



PRESENTATION OF THE WEDA BAY ACQUISITION

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Chairman and Chief Executive Officer of Eramet

Paris, 11 May 2006

SHIFTING BORDERS TOGETHER



WEDA BAY ACQUISITION

A new dimension for Eramet
and its Nickel division

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SUMMARY

- 4 The success of the takeover bid
- 7 The nickel market
- 13 The Halmahera deposit
- 20 Development of the project by Eramet
- 25 Financial aspects

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ERAMET

2 May 2006

SUCCESS OF THE FRIENDLY TAKEOVER BID BY ERAMET FOR WEDA BAY MINERALS

- ❑ Following the closing of the offer, on 1 May 2006, Eramet finally took delivery of 95.48% of the shares
 - Eramet had set a minimum level of 75%
- ❑ Extension of the offer to 31 May 2006 to allow remaining shareholders to tender their shares at the proposed price
- ❑ Acquisition cost for 100% of the capital: CAD 270 million
 - EUR 198 million

Rationale of the operation

A FANTASTIC OPPORTUNITY: NICKEL DIVISION WILL EVENTUALLY DOUBLE ITS PRODUCTION

- ❑ This operation fulfils the aim of the Board of Directors of Weda Bay Minerals to find a frontrank industrial acquirer to develop the Halmahera nickel deposit in Indonesia
- ❑ One of the largest remaining undeveloped nickel deposits in the world
- ❑ The deposit will eventually allow Eramet Nickel to nearly double its production, after construction of a hydrometallurgical plant with capacity of about 60,000 tonnes/year.

Rationale of the operation

AN OPERATION WHICH CORRESPONDS PERFECTLY WITH ERAMET'S STRATEGY

- ☐ The search for new avenues of growth
- ☐ The aim of strengthening operations in nickel, where Eramet already holds world-leading positions
- ☐ Geographical diversification to complement the group's development in New Caledonia
- ☐ A project at an upstream stage, allowing for full use of Eramet's expertise



