None of the Canadian securities regulatory authorities, the United States Securities and Exchange Commission, any state securities commission in the United States or the JSE Limited has approved or disapproved of the proposed arrangement and related transactions involving TEAL Exploration & Mining Incorporated and African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc. and 42696 Yukon Inc. described herein, or passed upon the merits or fairness of the arrangement or upon the adequacy or accuracy of the information contained in this notice of special meeting and management proxy circular. Any representation to the contrary is a criminal offence.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF
TEAL EXPLORATION & MINING INCORPORATED
TO BE HELD ON FEBRUARY 13, 2009

AND

MANAGEMENT PROXY CIRCULAR

WITH RESPECT TO A PLAN OF ARRANGEMENT AND RELATED TRANSACTIONS

involving

TEAL EXPLORATION & MINING INCORPORATED

and

AFRICAN RAINBOW MINERALS LIMITED,
COMPANHIA VALE DO RIO DOCE,
42685 YUKON INC.
AND 42696 YUKON INC.

JANUARY 19, 2009

RECOMMENDATION TO SHAREHOLDERS

The Board of Directors of TEAL Exploration & Mining Incorporated ("TEAL") (other than certain directors abstaining due to their relationship with African Rainbow Minerals Limited ("ARM")) unanimously recommends that all shareholders vote FOR the special resolution to approve the Arrangement that, if completed, will result in the acquisition of all the outstanding shares of TEAL, other than those held by ARM or affiliates of ARM, for consideration of CDN$3.00 per share in cash.

These materials are important and require your immediate attention. They require shareholders of TEAL to make important decisions. If you are in doubt as to how to make such decisions, please contact your professional advisors or Georgeson Shareholder Communications Canada Inc., the proxy solicitation agent for TEAL, at +1-416-862-7952 (from North America) or +27-11-870-8215 (from South Africa).

Dear Shareholder,

It is my pleasure to extend to you, on behalf of the board of directors (the "**Board of Directors**") of TEAL Exploration & Mining Incorporated ("**TEAL**" or the "**Company**"), an invitation to attend a special meeting of the shareholders of the Company (the "**Meeting**") to be held on Friday, February 13, 2009 at 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) at Boardroom G3, 24 Impala Road, Chislehurston, Johannesburg, South Africa. Shareholders of the Company unable to attend in person at the Meeting in Johannesburg may attend the Meeting by conference telephone call by attending at the offices of Fasken Martineau DuMoulin LLP, 66 Wellington Street West, 42nd Floor, Calvin Boardroom, Toronto, Ontario at 10:00 a.m. Toronto time on Friday, February 13, 2009.

At the Meeting, you will be asked to consider and, if thought advisable, approve, with or without variation, a special resolution (the "**Arrangement Resolution**") with respect to a plan of arrangement contemplated by an arrangement agreement made as of December 15, 2008 (the "**Arrangement Agreement**") among the Company, its controlling shareholder, African Rainbow Minerals Limited ("**ARM**"), Companhia Vale do Rio Doce ("**Vale**") and two wholly-owned subsidiaries of ARM, 42685 Yukon Inc. and 42696 Yukon Inc. (the "**Purchaser**").

The Arrangement Agreement provides for a series of transactions pursuant to which Vale will acquire 50% of the outstanding shares (and certain debt) of a wholly-owned subsidiary of TEAL ("**Newco**") (to which TEAL will have previously transferred all of its interests in the various holding companies that indirectly hold TEAL's interests in its development projects and exploration assets), for an aggregate amount of CDN$80,905,955, being the amount that would notionally be required to purchase 50% of the outstanding common shares of TEAL (the "**TEAL Shares**") at CDN$3.00 per share. TEAL will then undertake a plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (Yukon) pursuant to which, among other things, TEAL will amalgamate with the Purchaser to create a new corporation ("**Amalco**"). Upon the amalgamation, all of the TEAL Shares held by shareholders other than ARM and its affiliates will be converted on a one-for-one basis into redeemable preference shares of Amalco, and immediately thereafter all such redeemable preference shares will be redeemed by Amalco for cash consideration of CDN$3.00 per share. The cash redemption price for the redeemable preference shares of Amalco will be, in effect, transferred to the Purchaser using the proceeds of Vale's investment described above. Such transactions, together with certain other related transactions, are referred to as the "**Proposed Transactions**". Following the completion of the Proposed Transactions, ARM and Vale will each hold a 50% indirect interest in Newco, which will hold directly or indirectly substantially all of the current consolidated assets and liabilities of TEAL, and will operate such assets as joint venture partners. Shareholders other than ARM and its affiliates will have no continuing interest in the Company or its assets. The TEAL Shares will be de-listed from the Toronto Stock Exchange (the "**TSX**") and the JSE Limited following the completion of the Proposed Transactions. TEAL will also apply to terminate its reporting issuer status in Canada.

The cash amount of CDN$3.00 per share payable to shareholders other than ARM and its affiliates under the Arrangement represents a premium of: (i) 329% over the CDN$0.70 closing price of the TEAL Shares on the TSX on December 15, 2008, being the last closing price prior to the announcement of the Proposed Transactions; (ii) 879% over the 20-day volume-weighted average price of the TEAL Shares on the TSX for the period ended December 15, 2008; and (iii) 822% over the 30-day volume weighted average price of the TEAL Shares on the TSX for the period ended December 15, 2008.

To become effective, the Arrangement Resolution must be approved by (i) at least two-thirds of the votes cast at the Meeting in person or by proxy by holders of TEAL Shares, and (ii) a simple majority of the votes cast at the Meeting in person or by proxy by shareholders, excluding ARM, its affiliates and, potentially, certain others ("**Minority Shareholders**"). The Arrangement is also subject to approval by the Supreme Court of the Yukon Territory (the "**Court**") at a hearing to be held as soon as possible following the Meeting.

Prior to entering into the Arrangement Agreement, the Board of Directors established a committee of directors independent of ARM (the "**Independent Committee**"), comprised of George Jones (Chair), Norman Hardie and Dr. Murray Hitzman, to oversee and supervise the process carried out by TEAL in responding to the Proposed Transactions and to advise the Board of Directors with respect to any recommendation that the Board of Directors should make to Minority Shareholders. The Independent Committee retained CIBC World Markets Inc. as its independent financial advisor to prepare a formal valuation of the TEAL Shares (the "**Valuation**"). CIBC World Markets Inc. concluded that, as of December 15, 2008, the TEAL Shares had a fair market value of CDN$1.73 to CDN$3.06 per TEAL Share. CIBC World Markets Inc. also provided an opinion to the Independent Committee that the consideration of CDN$3.00 per share in cash to be received by the Minority Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Minority Shareholders (the "**Fairness Opinion**").

The Independent Committee unanimously resolved to recommend that the Board of Directors approve the Proposed Transactions, authorize the Company to enter into the Arrangement Agreement and recommend that the Minority Shareholders vote their TEAL Shares in favour of the Proposed Transactions. In reaching its conclusions, the Independent Committee

considered, among other things, the following: (i) the Valuation and Fairness Opinion of CIBC World Markets Inc.; (ii) the consideration of CDN$3.00 per share in cash to be paid to Minority Shareholders; (iii) the equality of effective share consideration between ARM and the Minority Shareholders; (iv) the sale process conducted by ARM with the assistance of its financial advisor; (v) the Independent Committee's conclusion that the prospect of a superior offer for the TEAL Shares from a third party is remote; (vi) the reputation of Vale and probability of completion of the Proposed Transactions; (vii) the limited liquidity of the TEAL Shares; (viii) the procedural protections for the benefit of Minority Shareholders in connection with the Proposed Transactions; (ix) the applicable Canadian tax considerations for Minority Shareholders in connection with the Arrangement; and (x) certain other factors including current market conditions and the Company's financial position.

ON THE RECOMMENDATION OF THE INDEPENDENT COMMITTEE AND AFTER CONSULTATION WITH TEAL'S FINANCIAL AND LEGAL ADVISORS, THE BOARD OF DIRECTORS OF TEAL (OTHER THAN CERTAIN DIRECTORS ABSTAINING DUE TO THEIR RELATIONSHIP WITH ARM) UNANIMOUSLY RECOMMENDS THAT TEAL SHAREHOLDERS VOTE FOR THE ARRANGEMENT RESOLUTION.

The attached Management Proxy Circular (the "**Circular**") contains a detailed description of the Proposed Transactions and other information relating to the Company, ARM and Vale as well as the full text of the Valuation and Fairness Opinion prepared by CIBC World Markets Inc. We urge you to consider carefully all of the information in the Circular. If you require assistance, please consult your financial, legal or other professional advisor. The attached Circular and Notice of Special Meeting of Shareholders are being provided to holders of share appreciation rights of the Company ("**TEAL SARs**"); however, TEAL SARs do not entitle the holders to voting rights at the Meeting.

As a TEAL shareholder, you may attend the Meeting in person or may be represented by proxy. Registered TEAL shareholders who are unable to attend the Meeting or any adjournment or postponement thereof in person are requested to date, sign and return the accompanying form of proxy printed on WHITE paper for use at the Meeting or any adjournment or postponement thereof. Registered holders of TEAL Shares other than those on the South African branch register (the "**SA Branch Register**") should return the accompanying form of proxy in the envelope provided or by facsimile to TEAL (c/o Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1 (Attention: Proxy Department), facsimile: 1-866-249-7775 or +1-416-263-9524). Registered certificated holders of TEAL Shares on the SA Branch Register should return the accompanying form of proxy in the envelope provided to TEAL (c/o Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (P.O. Box 61051, Marshalltown, 2107)). All TEAL shareholders are requested to return the form of proxy not later than 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) on Wednesday, February 11, 2009, or if the Meeting is adjourned or postponed, prior to 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) on the second business day preceding the date to which the Meeting is adjourned or postponed. Failure to do so may result in your TEAL Shares not being eligible to be voted at the Meeting. Voting by proxy will not prevent you from voting in person if you attend the Meeting and duly revoke any previously granted proxy, but will ensure that your vote will be counted if you are unable to attend. **This is an important matter affecting the future of the Company and your vote is important regardless of the number of TEAL Shares you own. If you require any assistance in completing your proxy, please contact Georgeson Shareholder Communications Canada Inc., the proxy solicitation agent for the Company, at +1-416-862-7952 (from North America) or +27-11-870-8215 (from South Africa)**.

Registered holders of TEAL Shares (other than those on the SA Branch Register) should complete and return the enclosed letter of transmittal printed on YELLOW paper (the "**Letter of Transmittal**"), together with the certificate(s) representing your TEAL Shares, to Computershare Investor Services Inc. (the "**Canadian Depositary**") at the address specified in the Letter of Transmittal. Registered certificated holders of TEAL Shares on the SA Branch Register should complete and return the enclosed form of surrender printed on PINK paper (the "**Form of Surrender**") together with the certificates representing your TEAL Shares to Computershare Investor Services (Proprietary) Limited (the "**South African Depositary**") at the address specified in the Form of Surrender. The Letter of Transmittal and Form of Surrender contain other procedural information relating to the Arrangement and should be reviewed carefully. It is recommended that registered holders of TEAL Shares (other than those on the SA Branch Register) complete, sign and return the Letter of Transmittal with accompanying TEAL Share certificates to the Canadian Depositary as soon as possible, and preferably not later than 10:00 a.m. Toronto time (5:00 p.m. Johannesburg time) on Wednesday, February 11, 2009. Registered holders of TEAL Shares on the SA Branch Register are recommended to complete, sign and return the Form of Surrender with accompanying TEAL Share certificates to the South African Depositary as soon as possible, and preferably not later than 12:00 p.m. Johannesburg time (5:00 a.m. Toronto time) on Thursday, February 26, 2009.

Subject to obtaining the approval of the Court and other required regulatory approvals, if shareholders of the Company approve the Arrangement Resolution, it is anticipated that the Arrangement will be completed in February 2009.

On behalf of the Company, we would like to thank all shareholders for their ongoing support as we prepare to take part in this important event in the history of TEAL.

Yours truly,

(signed) HANNES O. MEYER
Acting Chief Executive Officer and Chief Financial Officer
TEAL Exploration & Mining Incorporated

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN by TEAL Exploration & Mining Incorporated ("**TEAL**" or the "**Company**") that a special meeting (the "**Meeting**") of holders of common shares ("**TEAL Shares**") in the capital of TEAL will be held on Friday, February 13, 2009 at 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) at Boardroom G3, 24 Impala Road, Chislehurston, Johannesburg, South Africa (with participation by conference telephone call available in Toronto, Ontario, Canada as described in Note (1) below) for the following purposes:

1. to consider, pursuant to an order of the Supreme Court of the Yukon Territory dated January 13, 2009 (the "**Interim Order**"), and, if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix B to the accompanying Management Proxy Circular (the "**Circular**"), approving, among other things, a plan of arrangement (the "**Arrangement**") pursuant to section 195 of the *Business Corporations Act* (Yukon) (the "**YBCA**") and related transactions involving the Company, African Rainbow Minerals Limited ("**ARM**"), Companhia Vale do Rio Doce ("**Vale**"), 42685 Yukon Inc. and 42696 Yukon Inc. (together with ARM, Vale and 42685 Yukon Inc., the "**Purchaser Parties**"), all as more particularly described in the Circular, which resolution, to be effective, must be passed by an affirmative vote of the following:

   (a) at least two-thirds of the votes cast at the Meeting in person or by proxy by holders of TEAL Shares ("**TEAL Shareholders**"); and

   (b) a simple majority of the votes cast at the Meeting in person or by proxy by all TEAL Shareholders other than (i) any "interested party" to the Arrangement within the meaning of Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions* of the Ontario Securities Commission and l'Autorité des marchés financiers (Québec) ("**MI 61-101**"), (ii) any "related party" of an interested party within the meaning of MI 61-101 (subject to the exceptions set out therein), and (iii) any person that is a joint actor with any of the foregoing for the purposes of MI 61-101 ("**Minority Approval**"); and

2. to act upon such other matters, including amendments to the foregoing, as may properly come before the Meeting or any adjournment or postponement thereof.

NOTES:

(1) TEAL Shareholders unable to attend in person at the Meeting in Johannesburg may attend the Meeting by conference telephone call by attending at the offices of Fasken Martineau DuMoulin LLP, 66 Wellington Street West, 42nd Floor, Calvin Boardroom, Toronto, Ontario at 10:00 a.m. Toronto time on Friday, February 13, 2009.

(2) The record date for determination of the TEAL Shareholders entitled to receive notice of and to vote at the Meeting is January 14, 2009. Only TEAL Shareholders whose names have been entered in the appropriate register of TEAL Shareholders at 5:00 p.m. Toronto time on that date will be entitled to receive notice of and to vote at the Meeting, provided that a transferee of TEAL Shares after the record date who establishes ownership of such TEAL Shares in accordance with the requirements of the YBCA and demands, not later than 10 days before the Meeting, to be included in the list of TEAL Shareholders eligible to vote at the Meeting, will be entitled to vote those TEAL Shares at the Meeting.

(3) To the knowledge of the directors and senior officers of TEAL, after reasonable inquiry, the only votes that are to be excluded in determining whether Minority Approval has been obtained are the votes in respect of 35,000,001 TEAL Shares beneficially owned by ARM and its affiliates.

(4) Pursuant to the Interim Order, registered TEAL Shareholders are entitled to dissent in respect of the Arrangement. If the Arrangement becomes effective, a dissenting TEAL Shareholder is entitled to be paid the fair value of such dissenting TEAL Shareholder's TEAL Shares, provided that such dissenting TEAL Shareholder has delivered a written objection to the Arrangement Resolution to the Company by 4:00 p.m. Whitehorse time (7:00 p.m. Toronto time) on Wednesday, February 11, 2009 (being 2:00 a.m. Johannesburg time on February 12, 2009) or at such time on the date in Whitehorse and Toronto that is two business days preceding the Meeting if it is postponed or adjourned and has otherwise strictly complied with the provisions of section 193 of the YBCA, as modified by the Interim Order. This right is described in detail in the accompanying Circular under the heading "Dissenting Shareholder Rights". The text of section 193 of the YBCA, which will be relevant in any dissent proceeding, is set forth in Appendix F to the Circular. **Failure to comply strictly with the dissent procedures described in the Circular may result in the loss of any right of dissent. Beneficial owners of TEAL Shares registered in the name of a broker, investment dealer, bank, trust company, nominee or other intermediary who wish to dissent should be aware that only registered TEAL Shareholders are entitled to dissent.** It is a condition of the Arrangement in favour of Vale that dissent rights shall not have been validly exercised with respect to more than 5% of the issued and outstanding TEAL Shares.

(5) A TEAL Shareholder may attend the Meeting in person or may be represented by proxy. Registered TEAL Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof in person are requested to date, sign and return the accompanying form of proxy printed on WHITE paper for use at the Meeting or any adjournment or postponement thereof. Registered holders of TEAL Shares other than those on the South African branch register (the "**SA Branch Register**") should return the accompanying form of proxy in the envelope provided or by facsimile to TEAL (c/o Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1 (Attention: Proxy Department), facsimile: 1-866-249-7775 or +1-416-263-9524). Registered certificated holders of TEAL Shares on the SA Branch Register should return the accompanying form of proxy in the envelope provided to TEAL (c/o Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (P.O. Box 61051, Marshalltown, 2107)). All TEAL shareholders are requested to return the form of proxy not later than 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) on Wednesday, February 11, 2009, or if the Meeting is adjourned or postponed, prior to 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) on the second business day preceding the date to which the Meeting is adjourned or postponed. Voting by proxy will not prevent you from voting in person if you attend the Meeting and duly revoke any previously granted proxy, but will ensure that your vote will be counted if you are unable to attend. If you require any assistance in completing your proxy, please contact Georgeson Shareholder Communications Canada Inc., the proxy solicitation agent for the Company, at +1-416-862-7952 (from North America) or +27-11-870-8215 (from South Africa).

(6) The Circular, a copy of which is attached hereto, is deemed to form part of this Notice of Special Meeting.

(7) The Circular and this Notice of Special Meeting are being provided to holders of share appreciation rights of the Company ("**TEAL SARs**") pursuant to the terms of the Interim Order; however, TEAL SARs do not entitle the holders to voting rights at the Meeting.

DATED at Johannesburg, South Africa, this 19th day of January, 2009.

BY ORDER OF THE BOARD OF DIRECTORS OF
TEAL EXPLORATION & MINING INCORPORATED

(signed) HANNES O. MEYER
Acting Chief Executive Officer and Chief Financial Officer

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INFORMATION CONTAINED IN THIS CIRCULAR

All capitalized terms used in this Circular have the meanings set forth under "Glossary of Terms" which is attached as Appendix A to this Circular. Information contained in this Circular is given as of January 19, 2009 unless otherwise specifically stated.

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of TEAL for use at the Meeting and any adjournments or postponements thereof. Except for Georgeson Shareholder Communications Canada Inc., the solicitation agent engaged by the Company, no Person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

This Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy by any Person, in any jurisdiction in which such an offer or solicitation is not authorized or in which the Person making such offer or solicitation is not qualified to do so, or to whom it is unlawful to make such an offer or solicitation.

All summaries of, and references to, the Arrangement in this Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Schedule 'C' to the Arrangement Agreement, which is attached as Appendix C to this Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

The information contained in this Circular concerning ARM, Vale, 42685 Yukon Inc. and 42696 Yukon Inc. is based solely upon information provided to TEAL by ARM and Vale. With respect to this information, the Board of Directors has relied exclusively upon ARM and Vale, as the case may be, without independent verification by TEAL.

NOTICE TO UNITED STATES SHAREHOLDERS

TEAL is a Canadian issuer. TEAL has prepared this Circular in accordance with the disclosure requirements of Canada and the Arrangement is to be carried out in accordance with the applicable Laws of Canada. TEAL Shareholders should be aware that such requirements are different from those of the United States.

TEAL Shareholders who are not residents of Canada should be aware that the disposition of TEAL Shares pursuant to the Arrangement may have tax consequences in Canada, the United States and elsewhere, which may not be described fully herein. TEAL Shareholders are urged to consult their own tax advisors concerning the tax consequences of the Arrangement in any relevant taxing jurisdiction and in light of their particular circumstances.

The enforcement by TEAL Shareholders of civil liabilities under United States federal securities Laws may be affected adversely by the fact that TEAL is incorporated under the Laws of the Yukon Territory, substantially all of its directors and officers are not residents of the United States, and some or all of the experts named in the Circular are resident outside the United States, and that a substantial portion of the assets of TEAL and such persons may be located outside the United States. As a result, it may be difficult for TEAL Shareholders to effect service of process within the United States upon such persons or to enforce against them judgments of courts of the United States predicated upon civil liabilities under United States federal securities Laws or the securities or "blue sky" Laws of any state within the United States. TEAL Shareholders in the United States should not assume that Canadian courts (or the courts of any other country) (a) would enforce judgments of United States courts obtained in actions against TEAL or such directors, officers and experts predicated upon the civil liability provisions of United States federal securities Laws or the securities or "blue sky" Laws of any state within the United States, or (b) would enforce, in original actions, liabilities against TEAL or such directors, officers and experts predicated upon United States federal securities Laws or any state securities or "blue sky" Laws.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THIS TRANSACTION RELATES TO THE SECURITIES OF A FOREIGN COMPANY AND IS SUBJECT TO DISCLOSURE REQUIREMENTS OF A FOREIGN COUNTRY THAT ARE DIFFERENT FROM THOSE OF THE UNITED STATES.

NOTICE TO SOUTH AFRICAN SHAREHOLDERS

TEAL is a Canadian issuer. TEAL has prepared this Circular in accordance with the disclosure requirements of Canada and the Arrangement is to be carried out in accordance with the applicable Laws of Canada. TEAL Shareholders should be aware that such requirements are different from those of South Africa.

TEAL Shareholders who are not residents of Canada should be aware that the disposition of TEAL Shares pursuant to the Arrangement may have tax consequences both in Canada and in South Africa which may not be described fully herein. The South African tax treatment of TEAL Shareholders pursuant to the Arrangement is dependent on their individual circumstances and the tax jurisdiction applicable to such TEAL Shareholders. It is recommended that TEAL Shareholders consult their own tax advisors in this regard.

CURRENCY AND EXCHANGE RATES

All references to "dollars" or "$" in this Circular are to Canadian dollars, unless otherwise indicated. References to "US$" are to the currency of the United States of America. References to "ZAR" and "Rand" are to South African Rand. On January 16, 2009, the noon rates of exchange as reported by the Bank of Canada were: (i) $0.1247 for each ZAR1.00; and (ii) $1.2542 for each US$1.00.

The Arrangement Agreement provides that the Consideration due to each TEAL Shareholder is to be paid in Canadian dollars. In order to comply with applicable requirements in South Africa, TEAL Shareholders that hold their shares through Strate are to receive their Consideration in Rand, as calculated using the rate of exchange for Canadian dollars into Rand quoted by the Bank of Canada at noon on the date that is two Business Days before the last date to trade TEAL Shares on the JSE.

FORWARD-LOOKING STATEMENTS

This Circular contains forward-looking statements with respect to the transactions contemplated by the Arrangement Agreement, TEAL's financial condition, results of operations, business, prospects, plans, objectives, goals, strategies, future events, capital expenditures, and exploration and development efforts. Words such as "anticipates", "expects", "intends", "plans", "forecasts", "projects", "budgets", "believes", "seeks", "estimates", "could", "might", "should", and similar expressions identify forward-looking statements. These statements may include comments regarding: operations and synergies of the combined entity, production, grade, feasibility studies, development costs, capital and operating expenditures, exploration, and the closing of certain transactions including the Proposed Transactions.

Although TEAL believes that the plans, intentions and expectations reflected in these forward-looking statements are reasonable, TEAL cannot be certain that these plans, intentions or expectations will be achieved. Forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks include, but are not limited to, the following: (a) the inability of the Company to obtain: (i) all required Regulatory Approvals and necessary consents, (ii) approval of the Arrangement by the Supreme Court of the Yukon Territory, and (iii) approval of the Arrangement by the Minority Shareholders at the Meeting; (b) a failure by the Company to complete any required or necessary pre-Arrangement corporate reorganizations; (c) the occurrence of a material adverse change in regard to the Company or its business; and (d) the occurrence of any other event, change or other circumstances that could give rise to the termination of the Arrangement Agreement, or the delay of consummation of the Arrangement or failure to complete the Arrangement for any other reason. Except as required by law, TEAL disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. TEAL cautions that the list of risks and assumptions set forth or referred to above is not exhaustive.

QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE PROPOSED TRANSACTIONS

The following is a summary of certain information contained in this Circular together with some of the questions that you, as a TEAL Shareholder, may have and answers to those questions. You are urged to read the remainder of the Circular and the form of proxy carefully, because the information contained below is of a summary nature and therefore is not complete, and is qualified in its entirety by the more detailed information contained elsewhere in or incorporated by reference in this Circular, the form of proxy and the attached Appendices, all of which are important and should be reviewed carefully. All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth under "Glossary of Terms" which is attached as Appendix A to this Circular.

Q: Does the Board of Directors support the Proposed Transactions?

A: Yes. Prior to entering into the Arrangement Agreement, the Board of Directors established the Independent Committee, comprised of George Jones (Chair), Norman Hardie and Dr. Murray Hitzman, to oversee and supervise the process carried out by TEAL in responding to the Proposed Transactions and advise the Board with respect to any recommendation that the Board of Directors should make to Minority Shareholders. The Independent Committee retained CIBC World Markets as its independent financial advisor to prepare a formal valuation of the TEAL Shares. CIBC World Markets concluded that as of December 15, 2008, the TEAL Shares had a fair market value of $1.73 to $3.06 per TEAL Share. CIBC World Markets also provided an opinion to the Independent Committee that the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Minority Shareholders.

The Independent Committee unanimously resolved to recommend that the Board of Directors approve the Proposed Transactions, authorize the Company to enter into the Arrangement Agreement and recommend that the Minority Shareholders vote their TEAL Shares in favour of the Proposed Transactions. On the recommendation of the Independent Committee and after consultation with TEAL's financial and legal advisors, the Board of Directors (other than certain directors abstaining due to their relationship with ARM) unanimously recommends that TEAL shareholders vote FOR of the Arrangement Resolution.

Q: When will the Arrangement become effective?

A: Subject to obtaining court and other Regulatory Approvals as well as the satisfaction of all other conditions precedent, if TEAL Shareholders approve the Arrangement Resolution, it is anticipated that the Arrangement will be completed in February 2009.

Q: What will I receive for my TEAL Shares?

A: If the Proposed Transactions are completed, each Minority Shareholder that is not a Dissenting Shareholder will receive (without interest) $3.00 per TEAL Share in cash (or, for South African Shareholders, the Rand equivalent thereof), less any required tax withholdings, as more fully described elsewhere in this Circular. See "Mechanics of Arrangement and Pre-Arrangement Transactions — Payment to TEAL Shareholders and Holders of TEAL SARs".

Q: What will holders of TEAL SARs receive?

A: If the Proposed Transactions are completed, each holder of a TEAL SAR that has not been duly exercised prior to the Effective Time will receive a cash amount equal to the amount, if any, by which $3.00 exceeds the Fair Market Value (as defined in the Share Appreciation Rights Plan) of a TEAL Share as of the date such TEAL SAR was granted to such holder, less any required tax withholdings, as more fully described elsewhere in this Circular. See "Mechanics of Arrangement and Pre-Arrangement Transactions — Payment to TEAL Shareholders and Holders of TEAL SARs".

Q: What will happen to TEAL if the Proposed Transactions are completed?

A: If the Proposed Transactions are completed, ARM and Vale will each hold a 50% indirect interest in Newco, which will hold directly or indirectly substantially all of the current consolidated assets and related liabilities of TEAL, and will operate such assets as joint venture partners. Minority Shareholders will not have any continuing interest in TEAL. The TEAL Shares will be de-listed from the TSX and JSE following the Effective Date. TEAL will also seek to be deemed to have ceased to be a reporting issuer in those jurisdictions in Canada in which it is currently a reporting issuer. See "The Arrangement and Pre-Arrangement Transactions — Overview of the Proposed Transactions".

Q: What approval is required by TEAL Shareholders at the Meeting?

A: To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of: (i) at least two-thirds of the votes cast on the Arrangement Resolution by TEAL Shareholders present in person or represented by proxy at the Meeting, and (ii) Minority Approval, being a simple majority of the votes cast on the Arrangement Resolution by Minority Shareholders present in person or represented by proxy at the Meeting. To the knowledge of the directors and senior officers of TEAL, after reasonable inquiry, the only votes that are to be excluded in determining whether Minority Approval has been obtained are the votes in respect of 35,000,001 TEAL Shares beneficially owned by ARM and its affiliates. See "The Arrangement and Pre-Arrangement Transactions — Shareholder Approval of Arrangement Resolution".

Q: Are TEAL Shareholders entitled to dissent rights?

A: Under the Interim Order, TEAL Shareholders are only entitled to dissent if they follow the procedures specified in the YBCA, as modified by the Interim Order. If you wish to exercise Dissent Rights, you should review the requirements summarized in this Circular carefully and consult with legal counsel. See "Dissenting Shareholder Rights".

Q: What will happen if the Arrangement Resolution is not approved or the Proposed Transactions are not completed for any reason?

A: The Arrangement Agreement may be terminated. If this occurs, TEAL will continue to carry on its business operations in the usual course. See "Risk Factors" and "The Arrangement Agreement — Expense Reimbursement".

Q: What do I need to do now?

A: You should carefully read and consider the information contained in this Circular. Registered TEAL Shareholders should then complete, sign and date the enclosed form of proxy (printed on WHITE paper) and return it in the enclosed return envelope or by facsimile as indicated in the Notice of Special Meeting as soon as possible so that your TEAL Shares may be represented at the Meeting. To be eligible for voting at the Meeting, registered holders of TEAL Shares other than those on the SA Branch Register should return the form of proxy by mail or by facsimile to Computershare Investor Services Inc., in its capacity as transfer agent for the TEAL Shares. Registered certificated holders of TEAL Shares on the SA Branch Register should return the form of proxy by mail to Computershare Investor Services (Proprietary) Limited. All forms of proxy should be returned not later than 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) on Wednesday, February 11, 2009, or if the Meeting is adjourned or postponed, prior to 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) on the second Business Day preceding the date to which the Meeting is adjourned or postponed.

Q: If my TEAL Shares are held in street name by my broker, will my broker vote my TEAL Shares for me?

A: A broker will vote the TEAL Shares held by you only if you provide instructions to your broker on how to vote. Without instructions, those shares will not be voted. TEAL Shareholders should instruct their brokers to vote their TEAL Shares by following the directions provided to them by their brokers. Unless your broker gives you its proxy to vote the TEAL Shares at the Meeting, you cannot vote those TEAL Shares owned by you at the Meeting.

Q: Should I send in my Letter of Transmittal or Form of Surrender and TEAL Share certificates now?

A: Registered holders of TEAL Shares not on the SA Branch Register should complete and return the enclosed Letter of Transmittal (printed on YELLOW paper) now, together with your share certificates and all other required documents, to the Company c/o Computershare Investor Services Inc. at the address specified in the Letter of Transmittal.

Registered holders of TEAL Shares on the SA Branch Register should complete and return the enclosed Form of Surrender (printed on PINK paper) now, together with your share certificates and all other required documents, to the Company c/o Computershare Investor Services (Proprietary) Limited at the address specified in the Form of Surrender.

In order to ensure the Arrangement Resolution is passed, you also need to complete and submit the enclosed form of proxy (printed on WHITE paper) or, if applicable, provide your broker with voting instructions.

See "Mechanics of Arrangement and Pre-Arrangement Transactions — Depositary".

Q: When will I receive a cash payment for my TEAL Shares?

