



KwaZulu-Natal Investment Opportunities



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Trade &
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KwaZulu-Natal
• South Africa

DRIVING THE BUSINESS OF TRADE AND INVESTMENT

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SOUTH AFRICA AS AN INVESTMENT DESTINATION

South Africa today is one of the most sophisticated emerging markets globally. The unique combination of a highly developed first-world economic infrastructure and a huge emerging market economy has given rise to a strong entrepreneurial and dynamic investment environment.

South Africa has achieved a level of macro-economic stability not seen in the country for 40 years. These advances create opportunities for real increases in expenditure on social services and reduce the costs and risks for all investors, so laying the foundation for increased investment and growth.

The national Government year-to-date budget deficit was -4.2% in the second quarter of 2011, 1,3 percentage points below the average of 5.5% for the previous fiscal year.

Introducing the Province of KwaZulu-Natal

KwaZulu-Natal is South Africa's second largest economy, being the second the largest contributor to the country's GDP. The province is strategically placed with two of South Africa's busiest and largest ports, Durban and Richards Bay, and boasts the highest export propensity and the highest level of industrialisation in the country.

The economic structure in this province is based on a large manufacturing sector in which growth is driven by the paper products industry, ferro-alloys (such as aluminium) and other chemicals.

Further significant sub-sectors include motor vehicles and component manufacture, printing and publishing, food and beverage production, non-electrical, iron and steel, wood furniture, textiles and clothing.



2.



ECONOMIC OVERVIEW

SOUTH AFRICA

KWAZULU-NATAL

Official name

Republic of South Africa

Province of KwaZulu-Natal

Head of State

President Jacob Zuma

Provincial Premier

Premier Dr Zweli Mkhize

Capital cities

Cape Town (Legislative)

Pietermaritzburg

Pretoria (Administrative)

Bloemfontein (Judicial)

Population

49,9 million (mid 2011)

10,8 million (mid 2011)

Area

1,2 million Km²

93 450 Km²

Total GDP

R1,8 trillion (2010)

R298,76 billion (2010)

GDP growth

2,8% (2010)

2,7% (2010)

GDP per capita

R36 762 (2010)

R28 180 (2010)

Inflation

5,5% (Q3:2011)

5,1% (Q3:2011)

Exports value

R575,7 billion (2010)

R61,3 billion (2010)

Imports value

R575,1 billion (2010)

R69,0 billion (2010)

Main trading partners

USA, Germany,

USA, Japan,

United Kingdom

United Kingdom

China, Japan, France

Germany, China, India

3.



INVESTMENT OPPORTUNITIES

3.1 Manufacturing

3.1.1 Production of Titanium Pigments from Titanium Slag

Location: The pigment production facility would be located at Richards Bay so as to take advantage of existing slag and chlorine production, as well as access to a harbour for export.

Brief Description: The project will use locally-sourced titanium slag and chlorine, along with imported technology, to create titanium pigments for local consumption and export.

Rationale: South Africa has 10% of the world's reserves of titanium-bearing minerals and produces 6% of its titanium, mostly as titanium slag. This is exported for conversion to pigment. Production of titanium pigment has not yet been undertaken in South Africa. The technology is likely to become commercially available from existing practitioners who would provide technology partnerships.

Feasibility Study Status: Business Plan yet to be undertaken.

Required Investment: The capital equipment requirement for a plant producing some 150 000 tons per annum of titanium pigment would be R4 billion (US\$571 million). The net profit margin obtained would be 25%.

Employment Opportunities: The project would employ some 300 people at an average total cost, per person, of R405 000 per annum.



3.1.2 Production of Shaped Objects from Metal Powders

Location: Investigation into this possibility is at an early stage. Typically, a location at Richards Bay to take advantage of aluminium, titanium and iron feedstock would be preferred.

Brief Description: The production of metal powders and their utilisation for the manufacture of shaped objects is the definition of Powder Injection Moulding (PIM). This process has been used for more than 70 years for the production of structural metal components, self-lubricating bearings and cutting tools. Some 80% of PIM objects employed in South Africa are imported. It is proposed to build a R3,5 million components facility converting 175 tons of powder per annum.

Rationale: It is expected that more than 800 000 tons per annum of metal powder will be consumed in the world in the future, some 6% of it is in stainless steel and 3% in nickel, all South African specialties. Other areas in which South Africa may contribute, include aluminium powders (1,8%) and titanium. Production facilities exist in Atlantis in the Western Cape. Research into PIM is taking place at a number of South African Universities.

Feasibility Study Status: Business Plan is yet to be undertaken.

Required Investment: The capital equipment requirement for a plant producing some 175 tons of PIM products per annum would be R60 million (US\$8,5 million). The return on assets would be some 35%.

Employment Opportunities: The project will employ some 46 people at an average total cost, per person, of R200 000 per annum.

