



May 2005

1. BSGR - group overview

Beny Steinmetz is an international investor with over 25 years of business experience.

BSG has a successful track record of investments spread over a wide range of sectors and geographies.

BSG focuses on four major sectors:

Diamonds - Steinmetz Diamond Group of Companies

Natural Resources – BSG Resources (including Bateman, Koidu, Baku Steel, Chambishi Copper and Cobalt and Feni Industries)

Real Estate – Five Mounts Properties

Technology, Finance & Asset Management - portfolio of diversified assets including money management, bonds / stocks, alternative investments and technology private equity.



2. Core activities



3. BSGR Global footprint



4. Diamonds

Ruben Steinmetz founded the Steinmetz Diamond Group in Israel in 1940. Beny Steinmetz, current chairman, established the Group's international activities:

- World leader in rough and large polished diamonds
- Leading customer of the Diamond Trading Company (De Beers)
- Over USD1 billion sales per annum
- Offices in Geneva, Antwerp, Tel-Aviv, New York, Chicago, Johannesburg, Bombay and Namibia
- Among others, entrusted by De Beers to design and cut the world's most valuable diamond
- The Millennium Star (203 carats)
- Downstream - Diamond.com



5. Natural Resources - BSGR

Background and overview

BSGR is the resources arm of the Beny Steinmetz Group ("BSG"), a private international investment group focusing on natural resources, diamonds, real estate, finance and asset management. During the past 10 years, BSGR has been involved in various investments in the natural resources arena worldwide and more specifically in Africa and the FSU. BSGR is the sole shareholder of Bateman B.V., a leading engineering contracting company, specialising in providing complete solutions to convert natural resources into marketable products. BSGR and its partners produce cobalt and copper in Zambia, Ferro-nickel in Macedonia, steel in the FSU and has a diamond operation in Africa and various exploration activities elsewhere.

BSGR has experience and a wide portfolio of investments in the natural resources arena. BSGR is currently involved in projects worldwide:

- Imbali Resources, a company initiated and structured by BSGR, for the development of a USD2,2 bn aluminum smelter in Coega, South Africa in partnership with Aluminum Pechiney (now Alcan)
- BSG, together with Arctic Resources, had a controlling stake in Anglovaal Mining (Avmin), a public company and one of the pillars of South African mining. BSG sold its holdings in Avmin to Anglo American after a material company restructure and shareholder value unlocking process

6. Natural Resources – BSGR continued

- BSG was the catalyst for the Iscor and Kumba de-merger – BSGR took a large and strategic role in the iron ore asset Kumba and the steel producer Iscor - subsequently the strategic stake in Kumba was sold to Anglo American
- BSG holds numerous other investments in the mining sector, e.g. the Koidu diamond mine, a 200,000 carat per year kimberlite diamond mining operation in Sierra Leone; 13% in Danae Resources, a listed Australian company focuses on the development and exploration of gold projects, including the Zarmitan deposit in Uzbekistan; a stake in Shore Gold (Canadian junior diamond mining project), Copper and Cobalt producers in Zambia (Chambishi and luanshya), Ferro-Nickel plant in Macedonia, Steel plant in Baku Azerbaijan)
- BSG has just been awarded a further prospecting licence in Sierra Leone which will be developed in conjunction with its current operations to become the largest private investor in the country
- BSGR was one of the final bidders for the second largest Ferro Chrome producer in the world – SAMANCOR CHROME (eventually sold for USD479 million)
- Through STX the group holds stakes in several Oil & Gas permits offshore Israel. STX is actively seeking further opportunities in the energy and exploration sector

7. Natural Resources – BSGR continued

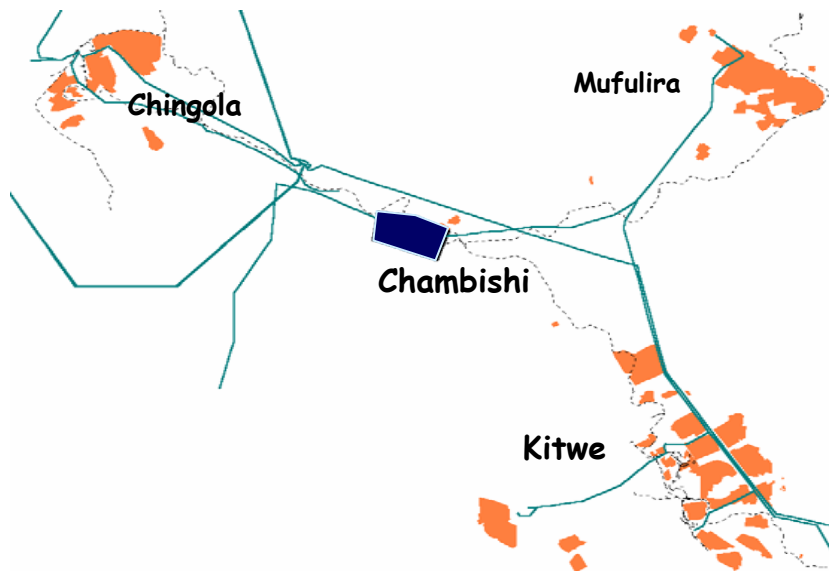
- BSGR and its partners have in the last few years assembled a portfolio of strong mining and metal assets
 - BSGR has a well know track record globally and in the mining and minerals industry (as set out above) and has strong relationships with large financial institutions and multilateral agencies ensuring excellent access to capital and project financing abilities
- BSG has had experience and exposure to different commodities. which include:
 - diamonds,
 - precious metals:
 - Gold
 - PGM's
 - iron ore and other related ferrous metals,
 - copper,
 - nickel,
 - manganese;
 - cobalt;
 - chrome.