A: If the Arrangement Resolution is approved, Court and Regulatory Approvals have been obtained, the Arrangement becomes effective and your Letter of Transmittal or Form of Surrender, as applicable, and, if applicable, share certificates and all other required documents, are received by the Company c/o the Canadian Depositary or the South

African Depositary, as applicable, at the address specified in the Letter of Transmittal or Form of Surrender, as applicable, you will receive a cheque in an amount representing the Consideration payable to you, less any required tax withholdings as soon as practicable after the Effective Date. See "Mechanics of Arrangement and Pre-Arrangement Transactions — Payment to TEAL Shareholders and Holders of TEAL SARs" and "The Arrangement and Pre-Arrangement Transactions — Court Approval of the Arrangement and Completion of the Arrangement".

Q: What happens if I send in my share certificates and the Arrangement Resolution is not approved or the Proposed Transactions are not completed?

A: If the Arrangement Resolution is not approved or if the Proposed Transactions are not otherwise completed, your share certificates will be returned promptly to you by the Canadian Depositary or the South African Depositary, as applicable.

Q: Can I change my vote after I have voted by proxy?

A: Yes. A registered TEAL Shareholder who has given a proxy may revoke it before it is exercised, in any manner permitted by law, namely by an instrument in writing executed by him or her or by his or her attorney authorized in writing or, if the TEAL Shareholder is a corporate body, by its authorized officer or officers; such written notice must be deposited with the corporate secretary of the Company at any time up to and including the last Business Day preceding the day of the Meeting at which the proxy is to be used, or with the chairman of such Meeting before commencement of the Meeting or at any adjournment thereof. If your TEAL Shares are held in street name by your broker, please contact your broker for instructions on how to change your vote.

Q: Can I attend the Meeting without traveling to Johannesburg?

A: Yes. TEAL Shareholders unable to attend in person at the Meeting in Johannesburg may attend the Meeting by conference telephone call by attending at the offices of Fasken Martineau DuMoulin LLP, 66 Wellington Street West, 42nd Floor, Calvin Boardroom, Toronto, Ontario at 10:00 a.m. Toronto time on Friday, February 13, 2009.

Q: Who can help answer my questions?

A: TEAL Shareholders who would like additional copies, without charge, of this Circular or have additional questions about the Proposed Transactions, including the procedures for voting TEAL Shares, should contact:

GEORGESON SHAREHOLDER COMMUNICATIONS CANADA INC.

Phone (North America): +1-416-862-7942
Phone (South Africa): +27-11-870-8215

SUMMARY

The following is a summary of certain information contained in this Circular. This summary is not intended to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Circular and the attached Appendices. TEAL Shareholders should read the entire Circular, including the Appendices.

All capitalized terms used in this Circular have the meanings set forth under "Glossary of Terms" which is attached as Appendix A to this Circular.

Purpose of the Meeting

The purpose of the Meeting is for TEAL Shareholders to consider and, if thought advisable, pass, with or without variation, the Arrangement Resolution to approve, among other things, the Arrangement under section 195 of the YBCA.

Date, Time and Place

The Meeting will be held on Friday, February 13, 2009 at 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) at Boardroom G3, 24 Impala Road, Chislehurston, Johannesburg, South Africa. TEAL Shareholders unable to attend in person at the Meeting in Johannesburg may attend the Meeting by conference telephone call by attending at the offices of Fasken Martineau DuMoulin LLP, 66 Wellington Street West, 42nd Floor, Calvin Boardroom, Toronto, Ontario at 10:00 a.m. Toronto time on Friday, February 13, 2009. See "Additional Information Concerning the Meeting and Proxies — Rules Concerning Proxies".

Shareholder Approval of Arrangement Resolution

At the Meeting, TEAL Shareholders will be asked to vote to approve the Arrangement Resolution. To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of: (i) at least two-thirds of the votes cast on the Arrangement Resolution by TEAL Shareholders present in person or represented by proxy at the Meeting, and (ii) Minority Approval, being a simple majority of the votes cast on the Arrangement Resolution by Minority Shareholders present in person or represented by proxy at the Meeting (See "The Arrangement and Pre-Arrangement Transactions — Regulatory Matters — Canadian Securities Law Matters"). To the knowledge of the directors and senior officers of TEAL, after reasonable inquiry, the only votes that are to be excluded in determining whether Minority Approval has been obtained are the votes in respect of 35,000,001 TEAL Shares beneficially owned by ARM and its affiliates.

TEAL Shares represented by proxy will be voted in accordance with the instructions of the securityholder. In the absence of any instructions to the contrary, TEAL Shares represented by proxies received by management will be voted FOR the approval of the Arrangement Resolution.

This Circular and the Notice of Special Meeting are being provided to holders of TEAL SARs pursuant to the terms of the Interim Order; however, TEAL SARs do not entitle the holders to voting rights at the Meeting.

See "The Arrangement and Pre-Arrangement Transactions — Shareholder Approval of Arrangement Resolution".

Overview of the Proposed Transactions

If the Arrangement Resolution is approved by TEAL Shareholders and all other conditions precedent in the Arrangement Agreement are satisfied or waived, the Parties will complete the Pre-Arrangement Transactions on the Business Day immediately prior to the Effective Date and the Arrangement will be completed on the Effective Date. The Pre-Arrangement Transactions and the Arrangement collectively provide for a series of transactions pursuant to which, among other things:

(i) TEAL will undertake a series of internal reorganization transactions such that (a) all of the interests of Subsidiary B in shares and intercompany debt of the six Barbados holding companies that indirectly hold TEAL's interests in its development projects and exploration assets will be transferred to Newco, a newly incorporated Barbados corporation wholly-owned by Subsidiary B, in exchange for shares of Newco, promissory notes to be issued by Newco and the assumption by Newco of all of Subsidiary B's liabilities (i) under the Loan Facility and (ii) subject to certain limited exceptions, related to the Barbados holding companies, and (b) substantially all of the remaining assets of TEAL except for cash, shares of Subsidiary B and the promissory note described in the Arrangement Agreement as the New Subsidiary B Intercompany Note (and, subject to certain limited exceptions, the remaining liabilities of TEAL) will be transferred to (or assumed by) Managementco, a newly incorporated Barbados corporation wholly-owned by Newco;

(ii) Vale, through a wholly-owned subsidiary, will acquire from Subsidiary B 50% of the outstanding shares of Newco and certain intercompany debt of Newco for an aggregate of $80,905,955 in cash (being the amount that would notionally be required to purchase 50% of the outstanding TEAL Shares at $3.00 per share);

(iii) Subsidiary B will loan to Purchaser Parent an amount equal to at least $56,811,906 (which amount will then be transferred to the Purchaser by way of an equity investment by Purchaser Parent in the Purchaser), being the amount required to fund the redemption of the Amalco Preference Shares as described in item (v) below;

(iv) each holder of a TEAL SAR that remains unexercised at the Effective Time will receive, in consideration of the cancellation of such TEAL SAR, a cash amount from the Company equal to the amount, if any, by which $3.00 exceeds the Fair Market Value (as defined in the Share Appreciation Rights Plan) of a TEAL Share on the date that such TEAL SAR was granted to such holder; and

(v) TEAL and the Purchaser will amalgamate under section 195 of the YBCA to form Amalco and, upon such amalgamation, (a) each TEAL Share held by holders other than the Purchaser (which will previously have had transferred to it all the TEAL Shares held by ARM and its affiliates, and whose TEAL Shares will be cancelled) will be converted into one Amalco Preference Share which will immediately thereafter be redeemed by Amalco for $3.00 per share in cash, and (b) Purchaser Parent will become the sole shareholder of Amalco.

On completion of the Arrangement, ARM and Vale will each hold a 50% indirect interest in Newco, the Minority Shareholders will have no continuing interest in TEAL and the TEAL Shares will be de-listed from the TSX and JSE. TEAL will also apply to terminate its reporting issuer status in Canada.

See "The Arrangement and Pre-Arrangement Transactions — Overview of the Proposed Transactions" and "Mechanics of Arrangement and Pre-Arrangement Transactions".

Background to the Arrangement

The terms and conditions of the Arrangement Agreement and Plan of Arrangement are the result of the arm's length negotiations conducted among representatives of TEAL, ARM and Vale, and their respective legal and financial advisors. The following is a summary of the reasons for, and the meetings, negotiations and discussions in which some or all of TEAL, ARM and Vale participated that preceded the execution of the Arrangement Agreement by TEAL on December 15, 2008. As certain of these meetings, negotiations and discussions were conducted between ARM and Vale without the participation of TEAL, the description below of such aspects of the meetings, negotiations and discussions has been provided by ARM and Vale. The identity of Vale was not disclosed to TEAL, the Independent Committee, or their respective legal counsel until December 15, 2008, but TEAL, the Independent Committee, and their respective legal counsel were previously advised that it was expected that the consideration to be provided to Minority Shareholders under the Arrangement would be fully paid in cash.

The Sale Process and the Establishment of the Independent Committee

ARM is currently TEAL's controlling shareholder, holding approximately 65% of the outstanding TEAL Shares. In March and April of 2008, ARM, with the assistance of its financial advisor JPMorgan Chase Bank, N.A. (Johannesburg Branch), began a sale process with respect to its investment in TEAL. In August 2008, three potential purchasers submitted indications of interest to ARM as a result of this sale process; however, only two of the indications were sufficiently attractive to merit further consideration by ARM.

Vale's indication of interest to ARM presented the most attractive offer for the TEAL Shares, in terms of being the highest indicative offer price per TEAL Share and presenting the greatest likelihood of completion as a result of the least conditionality relating to consummation of a transaction. In addition, Vale's ability to fund the transaction from its existing resources and its reputation, both as a purchaser of mining assets and as a leader in the mining industry, were factors that were considered by ARM.

Following the selection by ARM of Vale as the preferred partner, ARM and Vale entered into an exclusivity agreement on September 26, 2008, under which ARM granted to Vale an exclusive period (including provisions for extension) in which to continue legal and financial due diligence investigations, to negotiate with ARM the terms and conditions of a proposal to ultimately be made to TEAL, and then to settle such proposal with TEAL by entering into a definitive transaction agreement. The negotiations between ARM and Vale were an arm's length process that included the retention of legal and financial advisors by each of them. From August 18, 2008, the date Vale submitted its indication of interest to ARM, to October 2008, the market price of a TEAL Share on the TSX fell very substantially as was the case for

shares of mining companies generally. In addition, during this period of time, commodity prices suffered sharp declines and the real threat of a global recession and unprecedented uncertainty in the credit markets created adverse effects in the global economy. As a result of these developments, in late October 2008, Vale informed ARM that it was no longer willing to participate in an acquisition of TEAL Shares at the indicative offer price it had originally presented to ARM. ARM and Vale then conducted negotiations over the course of the next few weeks the result of which was that each agreed that it would revise the transaction price to $3.00 per share. Such negotiations (and the exclusivity period, as extended) continued up and until the contemporaneous execution of the Arrangement Agreement and the Framework Agreement on December 15, 2008.

In October 2008, ARM informed the Board of Directors that it planned to submit an offer involving the acquisition of the TEAL Shares owned by the Minority Shareholders. ARM also advised the Board of Directors that the transaction structure was expected to include an arm's length party that would enter into a co-ownership arrangement with ARM with respect to TEAL's development projects and exploration assets. The identity of Vale as such proposed arm's length party was not disclosed to the Board of Directors at that time. The Board of Directors determined at that time that it would be appropriate for the independent directors of the Company to interview potential financial advisors in preparation for a possible transaction. On November 13, 2008, the Board of Directors established the Independent Committee, comprised of George Jones (Chair), Norman Hardie and Dr. Murray Hitzman. Each of Messrs. Jones and Hardie and Dr. Hitzman is a director of the Company who is independent of management of the Company and of ARM.

The Independent Committee retained CIBC World Markets as its financial advisor. In its role as financial advisor to the Independent Committee, CIBC World Markets agreed that it would provide, if requested by the Independent Committee, a formal valuation and fairness opinion with respect to the potential transaction.

Proceedings and Deliberations of the Independent Committee

Between November 13, 2008 and December 15, 2008, the Independent Committee met eight times. At its meeting on December 10, 2008, the Independent Committee received a report from Fasken and McMillan with respect to a draft of the Arrangement Agreement which had been circulated by ARM's counsel, Stikeman Elliott LLP. The draft Arrangement Agreement had been circulated as a non-binding indication of interest and did not include the identity of Vale, the proposed offer price or any other financial terms. On December 11, 2008, the Independent Committee received a non-binding proposal from ARM which contemplated the acquisition of the TEAL Shares held by the Minority Shareholders at a price of $3.00 in cash per TEAL Share.

On December 15, 2008, the Independent Committee met to consider its recommendation to the Board of Directors with respect to the Proposed Transactions. The Independent Committee received a report from Fasken and McMillan with respect to the status of the negotiation of the Arrangement Agreement. CIBC World Markets then orally presented its formal valuation of the TEAL Shares. CIBC World Markets reported that it had concluded that the fair market value of the TEAL Shares, as at December 15, 2008, was in the range of $1.73 to $3.06 per share. CIBC World Markets also presented its oral opinion to the Independent Committee that the Consideration offered under the terms of the Arrangement is fair, from a financial point of view, to the Minority Shareholders. The Independent Committee also reviewed and approved its report to the Board of Directors. After discussion and consideration of the factors set out below under the heading "The Arrangement and Pre-Arrangement Transactions — Reasons for Recommendation of the Independent Committee", the Independent Committee unanimously: (i) determined that the Consideration offered to the Minority Shareholders under the terms of the Arrangement is fair, from a financial point of view, to the Minority Shareholders and the Proposed Transactions are in the best interests of the Company; and (ii) resolved to recommend that the Board of Directors approve the Proposed Transactions, authorize the Company to enter into the Arrangement Agreement and recommend that the Minority Shareholders vote their TEAL Shares for the Proposed Transactions.

TEAL Board Approval and Execution of the Arrangement Agreement

Also on December 15, 2008, the Board of Directors met to receive the report of the Independent Committee and to consider the Proposed Transactions and the Arrangement Agreement. At the meeting, Messrs. Motsepe, Arnold, King, Simelane and Wilkens abstained from voting due to their involvement in the Arrangement in certain other capacities, including as senior officers and/or directors of ARM. Mr. Joaquim A. Chissano, a non-executive director of ARM, was not in attendance at the meeting. The Board of Directors (other than certain directors abstaining due to their relationship with ARM) proceeded to unanimously approve (with the aforementioned directors abstaining) the Proposed Transactions and resolved to recommend that TEAL Shareholders vote their TEAL Shares for the Arrangement Resolution, subject to

negotiation and settlement of the Arrangement Agreement in a form acceptable to specified senior officers of the Company.

After the close of markets on December 15, 2008, TEAL and the Purchaser Parties finalized their negotiation of the Arrangement Agreement and entered into the Arrangement Agreement. At the same time, ARM and Vale entered into the Framework Agreement, certain of the terms of which are described below under the heading "Interests of Certain Persons in the Arrangement — ARM's Framework Agreement with Vale".

See "The Arrangement and Pre-Arrangement Transactions — Background to the Arrangement".

CIBC World Markets Valuation and Fairness Opinion

The Independent Committee retained CIBC World Markets to act as an independent valuator. The Independent Committee determined that CIBC World Markets is qualified to prepare a formal valuation of the TEAL Shares and to provide a fairness opinion with respect to the Proposed Transactions and is independent of each of ARM and Vale.

The Independent Committee engaged CIBC World Markets to provide (i) a valuation of the TEAL Shares in accordance with the requirements of MI 61-101 and (ii) an opinion as to the fairness, from a financial point of view, of the Consideration offered to Minority Shareholders pursuant to the Arrangement. Based upon and subject to the assumptions, limitations and qualifications set out in the Valuation, CIBC World Markets expressed the opinion that, as of December 15, 2008, the fair market value of the TEAL Shares was in the range of $1.73 to $3.06 per share. In the Fairness Opinion, CIBC World Markets stated that, subject to the assumptions, limitations and qualifications set out in the Fairness Opinion, it is of the opinion that, as of December 15, 2008 the Consideration under the Proposed Transactions is fair, from a financial point of view, to Minority Shareholders.

The full texts of the Valuation and Fairness Opinion, which set forth, among other things, assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by CIBC World Markets in rendering its Valuation and Fairness Opinion are attached as Appendix G to this Circular. TEAL Shareholders are urged to read the Valuation and Fairness Opinion carefully and in their entirety. The Valuation and Fairness Opinion do not constitute a recommendation to any TEAL Shareholder as to how such Person should vote at the Meeting. The summaries of the Valuation and Fairness Opinion set forth in this Circular are qualified in their entirety by reference to the full texts of the Valuation and Fairness Opinion. CIBC World Markets has provided its written consent to the inclusion of the Valuation and Fairness Opinion in this Circular.

See "The Arrangement and Pre-Arrangement Transactions — CIBC World Markets Valuation and Fairness Opinion".

Recommendation of the Board of Directors

The Board of Directors has carefully considered the transactions contemplated by the Arrangement Agreement, including the Arrangement, and has received the unanimous recommendation of the Independent Committee (including the reasons therefor as described under the heading "Reasons for Recommendation of the Independent Committee") to approve the Proposed Transactions, authorize the Company to enter into the Arrangement Agreement and recommend that Minority Shareholders vote their TEAL Shares in favour of the Proposed Transactions.

The Board of Directors (other than directors that serve as directors and/or senior officers of ARM, who abstained from voting) unanimously recommends that TEAL Shareholders vote their TEAL Shares FOR the Arrangement Resolution.

Reasons for Recommendation of the Independent Committee

The Independent Committee has unanimously determined that the Consideration offered to the Minority Shareholders under the terms of the Arrangement is fair, from a financial point of view, to the Minority Shareholders and the Proposed Transactions are in the best interests of the Company. Accordingly, each of the members of the Independent Committee and the Board of Directors (with certain directors abstaining as described above under "TEAL Board Approval and Execution of the Arrangement Agreement") has unanimously approved the Proposed Transactions and recommends that the Minority Shareholders vote their TEAL Shares for the Proposed Transactions.

In reaching its conclusions, the Independent Committee considered, among other things, the following: (i) the Valuation and Fairness Opinion of CIBC World Markets; (ii) the Consideration to be paid to Minority Shareholders; (iii) the equality of effective share consideration between ARM and the Minority Shareholders; (iv) the sale process conducted by ARM; (v) the Independent Committee's conclusion that the prospect of a superior offer for the TEAL

Shares from a third party is remote; (vi) the reputation of Vale and probability of completion of the Proposed Transactions; (vii) the limited liquidity of the TEAL Shares; (viii) the procedural protections for the benefit of Minority Shareholders in connection with the Proposed Transactions; (ix) the applicable Canadian tax considerations for Minority Shareholders in connection with the Arrangement; and (x) certain other factors including current market conditions and the Company's financial position.

See "The Arrangement and Pre-Arrangement Transactions — Recommendation of the Board of Directors", "The Arrangement and Pre-Arrangement Transactions — Background to the Arrangement" and "The Arrangement and Pre-Arrangement Transactions — Reasons for Recommendation of the Independent Committee".

Procedure for the Arrangement to Become Effective

The Arrangement is proposed to be carried out pursuant to section 195 of the YBCA. The following conditions, among others, must be satisfied in order for the Arrangement to become effective, in addition to obtaining the requisite approvals of TEAL Shareholders at the Meeting:

(a) the Court must grant the Final Order approving the Arrangement;

(b) all other conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and

(c) the Final Order, Articles of Arrangement and Articles of Amalgamation in the form prescribed by the YBCA must be filed with the Registrar.

See "The Arrangement and Pre-Arrangement Transactions — Procedure for the Arrangement to Become Effective" and "Court Approval of the Arrangement and Completion of the Arrangement".

Court Approval of the Arrangement and Completion of the Arrangement

An arrangement under the YBCA requires approval by the Court pursuant to the Final Order. On January 13, 2009, TEAL obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is attached hereto as Appendix D.

Subject to the terms of the Arrangement Agreement and if the Arrangement Resolution is approved at the Meeting, TEAL will make an application to the Court for the Final Order at The Law Courts, 2134 Second Avenue, Whitehorse, Yukon Y1A 5H6 on Tuesday, February 17, 2009, at 3:00 p.m. (Whitehorse time) or as soon thereafter as counsel may be heard.

Assuming the Final Order is granted and the other conditions to closing contained in the Arrangement Agreement are satisfied or waived, it is anticipated that Articles of Arrangement and Articles of Amalgamation will be filed with the Registrar under the YBCA to give effect to the Arrangement and the various other documents necessary to consummate the transactions contemplated under the Arrangement Agreement will be executed and delivered.

Prior to the Effective Time, Vale will deposit or cause to be deposited with the Depositaries, to be held in escrow for the benefit of Minority Shareholders, sufficient monies to satisfy the obligations of the Purchaser to pay the Aggregate Consideration.

Subject to the foregoing (including the satisfaction of other conditions precedent), it is expected that the Effective Time will occur as soon as practicable after the requisite TEAL Shareholder approvals have been obtained, the Final Order is granted and Regulatory Approvals have been obtained, or if not obtained, waived by the Company and the Purchaser Parties.

See "The Arrangement and Pre-Arrangement Transactions — Court Approval of the Arrangement and Completion of the Arrangement".

Payment to TEAL Shareholders and Holders of TEAL SARs

Payment to TEAL Shareholders

All TEAL Shareholders

If the Arrangement is completed, TEAL Shares held by Minority Shareholders will be converted into Amalco Preference Shares on a one-for-one basis. Each Amalco Preference Share will immediately thereafter be redeemed by Amalco for the Consideration of $3.00 per share (which shall be paid to South African Shareholders in Rand as calculated using the rate of exchange quoted on the website of the Bank of Canada as the reference rate of the Canadian dollar against

the Rand at noon Toronto time on the Conversion Reference Date), all payable in cash. See "Payments to TEAL Shareholders and Holders of TEAL SARs".

Non-South African Shareholders

Enclosed with each copy of this Circular that is being delivered to registered Non-South African Shareholders is a Letter of Transmittal (printed on YELLOW paper). A Non-South African Shareholder must return a properly completed and executed Letter of Transmittal to the Canadian Depositary, together with certificate(s) which prior to the Effective Time represented outstanding TEAL Shares that were converted into Amalco Preference Shares and subsequently redeemed pursuant to the Plan of Arrangement and any other required documents, to obtain a cheque in an amount representing the Consideration payable to such Non-South African Shareholder, less any required tax withholdings, if the Arrangement becomes effective. Under no circumstances will interest be paid to any TEAL Shareholder on any payment to be made, regardless of any delay in making such payment. **It is recommended that Non-South African Shareholders complete, sign and return the Letter of Transmittal with the accompanying TEAL Share certificates to the Canadian Depositary as soon as possible, and preferably not later than 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) on Wednesday, February 11, 2009.**

If you are a non-registered shareholder and hold your TEAL Shares through an intermediary, please complete the documentation provided to you by your intermediary in accordance with the instructions provided by such intermediary. Where a certificate for TEAL Shares has been lost, stolen or destroyed, the registered holder of that certificate should immediately contact Computershare Investor Services Inc., toll free (from North America) at 1-800-564-6253, or (from outside of North America) +1-514-982-7555, regarding the issuance of a replacement certificate to receive payment as promptly as possible following the Effective Date.

Acceptance by Book-Based Transfer in Canada by Non-South African Shareholders

Non-South African Shareholders may also submit their TEAL Shares for payment of the Consideration due to them under the Arrangement using the on-line depositing system of CDS. The Canadian Depositary has established an account at CDS for the purpose of the Arrangement. Any financial institution that is a participant in CDS may cause CDS to make a book-based transfer of TEAL Shares into the Canadian Depositary's account in accordance with CDS procedures for such transfer.

Non-South African Shareholders who submit their TEAL Shares for payment of the Consideration due to them under the Arrangement using the on-line depositing system of CDS are deemed to have completed the Letter of Transmittal and therefore such instructions received by the Canadian Depositary are considered as a valid deposit.

South African Shareholders

Dematerialised South African Shareholders

The Rand equivalent of the Consideration due to Dematerialised South African Shareholders will not be posted to them but will be transferred, at their risk, to their respective CSDPs or brokers, for payment to them on the SA Payment Date in accordance with, and subject to the requirements of, the rules of Strate.

Certificated South African Shareholders

The following applies to Certificated South African Shareholders and does not apply to Dematerialised South African Shareholders.

Enclosed with each copy of this Circular that is being delivered to South African Shareholders is a Form of Surrender (printed on PINK paper). To receive payment of the Rand equivalent of the Consideration, a South African Shareholder must return to the South African Depositary, by the SA Payment Record Date, a properly completed and executed Form of Surrender, together with the other relevant documents of title, which prior to the Effective Time represented outstanding TEAL Shares that were converted into Amalco Preference Shares and subsequently redeemed pursuant to the Plan of Arrangement, and any other required documents. **It is recommended that South African Shareholders complete, sign and return the Form of Surrender with the accompanying documents of title to the South African Depositary as soon as possible and preferably not later than 12:00 p.m. Johannesburg time (5:00 a.m. Toronto time) on the SA Payment Record Date.**

TEAL SARs

In addition, all TEAL SARs, and any and all certificates or agreements representing the TEAL SARs, will be cancelled and terminated as of the Effective Time.

Each holder of a TEAL SAR who has not duly exercised the TEAL SAR prior to the Effective Time is entitled to receive from the Company in exchange for such cancelled TEAL SAR a cash amount equal to the amount, if any, by which $3.00 exceeds the Fair Market Value (as defined in the Share Appreciation Rights Plan) of a TEAL Share as of the date such TEAL SAR was granted to such holder. Holders of TEAL SARs resident in South Africa will receive this payment in Rand as calculated using the rate of exchange quoted on the website of the Bank of Canada as the reference rate of the Canadian dollar against the Rand at noon Toronto time on the Conversion Reference Date.

Withholding Taxes

Amalco or the applicable Depositary will be entitled to deduct and withhold from any amount payable to any Person under the Plan of Arrangement such amounts as Amalco or the applicable Depositary determines, acting reasonably, are required to be deducted and withheld with respect to such payment under the Tax Act, the *United States Internal Revenue Code of 1986* or any provision of any other applicable Law.

See "Mechanics of Arrangement and Pre-Arrangement Transactions — Payment to TEAL Shareholders and Holders of TEAL SARs".

Extinction of Rights

Until surrendered as contemplated above, each certificate that immediately prior to the Effective Time represented TEAL Shares will be deemed (i) upon and after the amalgamation of TEAL and the Purchaser until the time immediately prior to the redemption of the Amalco Preference Shares, to represent only Amalco Preference Shares, and (ii) upon and after such redemption, to represent only the right to receive upon such surrender of such certificate a cash payment, less any required tax withholdings. Any such certificate formerly representing TEAL Shares not duly surrendered on or before the sixth anniversary of the Effective Date will cease to represent a claim by or interest of any former TEAL Shareholder of any kind or nature against or in the Company or the Purchaser and will be cancelled. On such date, all cash to which such former holder was entitled will be deemed to have been surrendered to Amalco.

Any payment made by way of cheque by one of the Depositaries or Amalco pursuant to the Plan of Arrangement that has not been deposited or has been returned to the applicable Depositary or Amalco (as the case may be) or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Time, and any right or claim to payment under the Plan of Arrangement that remains outstanding on the sixth anniversary of the Effective Time, will cease to represent a right or claim of any kind or nature and the right of the holder to receive the consideration for TEAL Shares or TEAL SARs pursuant to the Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to Amalco for no consideration.

Under no circumstances will a TEAL Shareholder or holder of a TEAL SAR be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than, in the case of a TEAL Shareholder, any declared but unpaid dividends.

See "Mechanics of Arrangement and Pre-Arrangement Transactions — Extinction of Rights".

The Arrangement Agreement

The Arrangement Agreement provides for the Arrangement, the Pre-Arrangement Transactions and matters related thereto. Under the Arrangement Agreement, the Company has agreed to call the Meeting to seek approval of TEAL Shareholders for the Proposed Transactions and, if approved, to apply to the Court for the Final Order. The following describes certain material provisions of the Arrangement Agreement, but is not comprehensive and is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which is attached as Appendix C to this Circular. See "The Arrangement Agreement".

Covenants of the Company Regarding Non-Solicitation

Except as permitted by the Arrangement Agreement, the Company may not, directly or indirectly: (a) solicit, assist, initiate, knowingly encourage or otherwise facilitate any inquiries or proposals regarding, or that may reasonably be expected to relate to or lead to an Acquisition Proposal; (b) participate in any substantive discussions or negotiations regarding an Acquisition Proposal; (c) withdraw, amend, qualify or modify in a manner adverse to any of the Purchaser Parties, the approval or recommendation of the Board of Directors of the Arrangement or the Arrangement Agreement; (d) approve or recommend any Acquisition Proposal or (e) accept or enter into any agreement, understanding or arrangement in respect of, or relating to, an Acquisition Proposal. Furthermore, the Arrangement Agreement requires that the Company: (i) cease and cause to be terminated any existing solicitations, encouragements, activities, discussions or

negotiations with respect to any potential Acquisition Proposal whether or not initiated by the Company; (ii) not release any third party from or waive any confidentiality, non-solicitation or standstill agreement to which such third party is a party; and (iii) cease to provide any other party with access to information concerning the Company and its Subsidiaries and request the return or destruction of all information provided to any third party which, at any time since August 6, 2008, has entered into a confidentiality agreement with the Company relating to any potential Acquisition Proposal.

Acquisition Proposals

The Company must immediately notify the Purchaser Parties of any Acquisition Proposal of which the Company's directors, officers, representatives and agents become aware, or any request for non-public information relating to, or for access to the properties, books or records of the Company or any Subsidiary in connection with a potential Acquisition Proposal.

If the Company receives a request for material non-public information from a Person who makes a potentially Superior Proposal, then, and only in such case, prior to the approval by the TEAL Shareholders of the Arrangement Resolution, the Board of Directors (or any committee thereof) may provide such Person with access to information regarding the Company, subject to, if such Person is not already subject to a confidentiality and standstill agreement having confidentiality and other terms no less restrictive on such Person than those applicable to the Purchaser Parties, the execution by such Person of such a confidentiality and standstill agreement. The Purchaser Parties are to be provided with a list and copies of all information provided to such Person not previously provided to all of the Purchaser Parties and promptly shall be provided with access to information and personnel similar to that which is provided to such Person.

Right to Match

The Purchaser Parties may, but are not required to, during the Response Period following the later of the Purchaser Parties: (i) receiving notice from the Company of its intention to accept, approve, recommend or enter into a binding agreement in relation to a Superior Proposal; and (ii) being provided with a copy of such Superior Proposal, offer in writing to amend the terms of the Arrangement. If the Purchaser Parties offer to amend the Arrangement within the Response Period, the Board must review any such offer in good faith, in consultation with its financial advisors and outside legal advisors. If the Board determines that the amendment to the Arrangement proposed by the Purchaser Parties would cause the Acquisition Proposal to cease to be a Superior Proposal, the Company must accept the proposal of the Purchaser Parties to amend the Arrangement Agreement. If the Purchaser Parties do not make a written proposal to amend the Arrangement that would cause the Acquisition Proposal to cease being a Superior Proposal, the Company may (subject to the requirements of the Arrangement Agreement, including the payment of the Termination Fee, as described below) accept, approve or recommend, or enter into any agreement, understanding or arrangement in respect of, such Superior Proposal.

