

MEDIA RELEASE

Draft 2 SA Metals Investment

7 October 2010

NEF SECURES EQUITY FOR BLACK PARTICIPATION IN THE ESTABLISHMENT OF A NEW R 2.5BN MINERAL PROCESSING PLANT

R10 million Venture Capital investment to conclude the Bankable Feasibility Study

The National Empowerment Fund (NEF) has again shown its developmental mettle by investing R10 million into SA Metals Equity (Pty) Ltd, a project which will be developed together with Metmar Ltd of South Africa., Global R3 Pte. based in Singapore, V-Projects (Pty) Ltd of South Africa and Outotec Ausmelt a global mining technology licensing company based in Finland.

The NEF investment will allow for the conclusion of a Bankable Feasibility Study (BFS). The completion of the BFS will culminate into a R2,5bn mine dump processing plant which will be located in North West Province and Mpumalanga. The plant will produce about 500,000 tons of pure iron metal known as “Pig Iron” which is consumed in steel production. The selected plant will use state of the art technology that allows the recovery of residual iron ore from mine dumps in the presence of impurities that would have otherwise made the dumps technically un-processable. To date R25 million has been spent in Pre-Feasibility Studies aimed at testing the technology capability on the selected iron ore bearing mine dumps.

“We are very excited by this project not only because of its strong commercial merit but also its high developmental impact and environmental cleaning aspect. The project will generate in excess of 400 jobs and attract the much needed foreign direct investment of about US\$200-300 million into South Africa and our investment will secure equity into the project which shall be warehoused for BB-BEE beneficiaries”, explains Donovan Chimhandamba, who is the Head of Strategic Projects Fund at the NEF.

“More importantly, this project will be a leader in terms of environmental cleaning as it uses material from waste dumps that are of huge environmental concerns created by the historical mining activities. Most of these dumps have been identified as potential risks as they carry environmentally invasive chemicals and our project in partnership or guided by the Department of Environmental Affairs will offer a long term overall and sustainable environmental plan, adds Chimhandamba

“The project gained momentum when it secured a technology and license agreement from Outotec Ausmelt of which the technology unlike conventional furnace technology for the production of pure iron has the capability to extract Iron Ore and produce Pig Iron in the presence of undesirable metals such as titanium”, adds Chimhandamba.

In terms of a mineral reserve base South Africa ranks 9th in the world with an estimated 1,5 billion Iron Ore reserves. Due to the technology capability, this project increases South Africa's Iron Ore reserves without opening up new mines. The plant is expected to be commissioned in 2013 and will process about 1.1 million tons of material from the mine dumps to produce 500,000 tons of Pig Iron per annum coupled with Vanadium and sufficient steam to generate 60 MW equivalent electricity power while only consuming 25 MW. "A project of this magnitude is ground-breaking and offers the project an opportunity to be at the forefront of cutting-edge mining innovation with strong BB-BEE participation right at an early stage", boasted Chimhandamba.

"NEF's investment comes at a critical time for both the project and the country, when South Africa critically needs an active and aggressive venture capital fund to finance feasibility studies that will create new industrial capacity whilst securing black equity participation and fast track the government's job creation efforts. Over the last two years we have taken the lead in providing venture capital finance, which is critical for any developing country. In 2008 the NEF launched the Strategic Project Fund (SPF) as a division focused on providing venture capital finance. To date the NEF has invested and committed in excess of R100 million in projects that are at feasibility stage and some of the projects are now under construction. This pig iron project embodies NEF's intent and mettle to become a leading developmental finance institution" explains the excited Chimhandamba.

About the National Empowerment Fund

- The NEF was established by the National Empowerment Fund Act No 105 of 1998 in order to promote and facilitate black economic equality and transformation. Its mandate and mission is to be a catalyst for Broad-Based Black Economic Empowerment (BB-BEE) in South Africa.
- The objectives of the NEF are to finance and support business enterprises owned and managed by black entrepreneurs, as well as to promote savings and investment schemes for black people and, in so doing, to develop an understanding of equity ownership and a culture of savings amongst its beneficiaries.
- The Strategic Projects Fund is a division within the NEF that focus primarily on developing new strategic sector companies from conception through feasibility studies to construction and in so doing retaining equity therein for the advancement of black ownership in early stage projects.
- Until the Asonge Share Scheme was launched in June 2007, the activities of the NEF centred principally on providing financing and support for black empowered business and entrepreneurs.
- The establishment and promotion of a savings and investment culture amongst all black people, supported by clear and accessible savings and investment products, is also key to assisting South Africans to move to full participation in the first economy.

For Media Enquiries

NEF	NEF
Moemise Motsepe (Communications Manager) 083 533 4114 / 011 305-8127 motsepem@necorp.co.za / www.necorp.co.za	Emmanuel Mohlamme mohlamme@necorp.co.za / www.necorp.co.za