8. Examples of BSGR operations

Background Chambishi Metals Plc is a cobalt and copper processing company, located on the Zambian Copperbelt.

The company is engaged in refining copper and cobalt concentrates, together with the recovery and sale of those metals.

The company is located approximately 40km southeast of the town of Chingola and 25km northeast of Kitwe. The operations are based at the plant site of the old Chambishi Mine. Following the Zambian Government privatisation reforms that lead to the privatisation of the mining conglomerate, ZCCM Limited, Chambishi Division is one of the mining operations of ZCCM that was privatised.



9. Examples of BSGR operations

The
Chambishi
furnace
complex



10. Examples of BSGR operations

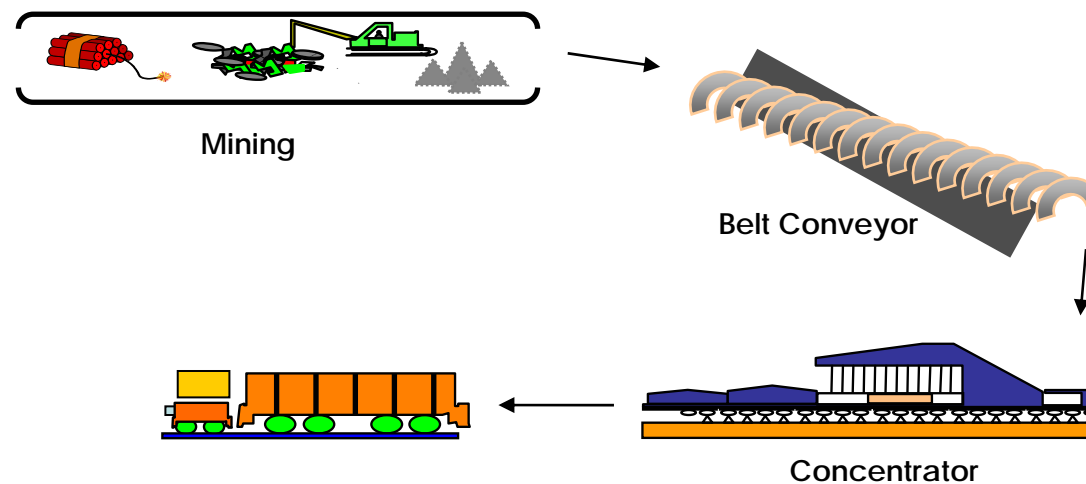
Luanshya Copper Mines

Luanshya is a large shallow underground copper deposit operated by the group and its partners. The mine produces a significant amount of copper concentrate which is sold to Chambishi.

The major assets, the Luanshya and Baluba underground mines, are located close to Luanshya town some 30 km from the town of Ndola. The Luanshya mine was flooded and there are no plans to reopen this mine.

In 2003 the owners of Chambishi acquired the assets from Ramcoz after an open tender process run by the appointed receiver.

Luanshya Copper Mines



11. Examples of BSGR operations



Feni Industries

Ferro-Nickel mine and world class ferro-nickel smelting plant located in Kavadarci, Macedonia



- 100% of Feni Industries was recently acquired by BSGR and partners and is being upgraded and restructured to operate optimally.

12. Examples of BSGR operations

Resource - Rzanovo mine



- Ore is of oxidised type – The process is basically a reduction (oxygen removal) of the Ni and Fe oxides and a smelting to FeNi and slag.

- Ore is currently sourced from the wholly owned operation (Rzanovo mine) located some 38 kms from the plant. This laterite deposit contains siliceous and oxide material over a strike length of some 2kms in a general north / south direction. The ore is bounded by serpentine/schist material on the west and limestone material on the east. The orebody, which is near vertical varies in thickness over the strike length from 15 metres to 80 metres

13. Examples of BSGR projects – DRC projects

- Tilwezembe (32 km from KZC):
 - Very little exploration done
 - Investment required for
 - Exploration
 - Mining equipment
 - Ore transport
- Estimated cost:
USD 20 million plus



14. Examples of BSGR projects

- Kananga (7 km from KZC):
 - Not operating
 - Investment required for
 - Exploration
 - Electrical supply
 - Mining equipment
 - Ore transport
- Estimated cost:
USD 15 million plus



15. Examples of BSGR projects

- KOV (5 km from KZC)
 - Well known reserves
 - Flooded (2-year dewatering programme)
 - Re-benching required
 - Refurbishment of conveyor belt system
 - Electric motors
 - In-pit crusher install
 - Belts replacement
 - Electric Supply network

Estimated cost:

USD 100 mil plus



16. Examples of BSGR projects

- Kolwezi Concentrator (KZC):
 - New tailings dam
 - New ball mills
 - New electric motors for mills
 - New Reagent plant
 - Rehabilitation of filtration area
 - New thickeners 50 m dia.
 - New mobile equipment, cranes etc
- Estimated cost:
USD 99 mil plus



17. Examples of BSGR projects

- Lulilu Refinery
 - Roaster replacement
 - Acid Plant (new required)
 - Cu & Co E/W circuits rehabilitation
 - Rebuild new Lulilu
- Estimated cost:
USD 300 million plus