Termination Fee

The Company has agreed to cause Subsidiary B to pay to Vale the Termination Fee, which is equal to $2,427,179, in the following circumstances:

(a) any of the Purchaser Parties terminates the Arrangement Agreement because the Board of Directors or any committee thereof (A) withdraws or modifies in a manner adverse to any of the Purchaser Parties its approval of the Arrangement, (B) approves an Acquisition Proposal, or (C) fails, within two Business Days of any written request by the Purchaser Parties to publicly reaffirm its recommendation of the Arrangement by press release after an Acquisition Proposal was made to TEAL; or

(b) the Company terminates the Arrangement Agreement to enter into a binding written definitive agreement with respect to a Superior Proposal; or

(c) any of the Parties terminates the Arrangement Agreement in circumstances where the Arrangement fails to be approved at the Meeting, but only if prior to the Meeting a *bona fide* Acquisition Proposal has been made to TEAL Shareholders or publicly announced, or any Person has publicly announced an intention to do so (in each of the foregoing cases, which has not been withdrawn prior to the Meeting), provided that within 9 months of the date of such termination:

    (i) an Acquisition Proposal is consummated; or

    (ii) the Board of Directors approves or recommends an Acquisition Proposal, or the Company enters into a definitive written agreement with respect to an Acquisition Proposal, and in either case such Acquisition Proposal (whether or not amended prior to its consummation) is consummated, and whether or not such consummation is before or after the end of such 9 month period.

Dissenting Shareholder Rights

A registered TEAL Shareholder may exercise Dissent Rights in connection with the Arrangement pursuant to and in the manner set forth in section 193 of the YBCA, as modified by the Interim Order and Article 3 of the Plan of Arrangement; provided that, notwithstanding subsection 193(5) of the YBCA, a holder's written objection to the Arrangement Resolution must be received by the Company not later than 4:00 p.m. Whitehorse time (7:00 p.m. Toronto time) on Wednesday, February 11, 2009 (being 2:00 a.m. Johannesburg time on February 12, 2009) or at such time on the date in Whitehorse and Toronto that is two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time). Upon the Arrangement becoming effective, each Dissenting Shareholder who duly exercises Dissent Rights shall be deemed to have transferred the TEAL Shares held by such Dissenting Shareholder in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all liens, and if such holder:

(a) ultimately is entitled to be paid fair value for such TEAL Shares, such holder shall be paid by Amalco the fair value of such TEAL Shares, and shall not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holder not exercised its Dissent Rights in respect of such TEAL Shares; or

(b) ultimately is not entitled, for any reason, to be paid fair value for such TEAL Shares, such holder shall be deemed to have participated in the Arrangement on the same basis as holders that are not Dissenting Shareholders.

If a Dissenting Shareholder votes any of its TEAL Shares at the Meeting, either by the submission of a proxy or by voting in person, for the Arrangement Resolution, its dissent notice shall be deemed to have been revoked and such Dissenting Shareholder shall no longer be entitled to exercise dissent rights.

Failure to comply strictly with the requirements set forth in section 193 of the YBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of any Dissent Right. **Beneficial owners of TEAL Shares registered in the name of a broker, investment dealer, bank, trust company, nominee or other intermediary who wish to dissent should be aware that only registered TEAL Shareholders are entitled to dissent.** Accordingly, a beneficial owner of TEAL Shares desiring to exercise the right to dissent must make arrangements for such securities beneficially owned to be registered in such securityholder's name prior to the time the written objection to the Arrangement Resolution is required to be received by TEAL or, alternatively, make arrangements for the registered holder of such TEAL Shares to exercise Dissent Rights on such beneficial owner's behalf. See Appendices D and F for a copy of the Interim Order and the provisions of section 193 of the YBCA, respectively.

It is a condition of the Arrangement in favour of Vale that Dissent Rights shall have not been validly exercised with respect to more than 5% of the issued and outstanding TEAL Shares.

The preceding summary of Dissent Rights is not exhaustive. TEAL Shareholders are encouraged to obtain independent legal advice in respect of the nature and effect of the Dissent Rights. See "The Arrangement Agreement — Conditions Precedent to the Arrangement".

Risk Factors

There are certain risks relating to TEAL and the Proposed Transactions that should be carefully considered by TEAL Shareholders. See "Risk Factors".

Certain Canadian Federal Income Tax Considerations

A TEAL Shareholder who is resident in Canada, who holds TEAL Shares as capital property and who does not dissent will not realize a capital gain (or capital loss) on the Amalgamation of the Purchaser and the Company pursuant to the Plan of Arrangement but will realize a capital gain (or capital loss) on the redemption of the Amalco Preference Shares equal to the amount by which the proceeds of disposition of such shares are greater (or less) than the total of the holder's adjusted cost base of TEAL Shares and any reasonable costs of disposition.

Generally, a TEAL Shareholder who is not resident in Canada for purposes of the Tax Act and who does not dissent will not be subject to tax under the Tax Act in respect of the transactions contemplated under the Arrangement unless the Amalco Preference Shares constitute "taxable Canadian property" (within the meaning of the Tax Act) to such TEAL Shareholder and the gain is not otherwise exempt from tax under the Tax Act pursuant to an exemption contained in an applicable income tax convention.

The foregoing is a brief summary of Canadian federal income tax consequences only and is qualified by the more detailed general description of Canadian federal income tax considerations under “Certain Canadian Federal Income Tax Considerations” in the Circular.

ARM

ARM in its current form was created through a merger transaction in May 2004, to explore, develop, operate and hold significant interests in the southern African mining industry. The company is incorporated under the laws of South Africa and its head office is located at 29 Impala Road, Chislehurston, Sandton, 2146, South Africa.

ARM is a niche, diversified South African mining company with excellent long-life, low cost operating assets in key commodities. ARM has five areas of interest namely: (i) ferrous metals through its holding in Assmang Limited; (ii) platinum group metals (PGMs) and nickel held through a range of joint ventures and partnerships; (iii) coal, through its interest in Xstrata Coal South Africa; (iv) copper, cobalt and other base metals outside of South Africa, through TEAL; and (v) gold, through its interest in Harmony Gold Mining Company Ltd. An integral part of ARM’s business is the forging of partnerships with major players in the resource sector, bringing to ARM access to markets and value-generating growth opportunities. It currently has partnerships with world class companies such as Xstrata Coal South Africa, Norilsk Nickel, Assore, Impala Platinum and Anglo Platinum.

ARM is the largest diversified mining company majority owned by black South Africans. Mr. Patrice Motsepe is the executive chairman of ARM. Mr. Motsepe holds, *inter alia*, the executive chairmanship in TEAL and the non-executive chairmanship in Harmony Gold Mining Company Ltd.

ARM has a 55% black ownership base and is committed to empowering historically disadvantaged South Africans at all levels of employment and has extensive programs in place to facilitate transformation within the company. Various church groups, union representatives, seven broad-based provincial upliftment trusts, several community, business and traditional leaders and a broad-based women upliftment trust are registered as beneficiaries of the ARM Broad-based Economic Empowerment Trust.

ARM’s shares are listed through a primary listing on the JSE. It also has a sponsored Level 1 American Depositary Receipt (ADR) program with J.P. Morgan Chase Bank which is available to investors for over the counter or private transactions. As of December 15, 2008, ARM’s market capitalization was ZAR 22.7 billion.

See “Information About the Purchaser Parties — ARM”.

Vale

Vale, headquartered in Brazil, is the second-largest metals and mining company in the world and the largest in the Americas, based on market capitalization. Vale is the world’s largest producer of iron ore and pellets, key raw materials for the steel industry, and the second largest producer of nickel, which is used to produce stainless steel, batteries, special alloys, chemicals and other products. Vale is also one of the world’s largest producers of manganese ore and ferroalloys. Vale also produces copper, bauxite, alumina, aluminum, coal, cobalt and platinum group metals (PGMs), among other raw materials important to the global industrial sector. Investment in the copper business is an important part of Vale’s growth strategy. Vale already operates a copper mine in Brazil, Sossego, and has copper production associated with its nickel operations in Canada. It is currently developing copper projects in Salobo, in Brazil, and Tres Valles, in Chile, and is studying several options that could enable Vale to reach an annual production capacity of one million metric tons of copper over the next five to seven years.

Vale enjoys a very healthy financial position. As of September 30, 2008, Vale had cash holdings of US$15.26 billion and its debt amortizations (not including interest payments) scheduled for the fourth quarter of 2008 and for 2009 were, respectively, US$146 million and US$314 million, representing a very small percentage of Vale’s operational cash flow.

Vale’s common and preferred class A shares are listed in ADR form on the New York Stock Exchange and trade under symbols “RIO” and “RIOPR”, respectively. Its common and preferred class A shares are also listed and trade on the São Paulo Stock Exchange under the symbols “VALE3” and “VALE5”, respectively, on the Madrid Stock Exchange under the symbols “XVALO” and “XVALP”, respectively, and on the Euronext Paris under the symbols “VALE3” and “VALE5”, respectively.

See “Information about the Purchaser Parties — Vale”.

TEAL

TEAL is a corporation incorporated under the laws of the Yukon, Canada, and its common shares are listed on the TSX and the JSE.

The assets of the Company formerly comprised the non-South African exploration and development portfolio of ARM. Following TEAL's initial public offering in 2005, ARM continued as a significant shareholder of the Company, currently holding approximately 65% of the issued and outstanding TEAL Shares.

TEAL is a mineral development and exploration company with development projects and exploration areas in Zambia, the DRC, Namibia, and Mozambique. TEAL has targeted specific projects for development: the Konkola North Copper Project in Zambia; Kalumines in the DRC and the Otjikoto Gold Project in Namibia. TEAL also has interests in various other mineral licence areas in Zambia and in Namibia on which the Company continues drilling and other exploration activities. TEAL has already started mining in the DRC at the Lupoto Copper Project, which forms part of Kalumines.

See "Information About TEAL".

THE ARRANGEMENT AND PRE-ARRANGEMENT TRANSACTIONS

Shareholder Approval of Arrangement Resolution

At the Meeting, TEAL Shareholders will be asked to vote to approve the Arrangement Resolution. To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of: (i) at least two-thirds of the votes cast on the Arrangement Resolution by TEAL Shareholders present in person or represented by proxy at the Meeting, and (ii) Minority Approval, being a simple majority of the votes cast on the Arrangement Resolution by Minority Shareholders present in person or represented by proxy at the Meeting (see "The Arrangement and the Pre-Arrangement Transactions — Regulatory Matters — Canadian Securities Law Matters"). To the knowledge of the directors and senior officers of TEAL, after reasonable inquiry, the only votes that are to be excluded in determining whether Minority Approval has been obtained are the votes in respect of 35,000,001 TEAL Shares beneficially owned by ARM and its affiliates.

The Arrangement Resolution must be approved in order for the Company to seek the Final Order and, subject to the satisfaction of certain other conditions, implement the Arrangement on the Effective Date in accordance with the Final Order.

ARM, together with its affiliates, beneficially owns or exercises control or direction over 35,000,001 TEAL Shares, which represent approximately 65% of the issued and outstanding TEAL Shares, and has agreed in the Framework Agreement to vote all of its TEAL Shares for the Arrangement Resolution. Directors and senior officers of the Company, who collectively beneficially own or exercise control or direction over less than 1% of the issued and outstanding TEAL Shares, have indicated that they also intend to vote all of their TEAL Shares for the Arrangement Resolution.

TEAL Shares represented by proxy will be voted in accordance with the instructions of the securityholder. In the absence of any instructions to the contrary, TEAL Shares represented by proxies received by management will be voted FOR the approval of the Arrangement Resolution.

This Circular and the Notice of Special Meeting are being provided to holders of TEAL SARs pursuant to the terms of the Interim Order; however, TEAL SARs do not entitle the holders to voting rights at the Meeting.

Overview of the Proposed Transactions

If the Arrangement Resolution is approved by TEAL Shareholders and all other conditions precedent in the Arrangement Agreement are satisfied or waived, the Parties will complete the Pre-Arrangement Transactions on the Business Day immediately prior to the Effective Date and the Arrangement will be completed on the Effective Date. The Pre-Arrangement Transactions and the Arrangement collectively provide for a series of transactions pursuant to which, among other things:

(i) TEAL will undertake a series of internal reorganization transactions such that (a) all of the interests of Subsidiary B in shares and intercompany debt of the six Barbados holding companies that indirectly hold TEAL's interests in its development projects and exploration assets will be transferred to Newco, a newly incorporated Barbados corporation wholly-owned by Subsidiary B, in exchange for shares of Newco, promissory notes to be issued by Newco and the assumption by Newco of all of Subsidiary B's liabilities (i) under the Loan Facility and (ii) subject to certain limited exceptions, related to the Barbados holding companies, and (b) substantially all of the remaining assets of TEAL except for cash, shares of Subsidiary B and the promissory note described in the Arrangement Agreement as the New Subsidiary B Intercompany Note (and, subject to certain limited exceptions, the remaining liabilities of TEAL) will be transferred to (or assumed by) Managementco, a newly incorporated Barbados corporation wholly-owned by Newco;

(ii) Vale, through a wholly-owned subsidiary, will acquire from Subsidiary B 50% of the outstanding shares of Newco and certain intercompany debt of Newco for an aggregate of $80,905,955 in cash (being the amount that would notionally be required to purchase 50% of the outstanding TEAL Shares at $3.00 per share);

(iii) Subsidiary B will loan to Purchaser Parent an amount equal to at least $56,811,906 (which amount will then be transferred to the Purchaser by way of an equity investment by Purchaser Parent in the Purchaser), being the amount required to fund the redemption of the Amalco Preference Shares as described in item (v) below;

(iv) each holder of a TEAL SAR that remains unexercised at the Effective Time will receive, in consideration of the cancellation of such TEAL SAR, a cash amount from the Company equal to the amount, if any, by which $3.00 exceeds the Fair Market Value (as defined in the Share Appreciation Rights Plan) of a TEAL Share on the date that such TEAL SAR was granted to such holder; and

(v) TEAL and the Purchaser will amalgamate under section 195 of the YBCA to form Amalco and, upon such amalgamation, (a) each TEAL Share held by holders other than the Purchaser (which will previously have had transferred to it all the TEAL Shares held by ARM and its affiliates, and whose TEAL Shares will be cancelled) will be converted into one Amalco Preference Share which will immediately thereafter be redeemed by Amalco for $3.00 per share in cash, and (b) Purchaser Parent will become the sole shareholder of Amalco.

On completion of the Arrangement, ARM and Vale will each hold a 50% indirect interest in Newco, the Minority Shareholders will have no continuing interest in TEAL and the TEAL Shares will be de-listed from the TSX and JSE. TEAL will also apply to terminate its reporting issuer status in Canada. See "Mechanics of Arrangement and Pre-Arrangement Transactions".

Background to the Arrangement

The terms and conditions of the Arrangement Agreement and Plan of Arrangement are the result of the arm's length negotiations conducted among representatives of TEAL, ARM and Vale, and their respective legal and financial advisors. The following is a summary of the reasons for, and the meetings, negotiations and discussions in which some or all of TEAL, ARM and Vale participated that preceded the execution of the Arrangement Agreement by TEAL on December 15, 2008. As certain of these meetings, negotiations and discussions were conducted between ARM and Vale without the participation of TEAL, the description below of such aspects of the meetings, negotiations and discussions has been provided by ARM and Vale. The identity of Vale was not disclosed to TEAL, the Independent Committee, or their respective legal counsel until December 15, 2008, but TEAL, the Independent Committee, and their respective legal counsel were previously advised that it was expected that the consideration to be provided to Minority Shareholders under the Arrangement would be fully paid in cash.

The Sale Process and the Establishment of the Independent Committee

ARM is currently TEAL's controlling shareholder, holding approximately 65% of the outstanding TEAL Shares. In March and April of 2008, ARM, with the assistance of its financial advisor JPMorgan Chase Bank, N.A. (Johannesburg Branch), began a sale process with respect to its investment in TEAL. While the sale process did not dictate an offer structure, ARM's preference to sell only part of its interest in TEAL to a partner was noted to bidders. ARM contacted fourteen potential purchasers as part of the sale process, and four of those fourteen potential purchasers entered into separate confidentiality agreements with each of ARM and TEAL and conducted due diligence on TEAL. In August 2008, three potential purchasers submitted indications of interest to ARM as a result of this sale process; however, only two of the indications were sufficiently attractive to merit further consideration by ARM. Aside from the provision of information related to TEAL, TEAL did not participate in any portion of the sale process.

Vale's indication of interest to ARM presented the most attractive offer for the TEAL Shares, in terms of being the highest indicative offer price per TEAL Share and presenting the greatest likelihood of completion as a result of the least conditionality relating to consummation of a transaction. In addition, Vale's ability to fund the transaction from its existing resources and its reputation, both as a purchaser of mining assets and as a leader in the mining industry, were factors that were considered by ARM.

Following the selection by ARM of Vale as the preferred partner, ARM and Vale entered into an exclusivity agreement on September 26, 2008, under which ARM granted to Vale an exclusive period (including provisions for extension) in which to continue legal and financial due diligence investigations, to negotiate with ARM the terms and conditions of a proposal to ultimately be made to TEAL, and then to settle such proposal with TEAL by entering into a definitive transaction agreement. The negotiations between ARM and Vale were an arm's length process that included the retention of legal and financial advisors by each of them. From August 18, 2008, the date Vale submitted its indication of interest to ARM, to October 2008, the market price of a TEAL Share on the TSX fell very substantially as was the case for shares of mining companies generally. In addition during this period of time, commodity prices suffered sharp declines and the real threat of a global recession and unprecedented uncertainty in the credit markets created adverse effects in the global economy. As a result of these developments, in late October 2008, Vale informed ARM that it was no longer willing to participate in an acquisition of TEAL Shares at the indicative offer price it had originally presented to ARM. ARM and Vale then conducted negotiations over the course of the next few weeks the result of which was that each agreed that it would revise the transaction price to $3.00 per share. Such negotiations (and the exclusivity period, as extended) continued up and until the contemporaneous execution of the Arrangement Agreement and the Framework Agreement on December 15, 2008.

In October 2008, ARM informed the Board of Directors that it planned to submit an offer involving the acquisition of the TEAL Shares owned by the Minority Shareholders. ARM also advised the Board of Directors that the transaction

structure was expected to include an arm's length party that would enter into a co-ownership arrangement with ARM with respect to TEAL's development projects and exploration assets. The identity of Vale as such proposed arm's length party was not disclosed to the Board of Directors at that time. The Board of Directors determined at that time that it would be appropriate for the independent directors of the Company to interview potential financial advisors in preparation for a possible transaction. George Jones and Norman Hardie met with three advisor candidates on October 23, 2008 and received written materials from such candidates (and copies of these materials were provided to Dr. Murray Hitzman).

On November 13, 2008, the Board of Directors established the Independent Committee, comprised of Messrs. Jones (Chair) and Hardie and Dr. Hitzman. Each of Messrs. Jones and Hardie and Dr. Hitzman is a director of the Company who is independent of management of the Company and of ARM.

The Board provided the Independent Committee with a mandate to: (i) oversee and supervise the process to be carried out by the Company in responding to the potential transaction; (ii) retain an independent valuator of its choosing and supervise the preparation of a formal valuation with respect to the potential transaction in accordance with MI 61-101; (iii) consider all relevant legal and regulatory requirements relating to the potential transaction; (iv) consider the structure and terms and conditions of the potential transaction; (v) supervise the preparation of any documents of the Company required in connection with the potential transaction; (vi) consider and advise the Board of Directors with respect to any recommendation that the Board of Directors should make to the Minority Shareholders in connection with the potential transaction; (vii) if thought necessary or advisable by the Independent Committee, initiate and conduct negotiations with third parties regarding any transaction other than the potential transaction which might serve to maximize shareholder value (it being understood that no commitment to complete any such transaction would be made without prior approval of the Board of Directors); and (viii) make recommendations to the Board of Directors in respect of such other matters that the Independent Committee considered relevant with respect to the potential transaction.

The Independent Committee retained McMillan as its legal counsel and CIBC World Markets as its financial advisor. In its role as financial advisor to the Independent Committee, CIBC World Markets agreed that it would provide, if requested by the Independent Committee, a formal valuation and fairness opinion with respect to the potential transaction. In retaining CIBC World Markets, the Independent Committee, based in part on representations made to it by CIBC World Markets, concluded that CIBC World Markets was independent of each of ARM and Vale (whose identity was disclosed by legal counsel to ARM to internal counsel to CIBC World Markets on a confidential basis for the purposes of the representations made by CIBC World Markets to the Independent Committee, but not to any member of the Independent Committee or to TEAL management) and was qualified to prepare a formal valuation of the TEAL Shares and to provide a fairness opinion with respect to the potential transaction.

Proceedings and Deliberations of the Independent Committee

Between November 13, 2008 and December 15, 2008, the Independent Committee met eight times. At its initial meeting on November 13, 2008, the Independent Committee reviewed and discussed briefing notes prepared by McMillan with respect to, among other things, the legal duties and responsibilities of the Independent Committee, recommended practices for the Independent Committee and the valuation requirements under MI 61-101.

At its meeting on November 17, 2008, the Independent Committee formally engaged CIBC World Markets as its financial advisor and received a briefing from CIBC World Markets with respect to the valuation process and related matters. The members of the Independent Committee also provided CIBC World Markets with an overview of the Company's development projects and exploration properties.

At its meetings on November 25, 2008 and December 3, 2008, the Independent Committee received progress reports from CIBC World Markets. As part of these meetings, CIBC World Markets confirmed that it had received good co-operation from senior management of the Company with respect to information requests and related matters.

At its meeting on December 10, 2008, the Independent Committee received a report from Fasken and McMillan with respect to a draft of the Arrangement Agreement which had been circulated by ARM's counsel, Stikeman Elliott LLP. The draft Arrangement Agreement had been circulated as a non-binding indication of interest and did not include the identity of Vale, the proposed offer price or any other financial terms. The financial terms were not included so that the Independent Committee could obtain an independent valuation for the TEAL Shares from CIBC World Markets without reference to any proposed offer price that might impact on the preparation of the Valuation. CIBC World Markets also presented to, and reviewed with, the Independent Committee, their preliminary views regarding the fair market value of the TEAL Shares.

Following the Independent Committee's meeting on December 10, 2008, the Chair of the Independent Committee advised a representative of ARM that the Independent Committee was in a position to receive an offer price. On

December 11, 2008, the Independent Committee received a non-binding proposal from ARM which contemplated the acquisition of the TEAL Shares held by the Minority Shareholders at a price of $3.00 in cash per TEAL Share. Neither the Independent Committee nor its legal counsel disclosed the terms of the non-binding proposal to TEAL or its counsel.

At its meetings on December 11, 2008 and December 12, 2008, the Independent Committee received update reports from CIBC World Markets with respect to their preliminary views regarding the fair market value of the TEAL Shares and from McMillan with respect to the status of the negotiation of the Arrangement Agreement.

Over the course of the weekend of December 13 and 14, counsel to the Company (in consultation with counsel to the Independent Committee), ARM and Vale engaged in detailed negotiation of the non-financial terms of the Arrangement Agreement. On the morning of December 15, 2008, and prior to the meeting of the Independent Committee later that day, the identity of Vale was disclosed to Fasken and McMillan.

On December 15, 2008, the Independent Committee met to consider its recommendation to the Board of Directors with respect to the Proposed Transactions. The Independent Committee received a report from Fasken and McMillan with respect to the status of the negotiation of the Arrangement Agreement. CIBC World Markets then orally presented its formal valuation of the TEAL Shares. CIBC World Markets reported that it had concluded that the fair market value of the TEAL Shares, as at December 15, 2008, was in the range of $1.73 to $3.06 per share. CIBC World Markets also presented its oral opinion to the Independent Committee that the Consideration offered under the terms of the Arrangement is fair, from a financial point of view, to the Minority Shareholders. The Independent Committee also reviewed and approved its report to the Board of Directors. After discussion and consideration of the factors set out below under the heading "The Arrangement and Pre-Arrangement Transactions — Reasons for Recommendation of the Independent Committee", the Independent Committee unanimously: (i) determined that the Consideration offered to the Minority Shareholders under the terms of the Arrangement is fair, from a financial point of view, to the Minority Shareholders and the Proposed Transactions are in the best interests of the Company; and (ii) resolved to recommend that the Board of Directors approve the Proposed Transactions, authorize the Company to enter into the Arrangement Agreement and recommend that the Minority Shareholders vote their TEAL Shares for the Proposed Transactions.

TEAL Board Approval and Execution of the Arrangement Agreement

Also on December 15, 2008, the Board of Directors met to receive the report of the Independent Committee and to consider the Proposed Transactions and the Arrangement Agreement. At the meeting, Messrs. Motsepe, Arnold, King, Simelane and Wilkens abstained from voting due to their involvement in the Arrangement in certain other capacities, including as senior officers and/or directors of ARM. Mr. Joaquim A. Chissano, a non-executive director of ARM, was not in attendance at the meeting. The Board of Directors (other than certain directors abstaining due to their relationship with ARM) proceeded to unanimously approve (with the aforementioned directors abstaining) the Proposed Transactions and resolved to recommend that TEAL Shareholders vote their TEAL Shares for the Arrangement Resolution, subject to negotiation and settlement of the Arrangement Agreement in a form acceptable to specified senior officers of the Company.

After the close of markets on December 15, 2008, TEAL and the Purchaser Parties finalized their negotiation of the Arrangement Agreement and entered into the Arrangement Agreement. At the same time, ARM and Vale entered into the Framework Agreement, certain of the terms of which are described below under the heading "Interests of Certain Persons in the Arrangement — ARM's Framework Agreement with Vale".

CIBC World Markets Valuation and Fairness Opinion

Selection of CIBC World Markets

The Proposed Transactions constitute a "business combination" for the purposes of MI 61-101. In accordance with the provisions of MI 61-101, the Company was required to obtain, at its own expense, a formal valuation of the TEAL Shares prepared in accordance with MI 61-101 by a valuator who is independent of the Company, ARM and Vale and who is qualified to provide such a valuation.

CIBC World Markets was retained by the Independent Committee pursuant to the Engagement Letter. The Engagement Letter provides for the payment of a fee to CIBC World Markets upon delivery to the Independent Committee of a preliminary value analysis of the TEAL Shares, an additional fee upon delivery to the Independent Committee of the Valuation, and an additional fee upon delivery to the Independent Committee of the Fairness Opinion. The fees paid to CIBC World Markets under the Engagement Letter were agreed between CIBC World Markets and the Independent Committee and are not material to the Company or to CIBC World Markets. None of the fees payable to CIBC World Markets is

contingent upon the conclusions reached by CIBC World Markets in the Valuation or the Fairness Opinion or on the completion of the Proposed Transactions. In the Engagement Letter, the Company has agreed to indemnify CIBC World Markets in respect of certain liabilities that might arise out of its engagement and to reimburse it for its reasonable expenses.

CIBC World Markets Valuation

The following summary is qualified in its entirety by the full text of the Valuation which sets forth the assumptions made, matters considered and limitations on the review undertaken in connection with the Valuation. The Company urges TEAL Shareholders to read the Valuation and Fairness Opinion, which are attached as Appendix G to this Circular, in their entirety.

Credentials of CIBC World Markets

CIBC World Markets is one of Canada's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. The Valuation and the Fairness Opinion have been approved for release by a committee of CIBC World Markets' managing directors and internal counsel, each of whom is experienced in merger, acquisition, divestiture and valuation matters.

Relationships with Interested Parties

CIBC World Markets is independent of all of the Parties and has the qualifications necessary to carry out a formal valuation in accordance with the terms of MI 61-101. Neither CIBC World Markets nor any of its affiliates:

(a) is an "issuer insider", "associated entity" or "affiliated entity" (as such terms are used in MI 61-101) of the Company;

(b) is a financial advisor to the Company in connection with the Proposed Transactions;

(c) is a manager or co-manager of a soliciting dealer group formed to solicit acceptances of the Arrangement, nor will they, as a member of such group, perform services beyond the customary soliciting dealer functions nor will they receive more than the per-share or per-shareholder fee payable to other members of the group; or

(d) has a financial incentive with respect to the conclusions reached in the Valuation or the Fairness Opinion, or has a material financial interest in the completion of the Proposed Transactions.

In the 24 months prior to October 22, 2008, CIBC World Markets did not have a material financial interest in any transaction involving the Company, ARM or Vale. The fees payable to CIBC World Markets by the Company are not financially material to CIBC World Markets. CIBC World Markets acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had, and may in the future have, positions in the securities of the Company, ARM, Vale or their affiliates and, from time to time, may have executed, or may execute, transactions on behalf of such entities. CIBC World Markets is an indirect subsidiary of Canadian Imperial Bank of Commerce ("**CIBC**"), and CIBC or its affiliated entities have made or may in the future make loans or provide other financial services in the normal course to the Company, ARM, Vale or their affiliates.

Scope of Review

In preparing the Valuation, CIBC World Markets reviewed certain publicly available information and financial statements and non-public information relating to the Company; conducted site visits; reviewed information relating to the business operations, financial performance and, where applicable, stock market data and research publications relating to the Company and other selected comparable companies; held discussions with senior management of the Company and its legal counsel and with legal counsel to the Independent Committee; held discussions with ARM, and its legal and financial advisors; and carried out other investigative exercises, more specifically described in the Valuation.

General Assumption and Limitations

With the Independent Committee's permission and subject to the exercise of CIBC World Markets' professional judgment, CIBC World Markets relied upon the completeness, accuracy and fair presentation of all financial and other information obtained by it from public sources or provided to it by the Company or its affiliates or advisors or otherwise obtained by it. The Valuation is conditional upon such completeness, accuracy and fair presentation. CIBC World Markets did not attempt to verify independently the accuracy, completeness or fairness of presentation of any of such data or information.

The Company has represented to CIBC World Markets, in a certificate from two senior officers of the Company dated the date of the Valuation that, *inter alia*, the information, data and other materials provided to CIBC World Markets

by or on behalf of the Company, including the written information and discussions concerning the Company referred to in the Valuation under the heading "Scope of Review" (collectively, the "**Information**"), were complete and correct as at the date that the Information was provided to CIBC World Markets and that, since such date, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its respective subsidiaries and affiliates, and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Valuation or the conclusion reached by CIBC World Markets in the Fairness Opinion.

The Valuation was given as of December 15, 2008 on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of the Company as they were reflected in the Information provided to CIBC World Markets and as they were represented to CIBC World Markets in their discussions with management of the Company and its advisors. Although CIBC World Markets reserves the right to change or withdraw the Valuation if it learns that any of the information relied upon in preparing the Valuation was inaccurate, incomplete or misleading in any material respect, CIBC World Markets disclaims any obligation to change or withdraw the Valuation, to advise any person of any change that may come to its attention or update the Valuation after such date.

The Valuation is not to be construed as a recommendation to any TEAL Shareholder to vote for or against the Arrangement Resolution.

In the Valuation, CIBC World Markets stated that it believed that its financial analyses must be considered as a whole, and that selecting portions of its analyses and the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the preparation of the Valuation and Fairness Opinion. The preparation of a valuation and fairness opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Fair Market Value

For purposes of the Valuation, fair market value is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with each other and under no compulsion to act. CIBC World Markets made no downward adjustments to the fair market value of the TEAL Shares to reflect the liquidity of the TEAL Shares or the fact that the TEAL Shares held by individual Minority Shareholders do not form part of a controlling interest.

Valuation Methodology

CIBC World Markets employed four principal methodologies in their approach to the Valuation:

i) net asset value ("**NAV**");

ii) comparable companies analysis;

iii) precedent transactions analysis; and

iv) retained exploration expenditures.

In addition, CIBC World Markets reviewed historical trading data and considered research analyst views for TEAL.