3.1.3 Production of Industrial Enzymes

Brief Description: Enzymes are naturally occurring, high molecular weight polymers of amino acids (proteins) that act as biological catalysts to regulate the speed of the many chemical reactions involved in the metabolism of living organisms. The basic function of an enzyme is to increase the rate of a reaction. Most cellular reactions occur about a million times faster than they would in the absence of an enzyme. They are also very specific in which reactions they can catalyze, and after the reaction is over, they are restored to their original state. The size of the enzyme market components is shown in the following table:

3. INVESTMENT OPPORTUNITIES (continued)

Enzyme Market Segment	Market Size	US\$ million
Technical enzyme		1 040
Animal feed enzyme		220
Food enzyme		740
Total		2 000

Protease is the dominant industrial enzyme and accounts for 25% of the market. Detergents in the technical enzyme sector are responsible for almost 80% of the consumption of proteases.

Global protease markets by region (US\$ million)

North America	215,2
Western Europe	197,2
Rest of the World	185,3
Total	597,7

Rationale: Volume growth of industrial enzymes is between 4% and 5% AAGR (average annual growth rate). The total industrial enzyme market in 2009 is expected to reach nearly US\$2.4 billion. The leading enzyme producers operate internationally, having cooperative arrangements and marketing facilities in different parts of the world. All enzyme producers recognise the importance of cost reduction in processing, to sustain the profitability of operation. South Africa can offer advantages in power and labour costs.

Location: Umbogintwini.

Feasibility Study Status: Business plan yet to be undertaken.

Required Investment: R80 million – R200 million (US\$11,4 million – US\$28,6 million).

Operating Costs: Probable revenue to cost ratio of 2:1.

Employment Opportunities: The project will possibly employ some 50 people at an average total cost, per person, of R140 000 per annum.

Project Promoter: Trade & Investment KwaZulu-Natal.

Contact person: Taurai Khumalo at +27 (0) 31 368 9660, or +27 766861636 or taurai@tikzn.co.za.

3.1.4 Mthojeni Aluminium Slug Plant

Location: Richards Bay Industrial Development Zone, uMhlathuze Local Municipality, some 170 km north-east of Durban, KwaZulu-Natal.

Brief Description: Production of aluminium discs used in the manufacture of cans and aerosol containers for both local and export markets which have already been established.

Rationale: The main focus is to establish a 12 000 ton Greenfield aluminium slugs manufacturing plant in the Richards Bay Industrial Development Zone. The project will bridge the gap between primarily aluminium produced in the area and the world-wide manufacturers of aerosol cans, medicinal tubes, bottle caps and automotive filter casings.

Feasibility Study Status: This has been completed.

Budget: Capex is estimated at approximately R120 million, of which plant costs, transport and assembly would consume approximately R87 million.

Employment Opportunities: Direct employment for 40 people will be generated.

Investor's Role: Funding and technical partnership sought.

3.1.5 Makhathini Renewable Energy Project

Location: Makhathini Flats near Jozini, KwaZulu-Natal some 270 km north-east of Durban.

Brief Description: The erection of an ethanol production plant which would use sugar cane as feedstock. The plant will also produce co-generated electricity. With the global swing towards increased consumption of bio-fuels and South Africa's expected sanctioning of bio-fuels projects, it is an apt time for investments of this nature. Critical to this project's success is the steady supply of feedstock from farmers in the area.

Feasibility Study Status: Completed.

Required Investment: R300 million.

Employment Opportunities: Yet to be determined.

Investor's Role: The project promoters are seeking equity investors, as well as technical

3. INVESTMENT OPPORTUNITIES (continued)

partners for the completion of the necessary feasibility studies.

3.1.6 Production of Building Panels from Gypsum Waste

Location: The project should be located in Richards Bay, KwaZulu-Natal, close to Foskor. It will involve the production of pre-cast load-bearing panels for building, using phospho gypsum waste, and requires the establishment of a 1,5 million m² per annum production facility located near the Foskor factory. The plant will produce enough panels to build 9 500 houses per year, as well as about 24 000 tons of various plasters (crack-fillers and all plasters) used within the building industry.

Brief Description: South Africa is faced with the challenge of housing the nation and has a current housing shortfall of about 2,2 million units, equating to a shortfall of R102 billion worth of housing projects by 2014.

This may be partly addressed through the creation of integrated settlements, using locally available resources, such as phospho gypsum waste as a raw material for plasterboard, wall panels, ceiling and roofing materials, for the construction of decent housing structures at a low cost.

Rationale: The proposed initiative aims to find viable alternative uses for waste phospho gypsum stream from Foskor (Pty) Ltd's Richards Bay plant, which is presently disposed of by pumping gypsum slurry from the phosphoric acid plants out at sea, which practice is not considered environmentally ideal. Various options have been considered to find value-added, income-earning uses for this waste stream as the current practice is costly to Foskor and not ultimately environmentally-friendly.

There are two main sources of gypsum, including gypsum from a partially decommissioned gypsum dam and from the phosphoric acid plant. Prior to the installation and operation of the gypsum disposal pipeline out to the sea, gypsum was accumulated in the gypsum dam.