18. Examples of BSGR projects – infrastructure and social component



19. Examples of BSGR projects



- Baku Steel produces steel from the processing of scrap
- Baku Steel is located just outside the city of Baku (capital of Azerbaijan)
- Baku steel represents a material employer and enterprise in Baku. Azerbaijan's industry consists mainly of oil and gas operations and Baku steel is one of the only large employers in Azerbaijan apart from these.
- Baku acquires its steel from independent merchants
- Reasonably large energy consumer in Baku
- Scrap processing – regional and national
- Experience of current production personnel apply
- Predominantly local management and skills develop and use with very small expatriate requirement
- Further growth of steel plant through product design (second rolling mill and production flexibility)

20. Examples of BSGR projects



Current production

330 000 ton per
annum

Rebar (export and local) 55 000 ton export and
240 000 ton local

Billet (export and local) 36 000 ton export

Targeted production – 400 000 tons

Operating 1 50 ton electric arc furnace
2 rolling mills

21. Examples of BSGR projects – Baku furnace



22. Examples of BSGR projects
Second rolling mill at Baku complex



23. Examples of BSGR projects

Scrap charging



Casting section



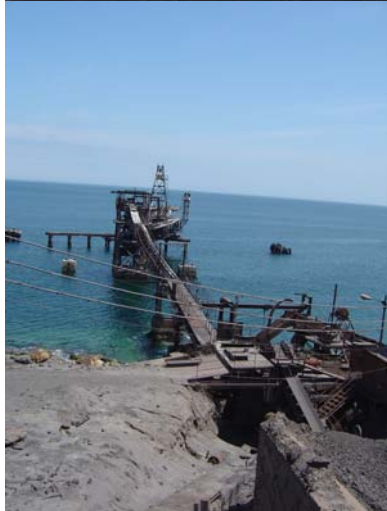
24. Koidu



- BSG, through its resources arm is the largest foreign direct investor in Sierra Leone at its Koidu Kimberlite Project.
- Open pit mining operations commenced in late 2003.
- A technically challenging vertical pit is being constructed.
- Bateman Engineering constructed the Modular Processing Plant, pre-treatment Plant, 50 tph Dense Media Separation Plant, Recovery Plant, Thickener and De-gritting Plant, Acidisation Plant and an additional 20tph DMS module is being added to increase processing capacity.



25. Examples of BSGR projects



Iron ore
prospect in
South
America



26. Natural Resources – BSGR continued

- The disciplines applied in the above portfolio include the exploration and identification of projects, the implementation of projects through project control and management and the turnaround of operations and problem solving capacities of the group
- BSGR is in a position to add considerable value to the mining projects in the region, which will include exploring and developing ore bodies in the most efficient and effective way
- BSGR has a proven track record globally in acquiring assets and turning these around or developing assets in short periods of time to ensure economically viable and sustainable assets. Historically the focus of the group has been on minerals, mining and processing assets
- BSGR has extensive knowledge of capital markets, technical knowledge, and the relationships that need to be established for the life of the operation.

27. Management

Management of BSGR is supported by a group of executive managers and skilled operatives at the various subsidiaries and operations which have the required skills and years of experience in the metal and steel production and mineral extraction and processing industries as well as management and implementation of projects in various African and other countries.

Management of BSGR

CEO – Roy Oron – Chief executive officer of BSGR. BA (Hons) in Economics and statistics, Masters in Statistics and MBA. Mr Oron was a non-executive director of Avmin for a number of years and led the value creation for shareholders during his tenure. He was instrumental in the privatisation of the Israeli telecommunication industry and the Israel Ministry of Finance and brings with him a track record of deal making and investment banking expertise and has created a substantial and global private mining and natural resource group. Mr Oron is also responsible for global strategic input in the larger BSG.

COO – Dr J Campbell B.Sc (Q.U.B), M.A (Cantab) – Dr Campbell is responsible for the group operations. His career in the mining and industrial industries spans three decades in Anglo American with experience in many disciplines including marketing, finance, operations, research and executive management and board positions. His numerous positions include MD De Beers Industrial Diamond Division, Director of Anglo American and De Beers, Chairman of Amcoal and Namakwa Sands. Currently Non- executive Chairman of Minara Resources Ltd in Australia.

Carel Swart – Mr Swart as strategic project liaison for BSGR and Bateman has been responsible for the development and assessment of key projects in the mineral arena. He has a number of years experience in the steel making, metal and natural resource industry both as principal and as engineering project manager

28. Management (continued)

Lawrence Treadgold - Mr. Treadgold has over thirty years experience in the copper, gold, silver and cobalt mining and extract business in Africa, North America, Far East and the Philippines. He initially spent 10 years on the Zambian Copper-belt where held a number of positions at the Roan Consolidated Mines and Mufulira copper refinery, later being the copper and precious metal refinery superintendent at Ndola with responsibility for management of the operation.

He later spent 5 years with Western Electric Corporation in the USA as Engineering and Operating Department Chief responsible for the final design, commissioning and management of a copper smelter, casting plant, tank-house and rod mill.

He joined Noranda Minerals Inc., as President of one of the precious metal subsidiaries producing 9999 gold and 9995 silver from secondary sources and primary placer deposits.

In 1992 he formed an independent mining and metallurgical consultancy providing engineering, operating and management consulting services. Currently he has been engaged by BSG Resources for support and technical supervision on various projects.