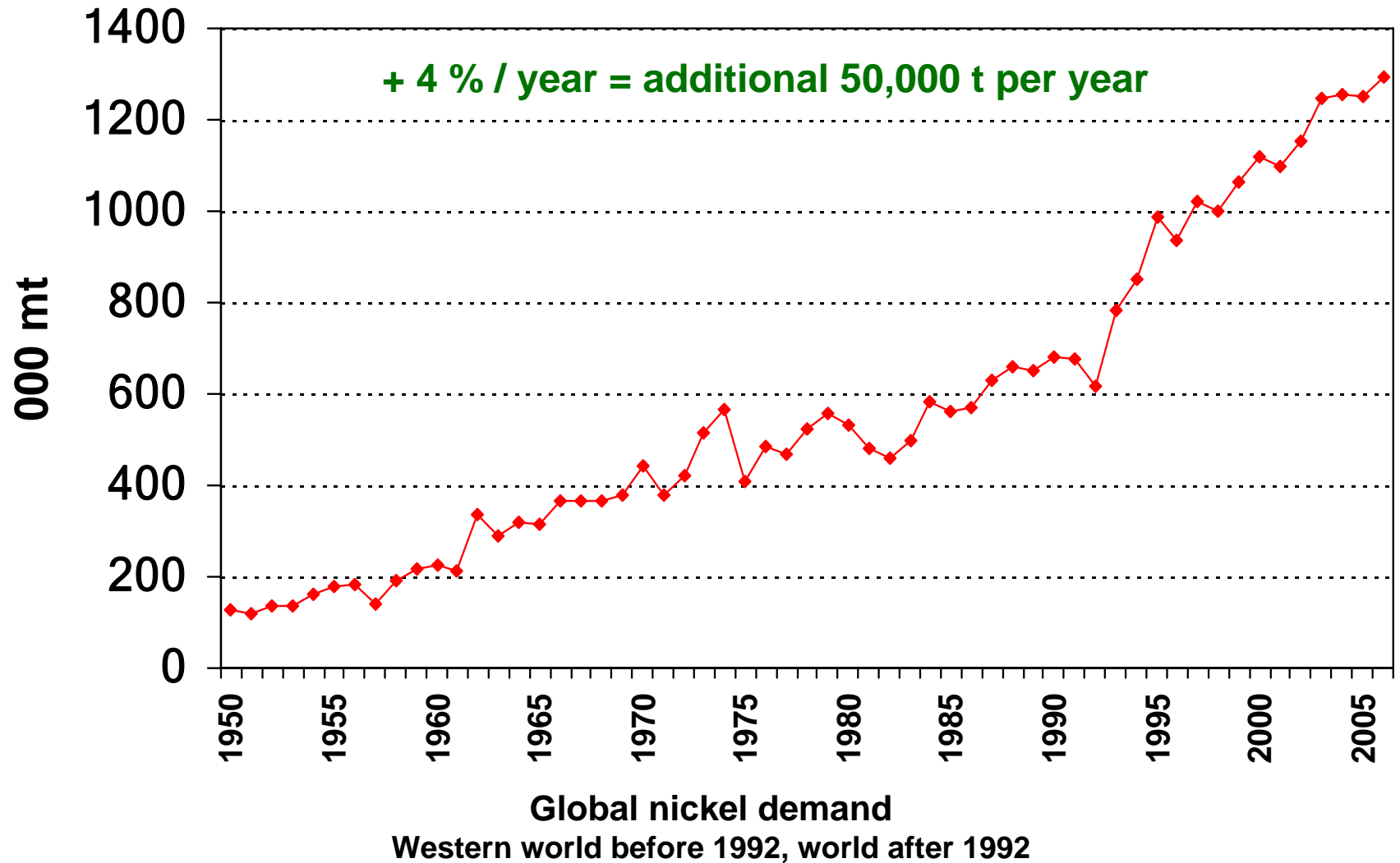
NICKEL: A LONG-TERM GROWTH MARKET

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The nickel market

UPWARD TREND IN NICKEL DEMAND LONG-TERM (+ 4 % /year)



The nickel market

LIMITED GROWTH IN SUPPLY BEYOND 2009

- ❑ Exhaustion of reserves at several small mines after 2009
 - This represents a decline in supply of about 50,000 t in the period 2010-2013
- ❑ Only 4 major integrated projects (mine+plant), already agreed and financed, are expected to start up between the end of 2007 and 2009, for a total, eventual increase in supply of about 200,000 t, after a ramp-up phase
 - Goro (Inco)
 - Ravensthorpe (BHP Billiton)
 - Vermelho (CVRD)
 - Onca Puma (CVRD)
- ❑ Several major projects under consideration, for start-up after 2009, but these are much less advanced and might not go ahead
- ❑ These other, potential projects are mostly based on deposits substantially inferior in quality to Weda Bay

An ambition of growth in nickel

STRENGTHENING GLOBAL LEADERSHIP POSITIONS IN NICKEL

- ❑ Eramet / SLN is one of the 'historical' global players in the nickel market, operating mines in New Caledonia since 1880
 - ❑ Today, it is the world's 5th largest nickel producer
 - ❑ Leadership positions in speciality products
 - The world's leading producer of ferronickel
 - The world's leading producer of nickel chloride
 - One of only three producers of high-grade nickel worldwide
- ➔ A solid basis to carry out growth operations in nickel

