petmin
breaking new ground

A strategic BEE supplier to the metallurgical and industrial sectors

December 2005

Who are we?

petmin

- Niche minerals, mining and processing company
  - servicing metallurgical, industrial sectors
- Two business areas
  - **silica**

    SamQuarz
  - **anthracite**

    Springlake Colliery

    Somkhele Project

    Baobab Tenements
- 52.74% black-owned
  - well positioned re new South African minerals legislation
- JSE listed

Where do we come from?

petmin

- 1972: incorporated
- 1986: listed as Petra Granite Ltd
- 1990: change in control and name to Petra Mining Limited
- 1990 to 2002: various mining assets acquired
  - gold mining operations
  - 51% stake in JIC
- 2002: operating subsidiaries sold
  - US$67million proceeds repatriated to South Africa at R10.15 / US$
  - capital distribution of R700 million to shareholders in 2003
- 2004: change in control: company converts from cash shell to operating mining company

The Petmin Board

petmin

Non-executive Chairman

Piet Nel
BSc AEP

Executive directors

Dawie H Warmenhoven,
BJuris LLB

Lebo Mogotsi
BCom

Non-executive directors

Enrico De Villiers Greyling
BA (Hons) Business Economics

Jabu Mabena

Johan Strijdom
BCom (Hons) Economics, MBA

Alwyn Martin
BCom, CA (SA)

Bradley Doig
BA, HDip Company Law

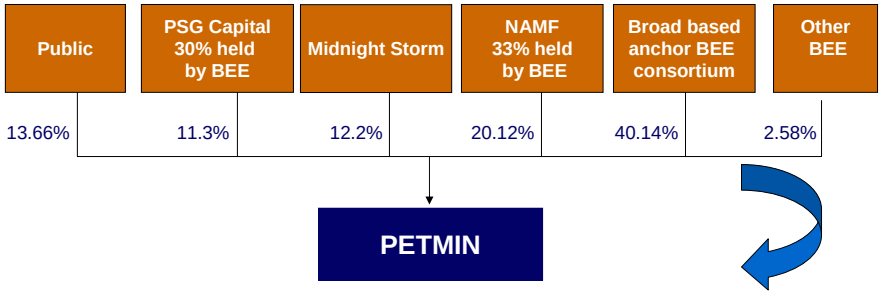
The Petmin executive team

petmin

- **Jan du Preez (Exco Chairman)**
  - MCom (Mergers & Acquisitions), CA (SA)
  - Entrepreneur in mining industry for last 15 years
  - Petmin management team member since 1990
- **Dawie Warmenhoven**
  - BJuris, LLB
  - Admitted attorney, in mining industry for last 12 years
  - Petmin management team member since 1997
- **Lebo Mogotsi**
  - BCom
  - Beneficiation management experience, AngloGold Ashanti
  - Non-executive Director, Merafe Resources Limited
  - Chairperson, Merafe Board Transformation Committee
- **Bradley Doig**
  - BA, H Dip Company Law
  - 10 years with BHP Billiton Group, ex Dresner Kleinwort Benson UK
  - Director of Decorum Capital Partners, fund manager of New Africa Mining Fund (NAMF)
- **Bruce Tanner**
  - BCom (UCT), Honours BCompt (CTA) (Unisa), CA (SA).
  - Nine years' mining finance, administration experience (five in coal, copper marketing)

