



ANNUAL GENERAL MEETING 2015

The Year in Review & Looking forward

Dr. Danko Koncar
Chief Executive Officer

GROUP OVERVIEW

Afarak is a growing, integrated resource company producing chrome and supplying speciality products to the steel and stainless steel industries. The Company is listed on the NASDAQ Helsinki and the London Stock exchanges.



The Group's chrome operations are split into two businesses:

- **Speciality Alloys:**
 - Turkish mining operation (TMS)
 - German processing plant (EWW)
- **Ferro Alloys**, located in Southern Africa:
 - Stellite and Mecklenburg mines
 - Mogale processing plant
 - Development project – Vlaktepoort (SA)

2014 HIGHLIGHTS

- AFARAK remains committed on generating cash and increasing profits
- Sales volumes of processed material increased in both segments and growth in trading operations.
- The company achieved positive EBIT for the first time since entering the mineral business.
- The profit was positively affected by the sales of part of the saw mill equipment the Company acquired in 2008.
- Processing increased substantially in both segments during 2014.
- The granulation and converter plant at Mogale Alloys was commissioned in December 2014 and allowed the production of medium carbon ferrochrome, which as from 2015 will affect positively the profitability of Mogale Alloys
- Capital redemption of 2c per share

CHANGES AND UPDATES

- Board changes
- Updated our strategy, Afarak's goal is to maximize business growth and increase shareholder value. The aim is to enhance our value chain and improve efficiencies in order to achieve better financial performance.
- The group identified the following as the main goals
 - **Diversification**
 - In new product range to increase trading volumes
 - **Specialization**
 - Further develop our specialised niche products
 - **Consolidation**
 - Grow asset base geographically
 - Penetrate additional commodity markets
 - Enhance synergies by identifying potential consolidation opportunities
 - **Enhancing the value chain**
 - Deepen the vertical integration in order to reach better performance

Future Projects

Development of current operations

Afarak has started the evaluation process of the various projects and also aims to continue working to increase its chrome ore production.

Short term

- Investment in a fines recovery beneficiation plant in our Turkish mines
- Investment in dryer in the ferrochrome furnace at Mogale and the utilisation of burnt lime in the production process, effect as from Q3/2015
- Investment at Stellite to increase recoveries in H2/2015, effect on results as from H1/2016
- Commencement of open pit mining at Vlakpoort mine in South Africa in Q1/2016
- Commencement of underground operations at Mecklenburg mine in South Africa in 2017, with ramping up in Q3 2018

Medium Term

- Investment evaluation of ferrosilico chrome plant at EWW
- Investment evaluation of slag recycling at EWW
- Commencement of underground mining activities at Eagle mine in Turkey
- Commencement of underground operations at Stellite mine in South Africa



MINERAL RESOURCES & MINERAL RESERVES AS PUBLISHED

- **SOUTH AFRICA - CHROMITE & PGM (Platinum Group Metals)**
Stellite, Mecklenburg & Vlakpoort