An ambition of growth in nickel

FINDING NEW, WORLD-CLASS DEPOSITS IS KEY TO THIS AMBITION

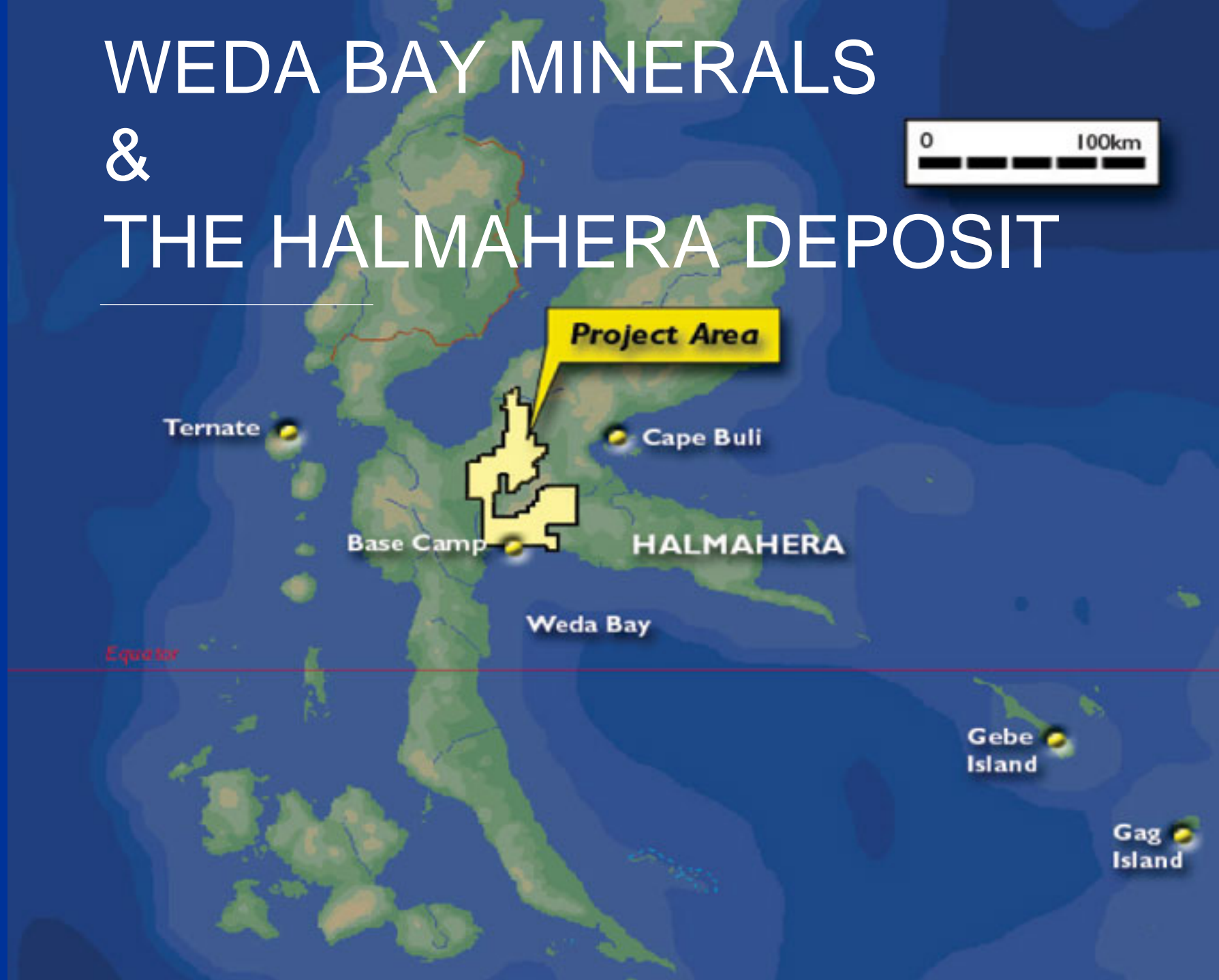
- ❑ Eramet is pursuing its development and investments in New Caledonia, with the 75,000 t programme, which is based on major deposits of garnierites for pyrometallurgical processing
- ❑ Completion during 2007 of the enrichment plant at Tiebaghi in the Northern Province
- ❑ But to go beyond this, Eramet must build avenues for growth by finding new, world-class deposits
- ❑ The Weda Bay deposit in Halmahera (Indonesia) is compatible with this aim
- ❑ Eramet also recently expressed its interest in the Prony deposit, in order to pursue its development in New Caledonia

An ambition of growth in nickel

A STRATEGIC DIMENSION: THE INDUSTRIAL IMPLEMENTATION OF HYDROMETALLURGY

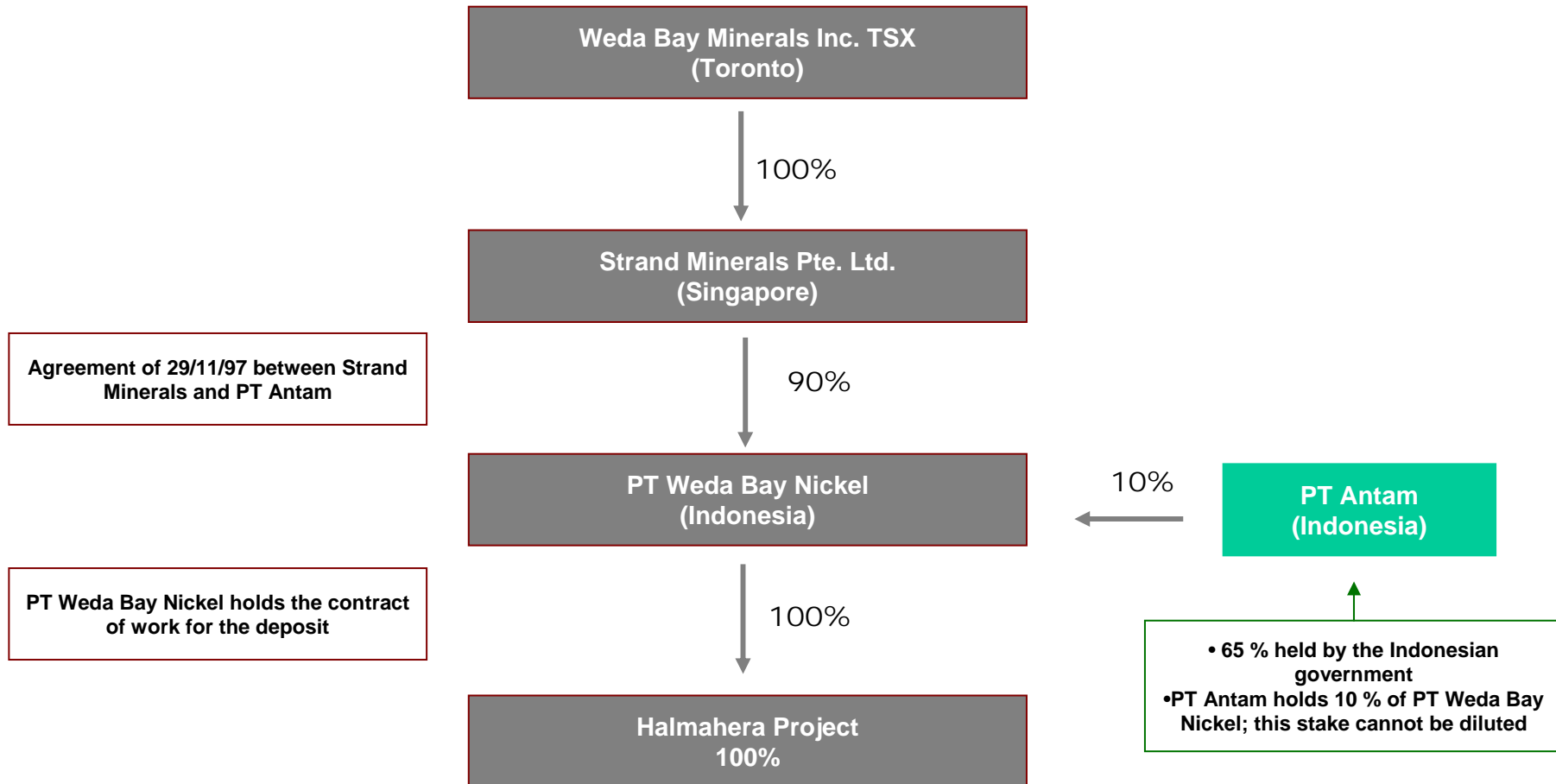
- ❑ The Halmahera ore, which is oxidized, will be processed in a plant using a hydrometallurgical process studied at Eramet's research centre in Trappes, as well as the first works carried out by Weda Bay Minerals as part of its pre-feasibility study
- ❑ Oxidized ore exploited using hydrometallurgical processes is the world's main nickel resource for the future, due to the gradual exhaustion of deposits suitable for pyrometallurgical processing
- ➔ **As well as the industrial realization of the Weda Bay project - in itself a major, long-term development - Eramet continues to increase its ability to develop other deposits using hydrometallurgical processes**

