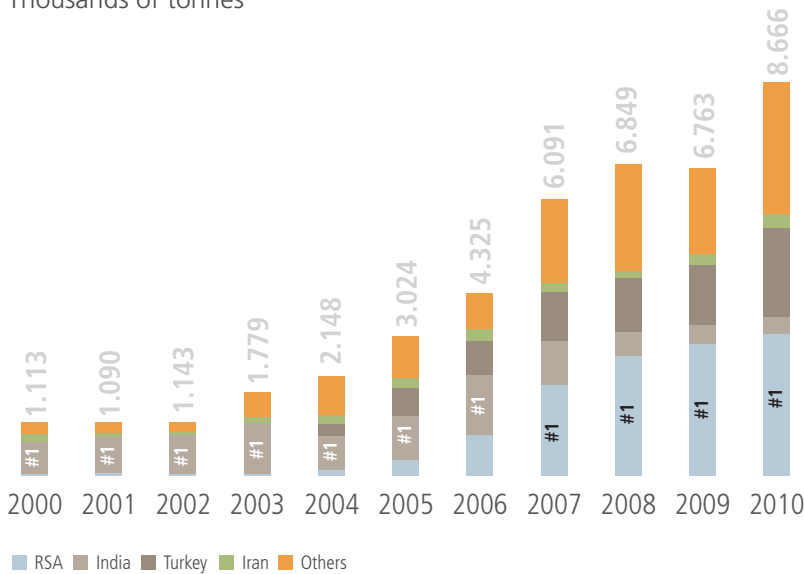


CHINA'S ASCENDANCE IN THE FERROCHROME INDUSTRY IS LARGELY ENABLED BY UNBENEFICIATED CHROME ORE EXPORTS FROM SOUTH AFRICA

Chinese chrome ore imports by source
Thousands of tonnes

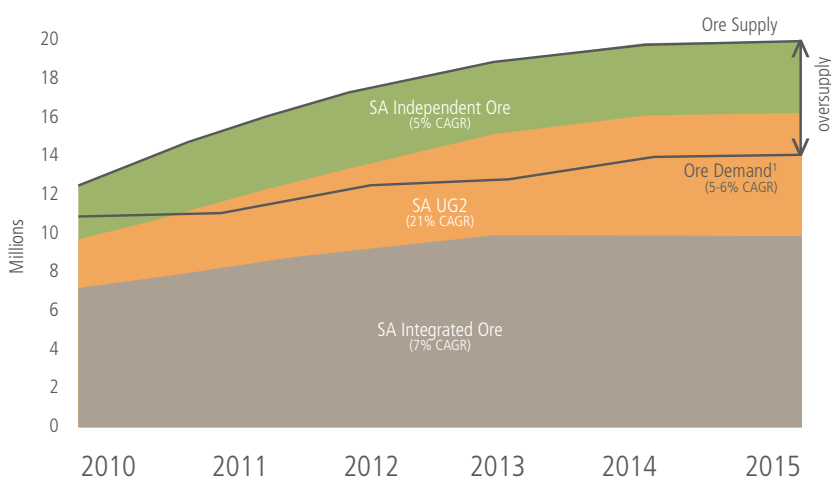


South Africa is now the number one exporter of chrome ore to China. India was once the leading exporter of ore to China but its exports started dropping in 2007 when the government intervened to promote local beneficiation.

SOUTH AFRICAN ORE SUPPLY GROWTH EXPECTED TO PUSH MARKET INTO OVERSUPPLY LEADING TO LOWER ORE PRICES AND LOWER FERROCHROME MARGINS

If South Africa's market share of the seaborne market remains at 2010 levels (36%), there will be a projected oversupply of some 5.5 - 6.0 million tonnes of metallurgical grade ore per year by 2014, leading to lower ore prices and consequently lower ferrochrome margins, with negative implications across the South African chrome value chain.

Projected chrome ore supply/demand balance
Millions of tonnes



This graph illustrates that South African ore supply is expected to grow at a compound annual growth rate (CAGR) of approximately 10% from 2010-2015 vs global industry demand growth of approximately 5-6%. This extraordinary growth in ore supply is primarily driven by the proliferation of chrome recovery from UG2 tailings in the platinum industry, approximately 21% per annum growth forecast from 2010-2015. This situation will become even more acute as the platinum industry continues to switch from mining the Merensky reef to chrome-bearing UG2 reefs.

1. Ore demand assumes total SA metallurgical ore demand and assumes SA maintains a 36% market share in the global ore market

SOURCE: Industry analysis