TOTAL CHROMITE RESERVES & RESOURCES: **36.8 Mt**

TOTAL PGM*: **1.14 MOz.**

- **TURKEY (Group of Mines & Tailings)**

TOTAL CHROMITE RESERVES & RESOURCES: **7.1 Mt**

*PGM – Platinum Group Metal

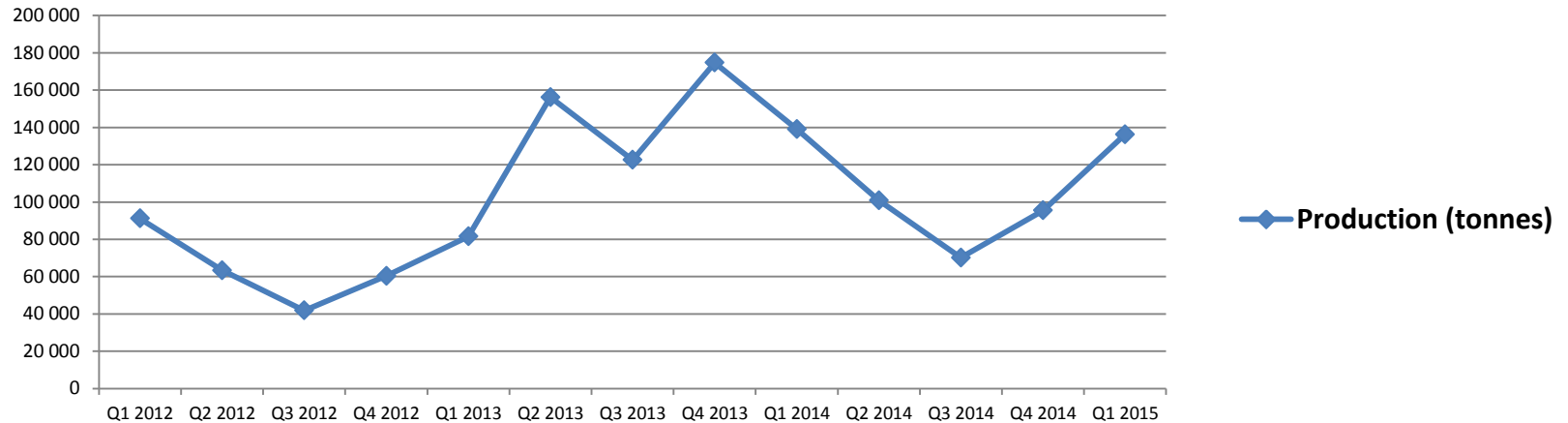
HEALTH & SAFETY

- Afarak Group's safety target is achieving ***ZERO HARM***
- Group has standardised safety, health & environmental policies
 - Regular safety training in all operational units
 - Periodic medical checks in all operational units
 - Periodic updating of safety and protection garments
- Safety records in all units are improving and are in line with the standard European data
- All operational units are within safety standards

GROUP PERFORMANCE

- **Production** : 405,660 tonnes
- **Revenue** : EUR 172.7 million
- **EBITDA** : EUR 8.4 million
- Cash balance of **EUR 13.3 million**, at 31 December 2014
- Cash balance of **EUR 11.5 million** on 31 March 2015

PRODUCTION BY QUARTERS



2013

- Ramping up of Mecklenburg in Q2
- Mogale produced at lower levels in Q1 and Q2 as participated in Eskom Buy back program
- Speciality Alloys segment produced at normal level