Recovery of the gypsum from the gypsum dam will be challenging as the bulk of the inner volume is covered by a dry crust with wet material below. Although recovery is possible, it would have to be executed with a carefully planned recovery plan in order to prevent damage to the dam walls and uncontrolled flooding of gypsum slurry into the environment. The gypsum dam contains an estimated 12 to 15 million tons of gypsum waste.

The phosphoric acid plant is currently pumping approximately 3 million tons per annum into

the sea.

Value: The estimated capital cost of such a facility is R135 million. Rashtriya Chemicals and Fertilisers Ltd. (RCF), of India, set up a similar plant to manufacture building panels from waste gypsum with an investment of US\$15,6 million.

3.1.7 Waste Recycling using a Material Recovery Facility and Granulation

Location: Empangeni, City of uMhlatuze, Zululand, KwaZulu-Natal

Brief Description: The project seeks to establish a materials recovery operation to sort waste from the City of uMhlatuze into various marketable and recyclable grades, while land filling organic matter, as a first phase. The second phase includes the beneficiation of some of the recyclables, such as PET as granulates for the production of plastic crates, bins and the like, as well as paper into tissue paper. The third phase will involve pyrolysis of the organic matter into energy, which will be used to power the plant, with any excess being sold into the national grid.

Rationale: The project will provide for the sustainable utilisation of resources, the extension of the lifespan of landfills, improved environmental and pollution control, empowerment of historically disadvantaged members of local communities and the like.

Required Investment: The estimated investment cost is some R300 million.

Employment Opportunities: It is expected that at least 80 direct jobs will be created.

3.1.8 Industrial Gasses

Brief Description: Industrial gas demand has shown steady growth between 2003 and 2007. The South African utilities industry is forecast to have a volume to 100,3 billion cubic feet in 2012, constituting an increase of 12,6% since 2007. The industrial segment accounts for 41,1% of the South African utilities industry's value.

South Africa's gas infrastructure caters for the pipeline gas market and a small volume for the smaller bottled gas industry.

Rationale: A concept was derived from Germany and implemented in India, now owned by the Indians to manufacture oxygen, nitrogen and acetylene using calcium carbide, natural air and cooling water.

3. INVESTMENT OPPORTUNITIES (continued)

The process is safe, economical and cheap to operate and involves minimal energy consumption. The concept study highlighted market demand for industrial gasses and implementing this technology will have a tremendously positive impact on the reduction of industrial gasses as the raw material cost is minimal.

3.1.9 Piston Manufacturing

Brief Description: South Africa lost its last remaining automotive piston manufacturing capability with the closure of one of its stalwart companies in this industry. The global meltdown in the automotive industry had a significant impact on the company's decision to close down the plant in South Africa. The country now imports pistons from various parts of the world to support the automotive industry and after-market demand. The concept study carried out by Trade & Investment KwaZulu-Natal, highlighted the growing market demand for piston manufacturing.

Feasibility Study Status: A full feasibility study is to be carried out shortly to determine the feasibility of establishing a manufacturing facility in KwaZulu Natal for the manufacture of aluminium pistons.

Project Promoter: Trade & Investment KwaZulu-Natal.

Contact Person: Dhanesh Rampersad at +27 (0) 31 368 9604, +27 (0) 78 801 3411 or dhanesh@tikzn.co.za.

3.1.10 Trailer Manufacturing

Brief Description: During the past five years the R2,8 billion tank container industry in South Africa has witnessed a major shake-up. This was one of the largest industries of its type in the world, accounting for 40% of global demand. At its peak, almost 6 000 tank containers were produced annually, generating an export income of R800 million a year.

The industry boasts four manufacturers, Welfit Oddy, TFM, Duncanmec and GRW – a small Cape Town company which has recently re-entered the market. In 2003, South Africa held 68% of the world tank container market share and China held about 2%.

By 2007, however, South Africa's market share had dropped to 35%, while China's had increased to 60%. The primary market today is for export, with their business being 50%

euro-based and 50% dollar-based. The main reasons for the decline of the industry included a strong Rand and increased competition from China.

While the largest market for tank containers around the world is the moving of chemicals and other hazardous liquid materials, other liquids, such as wine, are increasingly being moved in tank containers instead of bottles, drums or flexi-bags. Increasing volumes of red wine are leaving South Africa in tank containers, as wine producers recognise the advantages over other container types – maintaining wine quality, reducing the likelihood of leakage and overall cost effectiveness.

While there is competition for tank containers from drums and flexi-bags, these are not ideal (and are often not allowed) for the transport of certain hazardous substances, in line with stringent environmental and safety laws introduced by governments around the world.

Rationale: An opportunity exists for the manufacturing of trailers to replace the tank transportation of these substances and so increase compliance with safety laws.

3.1.11 Aluminium Alloy Wheels

Location: Richards Bay, in the uMhlatuze Local Municipality some 170 km north-east of Durban, KwaZulu-Natal.