Craig W Shaw (CA (SA) LLB) – Mergers and Acquisitions head - BSGR -Mr. Mr Shaw is professionally qualified in both the financial and law fields and was an investment banker with Investec for more than 6 years. He is responsible for identifying, assessing and developing acquisition opportunities of BSGR globally and for key relations with the capital markets

Joseph Tchelet (CA(SA)) – CFO - Joseph Tchelet is the CFO Africa of Beny Steinmetz Group Resources (BSGR), Prior to this appointment, he was the Global Financial and Compliance Manager of the Structured Finance Division of Investec Bank Limited. This role involved full back-office responsibility for a multi-currency lending book, involving both vanilla and structured lending, across five countries. Mr Tchelet is responsible for the banking, financial, reporting, compliance management of BSGR.

Frank Eager – (CA(SA)) -Mr Eager is responsible for the accounting and management reporting for the group – He was formerly with BHP Billiton and its mining internal audit team and has experience in financial reporting and management of natural resource and mining projects and operations in various jurisdictions and currencies

New breed of player makes a mark in the diamond-trading business, which is slowly shedding its obsession with secrecy

Steinmetz emerges from shadows of publicity-shy trade

Emma Muller

Antwerp Correspondent

NOTHING shows more how dynamics are changing in the diamond industry as leading De Beers' clients make a serious play in the diamond mining business.

Their success has brought a new breed of diamond player seeking high-profile exposure that coincides with De Beers' supplier-of-choice policy — players who want to get involved in mining through the involvement of nongovernmental organisations the United Nations and World Bank.

Before, junior mining companies went in with a different perspective and created much of the conflict-diamond concern.

Steinmetz, chaired by brothers Benny and Daniel Steinmetz, and headquartered in Geneva, is one of

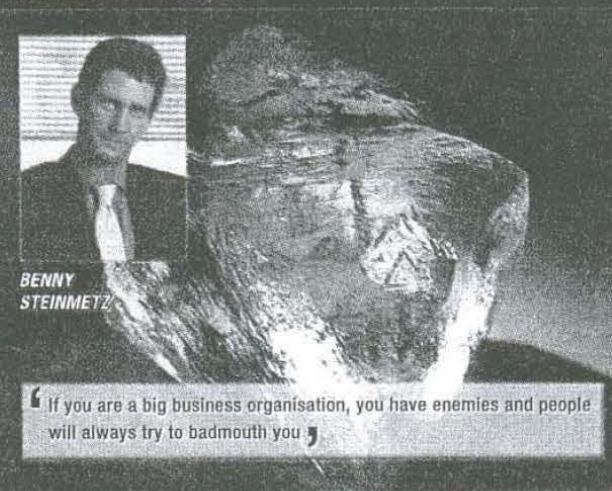
De Beers' biggest sightholders. Apart from diamonds, the group has interests in mining, real estate, gas, oil, high technology and retail.

Its mining operations include Bateman, the engineering group, and Koidu Holdings, a new diamond project in Sierra Leone, which are both partly managed from SA, where the firm has built a strong network of close relations among the country's leading politicians and businessmen.

Reclusive and known in closed diamond circles as a sharp entrepreneur with an infallible trading instinct, Benny Steinmetz likes to keep a low profile. But this has changed as Steinmetz has expanded into a corporate empire that associates itself with high-visibility events such as the Millennium Dome and Formula One.

Last year, Steinmetz showcased some the world's most famous di-

FACETS OF CHANGE



amonds at a Smithsonian exhibition in Washington, and most recently at Harrods, the London store.

Later this year, the group plans its first public offering of diamonds on diamond.com, the Miami-based online jewellery retailer.

Benny Steinmetz's reputation dates from the 1980s, when he became De Beers' front man in Angola. De Beers pulled out of the country in March 2000, when the Angolan government brought in Russian-born Israeli businessman Lev Leviev — a major rival of Steinmetz — to create Ascorp, the country's diamond marketing monopoly.

Asked how Steinmetz reconciled its mining ambitions in Africa with the global brand recognition it was seeking, Nir Livnat, CEO of Steinmetz's diamond division, said: "We are committed to work with the new government in Sierra Leone. It is part of the Kimberley Process."

In this light, operations in countries such as Sierra Leone, which still being linked to conflict diamonds, make the company vulnerable to negative publicity.

"Our objective is to secure diamonds in a transparent, efficient way while taking a long-term view. We have engineering expertise through Bateman and would like to put it into use. This falls in with strategic thinking of developing the Steinmetz brand."

But Livnat says: "If you are a business organisation, you have enemies and people will always badmouth you."

In the past few weeks, Steinmetz has fended off tax allegations. Late last year, it faced claims that De Beers, through its sightholder involved in conflict diamonds, Steinmetz demanded a correction from French newspaper Le Monde which withdrew the allegation.

Kumba awards contract for R2,9bn Sishen project



South African iron-ore giant Kumba Resources yesterday awarded a R300-million contract to build its **R2,96-billion** brownfields Sishen Expansion Project (SEP), in the Northern Cape, to a Murray & Roberts-**Bateman** consortium.

Murray & Roberts-Bateman pipped a consortium of Hatch Africa, Randburg-based Lategan, Sprigg & Van der Linde, and Grinaker LTA Process Engineering for the EPCM contract to increase production by ten-million tons a year by 2008 at Kumba's Sishen iron-ore mine. Production ramp-up is expected to begin by mid-2007.

Work on the project is scheduled to start in the middle of this year, with the aim of lifting output at the mine from 28-million tons a year of saleable product to 38-million tons a year.

The SEP will use jig technology to beneficiate what has been a historically-difficult beneficiation material - iron-ore products from a portion of mined material previously discarded as waste. The SEP product range, with iron-ore content of between 63% and 64%, is expected to supplement Sishen's export product.