WEDA BAY MINERALS & THE HALMAHERA DEPOSIT



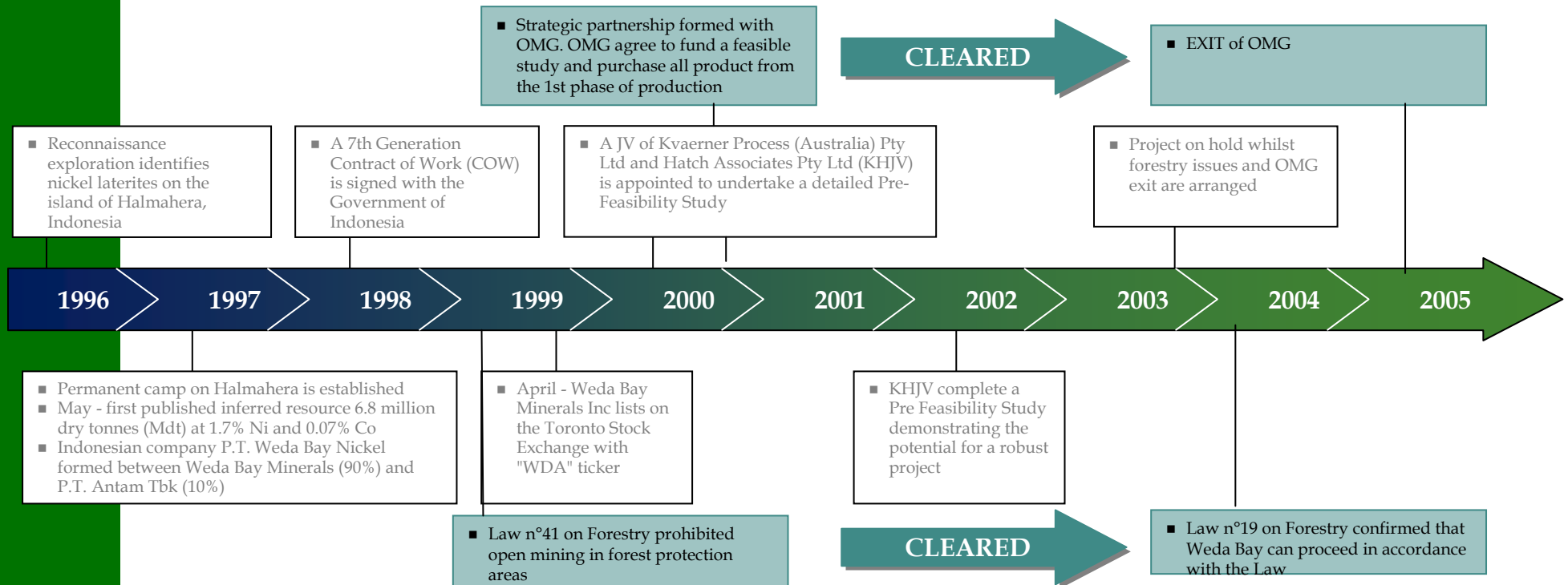
Control of the deposit

STRUCTURE OF WEDA BAY MINERALS



Achievements by Weda Bay Minerals

PROJECT HISTORY



The Weda Bay deposit at Halmahera (Indonesia)