NAV

The NAV approach separately considers each mining, exploration and financial asset, whose individual values are estimated through the application of the methodology viewed as most appropriate in the circumstances, net of obligations and liabilities, including reclamation and closure costs, and the present value of corporate general and administrative costs that are not directly attributable to the individual projects. To value TEAL's key mining assets, CIBC World Markets relied primarily on a discounted cash-flow ("**DCF**") analysis whereby it discounted the unlevered, after-tax, constant-dollar free cash flows of each asset, over the life of the asset at a prescribed discount rate to generate present values. Based on a number of assumptions, each asset's real (or inflation-adjusted) discount rate was estimated and used to calculate the present value of the cash flows. All forecasts of free cash flow were based on Company operating estimates, using consensus research analyst copper price forecasts, and CIBC World Markets' assessment thereof in the exercise of its professional judgement. To value TEAL's other mining and exploration assets where the DCF approach was not

appropriate, CIBC World Markets relied on the comparable companies or retained exploration expenditures approach as described below.

Under the NAV approach, the value of each asset is summed to produce a total asset value, from which is added or subtracted the Company's financial assets and liabilities as well as an estimate of the present value of corporate general and administrative costs that were not directly assignable to the operating and development assets.

The NAV method considers a variety of valuation techniques in the context of individual assets, is less biased with respect to a transaction's timing within a commodity pricing cycle due to its reliance principally on long term metal price forecasts, and explicitly addresses the unique characteristics of TEAL's African-based mines from a long term operating and exploration perspective.

Comparable Companies Analysis

In the comparable companies approach, various financial metrics at which similar, publicly listed, copper mining and development companies trade are reviewed and used to estimate appropriate multiples of similar metrics for the Company. Asset location, stage of project development and size are key considerations for gauging comparability. The following financial metrics were used to ascribe values to the TEAL Shares: enterprise value ("**EV**") per pound of measured and indicated copper resource ("**EV/M&I**"), EV per pound of measured, indicated and inferred copper resource ("**EV/MI&I**"), collectively, EV to contained copper ("**EV/Contained Copper**"), and price to NAV ("**P/NAV**"). EV is defined as the market value of common equity and preferred shares plus the book value of long term debt and minority interest minus the book value of working capital.

A similar methodology to EV/Contained Copper was also used to ascribe value to Otjikoto. EV per ounce of measured and indicated gold resource and EV per ounce of measured, indicated and inferred gold resource, collectively, EV to contained gold ("**EV/Contained Gold**"), was calculated for a set of comparable junior gold companies with assets located in Africa. The resulting values for EV/Contained Copper and EV/Contained Gold were then summed resulting in an aggregate EV to contained metal ("**EV/Contained Metal**") that ascribes value to TEAL's copper and gold assets.

CIBC World Markets considered the multiples of EV/Contained Metal and P/NAV to be the most relevant metrics for a development stage mining company with negligible cash flow or earnings.

The results of the comparable companies analysis were then adjusted to include a control premium based on comparable change-of-control transactions, to compute an "en bloc" value for the TEAL Shares.

Precedent Transactions Analysis

The precedent transactions approach considers transaction prices in the context of the purchase or sale of a comparable company or asset. The prices paid for similar copper mining and development companies and assets and their implied multiples provide a general measure of relative value. Factors such as asset size, location and grade, as well as the spot price of copper at the time of the transaction are also considered. CIBC World Markets considered the multiples of EV/Contained Copper and P/NAV to be the most relevant metrics for a development stage mining company with negligible cash flow or earnings. CIBC World Markets focused on transactions that were completed at times when the copper price was near current levels.

Given the lack of sufficiently comparable precedent gold transaction data, coupled with the Company's previous unsuccessful auction process for Otjikoto, and the materiality of the asset, relative to the Company's copper assets, CIBC World Markets converted Otjikoto's gold resources to copper equivalent prior to applying precedent transaction metrics for copper transactions to TEAL's assets. Otjikoto gold resources were converted to copper equivalency based on analyst consensus long term copper price of US$1.76 per pound and gold price of US$769 per ounce.

Retained Exploration Expenditures

The retained exploration expenditures approach assumes a value for an exploration property based on meaningful past exploration expenditures plus warranted future costs. Budgets for future expenditures were not generally available, therefore CIBC World Markets focused primarily on past expenditures and on a recent TEAL property transaction which included upfront and future committed exploration expenditures from a third party.

Distinctive Material Benefit to ARM

CIBC World Markets considered whether any distinctive material benefits would accrue to ARM as a consequence of the completion of the Proposed Transactions. It is anticipated that ARM will benefit from the elimination of some of the costs borne by the Company in connection with its status as a publicly traded entity. The potential pre-tax savings

attributable to the elimination of these costs were estimated to be approximately $2.0 million per year, and the estimated costs of achieving these synergies are assumed to be immaterial.

For the purposes of the Valuation, CIBC World Markets assumed that an arm's length purchaser would be willing to pay for 50% of the value of the public company cost saving synergies in an open auction for the Company, 50% of the estimated public company cost savings is between $0.07 and $0.09 per share. CIBC World Markets reflected this portion of the projected savings in the valuation range.

Valuation Summary and Conclusion

In arriving at an opinion of fair market value of the TEAL Shares, CIBC World Markets did not attribute any particular weight to any specific factor, but made qualitative judgments based on experience in rendering such opinions and on circumstances then prevailing as to the significance and relevance of each factor. CIBC World Markets did, however, consider each valuation approach with specific focus on NAV, EV/Contained Copper and P/NAV metrics.

Based upon and subject to the factors set out in the Valuation and other factors considered relevant by CIBC World Markets, CIBC World Markets expressed the opinion that, as of December 15, 2008, the "fair market value" of the TEAL Shares was in the range of $1.73 to $3.06 per share.

CIBC World Markets Fairness Opinion

The following summary is qualified in its entirety by the full text of the Fairness Opinion which sets forth the assumptions made, matters considered and limitations on the review undertaken in connection with the Fairness Opinion. The Company urges TEAL Shareholders to read the Valuation and Fairness Opinion, which are attached as Appendix G to this Circular, in their entirety.

In the Fairness Opinion, CIBC World Markets stated that it is of the opinion that, as of December 15, 2008, the Consideration offered pursuant to the Proposed Transactions is fair, from a financial point of view, to Minority Shareholders.

Recommendation of the Board of Directors

The Board of Directors has carefully considered the transactions contemplated by the Arrangement Agreement, including the Arrangement, and has received the unanimous recommendation of the Independent Committee (including the reasons therefor as described under the heading "Reasons for Recommendation of the Independent Committee") to approve the Proposed Transactions, authorize the Company to enter into the Arrangement Agreement and recommend that Minority Shareholders vote their TEAL Shares in favour of the Proposed Transactions.

The Board of Directors (other than directors that serve as directors and/or senior officers of ARM, who abstained from voting) unanimously recommends that TEAL Shareholders vote their TEAL Shares FOR the Arrangement Resolution.

Reasons for Recommendation of the Independent Committee

Based on the considerations set out below, the Independent Committee has unanimously determined that the Consideration offered to the Minority Shareholders under the terms of the Arrangement is fair, from a financial point of view, to the Minority Shareholders and the Proposed Transactions are in the best interests of the Company. Accordingly, each of the members of the Independent Committee and the Board of Directors (with certain directors abstaining as described above under "The Arrangement and Pre-Arrangement Transactions — Background to the Arrangement") has unanimously approved the Proposed Transactions and recommends that the Minority Shareholders vote their TEAL Shares for the Proposed Transactions.

In reaching its conclusions, the Independent Committee considered, among other things, the following:

(a) *Valuation and Fairness Opinion*: The Valuation and Fairness Opinion of CIBC World Markets, which concluded that: (i) the fair market value of the TEAL Shares as at December 15, 2008 is in the range of $1.73 to $3.06 per TEAL Share; and (ii) the Consideration offered to the Minority Shareholders under the Arrangement is fair, from a financial point of view, to the Minority Shareholders. See "CIBC World Markets Valuation and Fairness Opinion".

(b) *Pricing Terms*: The Consideration of $3.00 in cash per TEAL Share: (i) is well above the mid-point and close to the high-end of the range of values set out in the Valuation of CIBC World Markets; (ii) represents a premium of (A) 329% over the $0.70 closing price of the TEAL Shares on the TSX on December 15, 2008 (the

last closing price prior to the announcement of the Proposed Transactions); (B) 879% over the 20-day volume weighted average price of the TEAL Shares on the TSX for the period ended December 15, 2008; and (C) 822% over the 30-day volume weighted average price of the TEAL Shares on the TSX for the period ended December 15, 2008; and (iii) is greater than the Company's 2005 initial public offering price of $2.25 per TEAL Share. In addition, the Consideration to be paid pursuant to the Arrangement is all-cash, which provides certainty of value to the Minority Shareholders.

(c) *Equality of Effective Share Consideration between ARM and Minority Shareholders*: Following the completion of the Proposed Transactions: (i) ARM's equity ownership interest in the Company's operating subsidiaries will decrease from approximately 65% to 50% and the Minority Shareholders will have no continuing ownership interest in the Company or its subsidiaries; and (ii) the aggregate amount of the funds advanced by Vale to acquire its 50% interest in Newco (i.e. $80,905,955) is equal to the product of 50% of the currently outstanding TEAL Shares and $3.00. ARM has represented to the Company under the terms of the Arrangement Agreement that neither ARM nor any affiliate of ARM has received or will receive, directly or indirectly, any financial consideration in connection with the Proposed Transactions (but having regard to the assumption of liabilities and the agreement of Vale to directly or indirectly assume 50% of the outstanding guarantee provided by ARM to the lenders in respect of Subsidiary B's outstanding obligations pursuant to the Loan Facility) other than the difference between the Funding Amount and the Aggregate Consideration. See "Mechanics of Arrangement and Pre-Arrangement Transactions". Accordingly, the consideration effectively received by ARM from Vale for an approximately 15% interest in the business of TEAL is equal to the consideration ARM would have received had it disposed of 15% of the issued and outstanding TEAL Shares at the $3.00 per share offer price.

(d) *Sale Process Conducted by ARM*: The Independent Committee understands that: (i) ARM conducted a sale process beginning in March and April 2008 with respect to its investment in the Company; (ii) while the process did not dictate an offer structure, ARM's preference to sell an interest to a partner was noted to bidders; (iii) fourteen parties were contacted as part of the sale process and four of those parties entered into separate confidentiality agreements with each of ARM and the Company and conducted due diligence on the Company; and (iv) three potential purchasers submitted indications of interest, however only two of the indications were sufficiently attractive to merit further consideration by ARM.

(e) *Absence of Superior Offers*: The Independent Committee has concluded that the prospect of a superior offer for the TEAL Shares from a third party is remote. This conclusion is based on, among other things: (i) a review of ARM's sale process by the Independent Committee and its advisors; (ii) ARM's preference to sell an interest to a partner; (iii) changes in worldwide financial and commodities markets since ARM commenced its sale process; and (iv) ARM's ownership of 65% of the outstanding TEAL Shares. Under the Arrangement Agreement, the Board of Directors remains able to respond, in accordance with its fiduciary duties, to unsolicited proposals that are more favourable from a financial point of view than the Arrangement. The fees payable to Vale in connection with a termination of the Arrangement Agreement in connection with a Superior Proposal are reasonable in the circumstances and not preclusive of other proposals.

(f) *Reputation of Vale and Probability of Completion:* Vale is a credible and reputable buyer with the financial capability to provide the funds necessary to complete the Proposed Transactions. Also, the Arrangement is not subject to any financing or due diligence condition. Accordingly, the Independent Committee believes that the Proposed Transactions have a high probability of completion.

(g) *Limited Liquidity*: The Minority Shareholders currently have limited liquidity for their TEAL Shares and the Proposed Transactions provide an opportunity for them to realize on their investment at a fair price.

(h) *Procedural Protections for Minority Shareholders*: The Proposed Transactions will not proceed unless the Arrangement is approved by the affirmative vote of a majority of the votes cast by the Minority Shareholders voting in person or by proxy at the Meeting. In addition, in order to become effective, the Arrangement must be approved by the Court which will consider, among other things, the fairness of the Arrangement to the Minority Shareholders. The Independent Committee: (i) considered the fact that Minority Shareholders will have the right to dissent under the Interim Order which will entitle Minority Shareholders who dissent to be paid the fair value of their TEAL Shares (see "Dissenting Shareholder Rights"); and (ii) noted that the Arrangement Agreement contains a condition precedent to the closing of the Arrangement in favour of Vale that dissent rights have not been validly exercised with respect to more than 5% of the issued and outstanding TEAL Shares in respect of the

Arrangement Resolution (see "The Arrangement Agreement — Conditions Precedent to the Arrangement — Additional Conditions Precedent to the Obligations of the Purchaser Parties").

(i) *Certain Canadian Federal Income Tax Considerations.* Minority Shareholders who are resident in Canada, who hold TEAL Shares as capital property and who do not dissent, will not realize a capital gain (or capital loss) on the Amalgamation, but will realize a capital gain (or capital loss) on the redemption of the Amalco Preference Shares equal to the amount, if any, by which the proceeds of disposition of such shares are greater (or less) than the total of the holder's adjusted cost base of TEAL Shares and any reasonable costs of disposition. Generally, a Minority Shareholder who is not resident in Canada for purposes of the Tax Act and who does not dissent will not be subject to tax under the Tax Act in respect of the transactions contemplated under the Arrangement unless the Amalco Preference Shares constitute "taxable Canadian property" (within the meaning of the Tax Act) to such Minority Shareholder and the gain is not otherwise exempt under the Tax Act pursuant to an exemption contained in an applicable income tax convention. See "Certain Canadian Federal Income Tax Considerations".

(j) *Other Factors*: The Independent Committee also considered the Arrangement with reference to the financial condition and results of operations of the Company, as well as its prospects, strategic alternatives and competitive position, including the risks involved in achieving those prospects and following those alternatives in light of current market conditions and the Company's financial position.

The discussion of the information and factors considered by the Independent Committee and described in this Circular is not intended to be exhaustive but is believed to include all material factors considered by the Independent Committee. In addition, in reaching its conclusions, the Independent Committee did not assign any relative or specific weights to the foregoing factors which were considered and individual members of the Independent Committee may have given different weights to different factors.

Procedure for the Arrangement to Become Effective

The Arrangement is proposed to be carried out pursuant to section 195 of the YBCA. The following conditions, among others, must be satisfied in order for the Arrangement to become effective, in addition to obtaining the requisite approvals of TEAL Shareholders at the Meeting:

(a) the Court must grant the Final Order approving the Arrangement;

(b) all other conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and

(c) the Final Order, Articles of Arrangement and Articles of Amalgamation in the form prescribed by the YBCA must be filed with the Registrar.

Court Approval of the Arrangement and Completion of the Arrangement

An arrangement under the YBCA requires approval by the Court pursuant to the Final Order. On January 13, 2009, TEAL obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is attached hereto as Appendix D.

Subject to the terms of the Arrangement Agreement and if the Arrangement Resolution is approved at the Meeting, TEAL will make an application to the Court for the Final Order at The Law Courts, 2134 Second Avenue, Whitehorse, Yukon Y1A 5H6 on Tuesday, February 17, 2009, at 3:00 p.m. (Whitehorse time) or as soon thereafter as counsel may be heard. A copy of the Notice of Application for Final Order is attached as Appendix E to this Circular. Any TEAL Shareholder or other interested party desiring to support or oppose the motion with respect to the Arrangement may appear at the hearing in person or by counsel for that purpose, subject to filing with the Court and serving on TEAL, on or before 4:00 p.m. (Whitehorse time) on February 13, 2009 a notice of intention to appear setting out their address for service in the Yukon together with any evidence or materials which are to be presented to the Court. Service of such notice on TEAL is required to be effected by service upon the Yukon solicitors of TEAL, Macdonald & Company, 200-204 Lambert Street, Whitehorse, Yukon Y1A 3T2, Attention: Gareth C. Howells.

TEAL has been advised by its counsel that the Court has broad discretion under the YBCA when making orders with respect to the Arrangement and the Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to TEAL Shareholders and any other interested party as the Court determines appropriate. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct and

subject to compliance with such terms and conditions, if any, as a Court may determine appropriate. The Purchaser Parties may determine not to proceed with the Arrangement in the event that any amendment ordered by the Court is not satisfactory to it.

Assuming the Final Order is granted and the other conditions to closing contained in the Arrangement Agreement are satisfied or waived, it is anticipated that Articles of Arrangement and Articles of Amalgamation will be filed with the Registrar under the YBCA to give effect to the Arrangement and the various other documents necessary to consummate the transactions contemplated under the Arrangement Agreement will be executed and delivered. Prior to the Effective Time, Vale will deposit or cause to be deposited with the Depositaries, to be held in escrow for the benefit of Minority Shareholders, sufficient monies to satisfy the obligation of the Purchaser to pay the Aggregate Consideration. See "Mechanics of Arrangement and Pre-Arrangement Transactions".

Subject to the foregoing (including the satisfaction of other conditions precedent), it is expected that the Effective Time will occur as soon as practicable after the requisite TEAL Shareholder approvals have been obtained, the Final Order is granted and Regulatory Approvals have been obtained, or if not obtained, waived by the Company and the Purchaser Parties.

Regulatory Matters

Required Regulatory Approvals

The consummation of the Arrangement is conditional upon, among other things, the Parties obtaining the following Regulatory Approvals:

(i) receipt by the Company of written approval from the South African Securities Regulation Panel for the Company to enter into the transactions contemplated by the Arrangement Agreement, to the extent required;

(ii) evidence of approval in favour of the Company by the Exchange Control Department of the South African Reserve Bank, *inter alia*, of the Arrangement and for the de-listing of TEAL from the JSE;

(iii) evidence of compliance by the Company with the de-listing requirements of the JSE;

(iv) evidence of any required clearance, approval or other authorization from the Zambian Competition Commission for the Company to enter into the transactions contemplated by the Arrangement Agreement; and

(v) Barbados exchange control approval in respect of the transfer of shares of certain of the Company's subsidiaries as contemplated under the Pre-Arrangement Transactions.

Each of the Parties has agreed to cooperate and use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate the Proposed Transactions as soon as practicable.

South African Securities Regulation Panel

The South African Securities Regulation Panel is the applicable regulatory authority in South Africa that regulates transactions involving a change of control of public entities and certain resident private entities in South Africa through, among other things, the *Securities Regulation Code and Rules for Takeovers and Mergers* (the "**Code**"). The South African Securities Regulation Panel has exercised its discretion in terms of the Code to exempt the Proposed Transactions from compliance with the Code.

South African Reserve Bank

The Exchange Control Department of the South African Reserve Bank is the applicable regulatory authority in South Africa responsible for the implementation and day-to-day administration of the South African Exchange Control Regulations. Pursuant to the South African Exchange Control Regulations, approvals from the Exchange Control Department of the South African Reserve Bank are required for the implementation of the Proposed Transactions in accordance with the terms of the Arrangement Agreement. The required approvals include approvals for the de-listing of the TEAL Shares from the list of the JSE and the effective reduction of ARM's equity interest in TEAL from more than 50% to 50% or less. ARM has submitted, on behalf of itself and TEAL, an application for the necessary approval of the Exchange Control Department of the South African Reserve Bank for the Proposed Transactions.

JSE

The JSE is able to terminate the listing of securities of an issuer such as TEAL on the JSE following receipt of a written application by the issuer for the deletion of its securities and the approval by the JSE of, among other things, the timetable for the de-listing of the issuer on the JSE.

Zambian Competition Commission

Zambian Competition Commission clearance is required for all mergers and takeovers where an entity in Zambia manufactures or distributes goods and services. TEAL and the Purchaser Parties have received an opinion from counsel in Zambia to the effect that Zambian Competition Clearance is not required for the Proposed Transactions.

Barbados Exchange Control Approval

Pursuant to the *Exchange Control Act* (Barbados), the permission of the Exchange Control Authority of the Central Bank of Barbados is required for the transfer of a security of an international business company registered in Barbados unless certain conditions are satisfied, none of which apply in the case of the Proposed Transactions. TEAL and the Purchaser Parties have submitted the requisite application to obtain approval for the transfer of shares of certain of the Company's subsidiaries as contemplated under the Pre-Arrangement Transactions.

Canadian Securities Law Matters

The Company is a reporting issuer (or the equivalent) under applicable Canadian securities legislation in all Canadian provinces and territories and is, among other things, subject to the applicable securities laws of Ontario and Québec, including MI 61-101.

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment to securityholders generally by requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors.

The protections of MI 61-101 generally apply to "business combinations" (which terminate the interests of securityholders without their consent) as well as "related party transactions", among other types of transactions. ARM is considered a "related party" of TEAL and, since ARM will be retaining a 50% interest in Newco while all of the TEAL Shares held by Minority Shareholders are to be purchased, the Arrangement constitutes a "business combination" in respect of TEAL within the meaning of MI 61-101. In addition, certain of the Pre-Arrangement Transactions contemplated by the Arrangement Agreement constitute "related party transactions"; however, as such transactions comprise procedural steps which are integral to, and not merely carried out in conjunction with, the Arrangement, MI 61-101 provides that the requirements applicable to business combinations are also applicable to such transactions.

MI 61-101 requires that, in addition to any other required shareholder approval, in order to complete the Arrangement, the approval of a majority of the votes cast by Minority Shareholders be obtained. See "The Arrangement and Pre-Arrangement Transactions — Shareholder Approval of Arrangement Resolution".

In addition, MI 61-101 requires that a formal valuation of the TEAL Shares be prepared by an independent valuator under the oversight of a special committee of independent directors, filed with the applicable securities regulators and summarized in this Circular. See "The Arrangement and Pre-Arrangement Transactions — CIBC World Markets Valuation and Fairness Opinion".

MI 61-101 requires the Company to disclose any "prior valuations" (as defined in MI 61-101) of the Company or its material assets or securities made within the 24 month period preceding the date of this Circular; however, after reasonable inquiry, neither the Company nor any director or senior officer of the Company has knowledge of any such "prior valuation".

Interests of Certain Persons in the Arrangement

Directors' Relationships with ARM

In reviewing and approving the Arrangement, the Board of Directors was aware that certain members of the Board of Directors and of the Company's management are involved in the Arrangement in certain other capacities and/or have certain interests in connection with the transactions contemplated in the Arrangement, including those referred to below. Messrs. Motsepe, Arnold, King, Simelane and Wilkens, each a director of the Company, abstained from voting to approve the Arrangement Agreement due to their involvement in the Arrangement in certain other capacities, including as senior officers

and/or directors of ARM. Mr. Joaquim A. Chissano, a non-executive director of ARM, was not in attendance at the meeting to approve the Arrangement Agreement. ARM owns 35,000,001 TEAL Shares, representing approximately 65% of the issued and outstanding TEAL Shares. In making its decision to approve the Arrangement, the Independent Committee considered these interests along with the other matters described above in "The Arrangement and Pre-Arrangement Transactions — Recommendation of the Board of Directors" and "Information about TEAL — Ownership of Securities of TEAL".

ARM's Framework Agreement with Vale

Concurrently with the execution and delivery of the Arrangement Agreement, ARM and Vale entered into the Framework Agreement. See "Arrangements between ARM and Vale".

Arrangements, Undertakings or Agreements in Relation to the Proposed Transactions

Except as disclosed in this Circular, to the knowledge of the directors and executive officers of the Company, no arrangement, undertaking or agreement exists between ARM or Vale and TEAL, or between persons acting in concert with any of ARM, Vale or TEAL in relation to the TEAL Shares or TEAL SARs.

Executive Employment Arrangements

The Company is a party to employment agreements with each of the following executive officers: Hannes O. Meyer (Acting Chief Executive Officer and Chief Financial Officer), Arné N. Lewis (Chief Operating Officer), G. Claus-Jürgen Schlegel (Vice President: Exploration and Business Development), Julian C. Gwillim (Vice President: Investor Relations and Corporate Development), and Alyson N. D'Oyley (General Counsel and Corporate Secretary). Each of these agreements contains provisions related to termination following a change in control of the Company. Except in the case of Mr. Meyer, the Proposed Transactions would not constitute a change of control of the Company for the purposes of the executive employment agreements. In the case of Mr. Meyer, if his employment is terminated or if he is not offered an equivalent position in a new company if the Company merges with another entity or is acquired or where there is any other form of change of control of the Company, the Company will be obliged to pay to Mr. Meyer an amount equal to his base salary under his employment agreement for 12 months together with all vacation pay owing to Mr. Meyer to the date of termination of his employment agreement.

Directors' and Officers' Insurance

Without limiting the right of the Company to do so prior to the Effective Date, ARM and Vale have agreed in the Arrangement Agreement to use reasonable commercial efforts to secure directors' and officers' liability insurance coverage for the current and former directors and officers of the Company and its Subsidiaries on a six year "trailing" (or "run-off") basis provided that such trailing policy is available at a reasonable cost and, in any event, at no more than 250% of the annual premium paid during the last fiscal year. If a trailing policy is not available at such reasonable cost, then ARM has agreed that for the period of six years following the Effective Date, ARM shall cause to be maintained the Company's current directors' and officers' insurance policy or a substantially equivalent policy subject in either case to terms and conditions no less advantageous to the directors and officers of the Company and its Subsidiaries than those contained in the policy in effect on the date of the Arrangement Agreement, for all present and former directors and officers of the Company and its Subsidiaries, covering claims made prior to or within such six year period. Further, ARM has agreed that, after the expiration of such six year period, if there is no cost of doing so, the Purchaser shall use reasonable commercial efforts to cause such directors and officers to be covered under ARM's then existing directors' and officers' liability insurance policy.

Resignation of Members of the Board of Directors

In accordance with the Arrangement Agreement, each member of the Board of Directors will resign from their position as a member of the Board of Directors effective as of the Effective Time.

Special Arrangements

Except as otherwise disclosed in this Circular, to the knowledge of the directors and executive officers of the Company, no agreement, arrangement or understanding exists between ARM, Vale or any person acting in concert with ARM or Vale, and any of the directors of TEAL or persons who were directors of TEAL within the 12 months preceding the date of this Circular, having any connection with or dependence upon the Proposed Transactions.

TEAL does not beneficially own or exercise control or direction over any securities of Vale or ARM.

Expenses of the Proposed Transactions

TEAL is required to pay for costs and expenses incurred in connection with the Arrangement including, without limitation, the fees due to CIBC World Markets, filing fees, legal fees, depositary fees, proxy solicitation fees and printing and mailing costs, including the costs associated with the Valuation and Fairness Opinion and the preparation of this Circular. Such fees, costs and expenses will be payable whether or not the Arrangement is completed and are anticipated to be approximately $2,200,000. In certain circumstances where the Arrangement Agreement is terminated, TEAL is required to reimburse the reasonably incurred out-of-pocket expenses of the Purchaser Parties up to a maximum of $2,000,000 and, in other circumstances where the Arrangement Agreement is terminated, the Purchaser Parties are required to reimburse the reasonably incurred out-of-pocket expenses of TEAL up to a maximum of $500,000. See "The Arrangement Agreement — Expense Reimbursement."

MECHANICS OF ARRANGEMENT AND PRE-ARRANGEMENT TRANSACTIONS

Mechanics of Pre-Arrangement Transactions

Before the Arrangement is made effective, the Parties will complete the Pre-Arrangement Transactions. The following description of the Pre-Arrangement Transactions is qualified in its entirety by reference to the full text of section 2.9 of the Arrangement Agreement, a copy of which is attached as Appendix C to this Circular.

Pre-Arrangement Reorganization

At or prior to the Funding Time, the Company will implement the Pre-Arrangement Reorganization which will include the following steps:

- the Company will use reasonable commercial efforts to cause Subsidiary B, a direct, wholly-owned subsidiary of the Company, to transfer all of its right, title and interest in and to certain Mozambique exploration licenses to TEAL Mining Mozambique Ltda., its wholly-owned indirect subsidiary;
- Subsidiary B will incorporate and organize Newco and Managementco, corporations under the laws of Barbados, each of which will be an "international business corporation" in Barbados, to be named TEAL Minerals (Barbados) Incorporated and TEAL Management Corporation, respectively. All of the shares of Newco will initially be owned by Subsidiary B, and all of the shares of Managementco will be owned by Newco;
- Subsidiary B will transfer all of its interests (consisting of shares and intercompany debt) in the six Barbados holding companies that indirectly hold TEAL's interests in its development projects and exploration assets to Newco in exchange for:
    - shares of Newco;
    - promissory notes to be issued by Newco; and
    - the assumption by Newco of all of Subsidiary B's liabilities (i) under the Loan Facility, and (ii) subject to certain limited exceptions, related to the Barbados holding companies;
- substantially all of the remaining assets of TEAL except for cash, shares of Subsidiary B and the promissory note described in the Arrangement Agreement as the New Subsidiary B Intercompany Note (and, subject to certain limited exceptions, the remaining liabilities of TEAL) will be transferred to (or assumed by) Managementco.

In addition to the foregoing transactions, ARM will transfer all of the TEAL Shares that it beneficially owns, directly or indirectly, to the Purchaser.

Funding Transactions

After the completion of the Pre-Arrangement Reorganization and immediately prior to the Effective Time of the Arrangement, TEAL and the Purchaser Parties will implement the Funding Transactions which will include the following steps:

- Subsidiary B will sell to a wholly-owned subsidiary of Vale, 50% of the outstanding Newco shares and certain intercompany debt of Newco owed to Subsidiary B for an aggregate amount of $80,905,955 in cash (the "**Funding Amount**"), being the amount that would notionally be required to purchase 50% of the outstanding TEAL Shares at $3.00 per share;

- Subsidiary B will lend an amount at least equal to the Aggregate Consideration, being the amount required to fund the redemption of the Amalco Preference Shares to be received by Minority Shareholders under the Arrangement, to Purchaser Parent, a direct wholly-owned subsidiary of ARM;
- Purchaser Parent will subscribe for shares of the Purchaser for an amount equal to the Aggregate Consideration; and
- the Aggregate Consideration will be held by the Depositaries in escrow for the benefit of the Minority Shareholders in connection with the implementation of the Plan of Arrangement.

Mechanics of the Arrangement

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of which is attached as Schedule "C" to the Arrangement Agreement which is attached as Appendix C to this Circular.

If implemented, the Arrangement will become effective at the Effective Time (which is expected to be at 12:01 a.m. (Whitehorse time) on a date expected to be in February 2009, but in any case, not later than April 30, 2009). The following events or transactions will occur and will be deemed to occur commencing at the Effective Time in the following sequence without any further act or formality:

1. *TEAL SARs.* All TEAL SARs will be cancelled and terminated and in connection therewith:

   (a) each holder of a TEAL SAR that has not been duly exercised prior to the Effective Time will be entitled to receive from the Company in exchange for such cancellation and termination a cash amount equal to the amount, if any, by which $3.00 exceeds the Fair Market Value (as defined in the Share Appreciation Rights Plan) of a TEAL Share as of the date such TEAL SAR was granted to such holder, less any required tax withholdings (see "Mechanics of Arrangement and Pre-Arrangement Transactions — Payment to TEAL Shareholders and Holders of TEAL SARs"); and

   (b) the Share Appreciation Rights Plan will be terminated.

2. *Dissenting Shareholders.* The TEAL Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised will be deemed to have been transferred without any further act or formality to the Purchaser (free and clear of any liens) and each Dissenting Shareholder will cease to be the holder of such TEAL Shares and to have any rights as a holder of such TEAL Shares other than the right to be paid fair value for such TEAL Shares as provided in the Plan of Arrangement.

3. *Amalgamation and Issuance of Preference Shares.* The Company and the Purchaser will amalgamate under section 195 of the YBCA to form Amalco and in connection therewith:

   (a) each TEAL Share outstanding immediately prior to the Effective Time (other than TEAL Shares held by the Purchaser, including TEAL Shares which are deemed to have been transferred to the Purchaser by Dissenting Shareholders as described in item 2 above) will be converted without any further act or formality into one Amalco Preference Share; and

   (b) the aggregate stated capital in respect of the Amalco Preference Shares issued on the amalgamation will be $3.00 multiplied by the number of Amalco Preference Shares so issued.