It is understood that the contract was awarded to the Murray & Roberts-**Bateman** consortium despite Hatch Africa's undertaking last year of an optimisation audit of the SEP, applying expertise from Hatch Australia's iron-ore business to the project. Some 1 800 direct construction jobs will be created, as well as more than 300 direct and 600 indirect long-term jobs. It is also anticipated that the project will contribute about \$250-million a year additionally to South Africa's foreign exchange receipts when full production is achieved and will, through direct and indirect tax payments, contribute significantly towards the South African fiscus.

A recent rail infrastructure deal between Kumba and State-owned transport utility Transnet has opened the door for projects worth some R8-billion to be implemented in the Northern Cape. This agreement will see the capacity of the vital Sishen-Saldanha rail corridor, which spans 861 km, expanded to 41-million tons by 2009, with Transnet planning to spend R5,1-billion over the next half-decade through its railways subsidiary Spoornet and South African Port Operations.

In addition, the rail deal opens the door for Kumba to implement its greenfields Sishen South project, in the Kgalagadi region of the Northern Cape. The project entails developing an eight- to ten-million-ton-a-year openpit mine and constructing beneficiation facilities that will render its output compatible with the high-grade ore produced from Sishen.

It is anticipated that the R2,2-billion project will be implemented this year, with production starting in 2008/9. Kumba is seeking to export an additional 19-million tons of iron-ore by 2009 and to recapture market share in China, where Sishen ore is favoured for its hardness and dryness. The company's exports to China should almost double from the current base of around 8,5-million tons a year.

How Pechiney discovered Coega

John Fraser

Trade and Industry Editor

WHILE diamonds may be a girl's best friend, it does not necessarily follow that a diamond dealer is Coega's best friend.

However, it happens to be true. If, as expected, the world's most advanced aluminium smelter is built at the industrial development zone at Coega, Geneva-based diamond merchant and international investor Beny Steinmetz will be the man to thank.

Steinmetz is one of the leading buyers of De Beers diamonds, has extensive property investments in Europe and the US. He is also involved in mining, oil and gas in Kazakhstan and in SA. Locally, his investments currently include a large stake in Anglovaal Mining (Avmin) and Kumba.

The Beny Steinmetz Group (BSG) has interests in diamond mining in Africa and Canada through Magma diamond resources, and is also involved in a gold mining project in Uzbekistan.

Steinmetz has set up diamond polishing and cutting factories in Johannesburg and Windhoek.

"A large proportion of the diamonds Steinmetz purchases are beneficiated here in SA," says an industry source close to the entrepreneur, who requests not to be named.

BSG is also the main shareholder in Bateman — the formerly listed engineering and project-facilitation group.

"Our most important current project would be the planned \$2bn aluminium smelter at Coega, which was initiated and promoted by BSG," says the source.

BSG is involved in the smelter project in SA through its Imbali

An enigmatic entrepreneur

John Fraser

BENY Steinmetz is one of the most influential entrepreneurs operating in SA, but little is known about him.

It has been reported that he began his career in a family business in Antwerp, Belgium, which is Europe's diamond capital, before moving to the Middle East.

Steinmetz is a major buyers of De Beers diamonds, and has invested in extensive diamond beneficiation operations in both SA and Namibia. He is heavily invested in mining, finance, oil, gas and property interests internationally, from areas of the former Soviet Union to the Americas.

He is also the main shareholder in Bateman, which was delisted earlier this year.

If all goes according to plan, Bateman will manage the Pechiney smelter project, and the Steinmetz group could also be one of the equity partners in the project.

Resources vehicle.

In 1999, Pechiney took a decision to build a new generation aluminium smelter, and after a lot of research, Australia and Canada were short-listed for the project.

"As soon as BSG found out about this, company executives took the first plane to Paris to meet Pechiney," says the source.

"BSG has a lot of activities in France, and set up a meeting where the trade and industry department, the Industrial Development Corporation (IDC) and

Eskom joined BSG, along with Avmin, which gave the background on the SA mining industry.

"BSG explained that SA was the best place in the world to build a smelter, and in October 2001 Pechiney sent out a delegation to SA; they visited Coega, and met key local players such as the trade and industry department, the IDC and Eskom, as well as the SA banking sector.

"In early February this year, they decided SA was the most interesting location for the investment. We had gone from zero to hero."

A key development in nailing the Pechiney investment came with the signing in February of a memorandum of understanding between Pechiney and Eskom, as power supply is the major cost in aluminium smelting.

BSG promoted Coega as the best destination within SA, as it recognised that the smelter would be a vital anchor project for the Coega project.

"The fact that there will be clean power, access to a new port, access to skills and the right economic environment created for Pechiney the wish to come to SA."

Pechiney has been assembling a consortium of investors, which include black economic empowerment grouping Sibumbene Investments, which is headed by Denel chairman Sandile Zungu.

Talks are still continuing between Pechiney, Eskom, the Ports Authority and the Coega Development Corporation, in the hope that all the detail can be agreed upon and a final green light can be given to the project next month.

If all goes to plan, a lot of credit will go to publicity-shy Steinmetz.

BSG

Resources Limited

nfa.

Michael Sean Golding
Suite #264
Imara Capital Ltd
Private Bag X 30500
Houghton
2041
SOUTH AFRICA

Geneva, September 15th, 2004

Dear Sirs,

At the request of Mr. Beny Steinmetz, we are pleased to confirm that he is favorably known to General Management of our bank.

We have known Mr. Steinmetz for more than 15 years, and confirm that B.S.G. (BENY STEINMETZ GROUP) has the capacity and the track record to execute and implement large transactions.

