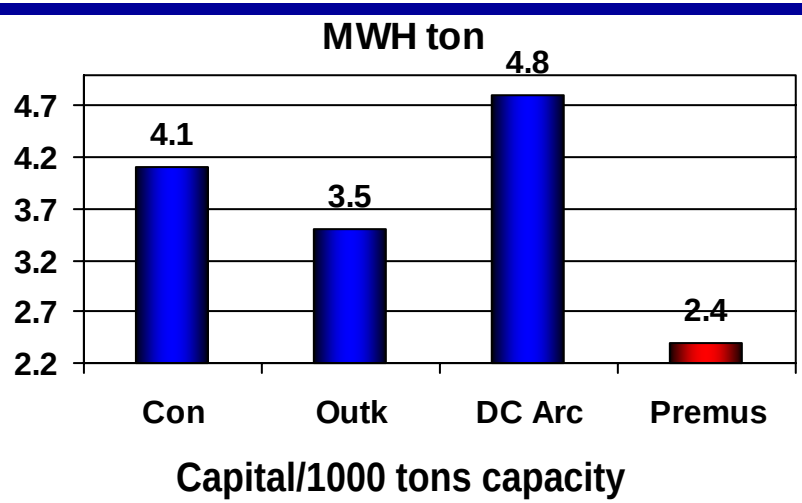
- Maintain flexibility to take advantage of 60% seasonal cost differential in energy prices

Premus Process versus Conventional Process

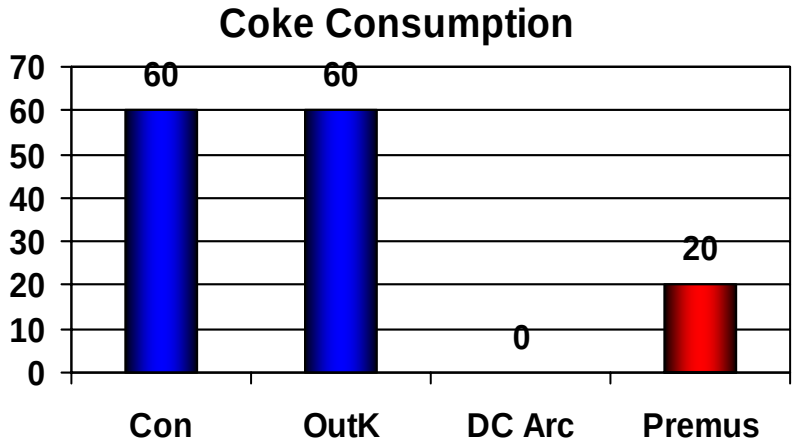
Characteristic	Premus Process	Conventional
Electrical Energy:	**2400 kWh/ton**	**3900 kWh/ton**
Chrome Ore:	**90% Recovery**	**70% Recovery**
Other:	**100% Fine Ore**	**Lump/Fine Mix**
	60% Fine reductant	**All Lump Reductant**
	Waste Gas/Heat Utilized	**Off Gas Burnt**
	High Capital Cost	**Low Capital Cost**
	Low Silicon Product (-3%)	**High Silicon Product (+4%)**

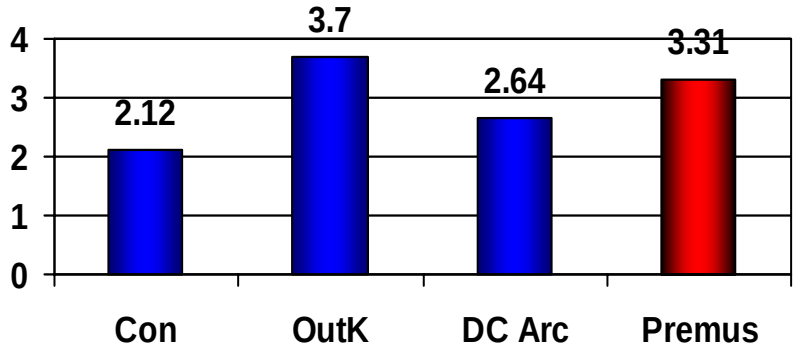
Comparative Resource Consumption





Capital/1000 tons capacity





Capital is based on a singe 63 MVA unit

LION

Health Safety Environment and Community

Environmental

Environmental

- EIA Approved – 19 November 2004
- No environmental incidents reported to date
- Integrated Water use License submitted
  - Currently addressing DWAF's concerns and any outstanding issues
- Air Pollution Permits – provisional approval and permits received – awaiting the issuing of the formal certificates
- Land claims in process

Project Safety

Lion is a large project that is executed in a short timeframe.