4. *Redemption of Amalco Preference Shares.* Each Amalco Preference Share will be redeemed without any further act or formality for $3.00 in cash per Amalco Preference Share, less any required tax withholdings (see "Mechanics of Arrangement and Pre-Arrangement Transactions — Payment to TEAL Shareholders and Holders of TEAL SARs").

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Funding Time, be amended only by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and Final Order and applicable Laws: (a) change the time for performance of any of the obligations or acts of the Parties; (b) modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant thereto; (c) modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; and/or (d) modify any mutual conditions precedent contained within the Arrangement Agreement. The Parties have agreed that if any of the Purchaser Parties proposes any amendment or amendments to the Arrangement Agreement or the Arrangement, the other

Parties will act reasonably in considering such amendment, provided that no such amendment could reasonably be expected to be prejudicial to the Company, its Subsidiaries, the TEAL Shareholders or the other Parties in any material respect.

Payment to TEAL Shareholders and Holders of TEAL SARs

Payment to TEAL Shareholders

All TEAL Shareholders

Prior to the Effective Time, Vale is required to deposit or cause to be deposited, with the Depositaries, cash to be held in escrow for the benefit of Minority Shareholders, in the aggregate amount equal to the payments in respect thereof required by sections 2.3(4) and 3.1 of the Plan of Arrangement (with the fair value of any TEAL Shares in respect of which Dissent Rights have been exercised being deemed to be $3.00 per applicable TEAL Share for this purpose).

If the Arrangement is completed, TEAL Shares held by Minority Shareholders will be converted into Amalco Preference Shares on a one-for-one basis. Each Amalco Preference Share will immediately thereafter be redeemed by Amalco for the Consideration of $3.00 per share (which shall be paid to South African Shareholders in Rand as calculated using the rate of exchange quoted on the website of the Bank of Canada as the reference rate of the Canadian dollar against the Rand at noon Toronto time on the Conversion Reference Date) all payable in cash.

Any use of the mail to transmit documents of title for TEAL Shares and Letters of Transmittal or Forms of Surrender (as the case may be), is at the risk of the relevant TEAL Shareholder. If these documents are mailed, it is recommended that registered mail, with return receipt requested, and with proper insurance, be used.

Non-South African Shareholders

Enclosed with each copy of this Circular that is being delivered to registered Non-South African Shareholders is a Letter of Transmittal (printed on YELLOW paper). A Non-South African Shareholder must return a properly completed and executed Letter of Transmittal to the Canadian Depositary, together with certificate(s) which prior to the Effective Time represented outstanding TEAL Shares that were converted into Amalco Preference Shares and subsequently redeemed pursuant to the Plan of Arrangement and any other required documents, to obtain a cheque in an amount representing the Consideration payable to such Non-South African Shareholder, less any required tax withholdings, if the Arrangement becomes effective. Under no circumstances will interest be paid to any TEAL Shareholder on any payment to be made, regardless of any delay in making such payment. **It is recommended that Non-South African Shareholders complete, sign and return the Letter of Transmittal with the accompanying TEAL Share certificates to the Canadian Depositary as soon as possible, and preferably not later than 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) on Wednesday, February 11, 2009.**

If you are a non-registered shareholder and hold your TEAL Shares through an intermediary, please complete the documentation provided to you by your intermediary in accordance with the instructions provided by such intermediary. Where a certificate for TEAL Shares has been lost, stolen or destroyed, the registered holder of that certificate should immediately contact Computershare Investor Services Inc., toll free (from North America) at 1-800-564-6253, or (from outside of North America) +1-514-982-7555, regarding the issuance of a replacement certificate to receive payment as promptly as possible following the Effective Date.

A cheque in the amount payable under the Arrangement to the former TEAL Shareholder will, as soon as practicable after the Effective Date, be forwarded to the former TEAL Shareholder at the address specified in the Letter of Transmittal by prepaid mail.

In the event of a transfer of ownership of TEAL Shares that are not registered in the applicable register, the Consideration in respect of the Amalco Preference Shares into which such TEAL Shares were converted may be paid to the transferee if the certificate representing such TEAL Shares is presented to the Canadian Depositary, accompanied by all documents required to evidence and effect such transfer.

Acceptance by Book-Based Transfer in Canada by Non-South African Shareholders

Non-South African Shareholders may also submit their TEAL Shares for payment of the Consideration due to them under the Arrangement using the on-line depositing system of CDS. The Canadian Depositary has established an account at CDS for the purpose of the Arrangement. Any financial institution that is a participant in CDS may cause CDS to make a book-based transfer of TEAL Shares into the Canadian Depositary's account in accordance with CDS procedures for such transfer.

Non-South African Shareholders who submit their TEAL Shares for payment of the Consideration due to them under the Arrangement using the on-line depositing system of CDS are deemed to have completed the Letter of Transmittal and therefore such instructions received by the Canadian Depositary are considered as a valid deposit.

South African Shareholders

South African Shareholders are required to be paid the Consideration payable to them under the Arrangement in Rand. Accordingly, South African Shareholders will be paid the Rand equivalent of the Consideration, as calculated using the rate of exchange quoted on the website of the Bank of Canada as the reference rate of the Canadian dollar against the Rand at noon Toronto time on the Conversion Reference Date.

The settlement of the Rand equivalent of the Consideration for both Dematerialised South African Shareholders and Certificated South African Shareholders will be made subject to the South African Exchange Control Regulations.

Dematerialised South African Shareholders

The Rand equivalent of the Consideration due to Dematerialised South African Shareholders will not be posted to them but will be transferred, at their risk, to their respective CSDPs or brokers, for payment to them on the SA Payment Date in accordance with, and subject to the requirements of, the rules of Strate.

Certificated South African Shareholders

The following applies to Certificated South African Shareholders and does not apply to Dematerialised South African Shareholders.

Enclosed with each copy of this Circular that is being delivered to South African Shareholders is a Form of Surrender (printed on PINK paper). To receive payment of the Rand equivalent of the Consideration, a South African Shareholder must return to the South African Depositary, by the SA Payment Record Date, a properly completed and executed Form of Surrender, together with the other relevant documents of title, which prior to the Effective Time represented outstanding TEAL Shares that were converted into Amalco Preference Shares and subsequently redeemed pursuant to the Plan of Arrangement, and any other required documents. **It is recommended that South African Shareholders complete, sign and return the Form of Surrender with the accompanying documents of title to the South African Depositary as soon as possible and preferably not later then 12:00 p.m. Johannesburg time (5:00 a.m. Toronto time) on the SA Payment Record Date.**

Subject to receipt of all those documents and to the Arrangement becoming effective, cheques for the Rand equivalent of the Consideration due to Certificated South African Shareholders will be posted to them, by ordinary post, at their risk, to their respective addresses reflected in their Forms of Surrender, or if there is no address on a Form of Surrender, to the address reflected on the SA Branch Register. Alternatively, the Rand equivalent of the Consideration will be electronically transferred into a Certificated South African Shareholder's bank account if details of the account are available to the South African Depositary and the Certificated South African Shareholders concerned have entered into a mandate with the South African Depositary. This will take place on the SA Payment Date, if the Form of Surrender together with the relevant documents of title (in negotiable form) will have been surrendered to the South African Depositary by 12:00 p.m. Johannesburg time on the SA Payment Record Date, or within five Business Days of receipt of the Form of Surrender together with the relevant documents of title (in negotiable form), whichever is the later.

Where on or after the SA Payment Date, a person who was not a registered South African Shareholder on the SA Payment Record Date, tenders to the South African Depositary documents of title for any TEAL Shares, together with a duly stamped Form of Surrender, purporting to have been executed by or on behalf of the registered holder of such TEAL Shares and, provided that the Rand equivalent of the Consideration has not already been posted or delivered to the registered holder, or his, her or its CSDP or broker, then the transfer may be accepted by the South African Depositary and Amalco as if it were a valid transfer to such person of the TEAL Shares concerned, provided that the South African Depositary and Amalco will have been, if so required by them, given an indemnity on terms acceptable to them in respect of the Rand equivalent of the Consideration.

Any surrender of documents of title by a South African Shareholder in accordance with the above may be made prior to, and in anticipation of, the Arrangement becoming effective, in which event surrendered documents of title will be held on behalf of and for the benefit of the surrendering South African Shareholders pending the Arrangement becoming effective. If the Arrangement does not become effective for any reason whatsoever, the South African Depositary will return the documents of title, by registered post, to the South African Shareholder at the risk of such South African Shareholder within five Business Days of the date upon which it becomes known that the Arrangement will not become effective.

The Rand equivalent of the Consideration due to a Certificated South African Shareholder will only be payable upon receipt by the South African Depositary of the documents of title in respect of all of such South African Shareholder's TEAL Shares.

From and after February 17, 2009, the SA Branch Register will be closed for removals to and from the principal register of TEAL Shareholders.

Certificated South African Shareholders who surrender their documents of title before the SA Payment Record Date will not be able to trade or dematerialise their TEAL Shares after the surrender.

South African Shareholders — South African Exchange Control Approval

Emigrants from the Common Monetary Area

The Rand equivalent of the Consideration pursuant to the Arrangement is not freely transferable from South Africa and must be dealt with in terms of the South African Exchange Control Regulations.

The Rand equivalent of the Consideration payable in terms of the Arrangement to a Certificated South African Shareholder who is an emigrant from South Africa, whose registered address is outside the Common Monetary Area and whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, will be deposited in a blocked Rand account with the authorized dealer in foreign exchange in South Africa controlling the shareholder's blocked assets in accordance with his instructions, against delivery of the relevant documents of title.

The authorized dealer releasing the relevant documents of title must countersign the Form of Surrender thereby indicating that the Rand equivalent of the Consideration payable in terms of the Arrangement will be placed directly in its control.

The Form of Surrender makes provision for the details and signature of the authorized dealer concerned to be provided.

All other non-residents of the Common Monetary Area

The Rand equivalent of the Consideration payable to a Certificated South African Shareholder who is a non-resident of South Africa and who has never resided in South Africa, whose registered address is outside the Common Monetary Area and whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, will be deposited with the authorized dealer in foreign exchange in South Africa nominated by such Certificated South African Shareholder against delivery of the relevant documents of title. It will be incumbent on the Certificated South African Shareholder concerned to instruct the nominated authorized dealer as to the disposal of the amounts concerned.

The Form of Surrender makes provision for the nomination of an authorized dealer. If the information regarding the authorized dealer is not given, the Rand equivalent of the Consideration pursuant to the Arrangement will be held in trust by TEAL for the South African Shareholder concerned pending receipt of the necessary information or instruction. No interest will be paid on the cash so held in trust.

Important Dates and Times Applicable to South African Shareholders (subject to the notes below)

	2009
• Record Date to vote at the TEAL Meeting	Wednesday, January 14
• The TEAL Meeting, to be held at 5:00 p.m. in Johannesburg	Friday, February 13
• Conversion Reference Date	Tuesday, February 17
• Closing of SA Branch Register for removal to and from the principal register	Tuesday, February 17
• Last day to trade TEAL Shares on the JSE in order to be recorded in the SA Branch Register to become entitled to receive payment of the Rand equivalent of the Consideration	Thursday, February 19
• Suspension of listing of TEAL Shares on the JSE	Friday, February 20
• SA Payment Record Date for payment of the Rand equivalent of the Consideration	Thursday, February 26
• Expected SA Payment Date when the Rand equivalent of the Consideration is expected to be:	Friday, February 27
• credited to Dematerialised South African Shareholders' accounts held at their respective CSDPs or Brokers; or	
• transferred or posted (as the case may be) to Certificated South African Shareholders (see note 1)	
• Termination of listing at commencement of trading	Monday, March 2

Notes:

1. Only for Certificated South African Shareholders who surrender their documents of title to the South African Depositary, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa (P O Box 61763, Marshalltown, 2107, South Africa), before

12.00 p.m. on the SA Payment Record Date. Other Certificated South African Shareholders will have the Rand equivalent of the Consideration due to them posted or transferred (as the case may be) five Business Days after the surrender of their documents.

2. All dates and times indicated above are South African times and dates, and are subject to change. Any such change will be published on SENS and in the press.
3. Dematerialised South African Shareholders are advised that as trading in TEAL Shares on the JSE is settled in accordance with the rules of Strate within five Business Days after the trade, South African Shareholders acquiring Dematerialised Shares after January 7, 2009 will not be eligible to vote at the Meeting.
4. South African Shareholders may not dematerialise or rematerialise their TEAL Shares after February 19, 2009.

Payment to Holders of TEAL SARs

TEAL SARs

In addition, all TEAL SARs, and any and all certificates or agreements representing the TEAL SARs, will be cancelled and terminated as of the Effective Time.

Each holder of a TEAL SAR who has not duly exercised the TEAL SAR prior to the Effective Time is entitled to receive from the Company in exchange for such cancelled TEAL SAR a cash amount equal to the amount, if any, by which $3.00 exceeds the Fair Market Value (as defined in the Share Appreciation Rights Plan) of a TEAL Share as of the date such TEAL SAR was granted to such holder. Holders of TEAL SARs resident in South Africa will receive this payment in Rand as calculated using the rate of exchange quoted on the website of the Bank of Canada as the reference rate of the Canadian dollar against the Rand at noon Toronto time on the Conversion Reference Date. Any cash amount so payable to a South African holder of a TEAL SAR will be paid to the holder on the SA Payment Date.

Withholding Taxes

Amalco or the applicable Depositary will be entitled to deduct and withhold from any amount payable to any Person under the Plan of Arrangement such amounts as Amalco or the applicable Depositary determines, acting reasonably, are required to be deducted and withheld with respect to such payment under the Tax Act, the *United States Internal Revenue Code of 1986* or any provision of any other applicable Law.

Extinction of Rights

Until surrendered as contemplated above, each certificate that immediately prior to the Effective Time represented TEAL Shares will be deemed (i) upon and after the amalgamation of TEAL and the Purchaser until the time immediately prior to the redemption of the Amalco Preference Shares, to represent only Amalco Preference Shares, and (ii) upon and after such redemption, to represent only the right to receive upon such surrender of such certificate a cash payment, less any required tax withholdings. Any such certificate formerly representing TEAL Shares not duly surrendered on or before the sixth anniversary of the Effective Date will cease to represent a claim by or interest of any former TEAL Shareholder of any kind or nature against or in the Company or the Purchaser and will be cancelled. On such date, all cash to which such former holder was entitled will be deemed to have been surrendered to Amalco.

Any payment made by way of cheque by one of the Depositaries or Amalco pursuant to the Plan of Arrangement that has not been deposited or has been returned to the applicable Depositary or Amalco (as the case may be) or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Time, and any right or claim to payment under the Plan of Arrangement that remains outstanding on the sixth anniversary of the Effective Time, will cease to represent a right or claim of any kind or nature and the right of the holder to receive the consideration for TEAL Shares or TEAL SARs pursuant to the Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to Amalco for no consideration.

Under no circumstances will a TEAL Shareholder or holder of a TEAL SAR be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than, in the case of a TEAL Shareholder, any declared but unpaid dividends.

Depositary

Appointment

The Company, the Purchaser and Vale will enter into the Depositary Agreement with the Depositaries, whereby the Depositaries will be appointed as depositaries for the purposes of the Arrangement. The Canadian Depositary and the South African Depositary will be responsible for receiving the Letters of Transmittal or Forms of Surrender, respectively, and the certificates representing TEAL Shares and for the delivery and payment of the Consideration due to Minority

Shareholders pursuant to the Plan of Arrangement. Pursuant to the terms of the Depositary Agreement, the Depositaries will receive reasonable and customary compensation for their services in connection with the Arrangement, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities.

Contact Particulars for Depositaries

The offices of the Depositaries for purposes of depositing Letters of Transmittal or Forms of Surrender, as applicable, and, if applicable, for a TEAL Shareholder to take delivery of the Consideration to which such TEAL Shareholder is entitled under the Arrangement are as follows:

Non-South African Shareholders

By Hand, Registered Mail or Courier	By Mail	For Pick-Up
100 University Avenue 9th Floor Toronto, ON Canada M5J 2Y1 Attention: Corporate Actions	P.O. Box 7021 31 Adelaide St E. Toronto, ON Canada M5C 3H2 Attention: Corporate Actions	100 University Avenue 9th Floor Toronto, ON Canada M5J 2Y1 Attention: Corporate Actions

South African Shareholders

By Hand, Registered Mail or Courier	By Mail	For Pick-Up
Ground Floor, 70 Marshall Street Johannesburg 2001 South Africa	P.O. Box 61763 Marshalltown 2107 South Africa	Ground Floor, 70 Marshall Street Johannesburg 2001 South Africa

THE ARRANGEMENT AGREEMENT

On December 15, 2008, ARM, Vale, Purchaser Parent, the Purchaser and the Company entered into the Arrangement Agreement. The following description of certain material provisions of the Arrangement Agreement is a summary only, is not comprehensive and is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which is attached as Appendix C to this Circular. The Arrangement Agreement was filed on SEDAR on December 16, 2008.

Conditions Precedent to the Arrangement

Mutual Conditions Precedent

The Arrangement Agreement provides that the respective obligations of each Party to complete the transactions contemplated thereby are subject to the satisfaction or waiver at or before the Funding Time, of the following conditions precedent:

(a) the Arrangement Resolution has been approved by the TEAL Shareholders at the Meeting in accordance with the Interim Order, including by Minority Approval;

(b) the Final Order has been obtained on terms consistent with the Arrangement Agreement (and otherwise satisfactory to the Parties, all acting reasonably), and has not been set aside or modified in a manner unacceptable to the Company and the Purchaser Parties, each acting reasonably, on appeal or otherwise;

(c) no applicable Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or any of the Purchaser Parties from consummating the Arrangement or any of the other transactions contemplated by the Arrangement Agreement;

(d) the Regulatory Approvals set out in Schedule A to the Arrangement Agreement have been obtained on conditions satisfactory to the Parties, each acting reasonably; and

(e) the Arrangement Agreement has not been terminated in accordance with its terms.

Additional Conditions Precedent to the Obligations of the Purchaser Parties

The Arrangement Agreement provides that the respective obligations of the Purchaser Parties to complete the transactions contemplated thereby are also subject to the fulfilment of each of the following conditions precedent, at or

before the Funding Time, each of which is for the exclusive benefit of and may only be waived by the Purchaser Parties or the Purchaser Party indicated below:

(a) all covenants of the Company under the Arrangement Agreement to be performed at or before the Funding Time have been duly performed by the Company in all material respects, and the Purchaser Parties have received a certificate of the acting Chief Executive Officer and the Chief Financial Officer of the Company addressed to the Purchaser Parties confirming the same;

(b) the representations and warranties of the Company set forth in the Arrangement Agreement are true and correct in all material respects as of the date of the Arrangement Agreement and, as required by the terms of the Arrangement Agreement, as of the Funding Time, and the Purchaser Parties have received a certificate of the acting Chief Executive Officer and the Chief Financial Officer of the Company addressed to the Purchaser Parties confirming the same;

(c) since the date of the Arrangement Agreement, there has not been or occurred any change, event or occurrence that constitutes, or would reasonably be expected to constitute, a Material Adverse Change;

(d) the Key Consents have been obtained on terms and conditions satisfactory to the Purchaser Parties, acting reasonably;

(e) Dissent Rights have not been validly exercised with respect to more than 5% of the issued and outstanding TEAL Shares in respect of the Arrangement;

(f) each of (i) the Maintenance Agreement and (ii) the Corporate Opportunity Agreement has been terminated in accordance with its terms;

(g) the Company has consummated the Pre-Arrangement Reorganization set out in the Arrangement Agreement and any Additional Pre-Arrangement Reorganization as required pursuant thereto;

(h) (A) all covenants of Vale under the Arrangement Agreement to be performed at or before the Funding Time have been duly performed by Vale in all material respects, and ARM and the Purchaser have received a certificate of two senior officers of Vale addressed to ARM and the Purchaser confirming the same, and (B) all covenants of ARM and the Purchaser under the Arrangement Agreement to be performed at or before the Funding Time have been duly performed by ARM or the Purchaser, as applicable, in all material respects, and Vale has received a certificate of two senior officers of ARM addressed to Vale confirming the same; and

(i) (A) the representations and warranties of Vale set forth in the Arrangement Agreement are true and correct in all material respects as of the Funding Time as though made at and as of the Funding Time (except for representations and warranties made as of a specified date, the accuracy of which is to be determined as of that specified date), and ARM and the Purchaser has received a certificate of two senior officers of Vale addressed to ARM and the Purchaser confirming the same and (B) the representations and warranties of ARM and the Purchaser set forth in the Arrangement Agreement are true and correct in all material respects as of the Funding Time as though made at and as of the Funding Time (except for representations and warranties made as of a specified date, the accuracy of which is to be determined as of that specified date), and Vale has received a certificate of two senior officers of ARM addressed to Vale confirming the same.

The conditions described in paragraphs (b), (c), (e), (f), (h)(B) and (i)(B) above are for the exclusive benefit of, and may only be waived by, Vale.

The conditions described in paragraphs (h)(A) and (i)(A) above are for the exclusive benefit of, and may only be waived by, ARM.

Additional Conditions Precedent to the Obligations of the Company

The obligations of the Company to complete the transactions contemplated by the Arrangement Agreement are also subject to the fulfillment, at or before the Funding Time, of each of the following conditions precedent:

(a) all covenants of the Purchaser Parties (as applicable) under the Arrangement Agreement to be performed at or before the Funding Time have been duly performed by the Purchaser Parties (as applicable) in all material respects, and the Company has received a certificate of two senior officers of each of the Purchaser Parties addressed to the Company confirming the same;

(b) the representations and warranties of each of the Purchaser Parties (as applicable) set forth in the Arrangement Agreement are true and correct in all material respects as of the Funding Time as though made at and as of the

Funding Time (except for representations and warranties made as of a specified date, the accuracy of which is to be determined as of that specified date), and the Company has received a certificate of two senior officers of each of the Purchaser Parties addressed to the Company confirming the same; and

(c) Vale has deposited or caused to be deposited with the Depositaries in escrow the Funding Amount to be held and disbursed in accordance with the Depositary Agreement and the Company has received satisfactory evidence concerning same.

Representations and Warranties

The Arrangement Agreement contains customary representations and warranties of the Company relating to the following matters: corporate existence and power; corporate authorization; board approval; governmental authorization; non-contravention; capitalization; subsidiaries; securities laws matters; financial statements; internal controls; disclosure controls; absence of certain changes; no undisclosed material liabilities; compliance with laws; litigation; tax matters; employees and employee plans; environmental matters; real property; personal property; interest in mineral rights; mineral resources; intellectual property; material contracts; non-arm's length transactions; authorizations; insurance; books and records; corporate records; finders' fees; and the intention of directors and officers.

The Arrangement Agreement also contains customary representations and warranties of ARM, Purchaser Parent and the Purchaser relating to matters that include: corporate existence and power; corporate authorization; governmental authorization; non-contravention; litigation; ownership of TEAL Shares; and no other financial consideration in connection with the Proposed Transactions.

In addition, the Arrangement Agreement contains representations and warranties of Vale relating to matters that include: corporate existence and power; corporate authorization; governmental authorization; non-contravention; litigation; and ownership of TEAL Shares. Vale also represents and warrants that it has sufficient funds or has made adequate arrangements to pay the Aggregate Consideration in accordance with the terms of the Arrangement.

Covenants of the Company Regarding Conduct of Business

As detailed in the Arrangement Agreement, the Company has generally agreed that until the earlier of the termination of the Arrangement Agreement or the Effective Time, unless the Purchaser Committee otherwise agrees in writing or as is otherwise expressly permitted or specifically contemplated by the Proposed Transactions or required by applicable Law:

(a) the business of the Company and its Subsidiaries will be conducted only in, and the Company and its Subsidiaries shall not take any action except in, the usual and ordinary course of business consistent with past practice, and, except as previously disclosed in writing to the Purchaser Parties, the Company will use all commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, assets, employees, goodwill and business relationships;

(b) except as otherwise contemplated in the Arrangement Agreement or as previously disclosed to the Purchaser Parties in writing, the Company will not, and will not permit any of its Subsidiaries to, directly or indirectly:

  (i) amend its constating documents;

  (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property);

  (iii) issue, grant, sell, pledge or subject to a lien or agree to issue, grant, sell, pledge or subject to a lien any shares of the Company or its Subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of the Company or its Subsidiaries, other than as permitted by the terms of the Arrangement Agreement (other than intercompany transactions entered into in the ordinary course consistent with past practice);

  (iv) issue any TEAL Shares in settlement of any TEAL SARs;

  (v) redeem, purchase or otherwise acquire any of its outstanding securities, other than certain intercompany transactions permitted by the terms of the Arrangement Agreement;

  (vi) amend the terms of any of its securities;

  (vii) adopt a plan of liquidation or a resolution providing for the liquidation or dissolution of the Company or any of its Subsidiaries;

(viii) split, combine or reclassify any of its securities;

(ix) reorganize, amalgamate or merge with any other Person; or

(x) authorize or propose any of the foregoing, or enter into, modify or terminate any contract with respect to any of the foregoing;

(c) the Company will promptly notify the Purchaser Parties in writing of any circumstance or development that, to the knowledge of the Company, is or could, individually or in the aggregate, reasonably be expected to constitute a Material Adverse Change or any change in any material fact previously disclosed by TEAL to the Purchaser Parties in writing or in the Company's public filings, provided that the delivery of any such notification will not modify, amend or supersede any disclosure provided to the Purchaser Parties in writing by TEAL or any representation or warranty of the Company contained in the Arrangement Agreement or in any certificate or other instrument delivered in connection with the Arrangement Agreement;

(d) the Company will operate on a basis consistent, in all material respects, with the Company Budget, being a budget established having regard to management's expected expenditures. Further, the Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, except in the ordinary course of business consistent with past practice or as previously disclosed by the Company to the Purchaser Parties in writing:

(i) sell, pledge, lease, license, transfer, dispose of or encumber any assets of the Company or of any Subsidiary;

(ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contributions of capital (other than to Subsidiaries), property transfer, or purchase of any property or assets of any other Person;

(iii) incur, extend, renew or replace any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person, or make any loans or advances except for refinancing of existing debt on substantially the same terms or terms more favourable to the Company and its Subsidiaries;

(iv) pay, settle, discharge or satisfy any material claims, liabilities, litigation, lawsuits, arbitration proceedings or obligations other than the payment, settlement, discharge or satisfaction of liabilities reflected or reserved against in the Company's financial statements in the ordinary course of business consistent with past practice;

(v) expend or commit to expend any amounts with respect to capital expenditures, except in a manner consistent with the Company Budget, provided however, the Company may expend or commit up to an aggregate of $10,000 per month with respect to capital expenditures in addition to that which is provided for in the Company Budget;

(vi) make any changes in financial or tax accounting methods, principles, policies or practices, except as required by GAAP or by applicable Law;

(vii) enter into any contracts or other transactions with any officer or director or, except as previously disclosed by the Company in writing, any employee of the Company or any of its Subsidiaries; or

(viii) authorize or propose any of the foregoing, or, except as disclosed in the Company's disclosure letter, enter into or modify any contract to do any of the foregoing;

(e) the Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, exercise any termination rights (other than related to the passage of time) with respect to any material contract or a series of related existing material contracts, or enter into or modify any material contract or series of contracts resulting in a new material contract or series of related new material contracts or modifications to an existing material contract or series of related existing material contracts outside of the ordinary course of business, that would:

(i) result in any vendor material contract having a term in excess of six months and which is not terminable by the Company or its Subsidiaries upon notice of six months or less from the date of the relevant material contract or modification of material contract or impose payment or other obligations on the Company or any of its Subsidiaries in excess of $500,000; or

(ii) alone or in the aggregate, reasonably be expected to constitute a Material Adverse Change.

In addition, the Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, allow any material contract to terminate through lapse of time without providing the Purchaser Parties with 20 Business Days notice prior to the lapse of such material contract and, if so requested by any, and at the expense, of the Purchaser Parties, use its commercially reasonable efforts to extend any of such material contracts on reasonable terms;

(f) other than as is necessary to comply with material contracts, the Share Appreciation Rights Plan, or any agreement or understanding with any officer or director or former officer or director previously identified by the Company in written disclosure provided to the Purchaser Parties, neither the Company nor any of its Subsidiaries will grant to any officer, director or employee of the Company or any of its Subsidiaries an increase in compensation in any form, grant any general salary increase to any officer, director or employee of the Company or any of its Subsidiaries, except for increases approved by the Board of Directors or the Company's compensation committee in November 2008, make any loan to any officer, director or employee of the Company or any of its Subsidiaries, except for loans of no more than an aggregate of $5,000 per month, take any action with respect to the grant of any severance or termination pay to, or enter into any employment agreement with, any officer, director or, except as previously disclosed in written disclosure provided to the Purchaser Parties, employee of the Company or any of its Subsidiaries, increase any benefits payable to any officer, director or employee under its current severance or termination pay policies, or adopt, materially amend or make any contribution to any company plan or other bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, policies, trust, fund or arrangement for the benefit of directors, officers or employees of the Company or any of its Subsidiaries, in each case other than in the ordinary course of business consistent with past practice and after prior consultation with the Purchaser Parties;

(g) the Company will not, and will not permit any of its Subsidiaries to, settle or compromise (i) any material action, claim or proceeding brought against it and/or any of its Subsidiaries; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by the Arrangement Agreement or the Arrangement;

(h) the Company will use its commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by the Company or any of its Subsidiaries, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductibles and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; provided that, except as provided in section 8.5 of the Arrangement Agreement, neither the Company nor any of its Subsidiaries is to obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months;

(i) the Company will use all commercially reasonable efforts to maintain and preserve all of its rights under each of its Company Mineral Rights and under each of its required authorizations;

(j) the Company will not, and will not permit any of its Subsidiaries to, waive, release, grant, transfer, exercise, modify or amend in any material respect, other than as previously disclosed by the Company to the Purchaser Parties in writing, (i) any existing contractual rights in respect of any Company Mineral Rights, (ii) any material required authorization, lease, concession, contract or other document, or (iii) any other material legal rights or claims;

(k) the Company will not, and will not permit any of its Subsidiaries to, initiate or otherwise engage in any material discussions, negotiations or filings with any Governmental Authority regarding the status of the Company Mineral Rights, without the prior written consent of the Purchaser Committee, such consent not to be unreasonably withheld, conditioned or delayed, and the Company further has agreed to provide the Purchaser Parties with prompt notice of any material communication (whether oral or written) to or from a Governmental Authority, including a copy of any written communication;

(l) the Company will, and will cause its Subsidiaries to, (i) duly and timely file all tax returns required to be filed by it on or after the date of the Arrangement Agreement and all such tax returns will be true, complete and correct in all material respects; (ii) timely withhold, collect, remit and pay all material taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable except for any taxes contested in good faith pursuant to applicable Laws; (iii) not make or rescind any material express or deemed election relating to

taxes; (iv) not make a request for a tax ruling or enter into a closing agreement with any taxing authorities; (v) not settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to taxes; and (vi) not change in any material respect any of its methods of reporting income, deductions or accounting for income tax purposes from those employed in the preparation of its income tax return for the tax year ending June 30, 2008, except as may be required by applicable Laws;

(m) the Company will, and will cause its Subsidiaries to, duly and timely file all material forms, reports, schedules, statements and other documents required to be filed pursuant to any applicable Laws;

(n) the Company will not, and will not permit any of its Subsidiaries to, enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives or other similar financial instruments (which for greater certainty do not include forward commodity sales contracts); and

(o) the Company will not, and will not permit any of its Subsidiaries to, commit to or enter into any new contracts, transactions or arrangements, or modify any existing contracts, transactions or arrangements, with ARM or any of its Subsidiaries that are not Subsidiaries of the Company.

