



**ERAMET**

Press release

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**ERAMET – partnership with the South Province of New Caledonia for development of the world-class nickel deposits of Prony and Creek Pernod**

Société Le Nickel (SLN) and the South Province of New Caledonia signed today a convention with a view to developing the Prony and Creek Pernod deposits, located in the south of New Caledonia, which constitute one of the world's largest nickel oxide resources. This signature follows the filing by SLN on 28<sup>th</sup> July 2008 of an application for an exploration permit, examined by the South Province, which invited competitive bids.

SLN is 56% controlled by the ERAMET Group, 34% controlled by Société Territoriale de Participation Industrielle (STCPI), which represents the interests of the New Caledonian Provinces, and 10% controlled by NISSHIN STEEL.

A joint venture, 50% controlled by SLN and 50% controlled by the South Province in an initial phase, will be created to conduct exploration of the deposit and research into the project. This company will be allocated exploration permits valid for three years and renewable twice: that is, valid for a maximum period of nine years. In the three years following the end of the exploration phase, the company will carry out a feasibility study for local metallurgical processing of ore. The project would involve production capacity of some 60,000 tonnes of nickel a year.

The hydrometallurgical technology developed by the ERAMET group's research centre in Trappes is completely appropriate for optimum processing of the Prony and Creek Pernod deposits, since it is applicable to both low-grade laterites and garnierites and enables cobalt processing. In addition to the Prony and Creek Pernod ore, the project would also allow for operation of the Thio and Kouaoua mines to be substantially prolonged, through exploitation of their low-grade garnierites, which currently cannot be processed by the Doniambo pyrometallurgical plant. Furthermore, the Group's technology provides an optimum solution for environmental protection in New Caledonia.

Financial valuation of the Province's contribution will be determined according to the quantity of nickel identified following exploration and the long-term nickel price. This calculation must take account of the necessary economic feasibility of the project.

Patrick BUFFET commented: *“The ERAMET Group and SLN welcome this new partnership with the South Province for the development of Prony and Creek Pernod. ERAMET has major long-term development ambitions in New Caledonia, where it has a very sound industrial base which has undergone extensive modernisation in recent years. Moreover, as I indicated in Noumea on 20<sup>th</sup> November 2008 to Mr Philippe Gomes, President of the South Province, when the time comes for talks on the renewal of the shareholders' agreement between*

*ERAMET, SLN and STCPI, the question of the size of STCPI's stake in the capital of SLN, in accordance with ERAMET's continued holding of a majority stake in SLN, will be included in the discussion. This matter will of course be subject to approval by the Board of Directors of ERAMET. The convention signed today between SLN and the South Province of New Caledonia fits in with the context of modernisation of SLN's corporate governance proposed by ERAMET."*

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*Vice-President Strategy and Investor Relations - Philippe Joly, Eramet (Paris):*

*Tel: +33(0)1.45.38.42.02*

*Shareholder information: <http://www.eramet.fr>*