Mr Steinmetz has access to very substantial means and we believe that he has the capacity and the resources to implement investments for amounts in the USD.mid-9-figure range and specifically in relation to the transaction contemplated in respect of Samancor Chrome, subject to final arrangement with him.

In all our dealings with Mr. Steinmetz and his companies, we have found him to be completely honorable and reliable. He has consistently honored his business commitments and demonstrated a considerable ability to focus his resources in order to progress his projects, and, to the best of our belief, he would not enter into any engagement he could not fulfil.

In accordance with usual banking practice, the present letter is given without any responsibility and should not be considered as an undertaking on our part.

We remain,

Yours faithfully,

HSBC Private Bank (Suisse) S.A.


Christiane Rachel-Cettour


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BHP still to sell Samancor

January 21, 2005

Johannesburg - Mining giant BHP Billiton said yesterday it had not yet completed its sale of Samancor Chrome, which had been expected by the end of 2004.

Samancor Chrome is one of the world's biggest producers of ferrochrome.

In early December BHP Billiton said it had narrowed the contest to three bidders and planned to announce the sale by the end of the month.

Spokesperson Michael Campbell said the process had taken longer than expected. He declined to give details of the bidders or reasons for the delay.

"The bids are still in an evaluation process but very much reaching the final stages," he said.

Analysts have said bids were likely to come in a range of between \$300 million (R1.8 billion) and \$500 million.

An analyst said the sale might have been delayed because Samancor was jointly owned by BHP Billiton and Anglo American, which had to approve the transaction. BHP Billiton owns 60 percent of Samancor and is the operator, while Anglo American has the remaining 40 percent.

Samancor has an annual output of about 1 million tons of ferrochrome, an alloy used in stainless steel to deter corrosion.

An industry source said BHP Billiton had chosen a preferred finalist but was looking into regulatory issues such as approval by competition authorities in South Africa and Europe.

Another source had previously said the three bidders were consortiums and included a firm owned by Israeli diamond magnate Benny Steinmetz, UK's Kermas, which is a holding firm for a distributor of Russian ferrochrome and Nippon Steel.

BHP Billiton shares fell 70c to R138.65 yesterday, while Anglo American shares fell 36c to R70.65.

Alcan plays coy about meetings with Coega suitors

January 19, 2004

By Quentin Wray

Johannesburg - The \$2.2 billion aluminium smelter at Coega in the Eastern Cape was "just one of many options" available to Alcan, the new Canadian owner of French aluminium giant Pechiney, the company said last week.

Joseph Singerman, a company spokesperson, confirmed from Montreal on Friday that Alcan officials last week met the proposed South African shareholders of the project.

However, he downplayed the importance of these meetings, saying they were part of a "normal information gathering process" during which the economic and engineering feasibility studies were assessed.

"We are validating what we think we know and learning what we don't know," he said.

Apart from speaking with the government, the National Ports Authority and the Coega Development Corporation (CDC), which manages the industrial development zone, the Alcan officials - none of whom were part of the company's executive management team - also met the Industrial Development Corporation (IDC), power utility Eskom and the National Empowerment Fund, which represents black empowerment interests.

The IDC and Eskom, both state-owned, will each take 12.5 percent of the equity in what will, if it gets the go-ahead, be South Africa's biggest single investment in more than a decade.

Empowerment interests will take an estimated 8 percent, with Sibumbene, a consortium headed by Denel chairman Sandile Zungu, the frontrunner to be the empowerment partner.

This has not been finalised.

Israeli businessman Benny Steinmetz will also take up equity.

Pechiney's new AP50 smelter technology - thought to be a key reason behind Alcan's decision to take over its French rival - was, Singerman said, "very important to the group", which now had to decide whether Coega was the best site to launch this new technology.

But he would not be drawn on when an announcement on this decision could be expected.

At the time of Alcan's hostile takeover bid in July, Pechiney seemed poised to sign a deal with the CDC which would have brought about the start of the construction of the new-generation, 460 000 ton-a-year smelter early this year.

The first metal was set to be delivered in 2006 and the smelter was to be running at full capacity by 2007.

Pechiney started negotiations with the CDC in May 2002, when it announced it had selected Coega as the preferred location for its new smelter.

Jaco Kriek, executive vice-president in charge of projects at the IDC, said Alcan had posed many questions to its prospective South African partners but the communication was one-sided.

Kriek said the South African contingent had "made an effort to explain who we are and what South Africa has to offer".

Eskom's spokesperson, Fani Zulu, said the utility's preliminary assessment was that Alcan had been satisfied with Eskom's information on its pricing policy, comparative costs, technical capacity and infrastructure investment programme. Efforts to get comment from the department of trade and industry were unsuccessful.

Resources Editor

TWO businessmen from Botswana are canvassing support from Eskom for the development of a \$2bn coal mine and power station project close to the border with SA.

The project would help to reduce Botswana's dependence on SA for electricity, and would bring new capacity for SA at a time when many fear the region could face a shortage of power.

The two businessmen — Elvidge Mhlauli and Solomon Tlhapane — have acquired the rights to the coal reserves of central-south and east Mmamabula.

Through their company, Meepong Investments, they have approached both Eskom and the Botswana Power Corporation as potential investors in the project.

Other potential investors include the **Beny Steinmetz Group** and an unnamed consortium of European investors — and funding is also being sought from the European Union.

"The Botswana government has given its backing to the project," said Tlhapane.

"Without this project, Botswana and SA will be in a very awkward position regarding electricity by 2010." He said that the current challenge was to secure funding for the development of the project, after which a prefeasibility study would be launched.