Brief Description: Aluminium alloy manufacturing facility to provide products to both the Original Equipment Manufacturers (OEM) and after-sale markets, locally and internationally. Negotiations have already begun for the export of product to the United Kingdom (Wofrace and Dymang) and for local supply of OEMs Ford, Toyota and Hyundai. Rationale: The raw material for production is readily available from BHP Billiton's smelter in Richards Bay. The technology needed within the plant is aluminium alloy die casting and is readily available. Environmental risk is low, as the hot metal would be transported on the "Hot Metal Road" and BHP Billiton produces suitable aluminium alloy to begin the production process.

Feasibility Study Status: This has been completed.

Budget: R82 million (US\$11,92 million).

Employment Opportunities: The potential job creation is 182 full-time positions within the plant.

3. INVESTMENT OPPORTUNITIES (continued)

Investor's Role: Funding and operations of manufacturing facility.

3.1.12 Titanium Metal

Brief Description: Manufacture of 10 000 tons per annum of Titanium Metal (8 : 2 – Ingots : Sponge). USPs include local raw material supply and the world's lowest cost electricity in Richards Bay.

Raw Materials: Titanium Tetra-Chloride from the proposed Chlor-Alkali complex and Magnesium Metal from the proposed Magnesium Metal Plant.

Technology: Electro-Chemical process technology is available.

Capex: R1,8 billion (US\$260 million) capital is required.

Markets: Exports would be to the aerospace and golf club industries.

Employment Opportunities: 250 direct jobs.

Shareholding: Shareholders are sought to proceed individually or with the Development Bank.

Environmental: An Environmental Impact Assessment will be required.

3.1.13 Titanium Dioxide

Brief Description: Manufacture of 120 000 tons per annum of Titanium Dioxide (TiO₂), as well as 44 000 tons per annum of Tetra-Chloride. USPs include the local supply of Titanium slag from two plants in close proximity and the world's lowest cost electricity in Richards Bay.

Raw Materials: 172 000 tons per annum of Titanium slag from Richards Bay Minerals (RBM) in Richards Bay and Exxaro in Empangeni. 50 000 tons per annum of Chlorine from Mondi in Richards Bay or the proposed Chlor-Alkali complex, as well as 21 000 tons per annum of Caustic Soda. While 41 000 tons per annum of Pet Coke would be imported.

Technology: Two main processes are available.

Capex: R2,9 billion (US\$420 million) capital is required.

Markets: World-wide export markets exist.

Employment Opportunities: 300 direct jobs.

Shareholding: Shareholders are being sought to proceed individually or with the Development Bank.

Environmental: An Environmental Impact Assessment will be required.

3.1.14 Sodium Chlorate

Brief Description: Manufacture of 40 000 tons per annum of Sodium Chlorate. USP is the world's lowest cost electricity in Richards Bay.

Raw Materials: Import of 25 000 tons per annum of salt through the port of Richards Bay.

Technology: Electrolysis technology is widely available, with Huron being most suitable.

Capex: Some R175 million (US\$25 million) capital is required.

Markets: Pulp mills in South Africa (approximately 36 000 tons per annum is utilised in South Africa, with 16 000 tons per annum imported), as well as the export of some 25 000 tons per annum, specifically to Asia.

Employment Opportunities: 20 direct jobs.

Shareholding: Shareholders are being sought to proceed individually or with proposed linkage industries and the Development Bank.

3.1.15 Chlor-Alkali Complex

Brief Description: Manufacture of 66 000 tons per annum of Chlorine, 165 000 tons per annum of Hydrochloric Acid and 77 000 tons of Caustic Soda. USP is the world's lowest cost electricity in Richards Bay.

Raw Materials: Importation of 115 000 tons per annum of Sodium Chloride (Salt) through the port of Richards Bay.

Technology: Electrolysis technology is widely available.

3. INVESTMENT OPPORTUNITIES (continued)

Capex: R945 million (US\$135 million) capital is required.

Markets: Caustic Soda to, mainly, local pulp mills, while the Chlorine and Hydrochloric Acid would be supplied to the proposed TiO₂ and Magnesium Metal projects.

Employment Opportunities: 160 direct jobs.

Shareholding: Shareholders are being sought to proceed individually or with proposed linkage industries and the Development Bank.

Environmental: An Environmental Impact Assessment will be required.

3.1.16 Aluminium Fluoride AlF₃

Brief Description: Manufacture of 30 000 tons per annum of Aluminium Fluoride (AlF₃), 5 000 tons per annum of Hydrofluoric Acid and 10 000 tons per annum of Fumed Silica. USP is the local supply of waste Fluorosilic Acid from Richards Bay's Foskor.

Raw Materials: 34 000 tons per annum of waste Fluorosilic Acid in Richards Bay and the importation of 33 000 tons per annum of Aluminium Hydroxide.

Technology: Buss Switzerland technology is proposed.

Capex: R1,61 billion (US\$230 million) capital is required.

Markets: SA (10 000 tons per annum of AlF₃ to BHP plants in Southern Africa) and worldwide exports.