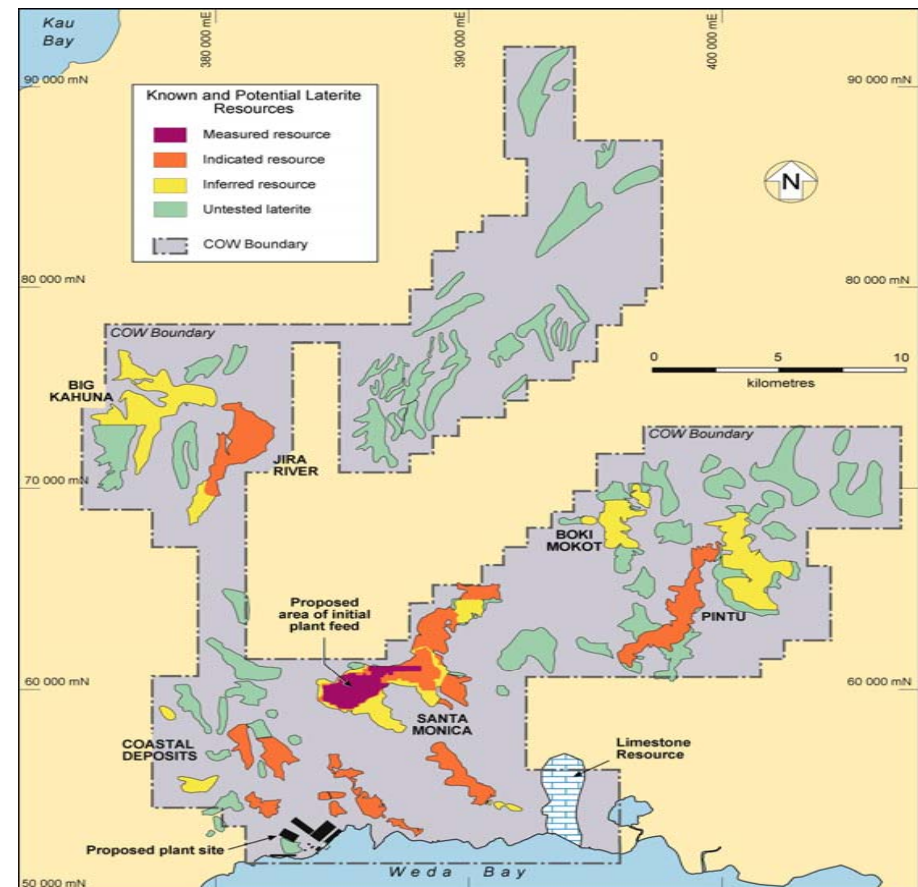
THE RESOURCES AND THEIR DISTRIBUTION

- A world-class nickel deposit in Halmahera (Indonesia)
- Current geological resources: 277 million tonnes at grading 1.49% Ni, 0.09% Co, or more than 4 million tonnes of nickel

Halmahera Geological Resources ⁽¹⁾			
	Mt*	Ni	Co
Measured and Indicated	154	1.45%	0.09%
Inferred	123	1.53%	0.08%
Total	277	1.49%	0.09%

