



Growth in South China

With the rising affluence of China, growth in the paper industry continues at a remarkable pace.

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“China will drive paper market growth in Asia in the years to come”

Production growth in 2005 – 2010 was 10% CAGR, and is forecasted to grow at a rate of 8% CAGR from 2010 – 2015. Much of this future growth is in Southern China, with major expansions in the uncoated woodfree and packaging segments. In fact, the production of paper and packaging grades in Southern China is forecasted to grow from 6 million tons to more than 10 million tons by 2015.

One key target for IMERYS is the coated packaging sector. As producers move towards higher end products, the quality of the pigment that they use becomes more important.

To meet the increased demand for quality papers that require quality products in China, IMERYS registered IMERYS Minerals (Zhongshan) Co.,Ltd in November 2004, in August 2009 it was renamed IMERYS Minerals (Hezhou) Co.,Ltd. To date, the company has 11 employees, and has mineral reserves that total approximately 30 million tons in addition to a marble

grinding and processing plant which covers 38 acres.

IMERYS acquired the mineral rights for exploration in October 2007, and in 2008, the mining rights were obtained. Work started at the mine, in early 2009 with the removal of the overburden from the site. A great deal of preparation work had to be completed, by experienced teams from both China and Europe to improve the way the deposit was to be mined.

A mine model was prepared by our corporate geology teams, with the support of local geologists, to ascertain the correct way to excavate this deposit. New access roads, mine benches, the implementation of precise drilling and blasting procedures, to replace the local “toe” blasting practices, and a no overloading rule for our trucks are some of the improvements that have been made. As a result, the local authorities have been suitably impressed and have presented IMERYS with an award for its advanced mining practices.

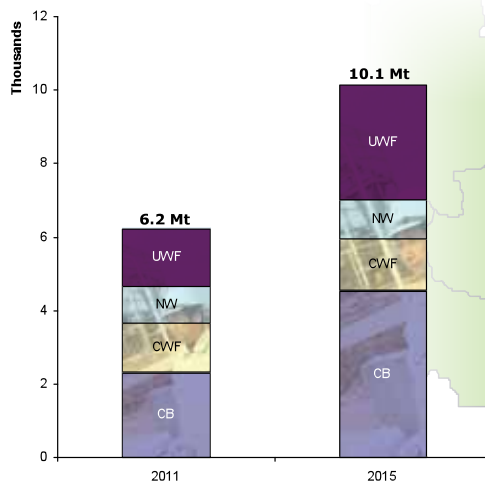


The Operation and Development Programme

The first phase of this project, the construction of the plant, began in 2009 and will be fully operational by the second quarter of 2011. This first phase includes a manufacturing plant which is scheduled to produce 200,000 tons of dry powder, a crushing plant and a mine which will have a planned capacity of 300,000 tons. Major equipment included in the first phase comprises four sets of vertical powder grinders with a separate crushing and feed system, and a vertical powder grinder with classifier.

With many potential projects in the region which require ground calcium carbonate (GCC), and with a rapid expansion within two major sectors expected in the next five years, specifically, coated board and uncoated woodfree IMERYS plans to further expand this plant in the near future.

Initial sales to Asia Pulp and Paper (Hainan) and other GCC customers in the Guangdong region are already underway.



*Include coated printing, uncoated P&W, coated packaging and newsprint