Covenants of the Company Regarding the Arrangement

The Company and its Subsidiaries are to perform all obligations required to be performed under the Arrangement Agreement, reasonably co-operate with the Purchaser Parties in connection therewith, and do all such other acts and things as may be necessary or otherwise reasonably requested by the Purchaser Parties to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in the Arrangement Agreement and, without limiting the generality of the foregoing, are to:

(a) apply for and use commercially reasonable efforts to obtain all required Regulatory Approvals and Key Consents required to be obtained relating to the Company or any of its Subsidiaries and, in doing so, keep the Purchaser Parties fully informed as to the status of the proceedings related to obtaining such Regulatory Approvals and Key Consents. Except as expressly permitted by the Arrangement Agreement, the Company may not knowingly take or cause to be taken any action which is or would reasonably be expected to prevent or materially delay the consummation of (or impose material expense or other material requirements beyond that customarily required in analogous circumstances in respect of) the transactions contemplated by the Arrangement Agreement;

(b) not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which will or would reasonably be expected to impede or delay the completion of (or impose material expense or other material requirements beyond that customarily required in analogous circumstances in respect of) the transactions contemplated under the Arrangement Agreement except as specifically permitted by the Arrangement Agreement;

(c) subject to the approval of each of the Purchaser Parties, each acting reasonably, defend all lawsuits or other legal, regulatory or other proceedings against the Company challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated thereby;

(d) use its commercially reasonable efforts to assist in effecting the resignations of each member of the Board of Directors, and causing them to be replaced by Persons nominated by the Purchaser Parties effective as at the Effective Time; and

(e) use its commercially reasonable efforts to fulfil all conditions to closing contained in the Arrangement Agreement that are within its power and satisfy all obligations of the Arrangement Agreement and the Arrangement applicable to the Company.

Covenants of the Purchaser Parties

In the Arrangement Agreement, each of the Purchaser Parties has agreed, without limiting the generality of the foregoing, to:

(a) apply for and use commercially reasonable efforts to obtain all Regulatory Approvals relating to such Party or any of its affiliates and in doing so, keep the Company and the other Purchaser Parties fully informed of the proceedings related to obtaining such Regulatory Approvals, and refrain from taking any action that could reasonably be expected to prevent or materially delay the consummation of the transactions contemplated in the Arrangement Agreement (provided that the Purchaser Parties are under no obligation to take any steps or

action that would, in the Purchaser Parties' sole discretion, materially and adversely affect any of their respective rights to own, use or exploit the assets of the Company or any of its Subsidiaries);

(b) not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which will or could reasonably be expected to impede or delay the completion of the transactions contemplated by the Arrangement Agreement except as specifically permitted by the Arrangement Agreement;

(c) defend all lawsuits or other legal, regulatory or other proceedings against it challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated thereby; and

(d) use its commercially reasonable efforts to fulfill all conditions to closing contained in the Arrangement Agreement that are within its power and to satisfy all provisions of the Arrangement Agreement and the Arrangement applicable to such Party.

ARM has further covenanted to cause the Purchaser and Purchaser Parent to perform, and has guaranteed their due and punctual performance of, each and every obligation arising under the Arrangement Agreement and the Arrangement.

In addition to the foregoing, the Parties have agreed to cooperate in relation to matters including: shareholder and other communications including Governmental Authorities; notice and cure provisions; Regulatory Approvals; access to information and matters relating to director and officer liability. Moreover, ARM and Vale agreed to use reasonable commercial efforts to secure continuing directors' and officers' liability insurance. See "The Arrangement and Pre-Arrangement Transactions-Interests of Certain Persons in the Arrangement".

Covenants of the Company Regarding Non-Solicitation

Except as permitted by the Arrangement Agreement, the Company may not, directly or indirectly: (a) solicit, assist, initiate, knowingly encourage or otherwise facilitate any inquiries or proposals regarding, or that may reasonably be expected to relate to or lead to, an Acquisition Proposal; (b) participate in any substantive discussions or negotiations regarding an Acquisition Proposal; (c) withdraw, amend, qualify or modify in a manner adverse to any of the Purchaser Parties, the approval or recommendation of the Board of Directors of the Arrangement or the Arrangement Agreement, (d) approve or recommend any Acquisition Proposal or (e) accept or enter into any agreement, understanding or arrangement in respect of or relating to, an Acquisition Proposal. Furthermore, the Arrangement Agreement requires that the Company: (i) terminate and cause to be terminated any existing discussions or negotiations with respect to any potential Acquisition Proposal whether or not initiated by the Company; (ii) not release any third party from or waive any confidentiality, non-solicitation or standstill agreement to which such third party is a party; and (iii) cease to provide any other party with access to information concerning the Company and its Subsidiaries and request the return or destruction of all information provided to any third party which, at any time since August 6, 2008, has entered into a confidentiality agreement with the Company relating to any potential Acquisition Proposal.

Acquisition Proposals

The Company must immediately notify the Purchaser Parties of any Acquisition Proposal of which the Company's directors, officers, representatives and agents become aware, or any request for non-public information relating to, or for access to the properties, books or records of the Company or any Subsidiary in connection with a potential Acquisition Proposal.

If the Company receives a request for material non-public information from a Person who makes a potentially Superior Proposal, then, and only in such case, prior to the approval by the TEAL Shareholders of the Arrangement Resolution, the Board of Directors (or any committee thereof) may provide such Person with access to information regarding the Company, subject to, if such Person is not already subject to a confidentiality and standstill agreement having confidentiality and other terms no less restrictive on such Person than those applicable to the Purchaser Parties, the execution by such Person of such a confidentiality and standstill agreement. The Purchaser Parties are to be provided with a list and copies of all information provided to such Person not previously provided to all of the Purchaser Parties and promptly shall be provided with access to information and personnel similar to that which is provided to such Person.

Right to Match

The Purchaser Parties may, but are not required to, during the Response Period following the later of the Purchaser Parties: (i) receiving notice from the Company of its intention to accept, approve, recommend or enter into a binding agreement in relation to a Superior Proposal; and (ii) being provided with a copy of such Superior Proposal, offer in

writing to amend the terms of the Arrangement. If the Purchaser Parties offer to amend the Arrangement within the Response Period, the Board must review any such offer in good faith, in consultation with its financial advisors and outside legal advisors. If the Board determines that the amendment to the Arrangement proposed by the Purchaser Parties would cause the Acquisition Proposal to cease to be a Superior Proposal, the Company must accept the proposal of the Purchaser Parties to amend the Arrangement Agreement. If the Purchaser Parties do not make a written proposal to amend the Arrangement that would cause the Acquisition Proposal to cease being a Superior Proposal, the Company may (subject to the requirements of the Arrangement Agreement, including the payment of the Termination Fee, as described below) accept, approve or recommend, or enter into any agreement, understanding or arrangement in respect of, such Superior Proposal.

Termination Fee

The Company has agreed to cause Subsidiary B to pay to Vale the Termination Fee, which is equal to $2,427,179, in the following circumstances:

(a) any of the Purchaser Parties terminates the Arrangement Agreement because the Board of Directors or any committee thereof (A) withdraws or modifies in a manner adverse to any of the Purchaser Parties its approval of the Arrangement, (B) approves an Acquisition Proposal, or (C) fails, within two Business Days of any written request by the Purchaser Parties to publicly reaffirm its recommendation of the Arrangement by press release after an Acquisition Proposal was made to TEAL; or

(b) the Company terminates the Arrangement Agreement to enter into a binding written definitive agreement with respect to a Superior Proposal; or

(c) any of the Parties terminates the Arrangement Agreement in circumstances where the Arrangement fails to be approved at the Meeting, but only if prior to the Meeting a *bona fide* Acquisition Proposal has been made to TEAL Shareholders or publicly announced, or any Person has publicly announced an intention to do so (in each of the foregoing cases, which has not been withdrawn prior to the Meeting), provided that within 9 months of the date of such termination:

    (i) an Acquisition Proposal is consummated; or

    (ii) the Board of Directors approves or recommends an Acquisition Proposal, or the Company enters into a definitive written agreement with respect to an Acquisition Proposal, and in either case such Acquisition Proposal (whether or not amended prior to its consummation) is consummated, and whether or not such consummation is before or after the end of such 9 month period.

Expense Reimbursement

The Company must reimburse the Purchaser Parties up to a maximum of $2,000,000 for their reasonably incurred out-of-pocket expenses if any of the Purchaser Parties terminates the Arrangement Agreement as a result of: (a) the Company having breached or not performed its covenants set forth in the Arrangement Agreement or any representation or warranty of the Company set forth in the Arrangement Agreement fails to continue to be true and correct and such failure, breach or failure to perform causes certain covenants of the Company not to be satisfied; or (b) a change in the Board of Directors' recommendation to TEAL Shareholders in relation to the approval of the Arrangement Resolution. Should, for any reason, the Termination Fee be required to be paid, any expenses paid or payable to the Purchaser Parties for their reasonably incurred out-of-pocket expenses are to be credited against the payment of the Termination Fee such that in no case will the total amount paid or payable to Vale pursuant to the provisions of the Arrangement Agreement concerning payment of the Termination Fee and expense reimbursement exceed the amount of the Termination Fee (and, in such circumstance, no expenses are to be paid or payable to ARM).

The Purchaser Parties must reimburse the Company up to a maximum of $500,000 for its reasonably incurred out-of-pocket expenses in connection with the Arrangement Agreement and the Arrangement if the Company terminates the Arrangement Agreement as a result of any of the Purchaser Parties having breached or not performed its covenants set forth in the Arrangement Agreement or any representation or warranty of the Purchaser Parties set forth in the Arrangement Agreement fails to continue to be true and correct and such failure, breach or failure to perform causes certain covenants of the Purchaser Parties not to be satisfied.

ARRANGEMENTS BETWEEN ARM AND VALE

Concurrently with the execution and delivery of the Arrangement Agreement, ARM and Vale entered into the Framework Agreement. TEAL is not a party to the Framework Agreement and has not been provided with a copy of such agreement. Accordingly the following summary of the terms of the Framework Agreement has been provided to TEAL by ARM and Vale. Pursuant to the Framework Agreement, ARM and Vale have agreed, among other things, as follows:

(a) to enter into a shareholders' agreement in respect of Newco reflecting certain rights and obligations, including as to board representation, corporate governance and going forward funding of Newco on an equal basis once Vale has provided funding to Newco in an aggregate amount equal to the loan funding previously provided to the Company by ARM under the ARM Letter of Financial Support (as defined below); and

(b) to bear in equal shares the transactional expenses incurred by them in connection with the Proposed Transactions from and after the date of the Arrangement Agreement.

Pursuant to the Framework Agreement, ARM has provided customary voting support covenants including to the effect that, unless the Framework Agreement has been terminated in accordance with its terms, it will vote (and cause its affiliates to vote) all of the TEAL Shares held directly or indirectly by it in favour of the Proposed Transactions and against any other Acquisition Proposals.

As a result of the consummation of the transactions contemplated by the Arrangement Agreement, each of ARM and Vale will hold a 50% indirect interest in Newco, which, in turn, will indirectly hold TEAL's interests in its development projects and exploration assets as well as certain related liabilities, including (i) a bridging loan facility originally provided to Subsidiary B by Standard Chartered Bank and Standard Finance (Isle of Man) Limited in the amount of US$85 million (the "**Loan Facility**"), and (ii) a letter of financial support (the "**ARM Letter of Financial Support**") originally provided by ARM to TEAL, which allows TEAL to cover liabilities and commitments in the ordinary course of business, amounting to ZAR385 million, which may be utilized after the Loan Facility has been fully drawn and at any time thereafter up to September 30, 2009, the outstanding principal amount of which, as at December 15, 2008, was ZAR115 million.

In addition, to the extent ARM is not able to obtain a release from a guarantee (the "**ARM Guarantee**") provided to the lenders in respect of Subsidiary B's obligations under the Loan Facility, Vale has agreed to directly or indirectly assume 50% of the outstanding ARM Guarantee.

ARM and Vale have also agreed to pursue (subsequent to the consummation of the Arrangement) financing alternatives to the Loan Facility, if desirable and commercially reasonable.

DISSENTING SHAREHOLDER RIGHTS

The following description of the right to dissent and appraisal to which registered TEAL Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such Dissenting Shareholder's TEAL Shares and is qualified in its entirety by the reference to the full text of the Interim Order and section 193 of the YBCA which are attached to this Circular as Appendices C and E, respectively. A Dissenting Shareholder who intends to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of section 193 of the YBCA as modified by the Interim Order. Failure to comply strictly with the provisions of that section and to adhere to the procedures established therein may result in the loss of all rights thereunder. Holders of TEAL SARs are not entitled to any right to dissent under the Arrangement.

The Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing.

A registered TEAL Shareholder may exercise Dissent Rights in connection with the Arrangement pursuant to and in the manner set forth in section 193 of the YBCA, as modified by the Interim Order and Article 3 of the Plan of Arrangement; provided that, notwithstanding subsection 193(5) of the YBCA, a holder's written objection to the Arrangement Resolution must be received by the Company (c/o Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1) not later than 4:00 p.m. Whitehorse time (7:00 p.m. Toronto time) on Wednesday, February 11, 2009 (being 2:00 a.m. Johannesburg time on February 12, 2009) or at such time on the date in Whitehorse and Toronto that is two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time). A TEAL Shareholder's written objection to the Arrangement must specify the name and address of the registered holder of TEAL Shares, the number of TEAL Shares in

respect of which the TEAL Shareholder is giving such objection, and that the TEAL Shares in respect of which the TEAL Shareholder is giving such objection constitute all of the TEAL Shares of which such TEAL Shareholder is the registered and beneficial owner.

Upon the Arrangement becoming effective, each Dissenting Shareholder who duly exercises Dissent Rights shall be deemed to have transferred the TEAL Shares held by such Dissenting Shareholder in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all liens, and if such holder:

(a) ultimately is entitled to be paid fair value for such TEAL Shares, such holder shall be paid by Amalco the fair value of such TEAL Shares, and shall not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holder not exercised its Dissent Rights in respect of such TEAL Shares; or

(b) ultimately is not entitled, for any reason, to be paid fair value for such TEAL Shares, such holder shall be deemed to have participated in the Arrangement on the same basis as holders that are not Dissenting Shareholders.

If a Dissenting Shareholder votes any of its TEAL Shares at the Meeting, either by the submission of a proxy or by voting in person, for the Arrangement Resolution, its dissent notice shall be deemed to have been revoked and such Dissenting Shareholder shall no longer be entitled to exercise Dissent Rights.

An application may be made to the Court by Amalco or by a Dissenting Shareholder after the adoption of the Arrangement Resolution to fix the fair value of the Dissenting Shareholder's TEAL Shares. If such an application to the Court is made by Amalco or a Dissenting Shareholder, Amalco must, unless the Court otherwise orders, send to each Dissenting Shareholder a written offer to pay the Dissenting Shareholder an amount considered by the Amalco board of directors to be the fair value of the TEAL Shares, as applicable. The offer, unless the Court otherwise orders, will be sent to each Dissenting Shareholder at least 10 days before the date on which the application is returnable, if Amalco is the applicant, or within 10 days after Amalco is served with notice of the application, if a Dissenting Shareholder is the applicant. The offer will be made on the same terms to each Dissenting Shareholder and will be accompanied by a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with Amalco for the making of a payment in respect of such holder's TEAL Shares in the amount of the offer made by Amalco (or otherwise) at any time before the Court pronounces an order fixing the fair value of the TEAL Shares.

A Dissenting Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the TEAL Shares, as applicable, of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Amalco and in favour of each of those Dissenting Shareholders, and fixing the time within which Amalco must pay that amount payable to the Dissenting Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a TEAL Shareholder, until the date of payment.

Amalco shall not make a payment to a Dissenting Shareholder if there are reasonable grounds for believing that Amalco is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of Amalco would thereby be less than the aggregate of its liabilities. In such event, Amalco shall notify each Dissenting Shareholder that it is unable lawfully to pay Dissenting Shareholders in respect of their TEAL Shares, in which case the Dissenting Shareholder may, by written notice to Amalco within 30 days after receipt of such notice, withdraw such holder's written objection, in which case Amalco shall be deemed to consent to the withdrawal and such Dissenting Shareholder shall be reinstated with full rights as a former TEAL Shareholder, failing which such Dissenting Shareholder retains its status as a claimant against Amalco to be paid as soon as Amalco is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of Amalco but in priority to its shareholders.

Failure to comply strictly with the requirements set forth in section 193 of the YBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of any Dissent Right. **Beneficial owners of TEAL Shares registered in the name of a broker, investment dealer, bank, trust company, nominee or other intermediary who wish to dissent should be aware that only registered TEAL Shareholders are entitled to dissent.** Accordingly, a beneficial owner of TEAL Shares desiring to exercise the right to dissent must make arrangements for such securities beneficially owned to be registered in such securityholder's name prior to the time the written objection to the Arrangement Resolution is required to be received by TEAL or, alternatively, make arrangements for the registered

holder of such TEAL Shares to exercise Dissent Rights on such beneficial owner's behalf. See Appendices D and F for a copy of the Interim Order and the provisions of section 193 of the YBCA, respectively.

It is a condition of the Arrangement in favour of Vale that Dissent Rights shall have not been validly exercised with respect to more than 5% of the issued and outstanding TEAL Shares. **The preceding summary of Dissent Rights is not exhaustive. TEAL Shareholders are encouraged to obtain independent legal advice in respect of the nature and effect of the Dissent Rights.** See "The Arrangement Agreement — Conditions Precedent to the Arrangement".

RISK FACTORS

In addition to other information contained in this Circular, TEAL Shareholders should consider the following factors in evaluating the Proposed Transactions and deciding whether to approve the Arrangement Resolution and risks related to continuing to hold TEAL Shares. TEAL is subject to a number of material risks if the Proposed Transactions are not completed, including those noted below. Among other things, failure to complete the Proposed Transactions could have a negative impact on price of the TEAL Shares and TEAL's future business operations, including exploration and development activities.

Risk Factors Related to the Proposed Transactions

There can be no certainty that all conditions precedent to the Proposed Transactions will be satisfied. Failure to complete the Proposed Transactions could negatively impact the price of the TEAL Shares.

The completion of the Proposed Transactions is subject to a number of conditions precedent, certain of which are outside the control of TEAL (and outside the control of the Purchaser Parties), including receipt of the Final Order, TEAL Shareholder approval and all Regulatory Approvals (see "Regulatory Matters — Required Regulatory Approvals"). There can be no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, the current market price of the TEAL Shares may decline to the extent that the market price reflects a market assumption that the Arrangement will be completed (See "Information About TEAL — Trading in TEAL Shares").

The Proposed Transactions may not be completed in the event of any change, event or occurrence that constitutes, or would reasonably be expected to constitute, a Material Adverse Change.

The completion of the Proposed Transactions is subject to the condition that there shall not have occurred since December 15, 2008 any change, event or occurrence that constitutes, or would reasonably be expected to constitute, a Material Adverse Change. Although a Material Adverse Change excludes certain events that are beyond the control of TEAL, there can be no assurance that a Material Adverse Change or a change, event or occurrence that would reasonably be expected to constitute a Material Adverse Change will not occur prior to the Effective Date. If such a change, event or occurrence arises and ARM and TEAL are unable to cure such change, event or occurrence prior to April 30, 2009, the Proposed Transactions would not proceed. See "The Arrangement Agreement — Conditions Precedent to the Arrangement".

Costs and expenses of the Proposed Transactions may not be recoverable by TEAL.

If the Proposed Transactions are not completed, TEAL will not receive any reimbursement from the Purchaser except as described under the heading "The Arrangement Agreement — Expense Reimbursement". The fees, costs and expenses of TEAL in connection with the Proposed Transactions including, without limitation, CIBC World Markets' fees, filing fees, legal fees, depositary fees, proxy solicitation fees and printing and mailing costs will be payable whether or not the Arrangement is completed and are anticipated to be approximately $2,200,000. In addition, TEAL may, as set out in this Circular, be required to make certain expense reimbursement and/or termination payments to the Purchaser Parties subject to maximum limits, as applicable. See "The Arrangement Agreement — Expense Reimbursement", "The Arrangement Agreement — Termination Fee" and "The Arrangement and Pre-Arrangement Transactions — Expenses of the Proposed Transactions".

There may not be another attractive takeover, merger, or business combination.

If the Proposed Transactions are not completed and the Board of Directors decides to seek another merger or business combination, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the price to be paid by the Purchaser Parties under the Proposed Transactions. In addition, any alternative transaction would likely require the approval of ARM, TEAL's controlling shareholder and there can be no assurance that such approval would be provided.

TEAL may be required to pay the Termination Fee.

In the event the Arrangement Agreement is terminated, TEAL may in certain circumstances be obligated to pay the Termination Fee to Vale. See "The Arrangement Agreement -Termination Fee". The Termination Fee may discourage other parties from participating in a transaction with TEAL even if those parties might be willing to offer greater value to TEAL Shareholders than the Purchaser Parties have offered.

Even if the Arrangement Agreement is terminated without payment of the Termination Fee, TEAL may, in the future, be required to pay the Termination Fee in certain circumstances.

Under the Agreement, TEAL must pay an amount equal to the Termination Fee to Vale if the Arrangement Agreement is terminated in circumstances where the Arrangement Resolution fails to be approved at the Meeting, but only if prior to the Meeting a *bona fide* Acquisition Proposal shall have been made to TEAL Shareholders or publicly announced, or any person shall have publicly announced an intention to do so (in each of the foregoing cases, which has not been withdrawn prior to the Meeting), provided that within 9 months of the date of such termination: (i) an Acquisition Proposal is consummated; or (ii) the Board of Directors approves or recommends an Acquisition Proposal, or the Company enters into a definitive written agreement with respect to an Acquisition Proposal, and in either case such Acquisition Proposal (whether or not amended prior to its consummation) is consummated, and whether or not such consummation is before or after the end of such 9 month period. Accordingly, if the Proposed Transactions are not consummated and the Arrangement Agreement is terminated, TEAL may not be able to consummate another Acquisition Proposal without paying the Termination Fee. See "The Arrangement Agreement — Termination Fee".

Uncertainty surrounding the Proposed Transactions could adversely affect the Company's retention of suppliers, strategic partners and personnel and could negatively impact the Company's future business and operations.

As the Proposed Transactions are dependent upon receipt of all Regulatory Approvals and satisfaction of certain other conditions, its completion is subject to uncertainty. In response to this uncertainty, TEAL's suppliers and strategic partners may delay or defer decisions concerning TEAL. Any delay or deferral of those decisions by suppliers or strategic partners could have a material adverse effect on the business and operations of TEAL, regardless of whether the Proposed Transactions are ultimately completed. Similarly, current and prospective employees of TEAL may experience uncertainty about their future roles with TEAL until ARM and Vale's strategies with respect to TEAL are announced and executed. This may adversely affect TEAL's ability to attract or retain key personnel in the period until the Proposed Transactions are completed.

Risk Factors Related to TEAL

If the Proposed Transactions are not completed, TEAL will continue to face all of the existing operational and financial risks of its businesses which are described in TEAL's annual information form dated September 29, 2008 and which are hereby incorporated by reference into this Circular.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fasken, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act that generally apply to TEAL Shareholders pursuant to the Arrangement who, for purposes of the Tax Act and at all relevant times, deal at arm's length, and are not affiliated, with TEAL, Amalco or the Purchaser.

This summary only applies to a TEAL Shareholder who, for purposes of the Tax Act and at all relevant times, holds TEAL Shares and Amalco Preference Shares as capital property. TEAL Shares and Amalco Preference Shares will generally constitute capital property to a holder thereof unless the holder holds such shares in the course of carrying on a business or has acquired such shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. Amalco Preference Shares will generally constitute capital property to a holder if the TEAL Shares of such holder are capital property. A TEAL Shareholder that is a resident of Canada and whose TEAL Shares or Amalco Preference Shares might not otherwise qualify as capital property may be eligible to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the TEAL Shares, Amalco Preference Shares and every "Canadian security" (as defined in the Tax Act) owned by such holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. TEAL Shareholders considering making such election should consult with their own tax advisors.

This summary does not apply to TEAL Shareholders that are "specified financial institutions" or "financial institutions", to a TEAL Shareholder an interest in which would be a "tax shelter investment", or to a TEAL Shareholder who has made a "functional currency" election (all as defined in the Tax Act). This summary also does not apply to persons holding TEAL SARs or other rights to acquire TEAL Shares or persons who acquired TEAL Shares on the exercise of TEAL SARs. All such persons should consult their own tax advisors in this regard.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder, and counsel's understanding of the administrative and assessing practices of the CRA published in writing by it prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act and regulations thereunder (the "**Tax Proposals**") announced by the Minister of Finance (Canada) prior to the date hereof and assumes that the Tax Proposals will be enacted substantially as proposed, although there is no certainty that the Tax Proposals will be so enacted, if at all. This summary is not exhaustive of all possible Canadian federal income taxes and, except for the Tax Proposals, does not take into account or anticipate any changes in Law or CRA administrative and assessing practices, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations, which may differ materially from the Canadian federal income tax considerations described herein.

This summary assumes that the TEAL Shares will be listed on the TSX and JSE immediately before the Amalgamation.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular TEAL Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, TEAL Shareholders are urged to consult their own tax advisors for advice as to the tax considerations in respect of the Arrangement having regard to their particular circumstances.

General

The tax consequences discussed in this summary arise in connection with the following events. Under the terms of the Arrangement, a TEAL Shareholder (other than a Dissenting Shareholder) will have his or her TEAL Shares converted into Amalco Preference Shares upon the Amalgamation. Upon the Amalgamation, the "paid-up capital" within the meaning of the Tax Act of each Amalco Preference Share will be equal to the Consideration. Following the Amalgamation, each Amalco Preference Share will be redeemed for the Consideration. Under the terms of the Arrangement, a Dissenting Shareholder will be deemed to have transferred his or her TEAL Shares to the Purchaser immediately prior to the Amalgamation. Upon the Amalgamation, the obligation to make a payment to a Dissenting Shareholder will become an obligation of the Purchaser's successor, Amalco.

Residents of Canada

This part of the summary is generally applicable to a TEAL Shareholder who, for purposes of the Tax Act and at all relevant times, is a resident or deemed to be a resident of Canada (a "**Canadian Resident Holder**").

Disposition of TEAL Shares on Amalgamation

A Canadian Resident Holder whose TEAL Shares are converted into Amalco Preference Shares upon the Amalgamation will not realize any capital gain or sustain any capital loss on the conversion. The Canadian Resident Holder will be considered to have disposed of the TEAL Shares for proceeds of disposition equal to the aggregate adjusted cost base of the TEAL Shares to the Canadian Resident Holder immediately before the Amalgamation and to have acquired the Amalco Preference Shares at an aggregate cost equal to those proceeds of disposition.

Redemption of Amalco Preference Shares

A Canadian Resident Holder will generally realize a capital gain (or a capital loss) on the redemption of Amalco Preference Shares to the extent the Aggregate Consideration received for such shares is greater (or less) than the total of the holder's adjusted cost base of such shares and any reasonable costs of disposition. The tax treatment of capital gains and capital losses is discussed below.

Exercise of the Right to Dissent

A Canadian Resident Holder who is a Dissenting Shareholder who is ultimately entitled to receive a payment from Amalco will be considered to have disposed of the TEAL Shares to the Purchaser immediately prior to the Amalgamation

for proceeds of disposition equal to the amount paid therefor (other than interest awarded by the Court) and will realize a capital gain (or a capital loss) to the extent that those proceeds of disposition exceed (or are less than) the adjusted cost base of such shares to the Dissenting Shareholder immediately prior to the Amalgamation and any reasonable costs of disposition. The tax treatment of capital gains and capital losses is discussed below.

Any interest awarded to a Canadian Resident Holder who is a Dissenting Shareholder by the Court will be included in the Dissenting Shareholder's income for the purposes of the Tax Act.

Taxation of Capital Gains or Losses

Generally, one-half of any capital gain realized by a TEAL Shareholder (a "taxable capital gain") will be required to be included in income in the taxation year in which it is realized, and one-half of any capital loss realized by such holder (an "allowable capital loss") will be deductible, subject to certain limitations, from taxable capital gains in the year of disposition. Allowable capital losses in excess of taxable capital gains in a particular taxation year may be deducted against net taxable capital gains realized in any of the three preceding taxation years or any subsequent taxation year, to the extent and under the circumstances permitted in the Tax Act.

A TEAL Shareholder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be subject to an additional refundable tax of 6⅔% on certain investment income, including taxable capital gains.

Capital gains realized by individuals and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act.

Non-Residents of Canada

This part of the summary applies only to a TEAL Shareholder who, for purposes of the Tax Act and at all relevant times, is not and has not been a resident or deemed to be a resident of Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere.

TEAL Shareholders subject to tax in other jurisdictions are urged to consult with their own tax advisors in those jurisdictions for advice as to tax considerations in respect of the Arrangement having regard to their own particular circumstances.

Disposition of TEAL Shares on the Amalgamation

A Non-Resident Holder will not realize any capital gain (loss) in respect of the disposition of TEAL Shares on the Amalgamation.

Redemption of Amalco Preference Shares

A Non-Resident Holder will not be subject to taxation under the Tax Act in respect of any capital gain realized on the redemption of the Amalco Preference Shares, unless such Amalco Preference Shares are or are deemed to be "taxable Canadian property" and the Non-Resident Holder is not afforded any relief under an applicable income tax convention.

Taxable Canadian Property and Relief under Income Tax Conventions

Generally, Amalco Preference Shares will not be "taxable Canadian property" to a Non-Resident Holder at the time they are redeemed under the Arrangement provided that (i) the Amalco Preference Shares are listed (or deemed to be listed) on a designated stock exchange (which includes the TSX and JSE) at that time, (ii) the Non-Resident Holder does not use or hold, and is not deemed to use or hold, such shares in carrying on a business in Canada, and (iii) the Non-Resident Holder, persons with whom such holder did not deal at arm's length, or such holder together with such persons, did not own 25% or more of the issued shares of any class or series in the capital of Amalco. Amalco Preference Shares will generally be deemed to be listed on a designated stock exchange at the time of their redemption provided that the TEAL Shares were listed on a designated stock exchange immediately prior to the Amalgamation, such shares are redeemed within 60 days after the Amalgamation and certain other conditions are met.

The Amalco Preference Shares will be deemed to be "taxable Canadian property" to a Non-Resident Holder if the TEAL Shares which were converted into the Amalco Preference Shares were "taxable Canadian property" to the Non-Resident Holder immediately before the Amalgamation. Generally, TEAL Shares will not be "taxable Canadian property" to a Non-Resident Holder at a particular time provided that (i) the TEAL Shares are listed on a designated stock exchange (which includes the TSX and JSE) at that time, (ii) the Non-Resident Holder does not use or hold, and is

not deemed to use or hold, such shares in carrying on a business in Canada, (iii) the Non-Resident Holder, persons with whom such holder did not deal at arm's length, or such holder together with such persons, did not own 25% or more of the issued shares of any class or series in the capital of TEAL at any time during the 60 month period that ends at that time, and (iv) such TEAL Shares are not otherwise deemed to be taxable Canadian property.

If the Amalco Preference Shares are taxable Canadian property to a Non-Resident Holder and the disposition on the redemption would give rise to a capital gain, an exemption from tax under the Tax Act may be available under the terms of an applicable income tax convention between Canada and the country of residence of the Non-Resident Holder. Non-Resident Holders whose Amalco Preference Shares constitute taxable Canadian property should consult their own tax advisors including with respect to any requirement to file a Canadian income tax return.