The Mmamabula coal reserves lie close to the South African border.

SA would probably have to meet the strictest, and therefore most costly, environmental improvement regulations if it were to build a new coal-fired power station, under the Kyoto Protocol on gas emissions. However, there is likely to be more flexibility in meeting environmental norms if the new coal-fired power stations were to be sited in Botswana.

Meanwhile, the international risk profile of Botswana suggests that the costs of building the power station in that country would be lower than those for an equivalent project in SA.

However, given SA's proximity to the site, there would be large benefits for SA in the supply of both equipment and manpower for the project.

The Mmamabula coalfields have already been explored by the geological survey of Botswana, by Anglo American, Shell Coal, Amax, Carbonares de France and BP Coal.

"In early 2002 Meepong initiated studies regarding the best utilisation (of the Mmamabula coal reserves)," the company reported.

It is believed that the Mmamabula east reserve has in excess of 600- million tons of coal.

What next Mr. Steinmetz?

THE mysterious Beny Steinmetz sent mining watchers into a tizzy when he first appeared as an investor in Anglovaal Mining (Avmin) in October 2000. But Avmin's shareholders will be happy to have made his acquaintance. He seems to have been a catalyst for the restructuring of the Arctic consortium, ironically founded by the Menell family to protect Avmin from a hostile takeover. Steinmetz has been well rewarded for his efforts, buying into Avmin at R24 and selling at R41 about 18 months later.

The sale of this stake has set in motion the unlocking of value for the remaining 60% of the Avmin share holders, since Arctic has now sold the majority of its holding in Avmin to Anglo American.

Avmin shareholders will no doubt applaud the alliance, as the strategic possibilities that Anglo now brings to the party too numerous to list.

One such simple scenario would involve Samancor, 40% owned by Anglo and 60% by BHP Billiton being sold to Avmin, given its strength in manganese by virtue of its 50% subsidiary Assmang.

Samancor is being regarded as a discard by the two London players, but one man's meat is another man's poison. The question now is where Steinmetz may go next. He appears to be committed and enthused by SA, which is not surprising, given how much money he has made here. He is a big global investor in oil and gas, and with the potential of gas projects on the West Coast well known, he may be enticed by this project.

It is not widely known that he was the buyer of EL Bateman, investing \$25m in SA, while a number of other potential projects had been presented to him too. Now that he has shown his hand, one may expect the queues to start forming. As for Avmin, the final word on its growth potential has not been written.

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as have roasting charges, traders say. In fact, some Chinese roasters reportedly shut because they could not obtain reasonably-priced concentrates for blending.

The idea of shuttered roasting capacity in China does not jibe, however, with recent export statistics. For the third straight month in August, Chinese moly exports totaled 10-million lb of Mo, some 2-million lb higher than the long-term monthly average of 8-million lb. In the first five months of the year, Chinese exports were running below average at roughly 7-million ppm. If total export totals for January-August are annualized, China's exports for 2004 could be 98-million lb, roughly the same as in 2003. "There has been a shift in shipments from Europe," said one observer, "with more moly being exported to Asia and the Americas." Chinese FeMo exports to the US were 880 mt in August, the highest monthly total for the year.

Strong exports from China and increases in output by major Western World producers including Phelps Dodge and Codelco have done little to depress prices. Codelco is on track to produce 70-million lb of Mo this year compared to 51-million lb in 2003, a company spokesman said. If anything, he added, the forecast might understate our actual production.

Professional workers at Codelco Norte walked off the job on Oct. 8, but the labor dispute is unlikely to affect moly output at the Chuquibambilla copper-moly mine. "The plants can be run without these particular workers," a spokesman explained. The supervisors' union represents only 10% of the workforce. "The copper smelter maybe will not be able to run, but the concentrator will be able to operate. We don't expect any major problems."

Samancor's buyers now number three

DLA did not offer any ferrochrome last week at its weekly BOA auction. The agency sold 4,000 tons of high carbon in September at an approximate value of \$3.42-million, or about 62.1¢ per lb of contained Cr. The buyers were Considar and Hickman, Williams. As of Oct. 1, DLA had the authority to sell 110,000 tons in fiscal 2005, ending Sept. 30, 2005. In fiscal 2004, DLA sold 109,962 tons of ferrochrome—81,329 tons of high carbon and 28,633 tons of low carbon, including the 15,000 ton under its long-term program.

The US high-carbon ferrochrome market remained in balance, with supplies tightly controlled. Some small parcels have been offered at around 61-62¢, f.o.b., but with little interest.

The battle for Samancor Chrome has apparently come down to three companies—Nippon Steel Trading (Nittetsu Shoji), BSGR, which also owns Bateman Titaco, and Russia's Kermas (which owns Serov) along with Mmakau, a black empowerment company. Nippon Steel Trading reportedly submitted the highest initial bid of around \$640-million, followed by BSGR at \$615-million. The lowest acceptable bid was that of Kermas at approximately \$550-million.

There was speculation that some of the losing bidders might have formed alliances with one or two of the remaining companies in order not to be locked out. One of the most interesting rumors was the David Rubin, one of the former owners of KazChrome, was involved, but everyone has denied it. CVRD apparently didn't submit a bid, while Norilsk reportedly did.

The price is considerably higher than expected. "I can't understand it," one analyst said. "Samancor Chrome had

only one good year and the rest were losses. Maybe they see a brighter future for chrome than I do." Adding to the uncertainty is that at least one of Samancor's South African competitors believes even the asset sale could run into government interference, especially with the ore deposits.