- Possibility of further discoveries in unexplored areas

Resource Distribution



* Million dry tonnes

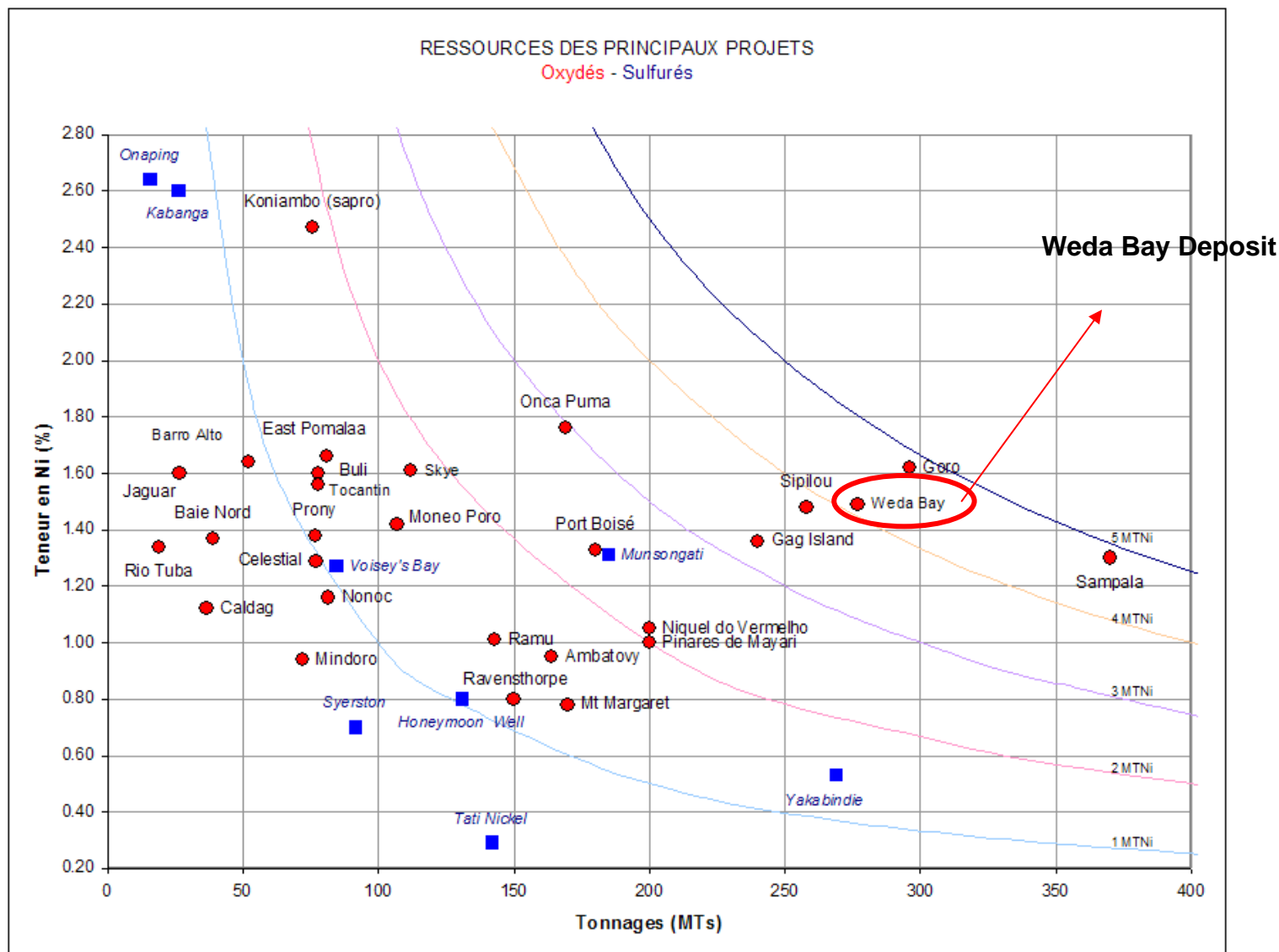
(1) Source: data provided by Weda Bay Minerals



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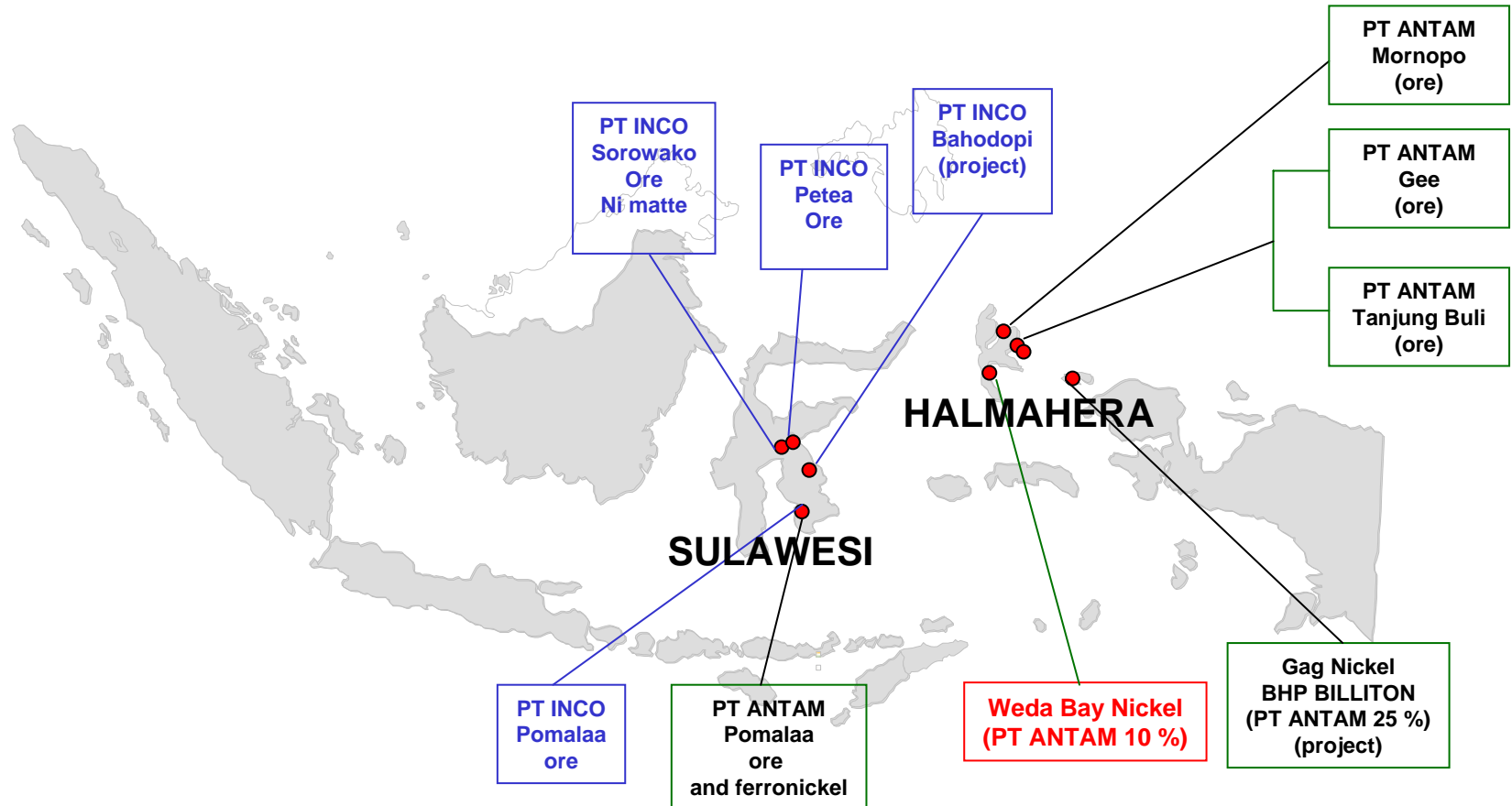
The Weda Bay deposit at Halmahera (Indonesia)