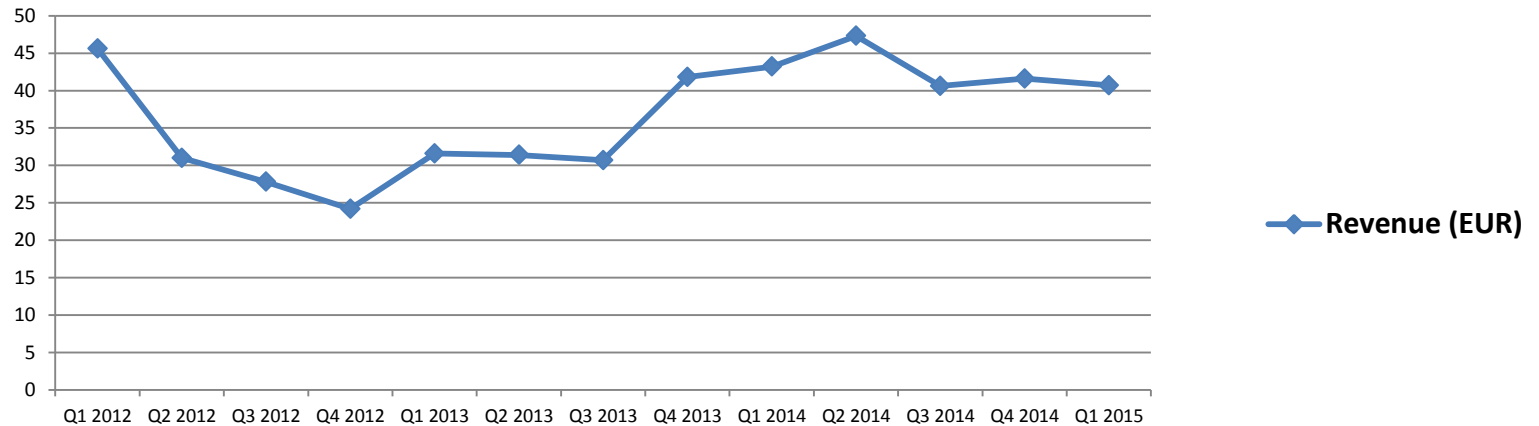
2014

- Mining at Mecklenburg suspended between Q2 and Q4
- Lock out and strike at TMS between Q2 to Q4
- Mogale production increased by 69.2 % YoY , with low production in winter months when energy cost high
- EWW production increased by 23.8% YoY

Q1/2015

- Mecklenburg operated at normal level
- Kavak mine resolved strike in March
- Processing production decreased by 4.85% YoY to reduce our stockpiles

REVENUE BY QUARTERS



2013

- Mining volume +264.4% YoY
- Processing volume -5.8% YoY
- Revenue of processed material effected by Mogale's participation in Eskom buy back program
- Revenue of mining material increased with the introduction of Mecklenburg mine material

2014

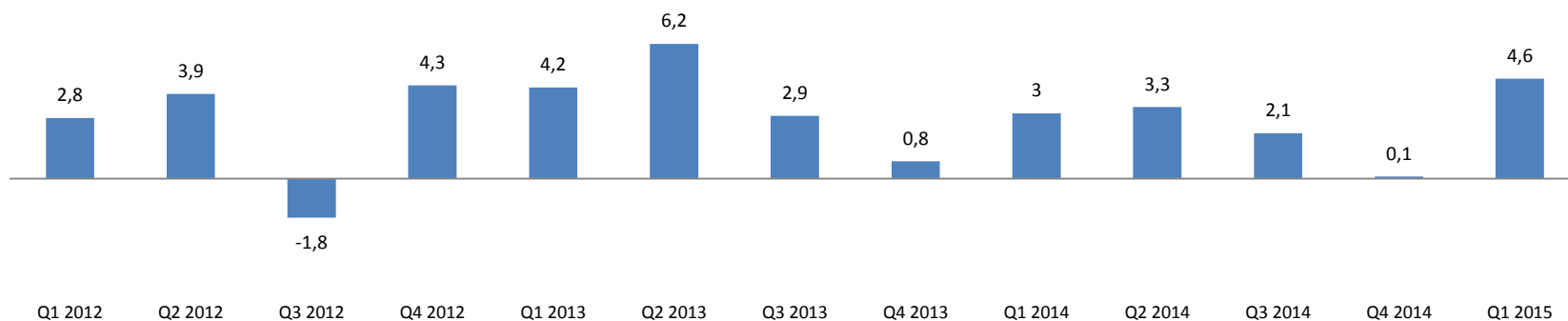
- Mining volume -36.7% YoY
- Processing volume 55.4% YoY
- Revenue of processing material positively affected as a result of higher production
- Revenue of Mining negatively affected by lower mining activity due to suspension at Mecklenburg and Strike and lockout in Turkish mines

Q1/2015

- Mining volume -47.2% QoQ
- Processing volume -7.4% QoQ
- Mining in Q1 decreased as a result of lower production volumes during
- Revenue of Special grade material continues positively in this quarter

PROFITABILITY BY QUARTERS

■ EBITDA (EURO Millions)



2013

- EBITDA +53.3% YoY
- Mainly due to improved profitability in FerroAlloys segment, reduction in overhead cost and lower production cost due to weakening of SA Rand
- EBITDA was negatively affected by joint venture (JV) share of loss of EUR -2.3 million, mainly attributable to finance expenses

