

# AFRICAN RAINBOW MINERALS

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CORPORATE BROCHURE



# Over

# the

# rainbow

African Rainbow Minerals has recently embarked on another phase of expansion – this time mining a new commodity in a new country. Jayne Alverca takes to the copper trail



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ince African Rainbow Minerals (ARM) emerged in its present form in 2004, the company has pursued an ambitious and highly successful growth strategy. ARM is now positioned as one of South Africa's leading mining and minerals companies with a remit that extends from exploration through to development and operation. Today, more than 23,000 contractors and employers work with a portfolio of world-class long-life and low-cost assets that include gold, platinum, coal, iron ore and most recently copper.

2010 was one of the most successful years to date, witnessing a doubling of production volumes and the overlay of an even tighter cost control structure. Last year also saw the company embark on its first venture out of South Africa – the expression of a long held desire to establish a broader footprint in sub-Saharan Africa,

The Konkola North Copper Mine Project is located in the Chililabombwe District of Zambia's world famous Copperbelt Province. ARM's business model emphasizes the synergy of mutually beneficial partnerships. As a consequence, this latest venture is a three way split, 40 per cent of which is owned by joint venture partner Vale S.A. and ARM respectively, whilst the remaining 20 per cent is owned and managed separately by the Zambian State Mining Corporation.

Accommodated in the newly launched copper division of ARM, the project is a particularly important new addition to the portfolio, as ARM executive chairman Patrice Motsepe explained. "The new copper mine that we are building in Zambia with our partner, Vale, is significant because it adds



KONKOLA MINE OPENING CEREMONY - ZAMBIA



KLIPSPRUIT MINE TIP AND RELATED INFRASTRUCTURE - SOUTH AFRICA



TENKE TAILINGS DAM - DRC



CIRCULAR STOCKPILE EXCAVATION AND CIVILS WORKS AT MAFUBE - SOUTH AFRICA



CONCRETE BATCHPLANT ESTABLISHMENT - ZAMBIA



AHAFO TAILINGS DECANT STRUCTURE - GHANA

a new exciting commodity to our diverse commodity portfolio and is also our first investment in Africa.”

Diversification is an important line of defence against the inherent volatility of commodity prices. ARM's revenue, earnings and cash flows are dependent upon prevailing commodity prices which are determined by supply and demand, linked to global economic conditions. Hence the need to mitigate the risk by including as diverse a range of commodities as possible.

At present, global demand for copper is soaring. According to research compiled by the International Copper Study Group (ICSG), global growth in demand is expected to exceed that of production

## WBHO Construction

The ability to unify the various divisions within our ranks gives WBHO a formidable package solution to offer our clients.

By working together towards a common goal, WBHO have successfully delivered major mine infrastructure projects for some of the largest mining houses throughout most of Africa. At Konkola North, WBHO were initially given the order for the infrastructure development, including the roads, terraces, dams and services. Subsequently WBHO were also awarded the civil package.

WBHO Construction: Rely on our ability.



WBHO has over 35 years of experience and service to offer in the Roads and Earthworks, Civil Engineering and Building industries. Our commitment, reliability and consistency has led us to embark on various successful mining and infrastructure projects throughout Southern Africa as well as several other African countries.

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this year. By the end of 2011, experts predict a deficit of 378,000 tonnes.

Demand is strong because copper lies at the core of wire and cable manufacture. This in turn is a major component of the extensive infrastructure development taking place across the developing world, but particularly in India and China. A further impetus has come from Japan where a massive reconstruction programme will soon commence.

With customers waiting and in abundance, construction of the new mine began in earnest in August 2010 when the project was officially launched by the President of Zambia, Rupiah Bwezani Banda. Initially, engineers will focus on the development of the easier South and East Limb Mines and the first shafts are already in place. After this, the deeper, higher grade and wider reef areas will be mined.

The throughput design envisages 2.5 million tonnes per annum of ore at an average mill head grade of 2.3 per cent copper. This translates into an expected yield of 45,000 tonnes of copper in concentrate which will then be toll smelted elsewhere in Zambia. The first copper extraction is expected to take place in 2013. By 2015 full production should be under way and the project will have received an overall capital investment in the region of US\$400 million.

The expected life of the mine is 28 years at present, but a further three year exploration programme is underway to evaluate another area which has the potential to more than double output to 100,000 tonnes of copper per annum.

On completion, the mine is expected to provide ongoing employment for approximately 1,500 people, making ARM a major local employer. This is a responsibility that the company takes very seriously. ARM seeks to match its strong financial performance with an equally significant impact on the lives of the communities where its activities are based. Generating long-term employment opportunities for local people is an important facet of sustainable development and the company is also extremely proud of its outstanding safety record.

In addition to safety considerations, ARM is also highly

experienced at running wellness programmes which create awareness and provide information on treatment for chronic diseases, such as tuberculosis and sexually transmitted diseases. Each operation commenced to date has also featured an advanced HIV and Aids Management Programme.

ARM's Corporate Social Investment and Local Economic Development plans focus on the development of historically disadvantaged communities and the company is committed to a process of extensive stakeholder engagement.

At the inauguration of the project, ARM executive chairman Patrice Motsepe commented: "We would like the African Rainbow Minerals, Vale and ZCCM-IH partnership to be a role model investor whose track record reflects genuine and significant commitment to the communities who live near the mine, the workers, entrepreneurs and other stakeholders."

The company is also keenly aware of its environmental responsibilities and all operations have environmental management programmes based on the ISO 14001 standard. The challenges include limiting the impact of its activities on climate change, primarily through greenhouse gas emissions resulting from energy generation. Water management is a priority at all ARM operations and is of particular importance to sustain both mining operations and the livelihoods of people in local communities.

Motsape now hopes to translate all that has been learned to date in the South African mining industry to the Zambian venture. Successful execution of the Konkola North Copper Mine Project will create a template for a copper growth strategy throughout sub-Saharan Africa. Meanwhile, analysts Goldman Sachs are maintaining a 12 month forecast of \$11,000 a tonne. The timing of the expansion, it seems, could not be better. [www.arm.co.za](http://www.arm.co.za) ■

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