Employment Opportunities: 55 direct jobs.

Shareholding: Shareholders are being sought to proceed individually or with foreign investors and the Development Bank.

Environmental: An Environmental Impact Assessment will be required.

Alternative Option: Complete a different proposal, utilising the dry process with South Africa's vast resources.

3.1.17 Wood Pellets for Energy

Brief Description: Extruding plant for solid bio-mass fuel, namely wood pellets. USP is the supply of local wood residues.

Raw Materials: Any wood residues, such as sawdust, woodchips and forest plantation trimmings, which would be obtained from the vast plantations surrounding Richards Bay or downstream there from.

Technology: Machinery supplied by BUHLER of Germany, with more than 100 years experience in milling and extrusions, will supply a plan with performance guarantees to ensure successful technology transfer.

Capex: A total of R56 million (US\$8 million), of which R35 million (US\$5 million) is for the plant, inclusive of training and site establishment.

ROI /Profitability: ROI of 25% total investment.

Markets: By 2010 some 15% of European Union power stations must convert to renewable energy sources, such as wood pellets from FSC certified forests. There is also a European market for domestic heating.

Employment Opportunities: 350 direct jobs, inclusive of some 300 people working in 19 “harvester” teams as collectors.

Shareholding: WH Plueckhan (German engineer) will hold 15% while the balance is available. A shareholding by the primary supplier is also in operation.

3.1.18 Magnesium Metal

Brief Description: Manufacture of 44 000 tons per annum of Magnesium Metal. USP is the world’s lowest cost electricity in Richards Bay.

Raw Materials: Importation of Magnesia through the port of Richards Bay, or utilise local aluminium, ferrosilicon, limestone/dolomite.

Technology: Via electrolysis of Chlorine or Hydrochloric Acid from proposed Chlor-Alkali complex, used with Magnesia to produce Magnesium Chloride then Magnesium Metal.

Capex: R1,2 billion (US\$170 million) capital required.

Markets: Proposed Titanium Metal plant or export.

Employment Opportunities: 350 direct jobs.

Shareholding: Shareholders are being sought to proceed individually or with the Development Bank.

3. INVESTMENT OPPORTUNITIES (continued)

3.1.19 Biotech Fuels Wood Pellet Plant

Location: Howick, KwaZulu-Natal.

Brief Description: The plant currently produces and exports 50 000 tons of pellets per annum, but needs to be upgraded to 80 000 tons and to develop a local market in order to improve viability. This will require additional Capex in the amount of US\$8 million.

Value: The current value of the plant is R250 million, with a projected value of R550 million within seven years.

Employment Opportunities: 55 direct jobs retained and an additional 10 new direct jobs created and at least 80 indirect jobs retained.

Seeking: Debt, equity or a combination for this expansion project of US\$8 million or US\$32 million to take on the existing debt as well.

Project Promoter: Ashley Francis, Managing Director. Well in excess of 20 000 tons of wood pellets were exported to Europe in 2009.

3.1.20 ET Umzimkulu Power Generation

Location: Port Shepstone, KwaZulu-Natal.

Brief Description: Dry clean sugar cane to recover the currently burnt trash, utilise trash through gasification process and GE Jenbacher engines, generate 10,2 MWe, greater than 30% electrical efficiency.

Capex: R195 million, return: 25% IRR post-tax, 30% equity (investment 50% pref share).

Value: R200 million (US\$28 million).

Employment Opportunities: 25 new jobs.

Seeking: Debt: R140 million. Equity: R60 million.

Project Promoter: Energy Technologies. Project requires an Environmental Impact Assessment and an Engineering Report, at an estimated total of R2,5 million.

Value: H350 million (US\$43,75 million).

3.1.21 Tyre Recycling and Processing

Brief Description: According to a feasibility study undertaken for the South African Tyre Manufacturing Conference (SATMC, 1998), 160,000 tonnes of scrap tyres are generated in South Africa each year. More than 28 million used tyres are dumped illegally or burnt to recover the steel wire annually, which is sold as scrap metal, a figure that is thought to increase by 9,3 million annually. Tyres are not readily accepted at landfill disposal sites as they are not easily compacted due to their elasticity and occupy a considerable volume.

Waste tyres are a tremendous problem throughout the world. Tyres are designed to be tough and hardwearing, once they are no good as tyres they are difficult to cut up, hard to store or transport and of little value to anyone. It is hardly surprising that in many countries it has been deduced that the best option is to simply burn them in cement kilns.

Rationale: Sustainable, controllable collection will benefit all South Africans and the environment by creating a recycling industry with exporting possibilities of recycled products, reducing pollution (smoke in air and illegal dumping) and improving road safety by reducing the risk of road accidents and health hazards.

The global challenge is to remain cost competitive with innovative products such as run-flat technology, lower rolling resistance and longer lasting tyres. Many well known imported brand holders are searching means in proving their seriousness to deal with the environmental problems surrounding waste tyres.

Location: Richards Bay.

Required Investment: R200 – R300-million.

