The Outlook for Sulphur

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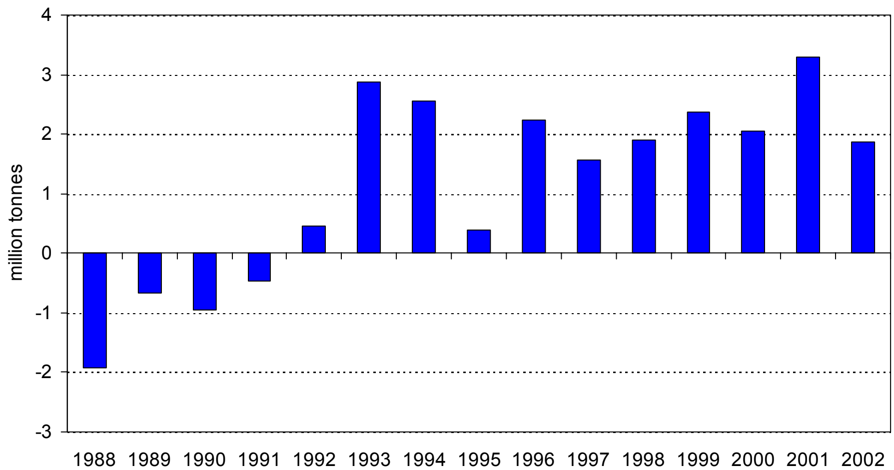
British Sulphur Consultants

The Past

- Persistent supply surpluses
- Weak prices

World Brimstone Balance 1988-2002



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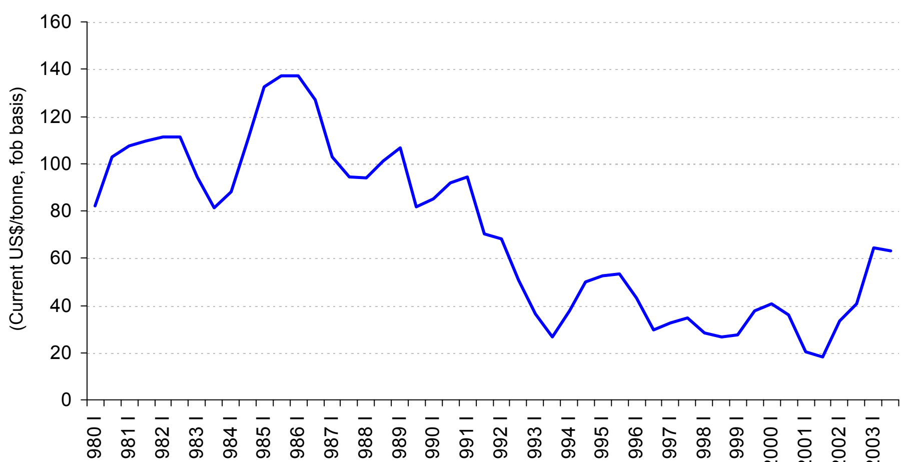
Vancouver Sulphur Price Trends, 1980-2003



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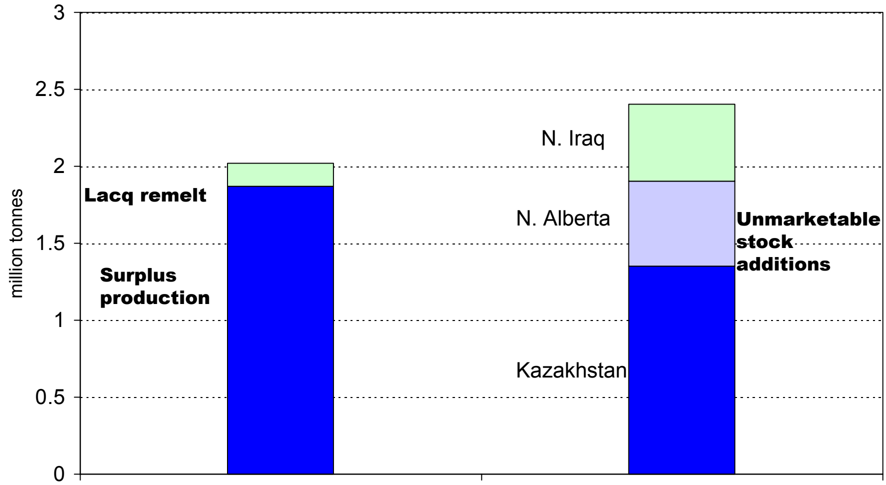
Sulphur Market Balance 2002