After discovery, the final three companies will have to submit their final offers by Nov. 17, with BHP Billiton hoping to complete the deal by the end of November. As a result, other producers are assuming that Samancor won't be able to offer any forward ferrochrome, especially into 2005.

SA Chrome will change its name to Merafe Ltd. The company's existing ferrochrome business and assets will continue to reside in a wholly owned subsidiary of Merafe and will continue to trade in the pooling and sharing venture with Xstrata as the Xstrata-SA Chrome Venture. Royal Bafokeng Resources (RBR) and the Industrial Development Corp. of South Africa, SA Chrome's two largest shareholders, have endorsed the proposed changes.

Merafe wants to focus on other mineral opportunities in South Africa; the RBR has a substantial interest in platinum and will focus in the area of precious metals and diamonds. In order to avoid conflicts with RBR, Merafe will assess opportunities in resources excluding precious metals and diamonds, but including coal, iron ore, nickel, coke, manganese and other ferroalloys.

The broad criteria for Merafe's growth strategy will be to invest in opportunities that give access to cash flows (as opposed to dividends); unlisted entities; ventures that give the company a strategic influence (20% - 25%) shareholding; entities that have operational management with a proven track record. Merafe is also considering raising money offshore.

RBR has agreed to partner the company on projects that are, or may be, too large for Merafe to fund, and this will extend the range of opportunities available. Merafe will continue to seek growth within the ferrochrome industry, like the Project Lion expansion in the Xstrata-SA Chrome Venture.

Although the Xstrata-SA Chrome Venture is now the largest ferrochrome producer in the world, the joint venture believes that opportunities will present themselves to grow via acquisition. "Everyone thought Xstrata was precluded from buying another ferrochrome company by virtue of it being the world's largest production," an insider noted. "Xstrata doesn't think so. Maybe the company is already on the prowl for another producer, especially one outside South Africa."

In the meantime, the joint venture is expected to buy Samancor's share of its joint venture with Xstrata at Wonderkop. The Wonderkop joint venture consists of two 45-MW submerged arc furnaces with a capacity of 180,000 mtpy. Samancor and Xstrata split the output. While the Wonderkop joint venture is up for sale by Samancor, it is thought that Xstrata has the right of first refusal that the joint venture with SA Chrome and Xstrata will exercise. "It's a quick way to get another 90,000 mtpy of capacity," a competitor said.

"Merafe could become a 'professional' black empowerment company to take advantage of the South African government's mineral law to force the white mining establishment to take on black partners," one analyst suggested. "It's a great idea since unlike most other empowerment companies, Merafe has capital in addition to being a majority-owned black enterprise." However, the South African government is

31. Natural resources / engineering

BATEMAN

The Bateman Group, an international process oriented engineering, contracting and project management company

- Established in 1919 and operating ever since as a leading engineering-contracting company, active specifically in Africa and other developing countries including CIS and FSU areas
- Specialises in complete solutions to convert natural resources into marketable products
- World-class technologies and technical solutions in various industries (chrome, copper, gold, precious metals, diamonds, iron ore)
- Specialises in mining, minerals & metals, oil & gas, chemicals, etc.
- Global infrastructure – offices in all 5 continents
- Bateman's major LSTK project clients include Tomskneft, Shurtan, Moss gas, Muruntau Gold Mine, Impala, Scorpion, Kenmare Resources, De Beers, Kumba Iron Ore, Mozambique mineral sands, SA Chrome and others



33. Natural resources / engineering - Bateman

World leader in key niche markets

- 400 diamond processing plants
- 80 gold processing plants over the last 20 years;
- Market leader in the provision of Ferroalloy smelting plants
- Played major role in expanding world production of Ferrochrome and Ferromanganese;
- Played significant role in all recent mineral sands projects in Southern Africa (incl. current USD240M project in Mozambique)
- Only contractor to have designed and constructed all four types of Platinum Group Metals (PGMs) processing plants:
 - Concentrators
 - Smelters
 - Base metals refineries
 - Precious metals refineries

34. Natural resources / engineering - Bateman

World leader in key niche markets - continued

- Market leader in base and precious metals refineries;
- Consistently invited to tender on diamond, heavy mineral, gold, ferroalloy, copper sulphide hydrometallurgical, copper/cobalt, PGM and zinc oxide hydrometallurgical projects throughout the world;
- Built the longest Single Flight Overland Belt Conveyor in Southern Africa.
- Installed most of the Electrostatic Precipitator Plants for the platinum industry and has world leading particulate removal technology.
- ISO 9001 certified organisation with a proven project execution methodology
- Excellent safety record;
- Track record of executing projects in harsh environments, proven ability to operate in remote regions on all continents;
- Very few competitors that can offer the depth of process expertise and the ability to execute projects everywhere in the world.
- First to market in the copper/cobalt processing, copper sulphide pressure leaching, DC furnace slag reduction and Ferroalloy recovery from slag using jigs;
- Successfully completed **>2000 projects in >50 countries**
- Adept to working conditions in various:
 - Geographies
 - Cultures
 - Geo-political environments

Miba's 400 t/h mega modular kimberlite-treatment plant in the Democratic Republic of the Congo



35. Natural resources / engineering – Bateman – examples of projects



Anglo Platinum's Maandagshoek concentrator near Steelpoort, Limpopo, RSA



21 km overland-conveyor for Optimum Colliery near Witbank, Mpumalanga, RSA.



Bag Houses, Bag Filters And Scrubbers

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