Our shareholders

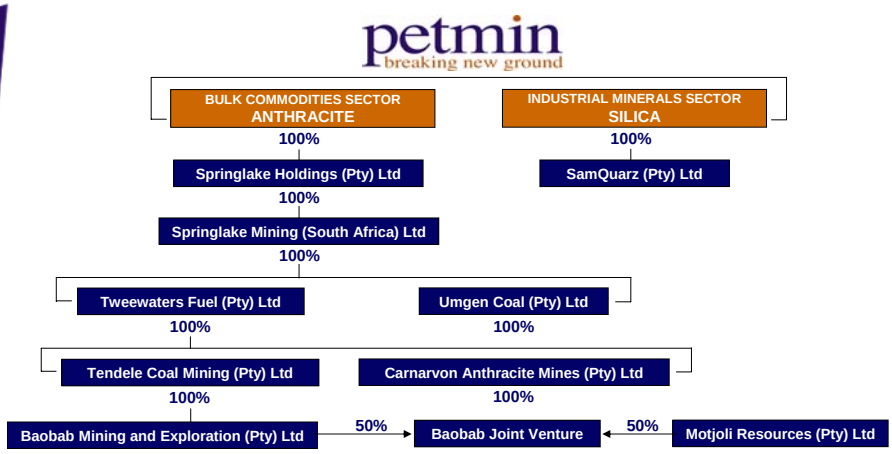
petmin



Our BEE shareholders	
Broad based anchor consortium	40.14%
Other BEE	2.58 %
BEE via PSG	3.39 %
BEE via NAMF	6.63 %
Total	**52.74 %**

Our group structure

petmin



Our vision

petmin

- *To become a leading junior BEE-controlled mining company in South Africa, focusing on high-quality, cash-producing assets*
- *To create sustainable growth through an innovative and disciplined approach*

Our strategy

petmin

- Mould a disciplined, innovative management team, with an ethic of entrepreneurship, at corporate and operational levels
- Develop a group culture of disciplined thought and action
- Manage our businesses to ensure sustainable organic growth, focusing on margin improvement, cash flow management
- Improve operational performance of existing assets
- Acquire value-adding businesses that meet our investment criteria
- Bring life to the Mining Charter
- Improve the rating and tradability of our shares

How will we implement strategy?

petmin

- **Culture of discipline**
  - recruit, mould together the best possible team of disciplined people
  - ensure this team operates with disciplined thought and action
- **Meet growth targets**
  - organic growth
    - sound management
    - cash flow management
    - margin management
  - enhance the value of the product base
    - move up the value chain through further beneficiation
  - acquisitive growth
- **Create awareness among leading industry players**
  - major mining houses, reputable merchant banks
  - strategic relations
- **Improve our share rating**
  - enhance our profile with industry players (DME, BEE rating agencies, other third party role players)
  - enhance our profile with the investment community

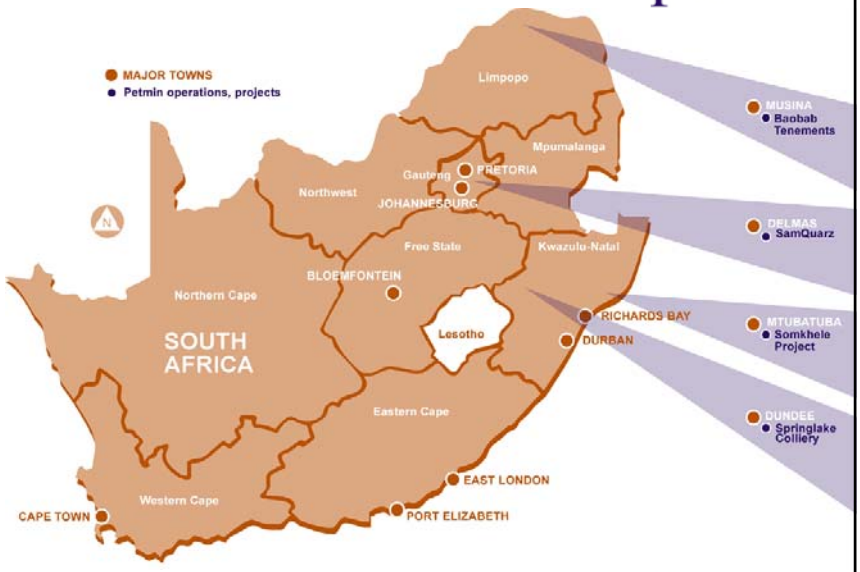
Highlights: 2005 financial year

petmin

• Net profit after tax (includes fair value adjustment of R22.8 million)	R28.3 million (2004: R233 000 loss)
• EPS:	16.74 cents (2004: 0.27 cents loss)
• Headline EPS:	3.24 cents (2004: 0.27 cents loss)
• Share price growth:	30 cents to 90 cents (in under 18 months)
• Market cap growth:	R25 million to R300 million (after Springlake)
• NAV, NTAV per share growth:	25.88 cents to 53.53 cents (107%)