Employment Opportunities: The project will possibly employ some 50 people.

Project Promoter: Trade & Investment KwaZulu-Natal.

Contact Person: Dhanesh Rampersad at +27 (0) 31 368 9604, +27 (0) 78 801 3411 or dhanesh@tikzn.co.za.

3. INVESTMENT OPPORTUNITIES (continued)

3.1.22 Manufacturing Of Polysilicon For Solar Power

Brief Description: As the interest in the solar energy market in SA continually grows, a study into the viability of a polysilicon plant is required to determine the feasibility of establishing a manufacturing facility in SA. Polysilicon is the key component in the manufacturing of Solar panels. It has been noted that SA's solar photovoltaic market has been facing a significant challenge owing to shortages and allocations of polysilicon over the past few years.

Polysilicon is the fundamental raw material for the current generation of solar cells and related silicon based electronic products. Basing on average growth of South Africa economy production of power energy is planned to be increased up to 60 000 MW in 2017 and doubled up to 80 000 MW in 2025 including renewable sources for providing of growing demand of SA Industries, Agriculture and Social sectors.

According to SA MME Report Silica demand in South Africa has been projected 30% increase as well as in SA Silicon Industry and Electronics are expected to record the fastest gains spurred by a rebound in the semiconductor market and industrial manufacturing.

Solar Power Panels will enable local Solar Power Units Assembly Plants in South Africa to supply private and parastatal enterprises and state organizations in the frame of SA Renewable Energy development program.

Location: Pietermaritzburg.

Feasibility Study Status: A full feasibility study is required to determine the possibilities of establishing the processing plant and its location.

Required Investment: R150 – R200-million.

Employment Opportunities: The project will possibly employ some 100 people.

Project Promoter: Trade & Investment KwaZulu-Natal.

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4.



INVESTMENT OPPORTUNITIES

4.1 Tourism

4.1.1 Nonoti Beach Development

Location: KwaDukuza, Ilembe, adjacent Prince's Grant Golf Estate and boasting a sea frontage.

Brief Description: This proposed development comprises a Beach Resort with 4 x 4-star hotels, entertainment facilities, cultural activities and restaurants on a 195 ha site. The hotels are planned to accommodate more than 850 people.

Value: R360,1 million (US\$45 million)

Employment Opportunities: 2 000.

Feasibility Study Status: The pre-feasibility study was conducted and completed at the end of October 2009. Full feasibility study recommending a development of 272 units (822 beds) and concept designs have been finalised. EIA and rezoning are underway and to be completed by December 2012. Construction to commence in 2013. Appointment of Management Company will be done on finalisation of EIA and rezoning.

Required Investment: The project promoters need an investment partner and management company.

4. INVESTMENT OPPORTUNITIES (continued)

4.1.2 Cengeni Game Reserve

Location: Ulundi, Zululand, at the gate of Umfolozi-Hluhluwe Game Reserve.

Brief Description: Development of a game reserve lodge with 18 chalets. This lodge will offer exclusive facilities with a 3-4 star service. It will be managed by a private company.

Required Investment: R60 million (US\$7,5 million). The project promoters need an investment partner.

Employment Opportunities: 50.

Feasibility Study Status: Pre-feasibility study has been completed. Need to do a full feasibility study and EIA.

Seeking: Investment Partner to develop the lodge. Require an operating or management company.

Project Promoter: Inqaba Community Trust.

4.1.3 Durban Point Waterfront

Location: The project is situated on Durban's waterfront, adjacent to the harbour, which is the busiest in Africa, and the popular uShaka Marine Theme Park.

Brief Description: This is a marina development, which includes a shopping mall, hotel, holiday apartments and restaurants. This is the third phase of the waterfront development.

Feasibility Study Status: An Environmental Impact Assessment process has been finalised. The widening of the nearby harbour entrance has been completed. The project needs



investors in all development nodes.

Required Investment: R5 billion (US\$625 million)

Employment Opportunities: 3 300

Project Promoter: Durban Point Waterfront.

4.1.4 King Shaka International Airport Hotel

Brief Description: This is a 32.3 ha vacant site that is earmarked for the development of a hotel, convenience shops and warehousing.

Location: La Mercy, Durban. The site is 500m next to the new King Shaka International Airport.

Required Investment: R300 million (USD 37.5 mil). The promoters need an investment partner and an operator.

Feasibility Study Status: Rezoning application has been submitted to eThekweni Municipality.

Employment Opportunities: 200.

Project Promoter: Edstan Investment Company.

Contact person: Thokozani Chili at +27 (0) 31 368 9629, + 27 (0) 78 802 9765 or thokozani@tikzn.co.za.

4.1.5 Kings Estate Development (WeWe Development Project)

Brief Description: Kings Estate aims to create an integrated, contemporary mixed use development on a 623 hectare site, comprised of a viable blend of industrial, commercial, retail, office, healthcare, and residential products. Set within the highly competitive environment of the King Shaka International Airport and Dube Tradeport, Kings Estate will consist of Industrial and Services parks, with a combination of general and light industries. Along the boundary of the Tongaat River, the comparatively level topography of the site allows for large industries.