Exercise of the Right to Dissent

A Non-Resident Holder who is a Dissenting Shareholder who is ultimately entitled to receive payment for his or her TEAL Shares will be subject to the same income tax considerations as those described above with respect to Canadian resident Dissenting Shareholders, except that such a Dissenting Shareholder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of TEAL Shares unless such TEAL Shares are, or are deemed to be, taxable Canadian property and the Dissenting Shareholder is not afforded relief under an applicable income tax convention. Any interest awarded by the Court to a Non-Resident Holder who is a Dissenting Shareholder generally will not be subject to Canadian withholding tax.

INFORMATION ABOUT THE PURCHASER PARTIES

ARM

ARM in its current form was created through a merger transaction in May 2004, to explore, develop, operate and hold significant interests in the southern African mining industry. The company is incorporated under the laws of South Africa and its head office is located at 29 Impala Road, Chislehurston, Sandton, 2146, South Africa.

ARM is a niche, diversified South African mining company with excellent long-life, low cost operating assets in key commodities. The company has five areas of interest namely: (i) ferrous metals through its holding in Assmang Limited; (ii) platinum group metals (PGMs) and nickel held through a range of joint ventures and partnerships; (iii) coal, through its interest in Xstrata Coal South Africa; (iv) copper, cobalt and other base metals outside of South Africa, through TEAL; and (v) gold, through its interest in Harmony Gold Mining Company Ltd. An integral part of ARM's business is the forging of partnerships with major players in the resource sector, bringing to ARM access to markets and value-generating growth opportunities. It currently has partnerships with world class companies such as Xstrata Coal South Africa, Norilsk Nickel, Assore, Impala Platinum and Anglo Platinum.

ARM is the largest diversified mining company majority owned by black South Africans. Mr. Patrice Motsepe is the executive chairman of ARM. Mr. Motsepe holds, *inter alia*, the executive chairmanships in TEAL and the non-executive chairmanship in Harmony Gold Mining Company Ltd.

ARM has a 55% black ownership base and is committed to empowering historically disadvantaged South Africans (HDSAs) at all levels of employment and has extensive programs in place to facilitate transformation within the company. Various church groups, union representatives, seven broad-based provincial upliftment trusts, several community, business and traditional leaders and a broad-based women upliftment trust are registered as beneficiaries of the ARM Broad-based Economic Empowerment Trust.

ARM's shares are listed through a primary listing on the JSE. It also has a sponsored Level 1 American Depositary Receipt (ADR) program with J.P. Morgan Chase Bank which is available to investors for over the counter or private transactions. As of December 15, 2008, ARM's market capitalization was ZAR22.7 billion.

Vale

Vale, headquartered in Brazil, is the second-largest metals and mining company in the world and the largest in the Americas, based on market capitalization. Vale is the world's largest producer of iron ore and pellets, key raw materials for the steel industry, and the second largest producer of nickel, which is used to produce stainless steel, batteries, special alloys, chemicals and other products. Vale is also one of the world's largest producers of manganese ore and ferroalloys. Vale also produces copper, bauxite, alumina, aluminum, coal, cobalt and PGMs, among other raw materials important to the global industrial sector. Investment in the copper business is an important part of Vale's growth strategy. Vale already operates a

copper mine in Brazil, Sossego, and has copper production associated with its nickel operations in Canada. It is currently developing copper projects in Salobo, in Brazil, and Tres Valles, in Chile, and is studying several options that could enable Vale to reach an annual production capacity of one million metric tons of copper over the next five to seven years.

Vale enjoys a very healthy financial position. As of September 30, 2008, Vale had cash holdings of US$15.26 billion and its debt amortizations (not including interest payments,) scheduled for the fourth quarter of 2008 and for 2009 were, respectively, US$146 million and US$314 million, representing a very small percentage of Vale's operational cash flow.

Vale's common and preferred class A shares are listed in ADR form on the New York Stock Exchange and trade under symbols "RIO" and "RIOPR", respectively. Its common and preferred class A shares are also listed and trade on the São Paulo Stock Exchange under the symbols "VALE3" and "VALE5", respectively, on the Madrid Stock Exchange under the symbols "XVALO" and "XVALP", respectively, and on the Euronext Paris under the symbols "VALE3" and "VALE5", respectively.

42685 Yukon Inc.

Purchaser Parent, a wholly-owned direct subsidiary of ARM, was incorporated under the laws of the Yukon Territory. Purchaser Parent was incorporated for the purposes of completing the Plan of Arrangement. Purchaser Parent has not carried on any active business prior to the date of this Circular other than activities in connection with the Proposed Transactions.

42696 Yukon Inc.

The Purchaser, a wholly-owned direct subsidiary of Purchaser Parent, was incorporated under the laws of the Yukon Territory. The Purchaser was incorporated for the purposes of completing the Plan of Arrangement. The Purchaser has not carried on any active business prior to the date of this Circular other than activities in connection with the Proposed Transactions.

INFORMATION ABOUT TEAL

General

TEAL was incorporated under the laws of the Yukon, Canada. TEAL's principal corporate office is located at Brookfield Place — TD Canada Trust Tower, 161 Bay Street, 27th Floor, Toronto, Ontario, Canada, M5J 2S1. TEAL's registered office is located at 200-204 Lambert Street, Whitehorse, Yukon Canada.

The assets of the Company formerly comprised the non-South African exploration and development portfolio of ARM. Following TEAL's initial public offering in 2005, ARM continued as a significant shareholder of the Company, currently holding approximately 65% of the issued and outstanding TEAL Shares.

TEAL is a mineral development and exploration company with development projects and exploration areas in Zambia, the DRC, Namibia and Mozambique. TEAL has targeted specific projects for development: the Konkola North Copper Project in Zambia; the Otjikoto Gold Project in Namibia and the Lupoto Copper Project in the DRC. TEAL also has interests in various other mineral licence areas in Zambia and in Namibia on which the Company continues drilling and other exploration activities. TEAL has already started mining in the DRC at the Lupoto Copper Project, which forms part of Kalumines.

The Company's objective is to create value for TEAL Shareholders by pursuing the following strategies:

- generating value from its existing mineral projects by progressing each through clearly defined and articulated milestones, including increasing mineral resources and completing feasibility studies, which will lead to the commencement of mining operations;
- continuing exploration of high priority targets in the prospective areas currently controlled by TEAL; and
- seeking additional development and production opportunities and complementary exploration properties.

TEAL has developed a broad portfolio of mineral projects, certain of which are nearing development decisions. TEAL's key strengths include:

- *Near Production Mineral Projects:* Management of the Company believes that the Company's mineral projects have the potential to be in production in the medium-term following completion of feasibility studies;

- *Significant Discovery Potential:* Management of the Company believes that significant discovery potential exists in the Company's large exploration portfolio and continues its exploration programs; and
- *Management Experience:* TEAL's management team and its Board of Directors have considerable operational experience in southern and central Africa and are supported by an experienced and knowledgeable technical team. TEAL has the benefit of extensive proprietary geological data and knowledge of the political, regulatory, economic and cultural aspects of the region.

Trading in TEAL Shares

TEAL is a reporting issuer in all the provinces and territories of Canada and the TEAL Shares are listed on the TSX and the JSE and trade under the symbol "TL" on the TSX and "TEL" on the JSE. As of January 19, 2009, 53,937,303 TEAL Shares were issued and outstanding.

The following table sets forth the range of high and low prices and trading volume information for the TEAL Shares reported on the TSX and on the JSE for the periods indicated.

	TSX			JSE		
Calendar Period	High ($)	Low ($)	Volume	High (ZAR)	Low (ZAR)	Volume
2009						
January (to January 16)	2.85	2.77	3,464,773	22.00	19.00	134,550
2008						
December[(1)]	2.85	0.26	2,787,405	21.00	3.80	16,615
November	0.70	0.28	492,406	5.51	5.00	13,400
October	2.30	0.22	1,085,197	25.00	12.01	5,000
September	3.30	2.00	127,110	25.00	25.00	—
August	4.00	3.45	510,864	33.00	25.00	10,000
July	4.00	3.10	253,825	35.00	33.00	5

Notes:

(1) The Arrangement was announced after the close of trading on the TSX and JSE on December 15, 2008. The market price of the TEAL Shares as of the close of trading on such date was $0.70 on the TSX and ZAR 3.80 on the JSE.

The TEAL Shares will be de-listed from the TSX and JSE following the Effective Date. TEAL will also apply to terminate its reporting issuer status in Canada.

Ownership of Securities of TEAL

The following table sets out the number, type, and percentage of outstanding securities of TEAL of such class that are beneficially owned or over which control or direction is exercised by: (i) each director and officer of TEAL; (ii) each associate or affiliate of an insider of TEAL; (iii) each associate or affiliate of TEAL; (iv) an insider of ARM or TEAL, other than a director or officer of TEAL; and (v) each person or company acting jointly or in concert with TEAL.

Name & Position of Securityholder	Number of TEAL Shares	% of TEAL Shares	Number of TEAL SARs(1)	% of TEAL SARs
Patrice T. Motsepe Chairman and Director of TEAL	35,000,001(2)	64.89	—	—
Joaquim A. Chissano Deputy Chairman and Director of TEAL	—	—	98,667	1.93
Norman D. A. Hardie Director of TEAL	27,451	0.05	48,667	0.95
Dr. Murray W. Hitzman Director of TEAL	—	—	98,667	1.93
George R. Jones Director of TEAL	—	—	98,667	1.93
Michael W. King Director of TEAL	—	—	98,667	1.93
Arné N. Lewis Chief Operating Officer and Director of TEAL	—	—	549,076	10.75
Hannes O. Meyer Acting Chief Executive Officer, Chief Financial Officer and Director of TEAL	—	—	524,445	10.27
David R. M. Armstrong General Manager and Director of Zambian subsidiaries of TEAL	—	—	51,256	1.00
Alexander B. Chikwanda Director of Zambian subsidiaries of TEAL	—	—	78,667	1.54
Izak J.J. Croukamp Public Officer of TEAL Exploration and Mining Investment Holdings (Pty) Limited	—	—	40,626	0.79
Alyson N. D'Oyley General Counsel and Corporate Secretary of TEAL	—	—	262,222	5.14
Brian M. Gilgannon Interim General Manager of Kalumines	—	—	45,337	0.89
Johanna C. Gilgannon(3) N/A	1,400	0.002	—	—
Julian C. Gwillim Vice President — Investor Relations and Corporate Development of TEAL	—	—	314,667	6.16
Anita Lewis(4) N/A	8,800	0.02	—	—
P. J. A. Lombard Manager and Director of Namibian subsidiaries of TEAL	—	—	72,933	1.43
G. Claus-Jürgen Schlegel Vice President — Exploration and Business Development of TEAL	—	—	524,445	10.27

Notes:

(1) This column discloses all TEAL SARs held by the individual. In some cases, the Fair Market Value (as defined in the Share Appreciation Rights Plan) of a TEAL Share as of the date of grant of the TEAL SAR was $3.00 or greater, in which case no consideration will be received in respect of such TEAL SAR under the Arrangement.

(2) Mr. Motsepe is able to exercise indirect *de facto* control over the 35,000,001 TEAL Shares held by ARM ultimately through trusts established for the benefit of himself and his family.

(3) Spouse of Brian M. Gilgannon, Interim General Manager of Kalumines.

(4) Spouse of Arné N. Lewis, the Chief Operating Officer of the Company.

Vale has represented to the Company that, as of the date of the Arrangement Agreement, neither Vale nor any of Vale's affiliates beneficially owned or exercised control or direction over, directly or indirectly, any TEAL Shares.

Acceptance of Arrangement

To the knowledge of TEAL, after reasonable enquiry, each of the TEAL Shareholders referred to in the table provided under the heading "Information about TEAL — Ownership of Securities of TEAL" intends to vote all of his, her or its TEAL Shares for the approval of the Arrangement Resolution.

Benefits of the Arrangement to ARM

As of the date hereof, ARM (i) holds approximately 65% of the outstanding TEAL Shares, (ii) has made available the ARM Letter of Financial Support, (iii) has provided the ARM Guarantee, and (iii) has certain agreements with TEAL including the Maintenance Agreement and the Corporate Opportunity Agreement.

As a result of the consummation of the transactions contemplated by the Arrangement Agreement, including the Pre-Arrangement Reorganization, the Funding Transactions and the Plan of Arrangement:

- ARM will hold a 50% indirect interest in Newco, which, in turn, will indirectly hold TEAL's interests in its development projects and exploration assets as well as certain related liabilities, including the Loan Facility;
- ARM will have received pursuant to the Proposed Transactions financial consideration equal to the difference between the Funding Amount and the Aggregate Consideration; and
- the Maintenance Agreement and the Corporate Opportunity Agreement will have been terminated in accordance with their respective terms.

In addition, ARM and Vale have agreed that to the extent ARM is not able to obtain a release from the ARM Guarantee, Vale will directly or indirectly assume 50% of the outstanding ARM Guarantee.

ARM and Vale have also agreed to pursue (subsequent to the consummation of the Arrangement) financing alternatives to the Loan Facility, if desirable and commercially reasonable.

Material Changes in the Affairs of TEAL

Following the completion of the Arrangement, ARM and Vale will each hold a 50% indirect interest in Newco, which will hold directly or indirectly substantially all of the current consolidated assets and liabilities of TEAL, and will operate such assets as joint venture partners for their benefit. TEAL's successor by amalgamation, Amalco, will become a wholly-owned subsidiary of ARM whose principal function will be as a holding company for ARM's interest in Newco.

Arrangements between TEAL and TEAL Security Holders

Other than the Arrangement Agreement, no agreement, commitment or understanding has been made or has been proposed to be made between the Company and any TEAL Shareholder relating to the Proposed Transactions.

Previous Purchases and Sales

During the twelve months preceding January 19, 2009, the only distribution of securities by TEAL was the issuance of TEAL Shares in lieu of TEAL SARs grants exercised, as described below, and TEAL has not purchased any of its securities. See "Information about TEAL — Previous Distributions".

Interest of Informed Persons in Material Transactions

Except as disclosed in this Circular or in the Company's Management Information Circular dated as at September 29, 2008 under the heading "Related Party Transactions" (which disclosure is incorporated into this Circular by reference), no (i) director or executive officer of TEAL, (ii) person or company who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the TEAL Shares, (iii) director or executive officer of any such TEAL Shareholder, or (iv) associate or affiliate of any of the foregoing has any material interest in any transaction since July 1, 2007 or in any proposed transaction which has materially affected or would materially affect the Company or its subsidiaries.

Previous Distributions

The following table sets forth the details of all issuances or sales of securities by TEAL during the five years preceding the date hereof:

Date of Issuance or Sale	Description of Transaction	Aggregate Number of TEAL Shares Issued	Price Per TEAL Share ($)	Aggregate Proceeds ($)
June 1, 2005	Upon incorporation of TEAL	1	NIL	NIL
November 15, 2005	On acquisition of exploration and mineral properties	35,000,000	NIL	NIL
November 15, 2005	Initial Public Offering	17,800,000	$2.25	$37,500,500.00
December 14, 2005	Over allotment exercised	1,100,000	$2.25	$2,300,000.00
December 18, 2006	New issue in lieu of TEAL SARs grants exercised	10,909	$4.95	$53,999.55
November 16, 2007	New issue in lieu of TEAL SARs grants exercised	16,542	$5.02	$83,040.84
December 27, 2007	New issue in lieu of TEAL SARs grants exercised	9,851	$4.97	$48,959.47

Dividend Policy

TEAL has not declared or paid any dividends during the two years preceding the date hereof. TEAL has no plan or intention to declare a dividend or to alter its dividend policy pending the completion of the Proposed Transactions.

Indebtedness of Directors and Executive Officers

As at the date hereof, none of the directors or executive officers of the Company, or associates or affiliates of the foregoing persons is indebted to the Company or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

CERTAIN REGULATORY AND LEGAL MATTERS

Certain legal matters in connection with the Arrangement will be passed upon by Fasken Martineau DuMoulin LLP on behalf of TEAL, by Stikeman Elliott LLP on behalf of ARM, by McCarthy Tétrault LLP on behalf of Vale, and by McMillan LLP on behalf of the Independent Committee. As at the date of this Circular, the partners and associates of each of the aforementioned law firms own beneficially, directly or indirectly, less than 1% of the outstanding common shares of TEAL, ARM, Vale and their respective associates and affiliates.

AUDITOR

Ernst & Young LLP of Vancouver, Canada is the auditor of the Company.

ADDITIONAL INFORMATION CONCERNING THE MEETING AND PROXIES

The Meeting

The Meeting is being called pursuant to the Interim Order of the Court to seek the requisite approval of TEAL Shareholders of the Arrangement Resolution in accordance with section 195 of the YBCA and will be held on Friday, February 13, 2009 at 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) at Boardroom G3, 24 Impala Road, Chislehurston, Johannesburg, South Africa, and at any adjournment thereof for the purposes set forth in the accompanying Notice of Special Meeting. TEAL Shareholders unable to attend in person at the Meeting in Johannesburg may attend the

Meeting by conference telephone call by attending at the offices of Fasken Martineau DuMoulin LLP, 66 Wellington Street West, 42nd Floor, Calvin Boardroom, Toronto, Ontario at 10:00 a.m. Toronto time on Friday, February 13, 2009. See "Additional Information Concerning the Meeting and Proxies — Rules Concerning Proxies".

Voting Securities and Principal Holders of Voting Securities

The Board of Directors has fixed the Record Date for the Meeting as at 5:00 p.m. (Toronto time) on January 14, 2009. The number of TEAL Shares entitled to be voted on each matter to be acted on at the Meeting as of the Record Date was 53,937,303. Each TEAL Shareholder is entitled to one vote for each TEAL Share shown as registered in such TEAL Shareholder's name on the list of TEAL Shareholders prepared as of the Record Date.

Only TEAL Shareholders of record at the close of business (Toronto time) on the Record Date will be entitled to receive the Notice of Special Meeting and to vote at the Meeting or at any adjournment thereof. If a TEAL Shareholder transfers his or her TEAL Shares after the Record Date, the acquirer of such TEAL Shares shall be entitled to exercise the voting rights attached to the said TEAL Shares at the Meeting, provided he or she produces properly endorsed share certificates representing the TEAL Shares or otherwise establishes that he or she owns such TEAL Shares and demands, at least ten (10) days before the Meeting, that his or her name be registered on the list of TEAL Shareholders entitled to receive the Notice of Special Meeting, which is drawn up by the Company as at the Record Date.

This Circular and the Notice of Special Meeting are being provided to holders of TEAL SARs pursuant to the terms of the Interim Order; however, TEAL SARs do not entitle the holders to voting rights at the Meeting.

To the knowledge of the directors and officers of the Company, the only person or corporation which, as at the date hereof beneficially owned, directly or indirectly, or exercised control or direction over TEAL Shares carrying more than 10% of the voting rights attached to the TEAL Shares was ARM, which held 35,000,001 TEAL Shares, being 64.89% of the outstanding TEAL Shares. Mr. Patrice Motsepe, who is the Chairman of the Board of Directors, is able to exercise indirect *de facto* control over the 35,000,001 TEAL Shares held by ARM ultimately through trusts established for the benefit of himself and his family. Save for the foregoing interests held by Mr. Motsepe, to the knowledge of the directors and officers of the Company, no other director of ARM or Vale holds any TEAL Shares (whether directly or indirectly) and no other director of ARM or Vale has dealt for value in TEAL Shares (directly or indirectly) during the period beginning six months prior to the conclusion of the Arrangement Agreement and ending on the last practicable date prior to the posting of this Circular. TEAL expects to receive definitive confirmation of any such holdings or dealings in TEAL Shares by January 30, 2009 and will be making the appropriate disclosures in accordance with applicable South African requirements.

The by-laws of the Company provide that a quorum is constituted at a meeting when two shareholders entitled to vote thereat are present in person or duly represented.

Solicitation of Proxies by Management

This Circular is provided in connection with the solicitation by the management of TEAL of proxies to be used at the Meeting. The solicitation of proxies will be primarily by mail but proxies may be solicited personally or by telephone by directors, officers or regular employees of the Company. Georgeson will be acting as soliciting agent for the Corporation to solicit proxies for the Meeting, for a fee of up to a maximum of approximately $27,000, exclusive of certain services, disbursements and applicable taxes. The Company will reimburse Georgeson for its reasonable fees and disbursements in this regard. The Company will bear all costs of this solicitation.

Rules Concerning Proxies

The persons named in the enclosed form of proxy (printed on WHITE paper) are directors of the Company. These persons will vote all TEAL Shares in respect of which they are appointed to act, in accordance with the instructions indicated on the proxy form. All the voting rights attached to duly executed, non-revoked proxies will be exercised on any ballot held at the Meeting, in accordance with the instructions provided therein. **In the absence of instructions, the voting rights attached to the TEAL Shares shall be exercised FOR the Arrangement Resolution.** The management of the Company is not aware of any changes to the matters identified in the Notice of Special Meeting or of any other matter that may properly come before the Meeting. However, a proxy given in accordance with the proxy form confers discretionary authority as to such changes or such other matters that may properly come before the Meeting.

A registered TEAL Shareholder has the right to appoint as proxyholder a person other than the persons designated in the proxy form to represent him or her and to act on his or her behalf at the Meeting, either by

striking off the names of the nominees proposed by management and inserting the name of his or her chosen proxyholder in the space provided in the proxy form or by giving a proxy in any manner permitted by law. A person acting as proxyholder is not required to be a TEAL Shareholder.

Any proxy to be used must be deposited with the Company's transfer agent or with the corporate secretary of the Company and must be executed by the TEAL Shareholder or by his or her attorney authorized in writing or, if the TEAL Shareholder is a corporate body, by its authorized officer or officers. To be eligible for voting at the Meeting, a form of proxy submitted by a Non-South African Shareholder must be returned by mail or by facsimile to Computershare Investor Services Inc., located at 100 University Avenue, Toronto, 9th Floor, Ontario, Canada, M5J 2Y1, fax number: +1-866-249-7775 or +1-416-263-9524. To be eligible for voting at the Meeting, a from of proxy submitted by a South African Shareholder must be returned by mail to Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (P.O. Box 61051, Marshalltown, 2107). All forms of proxy should be returned not later than 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) on Wednesday, February 11, 2009, or if the Meeting is adjourned or postponed, prior to 5:00 p.m. Johannesburg time (10:00 a.m. Toronto time) on the second Business Day preceding the date to which the Meeting is adjourned or postponed.

Revocation of Proxy

A TEAL Shareholder giving a proxy may revoke the proxy before it is exercised, in any manner permitted by law, namely by instrument in writing executed by him or her or by his or her attorney authorized in writing or, if the TEAL Shareholder is a corporate body, by its authorized officer or officers; such written notice must be deposited with the corporate secretary of the Company at any time up to and including the last Business Day preceding the day of the Meeting at which the proxy is to be used, or with the Chairman of such Meeting before commencement of the Meeting or at any adjournment thereof.

Exercise of Voting Rights by Non-Registered TEAL Shareholders

Only registered holders of TEAL Shares or the persons they designate as their proxies are authorized to attend and vote at the Meeting. However, in many cases, the TEAL Shares that are beneficially owned by a non-registered holder ("**non-registered shareholder**") are registered either:

(a) in the name of an intermediary with whom the non-registered shareholder deals with respect to his or her shares, such as a bank, trust corporation, stockbroker, or with the trustee or manager of a registered retirement savings plan, registered retirement savings fund, registered education savings plan or similar self-administered plan; or

(b) in the name of a clearing agency (such as the Canadian Depository for Securities Limited), of which the intermediary is a member.

In accordance with the requirements of NI 54-101, the Company is sending copies of the Notice of Special Meeting, this Circular, the Letter of Transmittal or, in the case of South African Shareholders, the Form of Surrender and the proxy form (collectively, the "documents related to the Meeting") to the clearing agencies and intermediaries who are thereafter required to send them to non-registered shareholders.

The intermediaries are required to send the documents related to the Meeting to non-registered shareholders unless such non-registered shareholder has waived his right to receive them. The intermediaries very often delegate this duty to companies which will send the documents related to the Meeting to non-registered shareholders. As a rule, non-registered shareholders who have not waived their right to receive documents related to the Meeting will:

(a) be provided with a proxy form that has already been signed by the intermediary (typically, the form is sent by fax with the intermediary's signature stamped on it), which only pertains to the number of TEAL Shares beneficially held by the non-registered shareholder, who must fill in the blank sections therein. This proxy form is not required to be signed by the non-registered shareholder. In such a case, the non-registered shareholder who wishes to submit a Proxy Form should fill it out properly and file it with Computershare Investor Services Inc. at 100 University Ave., 9th Floor, Toronto, Ontario M5J 2Y1, in the case of Non-South African Shareholders, or Computershare Investor Services (Proprietary) Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001 (P.O. Box 61051, Marshalltown, 2107), in the case of South African Shareholders; or

(b) more typically, be provided with a voting instruction form that they are required to fill out and sign in accordance with the instructions contained therein (such a voting instruction form may, in some cases, be completed by telephone).

The purpose of these procedures is to enable non-registered shareholders to control the way in which the voting rights attached to the TEAL Shares they beneficially own are exercised. If a non-registered shareholder who receives either a proxy form, a proxy or a voting instruction form wishes to attend and vote in person at the Meeting, or wishes that another person attend and vote on his or her behalf, he should strike out the names of the persons indicated in the proxy and replace them with his or her own name (or other corresponding instructions) on the form. In either case, **non-registered shareholders should carefully follow the directions given by their intermediaries, including as to when and where the proxy or proxy form should be delivered, as well as the directions issued by the companies which sent them the proxy or the proxy form.**

Non-registered shareholders who wish to exercise the voting rights attached to their TEAL Shares in person at the Meeting are required to insert their own name in the space provided for such purpose in the form requesting voting instructions or the proxy form, as the case may be, to appoint themselves as proxies and should follow the directions which were provided by their brokers as to how to sign and return these documents. Non-registered shareholders who appoint themselves as proxies are required to report to a representative of Computershare Investor Services Inc. or Computershare Investor Services (Proprietary) Limited, as applicable, at the Meeting.

Particulars of Other Matters

The Company knows of no matters to come before the Meeting other than the matters referred to in the Notice of Special Meeting. However, if any other matters that are not now known to the Company should properly come before the Meeting, the proxy (unless amended) will be voted upon such matters in accordance with the best judgment of the person voting the proxy.

AVAILABILITY OF DOCUMENTS

Additional information relating to TEAL, including its Annual Information Form, is filed with Canadian securities administrators. This information can be accessed through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. Financial information is provided in TEAL's audited comparative consolidated financial statements and Management's Discussion and Analysis ("**MD&A**") for the year ended June 30, 2008 and TEAL's unaudited comparative consolidated interim financial statements and MD&A as at and for the three months ended September 30, 2008. The foregoing financial information is available on SEDAR at www.sedar.com and will be sent free of charge to any TEAL Shareholder upon written request.

APPROVAL OF CIRCULAR BY TEAL BOARD OF DIRECTORS

This Circular and the sending, communication and delivery thereof to the TEAL Shareholders have been authorized and approved by the Board of Directors.

DATED at Johannesburg, South Africa this 19th day of January, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) HANNES O. MEYER
Acting Chief Executive Officer and Chief Financial Officer

CONSENT OF CIBC WORLD MARKETS INC.

To: The Independent Committee of the Board of Directors of TEAL Exploration & Mining Incorporated.

We hereby consent to our firm being named in the Circular dated January 19, 2009, under certain portions of the Circular including "Summary", "The Arrangement and Pre-Arrangement Transactions — Background to the Arrangement, — Recommendation of the Board of Directors, — Reasons for Recommendation of the Independent Committee, and — CIBC World Markets Valuation and Fairness Opinion" and to the inclusion of our valuation and fairness opinion as Appendix G to the Circular. In providing our consent herein, we do not intend that any person other than the Independent Committee shall rely upon our opinions.

(signed) CIBC WORLD MARKETS INC.

Toronto, Ontario
January 19, 2009

CONSENTS

Consent of Fasken Martineau DuMoulin LLP

To: The Board of Directors of TEAL Exploration & Mining Incorporated.

We hereby consent to the inclusion of our opinion in the Circular of TEAL dated January 19, 2009 with respect to the transactions contemplated by the Arrangement Agreement dated December 15, 2008 between the Purchaser Parties and TEAL and to the references to such opinion and to our name in the said Circular, in particular under the heading "Certain Canadian Federal Income Tax Considerations".

(signed) FASKEN MARTINEAU DUMOULIN LLP

Toronto, Ontario
January 19, 2009

Consent of Stikeman Elliott LLP

To: The Board of Directors of TEAL Exploration & Mining Incorporated.

We hereby consent to the inclusion of our name in the Circular of TEAL dated January 19, 2009 with respect to the transactions contemplated by the Arrangement Agreement dated December 15, 2008 between the Purchaser Parties and TEAL.

(signed) STIKEMAN ELLIOTT LLP

Toronto, Ontario
January 19, 2009

Consent of McCarthy Tétrault LLP

To: The Board of Directors of TEAL Exploration & Mining Incorporated.

We hereby consent to the inclusion of our name in the Circular of TEAL dated January 19, 2009 with respect to the transactions contemplated by the Arrangement Agreement dated December 15, 2008 between the Purchaser Parties and TEAL.

(signed) MCCARTHY TÉTRAULT LLP

Toronto, Ontario
January 19, 2009

Consent of McMillan LLP

To: The Board of Directors of TEAL Exploration & Mining Incorporated.

We hereby consent to the inclusion of our name in the Circular of TEAL dated January 19, 2009 with respect to the transactions contemplated by the Arrangement Agreement dated December 15, 2008 between the Purchaser Parties and TEAL.

(signed) MCMILLAN LLP

Toronto, Ontario
January 19, 2009

APPENDIX A

GLOSSARY OF TERMS

Unless the context otherwise requires, the following terms shall have the meanings set forth below when used in this Circular. These defined terms may not conform exactly to the defined terms used in the appendices to this Circular.

"**Acquisition Proposal**" means, other than the Arrangement and the other transactions contemplated by the Arrangement Agreement (including the Pre-Arrangement Transactions), any offer, proposal or inquiry (written or oral) made by any Person other than the Purchaser Parties (or, together with or in place of any Purchaser Party, any affiliate(s) of such Purchaser Party or any Person(s) acting in concert with such Purchaser Party or any affiliate of such Purchaser Party), acting jointly, with respect to: (i) any take-over bid, exchange offer, plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, liquidation or dissolution involving the Company or any of its Material Subsidiaries; (ii) any acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same or a similar economic effect as a sale), direct or indirect, of 20% or more of the assets of the Company and its Subsidiaries, taken as a whole, or more than 20% of any class of the share capital, voting securities or other equity interests in the Company or any of its Subsidiaries; or (iii) any other similar transactions or series of transactions involving the Company or any of its Subsidiaries.

"**affiliate**" has the meaning ascribed to such term in section 1.2 of National Instrument 45-106 — *Prospectus and Registration Exemptions* as in effect on the date hereof.

"**Aggregate Consideration**" means $56,811,906.

"**Amalco**" means the corporation which will result from the amalgamation of the Company and the Purchaser pursuant to section 2.3(3) of the Plan of Arrangement.

"**Amalco Preference Shares**" mean the redeemable preference shares in the capital of Amalco.

"**Amalgamation**" means the amalgamation of the Purchaser and the Company pursuant to the Plan of Arrangement.

"**ARM**" means African Rainbow Minerals Limited.

"**ARM Guarantee**" has the meaning ascribed to such term in the section of this Circular entitled "Arrangements between ARM and Vale".