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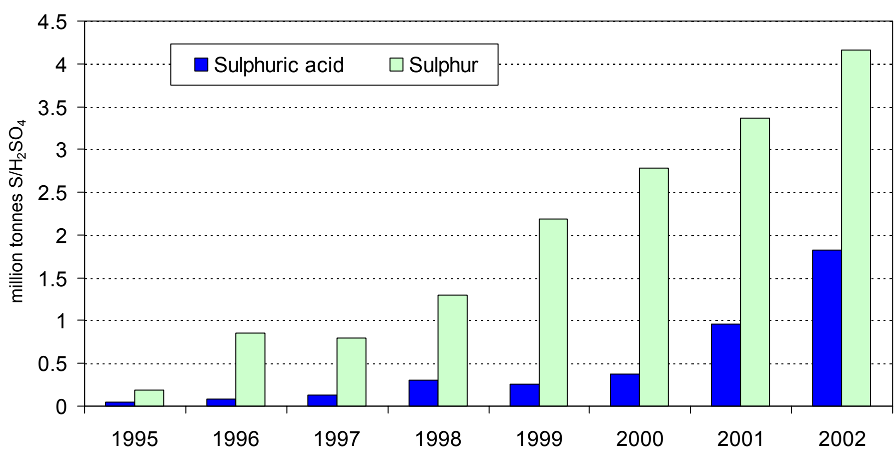
China: Sulphur and Sulphuric Acid Imports, 1995-2002



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Smelter Closures, 1999-2003

Region	No of plants closed	Acid loss ('000 t/y)
North America	6	2,650
Europe	7	690
Asia/Oceania	3	500
Total	**16**	**3,840**

The Future: 1987

The supply crisis and impending exhaustion of Canadian stocks which seemed likely only two years ago are no longer indicated.

The Future: 2003

Key factors –

- Gas re-injection
- China
- Nickel

Gas Re-injection

Kashagan oil and gas field,
Kazakhstan
Sulphur production

No re-injection:	Up to 7 MMt/y
Re-injection:	2-3 MMt/y

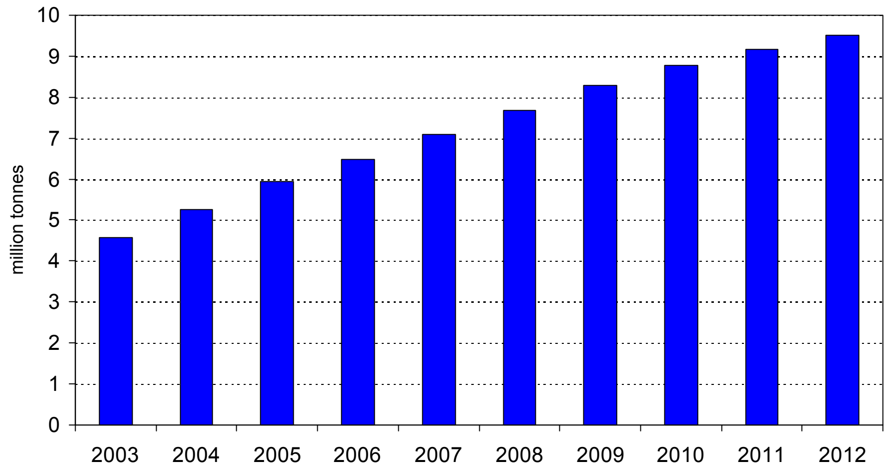
Sulphur Recovery from Gas Historical and Forecast Growth

	1992-1997	1997-2002	2002-2007	2007-2012
Increment (MMt)	3.59	3.60	3.98	2.19
Compound growth	4.1% pa	3.4% pa	3.2% pa	1.6% pa

Chinese Brimstone Demand

- Huge further growth potential
- Historical acid production growth 7.8% p.a.

China: Apparent Sulphur Import Requirement, 2003-2012



Nickel-Cobalt Leaching

- Huge reserves of laterites, scarce reserves of sulphides
- Very strong nickel demand growth
- Impending supply shortfall
- 10 tonnes S per 1 tonne Ni

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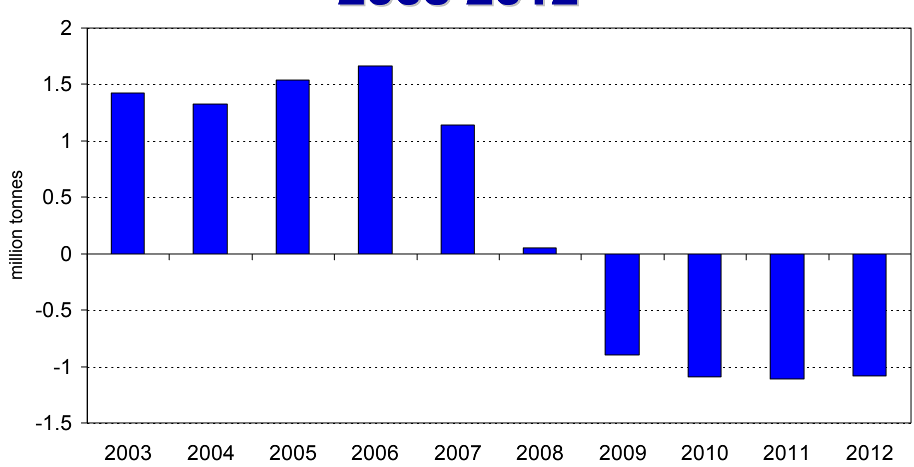
Identified Unexploited Nickel-Cobalt Deposits

Type of deposit	No of deposits	Contained Ni (MMt)
Sulphide	4	3.3
Laterite	28	43.1

World Brimstone Balance 2003-2012



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Price

A key determinant of supply and demand