ONE OF THE WORLD'S LARGEST UNDEVELOPED DEPOSITS



The Weda Bay deposit at Halmahera (Indonesia)

A KEY POSITION IN INDONESIA, A MAJOR COUNTRY FOR NICKEL RESOURCES



The Weda Bay deposit at Halmahera

OTHER STRONG POINTS OF THE PROJECT

- ❑ Characteristics of the deposit
 - Deposit thinly covered
 - Chemical composition of ore well suited to hydrometallurgical processing
- ❑ Substantial Indonesian labour force potential, competitive and competent
- ❑ Logistics
 - Deep water port site
 - Abundant fresh water
 - Limestone on site (one of the raw materials for the hydrometallurgical process)
- ❑ Good relations with the management of Weda Bay Minerals and support from local authorities and populations
- ❑ Proximity to rapidly growing Asian markets

DEVELOPMENT OF THE PROJECT BY ERAMET

A professional and structured approach, involving all the parties concerned

Development of the project

A NECESSARY INITIAL PHASE OF RESEARCH BEFORE CONSTRUCTION

- ☐ Geology: pursuit of exploration and development of the mining plan
- ☐ Process: technical and economic feasibility studies; pilot plant
- ☐ Pursuit of environmental studies
- ☐ Consideration of local communities and the social and economic effects of the project



Development of the project

ERAMET'S CONTRIBUTION

- ❑ Geology: top-level knowledge of oxidized ore
 - ❑ Mining techniques: mastery of the most up-to-date techniques, particularly in environmental conservation (tailings stored in stabilized heaps, water management, etc.)
 - ❑ Process: expertise and resources of the Eramet group's Research Centre
 - ❑ Relationships: Eramet, because it has industrial implantations in very varied areas of the world, is used to respecting local culture and expectations
- ➔ **A major contribution by Eramet to the success of the Weda Bay project**

The development of the project

THE CONTRIBUTION OF THE MANAGEMENT OF WEDA BAY MINERALS

- ❑ Geology: knowledge of the deposit, expertise, management of local teams on site
 - ❑ Process: work on the pre-feasibility study
 - ❑ Knowledge of Indonesia
 - ❑ Good relationships built with the authorities and local communities in Halmahera
- ➔ **A major contribution to the success of the Weda Bay project**

Development of the project

THE PARTNERSHIP WITH PT ANTAM

- ❑ PT Antam currently holds a 10% stake in the project, which cannot be diluted
- ❑ PT Antam: a major Indonesian mining group
 - Ore: nickel, bauxite, gold, etc.
 - 2005 turnover: about USD 350 million
 - 65% controlled by the Indonesian government, and 35% controlled by the public via a listing on the Jakarta stock exchange
- ❑ PT Antam: an important player in the Indonesian nickel industry
 - Ore: production of 4.1 million tonnes of ore in 2005, including 3.4 million tonnes of saprolites and 0.7 million tonnes of laterites. Internal consumption, sales to PT Inco, exports to Japan, Australia and Ukraine.
 - Ferronickel: production of 7.3 kt in 2005. Installed capacity of 26,000 t with start-up of 3rd plant at Pomalaa
 - Other internal development projects under consideration
 - Minority shareholdings in the Weda Bay and Gag Island projects