4. INVESTMENT OPPORTUNITIES (continued)

Industries such as food, beverages and tobacco; as well as metal, metal products, machinery and equipment are foreseen as focal development sectors. Residential and commercial components, including medical, retail and offices will also form part of the development.

Location: Site is situated between two municipalities, 55% within the KwaDukuza Local Municipality and 45% with eThekwini Municipality.

Feasibility Study Status: A full business plan has been completed and is available on request. EIA process is currently underway and anticipated ROD will be granted in March 2012.

Required Investment: Multi million rand investment. Total financials available on request.

Employment Opportunities: The project will possibly create 2963 employment opportunities.

Project Promoter: Trade & Investment KwaZulu-Natal

Contact Person: Fathima Amra at +27 (0) 31 368 9632, +27 (0) 822124795 or fathima@tikzn.co.za.

4.1.6 Umgababa Beach Resort Development

Brief Description: uMgababa Holiday Resort was built in July, 1969 on the KwaZulu-Natal coast. The resort was meant to play an extremely significant role for the black population within the framework of separate development as the sole coastal beach resort for blacks to holiday at. The site was previously used by Anglo American Corporation as a mineral titanium plant which closed down in 1963. The uMgababa beach resort project is on the rise again and in 2002 and 2003 future investment of more than R50 million from the public and private sector was envisaged to be allocated to the revival of Umgababa. eThekwini Municipality embarked on an extensive infrastructure overhaul and renovations of the few beach facilities that are currently being used by a handful of locals. It has been identified in the Integrated Development Plan of the Municipality as a priority beach resort development within Umgababa. TIKZN together with eThekwini are currently funding the development of a feasibility study for the Umgababa Beach resort development. This study is anticipated to be completed by end

March 2011.

Location: South Coast of Durban.

Feasibility Study Status: Pre-feasibility completed. Land is zoned for tourism development.
Full feasibility study still be undertaken.

Investment required: Still to be determined.

Employment Opportunities: Still to be determined.

Project Promoter: Trade & Investment KwaZulu-Natal.

Contact Person: Fathima Amra at +27 (0) 31 368 9632, +27 (0) 822124795 or
fathima@tikzn.co.za.

5.



INVESTMENT OPPORTUNITIES

5.1 Agriculture

5.1.1 Industrial Starch Production from Cassava

Location: This project is located in the northern part of KwaZulu-Natal.

Brief Description: This project involves the establishment of a Cassava Starch Processing Plant on 10 000 ha of land. The intention is to create a core estate which could supply at least 30% of plant requirements and the balance to be contracted.

Value: Economic returns of at least R90 million per annum from roots and about R150 million per annum from starch. US\$30 million in forex savings.

Required Investment: The estimated cost of investment is approximately R400 million, with IRR of 15,5% and payback period of 8,8 years. The project specifications include 240 000 tons of cassava root per annum and about 60 000 tons of starch.

Employment Opportunities: 500 direct jobs, supporting at least 300 farmers.



5.1.2 Soya Bean Production and Processing in Amajuba

Location: Amajuba (Newcastle) and Umzinyathi Districts, Zululand, KwaZulu-Natal.

Brief Description: South Africa is a net importer of soybean products. The soybean market is divided between oil, whole soybean and soya protein meal. The oil has industrial and edible uses, whole soybeans are used for human consumption and the protein meal is used for human consumption and animal feed. While local production has increased in recent years, it consistently fails to meet national demand, which is driven largely by the demand for protein meals for the dairy and meat production industries. There is high local demand for oilseed cake, which is used for animal feed and for edible soybean oil.

The lack of soybean processing capacity in South Africa necessitates product importation. A total of 904 000 tons of oilcake was imported last year, mainly from Argentina, the world's third largest producer of oilcake. Soya oilcake imports into South Africa rank third in terms of the country's top-10 agricultural imports.

In 2007 South Africa imported oilcake valued at R1,47 billion, representing a 5% share of total agricultural imports value. Average year-on-year import growth is about 22%. Feed manufacturers import between 75% and 80% of their soya oilcake and pay between R55 million and R60 million in customs duties per annum for an input used in the manufacture of feed. Soya oilcake, a major ingredient in animal feed production, is currently being imported from Argentina.

Rationale: There are about 45 000 to 50 000 ha of land available for the production of soya beans, yielding some 100 00 tons of soya bean. A processing plant is required to process soya bean into oil which will be used for human consumption for bio-fuel and oilcake for animal feed production.

A plant, which will focus on the two mainlines – including oil and animal feed – is required to be set up in the Amajuba District or the Zululand District. There are currently a number of commercial producers of soya beans within these Districts, as well as in the Bergville area of the KwaZulu-Natal Midlands and in the Mpumalanga Province who could supply feedstock to the factory.

Required Investment: The estimated investment cost is some R500 million.