The health and safety of our employees are important to us

- All management and supervisors trained in legal aspects – construction regulations
- Managers appointed per discipline and area of responsibility
- Full time safety officers for each area
- All contractors and employees receive induction training
- HIRA done on all tasks before commencement
- Implementation of Behavioural Based Safety
- Root cause analysis training
- Personnel trained and tested for competency
- All personnel undergo medical screening

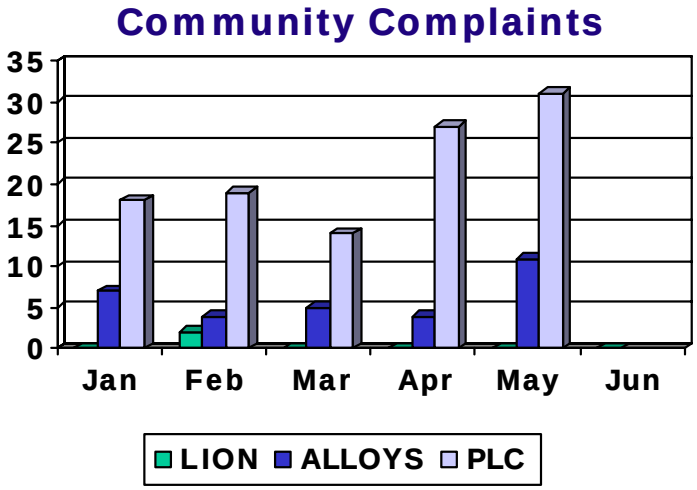
Health and Safety

- Target zero injuries
- 187 Employees and 867 contractors currently on site
- 8 Dedicated Safety Officers, will decrease to 3 once operational
- One minor injury sustained since January 2005
- Total hours worked 761 727 hours

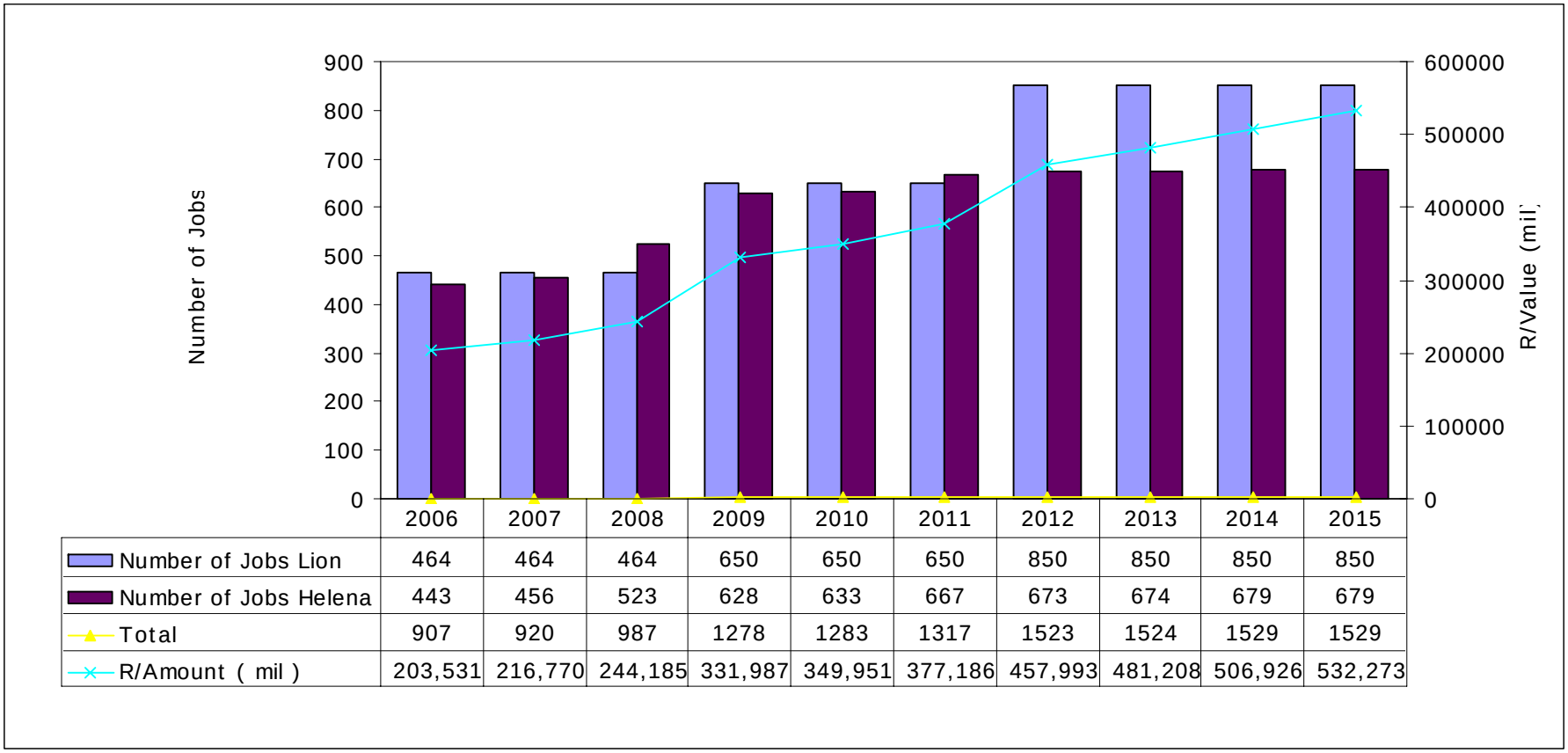
Community

Community Forum

- 18 Communities
- Targeted area of employment
- Forum established
- Monthly meetings
- Skills Development Centre
- Business Park
- Local Labour Desk