2014

- EBITDA -39.7% YoY
- Mainly due to low profit margins, increase in production cost and net write-down of JV assets
- Q1 - Q3 affected by a weak US Dollar
- The Suspension and strike in mining activities negatively affected our result
- Sale of land in Turkey positively affected Q3 by EUR 1.2 million

Q1/2015

- EBITDA +54.8% QoQ
- Increase in EBITDA due to the strengthening of US Dollar on conversion to Euro
- Lower trading volumes and sales prices in FerroAlloys segment
- Share of JV EBITDA was EUR 0.3 million as a result of improved sales prices and reduced mining cost following new mining contractors



SPECIALTY ALLOYS PERFORMANCE

Financial Performance (EURO Millions):

	Q1 2015	FY 2014	FY 2013
Revenue	23.7	97.8	74.5
EBITDA	3.4	7.9	9.0
EBITDA margin %	14.5%	8.0%	12.1%
EBIT	2.9	5.7	-6.1
EBIT margin(%)	12.1%	5.8%	-8.2%

Production (tonnes):

	FY 2014	FY 2013
Mining:	35,848	70,988
Processing:	28,784	23,242

64,632t

2014
(total)

94,230t

2013
(total)

FERRO ALLOYS PERFORMANCE

Financial Performance (EURO Millions):

	Q1 2015	FY 2014	FY 2013
Revenue	16.8	74.8	61.1
EBITDA	1.8	3.1	8.8
EBITDA margin %	10.5%	4.1%	14.4%
EBIT	0.6	-1.4	2.0
EBIT margin(%)	3.6%	-1.8%	3.3%

Production (tonnes):

	FY 2014	FY 2013
Mining:	268,351	425,585
Processing:	72,677	48,463

341,028t

2014
(total)

474,048t

2013
(total)

Q1 2015 PERFORMANCE

Financial Performance (EURO Millions):

	Q1 2015	Q1 2014	FY 2014
Revenue	40.7	43.2	172.7
EBITDA	4.6	3.0	8.4
EBITDA margin %	11.4%	7.0%	4.9%
EBIT	2.9	0.9	1.7
EBIT margin(%)	7.2%	2.1%	1.0%

Sales (processed tonnes):

	Q1 2015	Q1 2014
Speciality Alloys	7,802	6,822
FerroAlloys	15,024	17,816
Total	22,826	24,638

Production:

136,222t

Q1 2015
(total)

139,084t

Q1 2014
(total)

MARKETS

- In Q1 2015 the strengthening of US dollars limited the increase in prices.
- Ferrochrome sales tonnages have failed to pick up as expected, in early 2015, in the major consuming markets.
- The market expectation is that in the standard grade ferrochrome trading volumes will be slightly better than 2014
- Speciality stainless steel producers market continues strong, especially the super alloy customers, where Afarak continued their strong supply
- There is expectation that there will be good demand
- Afarak's granulator producing medium carbon ferrochrome is coming up to speed and we expect an increase for our material as a result of lower market supply.
- The forecast for rest of the year looks positive.

2015 OUTLOOK

- The global growth in stainless steel production is expected to lead an increase in demand for chrome products in 2015.
- As occurred in 2014 where the chrome industry has not been able to increase chrome product prices it is unclear whether this upswing in prices will occur in 2015.
- At Mogale Alloys, part of the FerroAlloys division, the Company started production of medium carbon ferrochrome during the fourth quarter of 2014, this is expected to make a positive contribution towards the Company's profit margins in 2015.
- In the Speciality Alloys division Afarak expects to continue to see an increase in raw materials costs.
- The strengthening of the US dollar is also expected to improve the financial performance of the Company as compared to 2014.
- In 2015, Afarak's revenue is expected to remain at the same levels of 2014 and EBIT is expected to improve as compared to 2014.
- Fluctuations of exchange rates between the Euro, the South African Rand, the Turkish Lira and the US Dollar can significantly impact the Company's financial performance.