5. INVESTMENT OPPORTUNITIES (continued)

5.1.3 Edible Salts

Brief Description: The production of salt in South Africa is limited by supply, rather than demand. Although South Africa's salt production has averaged growth of 2,8% per annum during the past 10 years, the country currently imports more than 50% of its requirements to meet local demand, and particularly demand for chemical grade salt.

South Africa does, however, export refined and pharmaceutical salt to markets within the region, such as the Democratic Republic of Congo, Zambia, Malawi and Zimbabwe. The country is ranked 44th as a producer, with an annual production of 411 000 tons per annum. Six companies produce about 82% of the nation's salt where there are 23 salt pans operated by 18 salt companies.

Rationale: Opportunities exist for small-scale producers of salt to exploit inland salt-pans because production is inexpensive by comparison with salt recovery from seawater.

5.1.3 Packing Line for Ntingwe Green Tea Production

Location: Ntingwe, close to Nkandla, KwaZulu-Natal.

Brief Description: Ntingwe tea has received funding from DAEA, DED and Ithala Development Finance Corporation Limited to be used for conducting a green tea experiment. In terms of the experiment, the role of Trade & Investment KwaZulu-Natal is to engage a marketing consultant to Ntingwe Tea.

Rationale: In an effort to turn Ntingwe to profitability and save 800 existing jobs, various turn-around strategies are being considered and, if feasible, implemented. Two such projects being considered include the manufacture of green tea and the packaging of both black and green tea on-site, so as to brand the tea and compete in the available retail space.

Required Investment: Estimated investment for green tea processing plant and capitalisation of the estate is approximately R150 million.

5.1.4 Ilembe Agro-Processing Hub

Location: Ilembe District, close to KwaDukuza (Stanger) some 69 km north-east of Durban, KwaZulu-Natal.

Brief Description: Six main components of the project include an Agro-processing hub, a sub-tropical fruit training farm, a vegetable and herb training farm, the Stanger market, collection depots and transport, a de-bulking unit and the provision of bridging finance.

Rationale: The intent of the project is to:

- Provide diversification options to sugar cane production in the district;
- Provide an implementation strategy to enable the evolution of small-scale producers and subsistence farmers to improve livelihoods and, eventually, to commercialisation;
- Become a centre for farmer support in all respects (training, mentoring, production credit, production planning, crop collection, sorting, grading, marketing and the like);
- Provide sustainable value adding to selected crops through proven technology processes;
- Implement a facility that complies with the international requirements set for food safety. The facility needs to be HACCP and ORGANIC-certified through an IFOAM-approved body;
- Products manufactured or handled through the hub should have a proven market for the short, medium and long-term;
- To assist interested informal traders become bankable by obtaining formal trading stands (addresses) and to become part of organised agriculture, food and related goods distribution in the district; and
- To enable informal traders/hawkers to become more formal retailers and, eventually, have the opportunity to graduate to becoming commercial traders and/or wholesalers.

Feasibility Study Status: A feasibility study has been completed.

Required Investment: R315 million (US\$45,0 million).

Employment Opportunities: 200.

Investor's Role: Private sector anchor tenant or equity partner in agro-processing hub.

5. INVESTMENT OPPORTUNITIES (continued)

5.1.5 Amajuba 60HA Hydroponic Techno Park

Location: Amajuba (Newcastle) District some 340 km north of Durban, KwaZulu-Natal.

Brief Description: This project stems from the need to produce tomatoes under controlled conditions for the tomato drying plant described above and which is situated nearby. The project will be developed to cater for the controlled production of vegetables to supply local demand. Later, the project will be expanded and the production of vegetables will eventually be aimed at the broader market outside the district.

It is envisaged that the project will be developed over three years. The Techno Park, which will be established in close proximity to the Newcastle Airport, will be professionally managed and space in the park will be rented to farmers who wish to partake in the project, which will have the effect of also ensuring skills transfer. This ensures clear control, quality control and ensures that the project is sustainable.

Feasibility Study Status: A full Feasibility Study and Business Plan are available.

Required Investment: Total estimated investment value is approximately R750 million. This project is targeted as a joint venture initiative with emerging farmers.

Employment Opportunities: To be determined.

Investor's Role: The promoters seek equity investors in order to reduce the debt/equity gearing ratio for the project.

6.



KEY CONTACTS

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6. KEY CONTACTS (continued)

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Trade & Investment KwaZulu-Natal promoted strategic business growth in the province.

Services to prospective inward investors include:

- Pre- and post-establishment support, such as feasibility studies, liaison with government departments, marketing, technical and financial analyses, and assistance with legal formalities and regional regulations;
- Provision of infrastructure and utilities;
- Lease or sale of land and property;
- Loans for the acquisition of plant and equipment;
- Working capital loans; and
- Introductions to key contacts, such as auditing companies, legal practitioners, material suppliers and shipping groups.

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Ithala Development Finance Corporation Limited

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Dube TradePort

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Durban Investment Promotion Agency

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DRIVING THE BUSINESS OF TRADE AND INVESTMENT

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