Direct Job Creation



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of Jobs Lion	464	464	464	650	650	650	850	850	850	850
Number of Jobs Helena	443	456	523	628	633	667	673	674	679	679
Total	907	920	987	1278	1283	1317	1523	1524	1529	1529
R/Amount (mil)	203,531	216,770	244,185	331,987	349,951	377,186	457,993	481,208	506,926	532,273

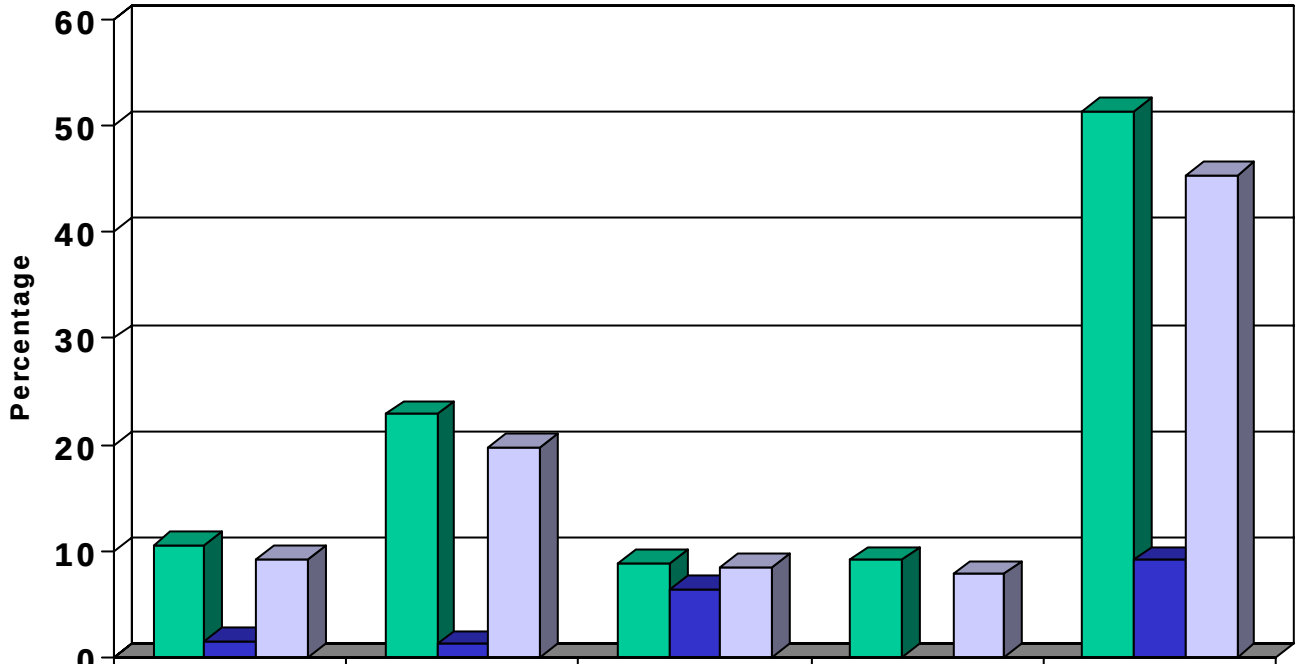
Social Development Programs

Whole School Development	R3,8m over 3yrs
Office Management Skills	R260 000
Academic Enrichment Project	R570 000
BEE/SMME Development	R44 800
Skills Development Centre	R9m
Feeding Scheme	R500 000
Centre for Disabled	R500 000
Multiple-Purpose Community Centre	R2m
Abet Training	R500 000
Home Based Care	R500 000
Electricity Supply	R1m
Plastic/Minerals Project	R500 000

Human Resources Development

- A Skills Survey was conducted in August 2004
- Building of Skills Development Centre, aimed at addressing:
  - Operational needs.
  - Training for community in life sustainable skills
- Training for construction phase: - local unskilled labour trained as shutter-hands and welders
- Achieve EE targets by 2007
- Operational Training:
  - Four HDSA qualified candidates developed with career paths and mentorship as future managers
  - Thirty eight Engineering learners in Learnership Training
  - One MQA HDSA experiential student in training
  - Core personnel identified and in training at Lydenburg

BEE Procurement Projection



	Black Owned	Black Empowered	Black Influence	25% Outsourced	Total
Lion	10.49	22.85	8.8	9.13	51.28
Helena	1.49	1.26	6.42		9.17
Combined	9.21	19.78	8.46	7.84	45.27

SMME SUPPLIER PARK

- Development of SMME suppliers in the area
- Supplying of key commodities to the mining sector in the area
- Contribution of 1% to the Park of white owned companies supplying good or services to Lion

SMME/BEE Developments

- The housing requirement to be outsourced to a SMME/BEE company
- The establishment of a SMME/BEE company providing concrete for Project Lion
- Establishment of a SMME/BEE supplier data base

Questions?