➔ **Interests and activities close to those of Eramet**

FINANCIAL ASPECTS

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ERAMET

The price

AN OFFER SEEN AS ATTRACTIVE BY THE SHAREHOLDERS OF WEDA BAY MINERALS

- ❑ 37% above the weighted average share price in the 3 months preceding the offer
- ❑ 12.5% above the closing price on the day preceding the offer
- ➔ **A friendly offer, supported by the management of Weda Bay Minerals, which has found in Eramet a sound acquirer to develop the Weda Bay project**

The cost of the acquisition

RESOURCES AT A COMPETITIVE COST

Date Announced	Acquirer	Target Company	Target Country	Deal Value (US\$m)	Nickel Ores Total Resources (Mt)	Nickel Grades (%)	Contained Nickel (MkgNi)	Cost / total res. (\$c/lb)
1991	Inco	Goro	New Caledonia	25	199.0	1.67%	3,328	0.3
1995	Jinchuan & China Dev. Bank	Nonoc	Philippines	333.0	90.0	1.18%	1,062	14.2
1996	Inco	Voisey's Bay	Canada	3,200	100.0	1.94%	1,937	74.9
2001	WMC	Yakabindie	Africa	40	289.0	0.58%	1,676	1.1
2003	MRDC	Ramu	New Guinea	12	143.2	1.01%	1,446	0.4
2003	Dynatec	Ambatovy	Madagascar	38	190.0	1.10%	2,090	0.8
2004	European Nickel	Caldag	Turkey	3.9	36.0	1.30%	468	0.4
2004	Ivanplats Syerston	Syerston	Australia	20	76.8	0.73%	561	1.6
2005	CVRD	Canico	Brazil	805	168.9	1.76%	2,968	12.3
2005	Falconbridge	Kabanga	Tanzania	30	26.4	2.60%	686	2.0
2005	Sumitomo	Goro	New Caledonia	714	199.0	1.67%	3,328	9.7
Average excl. Voisey Bay								4.3
2006	Eramet	Weda Bay	Indonesia	196.4	277.0	1.49%	4,127	2.16

NB: These transactions relate to projects in different stages of development



Financing by Eramet

A STRATEGIC OPERATION TOTALLY COMPATIBLE WITH ERAMET'S FINANCIAL POLICY

- ☐ Financed via Group net cash
 - ☐ After the acquisition for EUR 198 million, net cash remains positive
- ➔ **Its financial position allows Eramet to consider other opportunities for external growth**

Investment spending

A STRATEGIC OPERATION TOTALLY COMPATIBLE WITH ERAMET'S FINANCIAL POLICY

- ❑ Initial studies: USD 50 - 75 million
- ❑ Investment range to be finalized during studies, but could be between USD 1.5-2 billion, mainly spread over 3 years

A CHANGE IN DIMENSION FOR THE GROUP, AND A TOP- QUALITY AVENUE OF GROWTH FOR ITS NICKEL DIVISION

Weda Bay

A NEW DIMENSION FOR ERAMET

- ❑ Nickel production will eventually be doubled, increasing Eramet's presence as a key, long-term player on the nickel market
- ❑ Increased geographical diversification and a substantial implantation in Indonesia, an important country for the nickel industry
- ❑ Technological and human development that creates other growth options in laterites, possibly in New Caledonia

THE WEDA BAY SITE



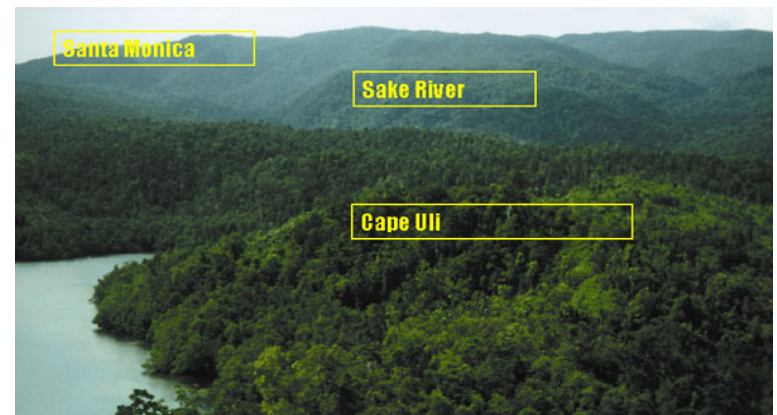
Exploration Camp site



Future site of plant and port



Airstrip



Cape Uli to Santa Monica