Location map

petmin



SamQuarz

petmin

SamQuarz

petmin

- Acquired September 2004
- R72 million
  - cash and shares issued at 45 cents
- Largest high-quality silica mine in South Africa
  - 35% market share
- Excellent management team, sound track record
  - Managing Director: Johan Gloy
    - BTech degree in Extractive Metallurgy and Environmental Management, MBL (Stellenbosh)
    - 16 years' operational experience in mining, extraction and processing of various metals and minerals, AngloGold Ashanti

SamQuarz

petmin

- 1 200 000 tpa production
  - opencast mine
- Life of mine: 40+ years
- State-of-the-art, German-designed processing plant
  - commissioned in 2001
  - cost R105 million
- Nosa 5-Star rating in 2005
- Blue-chip, long-term client base
  - glass manufacturers – PFG, Consol, SAB
  - metallurgical sector – Xstrata Chrome, Samancor, Assmang, Siltek

Springlake Holdings

petmin

Springlake Holdings

petmin

- Acquired for R108 million
- Comprises:
  - Springlake Colliery, Klipriver Coalfield, Dundee, Kwazulu Natal
  - Somkhele Project, near Mtubatuba and Richards Bay, KwaZulu Natal
  - Baobab Tenements, Mopani/Soutpansberg Coalfields, near Musina, Limpopo Province
- 200 000 tpa allocation at Richards Bay Coal Terminal (RBCT)
  - good prospects to increase allocation
- Potential for Springlake Holdings to grow to 50% of inland market within three years

Springlake Colliery

petmin

- Solid cash generative operating asset situated close to Dundee
- 29-year operating history
- 1.1 million tpa from underground and opencast operations
- Life of mine of 12 years
- Excellent management team
  - CEO: Mark Snelling
    - BSc (Hons) in Mining Engineering, Royal School of Mines, Imperial College, London, SA Mine Manager's Certificate of Competency
    - 23 years' experience in operations, construction and project management; involved in major projects (Columbus Stainless Steel, Mossgas Project)

Somkhele Project

petmin

- High-quality anthracite deposit
  - one hour from Richards Bay harbour
  - close to infrastructure
- R20 million spent on pre-feasibility study, defining balance of reserves
- Resources of plus 80 mt
  - in-situ value per Snowdens approx R150 million
- Detailed bankable feasibility now complete
  - mine development cost: R114 million
  - first saleable product: second quarter 2007
  - 480 000 ROM tpa during Phase 1; rising to 950 000 ROM tpa in 2010
- Community relocation and engagement programme in progress

Strategic relationship with NAMF

petmin

- New Africa Mining Fund
  - R560 million private equity fund managed by BEE-controlled Decorum Capital Partners
  - established February 2003 (funding from IDC, IFC, ABSA, Gold Fields, Harmony, DBSA, BHP Billiton, Sanlam)
  - facilitates development of junior mining and BEE in the mining sector
  - has facilitated BEE ownership of approximately 68 million shares in Petmin
  - NAMF funding and access to skills in Decorum Capital Partners have helped accelerate Petmin's development

Summary

petmin

- **Track record since 1990**
  - achieved compound growth for shareholders in excess of 50% since 1990
- **Culture of discipline**
- **Experienced and disciplined management team**
  - management are also substantial shareholders
- **Corporate governance**
  - independent chairperson and majority of non-executive directors
- **Assets are solid**
  - good management teams
  - cash producing
  - market leaders in their sectors
  - Springlake Colliery – vendors warrant earnings of R45 million to June 2007

Summary, cont'd

petmin

- **Petmin gearing**
  - at 30 June 05 – less than 2%
- **BEE**
  - adherence to spirit and intent of Mining Charter
  - equity – plus 50%
  - representation on Board, Exco and at operational level
  - in the process of converting "old order" mining rights to "new order" mining rights

Outlook for the year ahead

petmin

- Optimise performance of assets acquired
  - deliver value to shareholders
- SamQuarz, Springlake to cement positions as pre-eminent suppliers of their products
  - increase sales volumes
  - improve cash flow management, margins
  - maintain disciplined cost management
- Ensure successful commissioning of Somkhele Anthracite Project
  - within timeframe, budget
- Disciplined pursuit of further acquisitions
  - fit current investment criteria
  - retain sight of 19-year, opportunistic approach to creating shareholder value

petmin
breaking new ground

A strategic BEE supplier to the metallurgical and industrial sectors

December 2005