



NEWS RELEASE

XSTRATA-MERAPE'S LION FERROCHROME SMELTER STARTS PRODUCTION

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The largest single-phase ferrochrome expansion in the world, Xstrata-Merafe's Lion Project, officially started production in September 2006. Completed at a cost of ZAR1.67 billion, the smelter and mine have a design capacity of 360 000 tonnes per annum, increasing Xstrata-Merafe's total annual capacity by over 22% to 1.96 million tonnes and reducing the average unit operating costs of the business.

Deon Dreyer, Xstrata Alloys Managing Director for chrome, says the project has been brought to commission on schedule and within budget. "Despite challenges presented by difficult ground conditions and unusually high rainfall during the construction phase, we managed to stay on schedule while controlling costs at the same time. This is a huge credit to the project management team, which is composed entirely of internal Xstrata-Merafe staff," said Dreyer.

Dreyer explained that the smelter uses Xstrata's own proprietary Premus technology, which has the lowest specific power consumption compared to all ferrochrome smelting technologies. Premus has other advantages, such as its use of low-cost reductants and energy sources, including anthracite and oxygen. It also produces a low silicon ferrochrome alloy in either a granulated or lumpy form, depending on the customer's preference.



Steve Phiri, Merafe Resources CEO said the JSE-listed company is delighted with the commissioning of the project on time and within budget. “We expect the global ferrochrome market to continue to grow over the next few years, and Lion will give us extra capacity, using the latest technology, at a relatively low cost,” he said.

The smelter provided employment to over 2 700 people during its construction phase and has 453 permanent staff. Lion Ferrochrome is currently building a state of the art training centre in addition to the training provided to several hundred people during the construction phase of the project. The training centre will provide various skills qualifications in line with the National Qualifications Framework (NQF), which will allow those trained to seek employment in various artisan and other related fields.

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