"**ARM Letter of Financial Support**" has the meaning ascribed to such term in the section hereof entitled "Arrangements between ARM and Vale".

"**Arrangement**" means an arrangement under section 195 of the YBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and each of the Purchaser Parties, all acting reasonably.

"**Arrangement Agreement**" means the Arrangement Agreement between TEAL and the Purchaser Parties made as of December 15, 2008, a copy of which is attached as Appendix C to this Circular, providing for, among other things, the Arrangement, as it may be amended from time to time.

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement, the Arrangement Agreement and the transactions contemplated therein, to be considered at the Company Meeting, to be substantially in the form and content of Appendix B to this Circular.

"**Articles of Amalgamation**" means the articles of amalgamation, in the form prescribed by the YBCA, which are to be filed with the Registrar in connection with the Amalgamation.

"**Articles of Arrangement**" means the articles of arrangement, in the form prescribed by the YBCA, which are to be filed with the Registrar in connection with the Arrangement.

"**Board of Directors**" or "**Board**" means the board of directors of TEAL.

"**Business Day**" means a day, other than a Saturday, Sunday or other day on which commercial banks in Toronto, Ontario, New York City, Whitehorse, Yukon, Johannesburg, South Africa, Bridgetown, Barbados, or Rio de Janeiro, Brazil are closed.

"**Canadian Depositary**" means Computershare Investor Services Inc. or any successor thereto in its capacity as the Canadian depositary for purposes of the Arrangement.

"**Canadian Resident Holder**" means a TEAL Shareholder who, for purposes of the Tax Act and at all relevant times, is a resident or deemed to be a resident of Canada.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Registrar pursuant to subsection 195(11) of the YBCA in respect of the Articles of Arrangement.

"**Certificated South African Shareholders**" means Certificated TEAL Shareholders who are South African Shareholders.

"**Certificated TEAL Shareholders**" means TEAL Shareholders who are registered as such in TEAL's register of members.

"**CIBC**" means the Canadian Imperial Bank of Commerce.

"**CIBC World Markets**" means CIBC World Markets Inc., financial advisor to the Independent Committee in connection with the Proposed Transactions.

"**Circular**" means this management proxy circular, including all appendices hereto, to be sent to the TEAL Shareholders in connection with the Meeting.

"**Code**" means the South African *Securities Regulation Code and Rules for Takeovers and Mergers*.

"**Common Monetary Area**" means collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland.

"**Company**" or "**TEAL**" means TEAL Exploration & Mining Incorporated, a corporation incorporated under the YBCA.

"**Company Budget**" means the budget of the Company that was provided by the Company to the Purchaser Parties on December 15, 2008.

"**Company Mineral Rights**" means, collectively, all of the Company's and its Subsidiaries' mineral interests and rights (including any claims, concessions, exploration licenses, prospecting permits, mining leases and mining rights).

"**Consideration**" means $3.00 in cash per TEAL Share, without interest.

"**Conversion Reference Date**" means the date which will be two Business Days before the last date to trade TEAL Shares on the JSE.

"**Corporate Opportunity Agreement**" means the corporate opportunity agreement dated as of November 15, 2005 between the Company and ARM.

"**Court**" means the Supreme Court of the Yukon Territory.

"**CRA**" means the Canada Revenue Agency.

"**CSDP**" means, in relation to any Person, a Central Securities Depository Participant, being an institution accepted by Strate as a participant in terms of the *South African Securities Services Act, 2004* (Act 36 of 2004), as amended, with whom the person in question holds a dematerialised share account.

"**DCF**" means discounted cash flow.

"**dematerialisation**" means the process by which certificated shares are converted to or held in an electronic form as uncertificated securities and recorded in the sub-register of security holders maintained by a CSDP or broker, and "dematerialised" has a corresponding meaning.

"**Dematerialised Shares**" means TEAL Shares that have been dematerialised.

"**Dematerialised South African Shareholders**" means dematerialised TEAL Shareholders who are recorded as such in a sub-register of members of TEAL maintained by a CSDP.

"**Depositaries**" means both the Canadian Depositary and the South African Depositary and "**Depositary**" shall mean either one of them.

"**Depositary Agreement**" means the depositary agreement to be entered into between the Company, the Purchaser, Vale and the Depositaries.

"**Dissent Rights**" has the meaning ascribed to such term in section 3.1 of the Plan of Arrangement.

"**Dissenting Shareholder**" means a registered TEAL Shareholder who has duly exercised his, her or its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the TEAL Shares in respect of which Dissent Rights are validly exercised by such holder.

"**DRC**" means the Democratic Republic of Congo.

"**Effective Date**" means the date upon which the Arrangement becomes effective, as established by the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" means 12:01 a.m. (Whitehorse time), or such other time as may be specified in writing by the Company at the request of the Purchaser Parties, on the Effective Date.

"**Engagement Letter**" means the letter agreement dated November 17, 2008 between CIBC World Markets and the Company.

"**EV**" means enterprise value.

"**EV/Contained Copper**" means EV to contained copper.

"**EV/Contained Gold**" means EV to contained gold.

"**EV/Contained metal**" means EV to contained metal.

"**EV/M&I**" means EV per pound of measured and indicated copper resource.

"**EV/MI&I**" means EV per pound of measured, indicated and inferred copper resource.

"**Fairness Opinion**" means the opinion of CIBC World Markets, as described under the heading "The Arrangement and Pre-Arrangement Transactions — CIBC World Markets Valuation and Fairness Opinion", a copy of which is attached as Appendix G to this Circular.

"**Fasken**" means Fasken Martineau DuMoulin LLP, legal counsel to the Company.

"**Final Order**" means the final order of the Court in a form acceptable to the Company and the Purchaser Parties, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser Parties, each acting reasonably) at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser Parties, each acting reasonably) on appeal.

"**Form of Surrender**" means the form of surrender delivered by TEAL to the South African Shareholders concurrently with the sending of this Circular for the Meeting.

"**Framework Agreement**" means the framework agreement entered into between ARM and Vale on December 15, 2008, concurrently with the entering into of the Arrangement Agreement.

"**Funding Amount**" means $80,905,955.

"**Funding Time**" means the time on the Effective Date (or such earlier date as may be mutually agreed to by the Parties in writing) when the Funding Transaction set out in section 2.9(3)(a) of the Arrangement Agreement has been consummated.

"**Funding Transactions**" refers to those transactions that are described in section 2.9(3) of the Arrangement Agreement.

"**GAAP**" means accounting principles generally accepted in Canada as set out in the *Handbook of the Canadian Institute of Chartered Accountants,* at the relevant time applied on a consistent basis.

"**Georgeson**" means Georgeson Shareholder Communications Canada Inc.

"**Governmental Authority**" means any (a) multinational, federal, national, provincial, territorial, state, regional, municipal or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry or agency, domestic or foreign, (b) any subdivision, agent, commission, board or authority of any of the foregoing, (c) any quasi-governmental or private body exercising any regulatory, self-regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange.

“**Independent Committee**” means the independent committee of the Board of Directors comprised of George Jones (Chair), Norman Hardie and Dr. Murray Hitzman, formed in connection with the Proposed Transactions.

“**Information**” has the meaning ascribed to such term under “The Arrangement and Pre-Arrangement Transactions — CIBC World Markets Valuation and Fairness Opinion”.

“**Interim Order**” means the interim order of the Court applied for by TEAL, as the same may be amended, containing declarations and directions in respect of TEAL with respect to the Arrangement and providing for, among other things, the calling and holding of the Meeting.

“**JSE**” means the JSE Limited.

“**Kalumines**” means the Kasonta-Lupoto Mines s.p.r.l. Copper Project.

“**Key Consents**” has the meaning ascribed to such term in the Arrangement Agreement.

“**Laws**” means all laws (including common law), by-laws, statutes, rules, regulations, orders, rulings, ordinances, judgments, injunctions, awards, decrees, constitutions, treaties, conventions, codes or other requirements, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Authority and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority or self-regulatory authority (including the TSX and the JSE).

“**Letter of Transmittal**” means the letter of transmittal sent by TEAL to the Non-South African Shareholders concurrently with the sending of this Circular for the Meeting for use in connection with the Arrangement.

“**Loan Facility**” has the meaning ascribed to such term under “Arrangements between ARM and Vale”.

“**Maintenance Agreement**” means the maintenance agreement dated as of November 15, 2005 between the Company and ARM.

“**Managementco**” means TEAL Management Corporation.

“**Material Adverse Change**” means any change, effect, event or occurrence that, individually or taken together with any other change, effect, event or occurrence, has a material adverse effect on the business, operations, results of operations, properties, or financial condition of the Company and its Subsidiaries considered as a whole, provided, however, that in determining whether there has been a Material Adverse Change, any adverse effect directly or indirectly attributable to the following shall be disregarded unless, in the case of (i), (ii) or (iii) below, such adverse effect adversely affects the Company and its Subsidiaries considered as a whole disproportionately to the effect on other companies having operations similar to the Company and its Subsidiaries in the country where such adverse effect has an effect on the Company and its Subsidiaries: (i) events, changes, developments, conditions or circumstances in worldwide, national or local conditions or circumstances (political, economic, regulatory or otherwise) that adversely affect the mining industry generally, or in securities markets generally or the economies of Namibia, Zambia, the DRC or Mozambique; (ii) any changes in, or imposition of new, tax laws, exchange controls or controls over the ownership of or sales from companies involved in extraction industries in Namibia, Zambia, the DRC or Mozambique; (iii) any outbreak or escalation of war, armed hostilities or acts of terrorism outside of, and which does not have a material impact on any of Namibia, Zambia, the DRC or Mozambique; (iv) any announcement of the Arrangement Agreement and/or the transactions contemplated hereby; (v) any change in Law (other than any Law or change therein referred to in clause (ii) of this definition), or any change in generally accepted accounting principles, including GAAP (and any changes resulting therefrom); (vi) any change in the Company’s application of generally accepted accounting principles, including GAAP; (vii) any change in the market price or trading volume of the TEAL Shares; and (viii) any action taken or omitted to be taken by any Party that is required or expressly permitted by the Arrangement Agreement. For greater certainty, and notwithstanding any of the foregoing items (i)-(viii) in this definition, any change in Law or any change in any contractual relationship between the Company or any of its Subsidiaries and any Governmental Authority or any Governmental Authority sponsored or controlled Person, which results in a material reduction in Newco’s economic interest in the Company Assets taken as a whole (whether a material reduction in direct or indirect ownership interest or the requirement to provide a material royalty or other material interest in, or in the proceeds from the sale from any extractions from, the Company Assets) will be considered a Material Adverse Change.

“**Material Subsidiaries**” means, collectively, TEAL (Zambia) Limited, TEAL Development (Zambia) Limited, TEAL Exploration (Zambia) Limited, Konnoco Zambia Limited, Avdale Namibia (Pty) Ltd, TEAL Mining (DRC) s.p.r.l, Kasonta — Lupoto Mines s.p.r.l., TEAL Metals (DRC) s.p.r.l., and TEAL Venture (Zambia) Limited.

“**McMillan**” means McMillan LLP, legal counsel to the Independent Committee.

"**Meeting**" means the meeting of TEAL Shareholders as is required to be held in accordance with the Interim Order and any adjournments or postponements thereof.

"**MI 61-101**" means Multilateral Instrument 61-101 — *Protection of Minority Securityholders in Special Transactions* of the Ontario Securities Commission and l'Autorité des marchés financiers (Québec).

"**Minority Approval**" means approval by a simple majority of the votes cast at the Meeting in person or by proxy by Minority Shareholders.

"**Minority Shareholders**" means all holders of TEAL Shares, other than the following: (i) ARM; (ii) any "related parties" (as defined for the purposes of MI 61-101) of ARM; and (iii) any Person acting jointly or in concert with the foregoing.

"**NAV**" means net asset value.

"**Newco**" means TEAL Minerals (Barbados) Incorporated.

"**NI 54-101**" means National Instrument 54-101 — *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators.

"**non-registered shareholder**" has the meaning ascribed to such term under "Information Concerning the Meeting and Proxies — Exercise of Voting Rights by Non-Registered TEAL Shareholders".

"**Non-Resident Holder**" means a TEAL Shareholder who is not, and has not been, a resident or deemed to be a resident of Canada for purposes of the Tax Act.

"**Non-South African Shareholders**" means all TEAL Shareholders other than South African Shareholders.

"**Notice of Motion**" means the notice of motion, which is attached hereto as Appendix E.

"**Notice of Special Meeting**" means the notice of special meeting of TEAL Shareholders accompanying this Circular.

"**Otjikoto**" means the Otjikoto Gold Project in Namibia.

"**Parties**" means, collectively, the parties to the Arrangement Agreement, and "**Party**" means any of them.

"**Person**" includes any individual, firm, partnership, limited partnership, limited liability partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, body corporate, corporation, company, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means the plan of arrangement substantially in the form and content attached as Schedule C to the Arrangement Agreement.

"**P/NAV**" means price to NAV.

"**Pre-Arrangement Reorganization**" has the meaning ascribed to such term in section 2.9(2) of the Arrangement Agreement.

"**Pre-Arrangement Transactions**" means, collectively, the Pre-Arrangement Reorganization and the Funding Transactions.

"**Proposed Transactions**" means the transactions contemplated under the terms of the Arrangement Agreement and includes, unless the subject matter or context is inconsistent therewith, the Pre-Arrangement Transactions and the Plan of Arrangement.

"**Purchaser**" means 42696 Yukon Inc., a company incorporated under the YBCA and a wholly-owned direct Subsidiary of Purchaser Parent.

"**Purchaser Committee**" means the committee comprised of one representative of each of ARM and Vale.

"**Purchaser Parent**" means 42685 Yukon Inc., a company incorporated under the YBCA and a wholly-owned direct subsidiary of ARM.

"**Purchaser Parties**" means, collectively, ARM, Vale, Purchaser Parent and the Purchaser.

“**Record Date**” means January 14, 2009, the date fixed by the Board of Directors for the purpose of determining the TEAL Shareholders entitled to receive notice of the Meeting.

“**Registrar**” has the meaning attributed to that term in the YBCA.

“**Regulatory Approvals**” means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Authorities required to be obtained by any of the Parties (or their respective affiliates or joint actors, as applicable) in connection with execution, delivery or performance of the Arrangement Agreement or the consummation of any of the transactions contemplated by the Arrangement Agreement including those set out in Schedule A to the Arrangement Agreement.

“**Response Period**” has the meaning ascribed to such term under “Summary — Arrangement Agreement”.

“**SA Branch Register**” means the branch register in South Africa for holders of TEAL Shares traded on the JSE.

“**SA Payment Date**” means the date which will be the first Business Day after the SA Payment Record Date.

“**SA Payment Record Date**” means the date for determining the South African Shareholders who will be entitled to receive payment of the Rand equivalent of the Consideration and which will be five Business Days after the last date to trade TEAL Shares on the JSE.

“**SENS**” means the Securities Exchange News Service of the JSE.

“**Share Appreciation Rights Plan**” means the Company’s amended and restated share appreciation rights plan (2006) effective as of November 15, 2005, as amended effective as of November 14, 2006.

“**South African Depositary**” means Computershare Investor Services (Proprietary) Limited or any successor thereto in its capacity as South African depositary for purposes of the Arrangement.

“**South African Exchange Control Regulations**” means the South African *Exchange Control Regulations, 1961*, as amended, made in terms of section 9 of the South African *Currency and Exchanges Act, 1933* (Act 9 of 1933), as amended.

“**South African Shareholders**” means TEAL Shareholders who are registered as holders of TEAL Shares on the SA Branch Register.

“**Strate**” means Strate Limited (registration number 1998/022242/06), a company incorporated in South Africa which is registered as a central securities depository in terms of the *South African Securities Services Act, 2004* (Act 36 of 2004), as amended, responsible for the electronic custody and settlement system.

“**Subsidiary**” has the meaning ascribed to such term in section 1.1 of National Instrument 45-106 — *Prospectus and Registration Exemptions*.

“**Subsidiary B**” means TEAL Exploration & Mining (B) Incorporated, a corporation incorporated under the law of Barbados and a direct wholly-owned subsidiary of the Company.

“**Superior Proposal**” means any unsolicited *bona fide* written Acquisition Proposal that is received (prior to approval by TEAL Shareholders of the Arrangement Resolution) from a Person: (a) to acquire, directly or indirectly, not less than 35% of the outstanding TEAL Shares or not less than 35% of the assets of the Company on a consolidated basis, (b) that is not subject to a financing condition or a due diligence condition, (c) that is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal, (d) that did not result from or involve, and was not otherwise in any way facilitated by, a breach of section 6.3 or section 6.4 of the Arrangement Agreement, and (e) that the Board (or an independent committee of the Board) determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors, after taking into account all the terms and conditions of the Acquisition Proposal, and after taking into account at the time of determination any changes to the terms of the Arrangement Agreement or the Arrangement that as of that time had been proposed by Vale in writing, but without assuming away the risk of non-completion, is more favourable to TEAL Shareholders (other than ARM) from a financial point of view than the Arrangement.

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Suppl.), as amended.

“**Tax Proposals**” has the meaning ascribed to such term under the heading “Certain Canadian Federal Income Tax Considerations” in this Circular.

"**TEAL**" or the "**Company**" means TEAL Exploration & Mining Incorporated, a corporation incorporated under the YBCA.

"**TEAL SARs**" means the share appreciation rights granted pursuant to the Share Appreciation Rights Plan.

"**TEAL Shareholders**" means the holders of TEAL Shares.

"**TEAL Shares**" means the common shares in the capital of TEAL.

"**Termination Fee**" has the meaning ascribed to such term under "Summary — Arrangement Agreement".

"**TSX**" means the Toronto Stock Exchange.

"**Vale**" means Companhia Vale do Rio Doce, a company incorporated under the laws of Brazil.

"**Valuation**" means the formal valuation of the TEAL Shares prepared by CIBC World Markets, as described under the heading "The Arrangement and Pre-Arrangement Transactions — CIBC World Markets Valuation and Fairness Opinion" a copy of which is attached as Appendix G to this Circular.

"**YBCA**" means the *Business Corporations Act* (Yukon), as it may be amended.

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APPENDIX B

ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. the arrangement (the "**Arrangement**") under section 195 of the *Business Corporations Act* (Yukon) set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Schedule "C" to the Arrangement Agreement (as hereinafter defined) attached as Appendix C to the Management Proxy Circular of TEAL Exploration & Mining Incorporated (the "**Company**") dated January 19, 2009 accompanying the notice of this meeting (as the Plan of Arrangement may be amended, modified or supplemented) is hereby authorized and approved;
2. the arrangement agreement among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc, 42696 Yukon Inc. and the Company dated December 15, 2008 (the "**Arrangement Agreement**"), all of the transactions contemplated therein (including without limitation the Pre-Arrangement Reorganization, any Additional Pre-Arrangement Reorganization and the Funding Transactions, each as defined therein), the actions of the directors of the Company in approving the Arrangement Agreement and any amendments thereto, and the actions of the officers of the Company in executing and delivering the Arrangement Agreement and any amendments thereto, are hereby ratified and approved;
3. notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Supreme Court of Yukon, the directors of the Company are hereby authorized and empowered without further notice to, or approval of, the securityholders of the Company (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement, and (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement; and
4. any one or more of the directors and officers of the Company are hereby authorized and directed to perform all such acts, deeds and things, and to execute, under the seal of the Company or otherwise, all such documents and writings, including articles of arrangement, as may be, in the opinion of any such director or officer, necessary or desirable to give effect to the Arrangement Agreement, the Plan of Arrangement or this resolution.

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APPENDIX C

ARRANGEMENT AGREEMENT

AFRICAN RAINBOW MINERALS LIMITED

and

COMPANHIA VALE DO RIO DOCE

and

42685 YUKON INC.

and

42696 YUKON INC.

and

TEAL EXPLORATION & MINING INCORPORATED

ARRANGEMENT AGREEMENT

December 15, 2008

{THIS DOCUMENT IS A DEFINITIVE AGREEMENT BETWEEN AFRICAN RAINBOW MINERALS LIMITED, COMPANHIA VALE DO RIO DOCE, 42685 YUKON INC., 42696 YUKON INC. AND TEAL EXPLORATION & MINING INCORPORATED DATED AS OF DECEMBER 15, 2008. THIS DEFINITIVE AGREEMENT WAS NEGOTIATED AT ARM'S LENGTH TO PROVIDE CONTRACTUAL PROTECTIONS FOR THE BENEFIT OF AFRICAN RAINBOW MINERALS LIMITED, COMPANHIA VALE DO RIO DOCE, 42685 YUKON INC., 42696 YUKON INC. AND TEAL EXPLORATION & MINING INCORPORATED AND NOT FOR PURPOSES OF DISCLOSURE TO INVESTORS OR ANY OTHER PURPOSE. THE TERMS OF THIS AGREEMENT MAY BE VARIED OR AMENDED. ACCORDINGLY, INVESTORS AND POTENTIAL INVESTORS ARE CAUTIONED THAT IT WOULD BE INAPPROPRIATE TO RELY ON THIS DOCUMENT IN MAKING AN INVESTMENT DECISION.}

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of December 15, 2008,

A M O N G:

AFRICAN RAINBOW MINERALS LIMITED, a corporation incorporated under the laws of the Republic of South Africa **("ARM")**

- and -

COMPANHIA VALE DO RIO DOCE, a corporation incorporated under the laws of Brazil **("Vale")**

- and -

42685 YUKON INC., a corporation incorporated under the laws of the Yukon Territory of Canada (the **"Purchaser Parent"**)

- and -

42696 YUKON INC., a corporation incorporated under the laws of the Yukon Territory of Canada (the **"Purchaser"**)

- and -

TEAL EXPLORATION & MINING INCORPORATED, a corporation existing under the laws of the Yukon Territory of Canada (the **"Company"**).

WHEREAS ARM owns of record and beneficially approximately 65% of the outstanding Company Common Shares;

AND WHEREAS the Purchaser Parent is a wholly-owned direct subsidiary of ARM;

AND WHEREAS the Purchaser is a wholly-owned direct Subsidiary of Purchaser Parent;

AND WHEREAS ARM and Vale have proposed that the Company undertake a plan of arrangement under the *Business Corporations Act* (Yukon), the result of which would be that all of the outstanding Company Common Shares (as defined herein) which ARM does not own would be converted into preferred shares and then immediately redeemed for the Consideration (as defined herein), to be paid in cash, such that, on completion of such plan of arrangement, the Company would become an indirect wholly-owned subsidiary of ARM;

AND WHEREAS, in connection with the completion of such plan of arrangement, Vale will acquire, through a wholly-owned direct or indirect Subsidiary, 50% of the shares of a wholly-owned indirect Subsidiary of the Company which, subject to the provisions of this Agreement, will at such time hold and be subject to, directly or indirectly, all of the Company's mining and exploration assets and liabilities;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1

INTERPRETATION

SECTION 1.1 *Definitions*

In this Agreement, unless something in the subject matter or the context is inconsistent therewith:

"Acquisition Proposal" means, other than the Arrangement and the other transactions contemplated by this Agreement (including Section 2.9), any offer, proposal or inquiry (written or oral) made by any Person other than the Purchaser Parties (or, together with or in place of any Purchaser Party, any affiliate(s) of such Purchaser Party or any Person(s) acting in concert with such Purchaser Party or any affiliate of such Purchaser Party), acting jointly, with respect to: (i) any take-over bid, exchange offer, plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, liquidation or dissolution involving the Company or any of its Material Subsidiaries; (ii) any acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same or a similar

economic effect as a sale), direct or indirect, of 20% or more of the assets of the Company and its Subsidiaries, taken as a whole, or more than 20% of any class of the share capital, voting securities or other equity interests in the Company or any of its Subsidiaries; or (iii) any other similar transactions or series of transactions involving the Company or any of its Subsidiaries;

"Additional Pre-Arrangement Reorganization" has the meaning ascribed thereto in Section 2.9(4);

"affiliate" has the meaning ascribed thereto in Section 1.2 of National Instrument 45-106 — *Prospectus and Registration Exemptions* as in effect on the date hereof;

"Aggregate Consideration" means $56,811,906;

"Agreement" means this arrangement agreement as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

"Applicable Law" means, with respect to any Person, any Law that is binding upon or applicable to such Person, as amended unless expressly specified otherwise;

"ARM Letter of Financial Support" means a letter of financial support dated August 27, 2008 made available to the Company by ARM, which allows the Company to cover liabilities and commitments in the ordinary course of business, amounting to ZAR385 million, which may be utilized after the Loan Facility has been fully drawn and at any time thereafter up to September 30, 2009;

"Arrangement" means an arrangement under Section 195 of the YBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and each of the Purchaser Parties, all acting reasonably;

"Arrangement Resolution" means the special resolution approving the Plan of Arrangement to be considered at the Company Meeting, to be substantially in the form and content of Schedule "B" hereto;

"Articles of Arrangement" means the articles of arrangement of the Company in respect of the Arrangement, required by the YBCA to be sent to the Registrar after the Final Order is made, which shall be in a form and content satisfactory to the Company and each of the Purchaser Parties, all acting reasonably.

"associate" has the meaning ascribed thereto in the Securities Act;

"Authorization" means, with respect to any Person, any authorization, order, permit, approval, grant, licence, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree, by-law, rule or regulation of any Governmental Authority having jurisdiction over such Person, having the force of Law;

"Barb Holdcos" means, collectively, TEAL Bazaruto (B) Incorporated, TEAL Namibia (B) Inc., Copperbelt (B) Inc., Konnoco (B) Inc., Lukali Holdings (B) Inc., TEAL Holdings (B) Inc., Katanga (B) Inc., Kasonta (B) Inc., TEAL Lubumbashi (B) Incorporated and TEAL Etoile (B) Incorporated;

"Board" means the board of directors of the Company as the same is constituted from time to time;

"Business Day" means a day, other than a Saturday, Sunday or other day on which commercial banks in Toronto, Ontario, New York City, Whitehorse, Yukon, Johannesburg, South Africa, Bridgetown, Barbados, or Rio de Janeiro, Brazil are closed;

"Certificate of Arrangement" means the certificate of arrangement to be issued by the Registrar pursuant to subsection 195(11) of the YBCA in respect of the Articles of Arrangement;

"Committee" has the meaning ascribed thereto in Section 6.1;

"Company Assets" means, collectively, the Company Mineral Rights and all other assets of the Company and its Subsidiaries, wherever located;

"Company Assumed Liabilities" has the meaning ascribed thereto in Section 2.9(2)(d);

"Company Balance Sheet" means the unaudited interim consolidated balance sheet of the Company as of September 30, 2008, including the notes thereto;

"Company Budget" has the meaning ascribed thereto in Section 6.1(4);

"Company Circular" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to the Company Common Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time;

"Company Common Shares" means the common shares in the capital of the Company;

"Company Common Shareholders" means the registered or beneficial holders of the Company Common Shares, as the context requires;

"Company Disclosure Letter" means the disclosure letter dated the date hereof regarding this Agreement that has been provided by the Company to the Purchaser Parties;

"Company Filings" means any press release, material change report, financial statement, management's discussion and analysis of financial condition and results of operations, annual information form, annual or interim report, proxy circular , pre-listing statement or other document of the Company which has been or is publicly disseminated by or on behalf of the Company, whether pursuant to any Securities Laws or otherwise, and which has been filed on the System for Electronic Document Analysis and Retrieval or SENS;

"Company Meeting" means the special meeting of Company Common Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

"Company Mineral Rights" means, collectively, all of the Company's and its Subsidiaries' mineral interests and rights (including any claims, concessions, exploration licenses, prospecting permits, mining leases and mining rights);

"Company Preferred Shares" means the preferred shares in the capital of the Company;

"Company SARs" means the share appreciation rights granted pursuant to the Share Appreciation Rights Plan;

"Company SARs Payments" has the meaning ascribed thereto in Section 2.9(2)(d)(iii);

"Company Transaction Costs" has the meaning ascribed thereto in Section 2.9(2)(d)(iv);

"Company Transferred Assets" has the meaning ascribed thereto in Section 2.9(2)(d);

"Confidentiality Agreement" means the confidentiality agreement dated as of March 5, 2008 among Rio Doce South Africa Pty Ltd (an affiliate of Vale) and the Company pursuant to which Vale and its affiliates and representatives have been provided with access to confidential information of the Company;

"Consideration" means $3.00 in cash per Company Common Share, without interest;

"Contract" means any contract, agreement, license, franchise, lease, arrangement or commitment (written or oral) to which the Company or any of its Subsidiaries is a party or which is binding on any of their respective properties;

"Corporate Records" means the corporate records of the Company and its Subsidiaries, including (i) all constating documents, (ii) all minutes of meetings and resolutions of its shareholders and directors (and any committees), and (iii) the share certificate books, securities registers, registers of transfers and registers of directors and officers;

"Court" means the Supreme Court of the Yukon Territory;

"Depositary" means Computershare Investor Services Inc. or any successor thereto;

"Disclosure Controls" has the meaning set forth in paragraph (k) of Schedule D;

"Dissent Rights" has the meaning ascribed thereto in the Plan of Arrangement;

"Effective Date" has the meaning ascribed thereto in Section 2.7;

"Effective Time" has the meaning ascribed thereto in the Plan of Arrangement;

"Employee Plans" means all the employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, pension, retirement, stock option, stock purchase, stock

appreciation, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the current or former directors, officers or employees of the Company or any its Subsidiaries maintained, sponsored or funded by the Company or any of its Subsidiaries, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered, under which the Company or any of its Subsidiaries may have any liability, contingent or otherwise;

"Environmental Laws" means any Applicable Laws relating to the protection of the environment or pollutants, contaminants, wastes or chemicals or any toxic, radioactive, ignitable, corrosive, reactive or hazardous substances, wastes or materials;

"Environmental Permits" means any Authorizations prescribed by Environmental Laws;

"Exchange Act" means the United States *Securities Exchange Act of 1934*;

"Existing Subsidiary B Intercompany Debt" means the aggregate amount of principal and accrued and unpaid interest owed by Subsidiary B to the Company in United States dollars as at the time at which the transactions contemplated by Section 2.9(2)(c) occur (such amount to be provided by management of the Company and, for illustrative purposes, such amount as of the date hereof is approximately US$37,412,222);

"fair market value" means the price which could have been obtained upon a sale of an asset between a willing buyer and a willing seller dealing at arm's length in an open market;

"Final Order" means the final order of the Court in a form acceptable to the Company and each of the Purchaser Parties, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of the Company and each of the Purchaser Parties, all acting reasonably) at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Company and each of the Purchaser Parties, all acting reasonably) on appeal;

"Financial Advisor" means CIBC World Markets Inc.;

"Funding Amount" means $80,905,955;

"Funding Time" means the time on the Effective Date (or such earlier date as may be mutually agreed to by the Parties in writing) when the Funding Transaction set out in Section 2.9(3)(a) has been consummated;

"Funding Transactions" has the meaning ascribed thereto in Section 2.9(3);

"GAAP" means accounting principles generally accepted in Canada set out in the *Handbook of the Canadian Institute of Chartered Accountants*, at the relevant time applied on a consistent basis;

"Governmental Authority" means any (a) multinational, federal, national, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry or agency, domestic or foreign, (b) any subdivision, agent, commission, board or authority of any of the foregoing, (c) any quasi-governmental or private body exercising any regulatory, self-regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange;

"Initial Public Offering" means the initial public offering completed by the Company on November 15, 2005;

"Intellectual Property Rights" has the meaning ascribed thereto in paragraph (w) of Schedule D;

"Intercompany Receivables" means the aggregate amount of principal and accrued and unpaid interest owed by the Barb Holdcos to Subsidiary B as at the time at which the transactions contemplated by Section 2.9(2)(f) occur (such amount to be provided by management of the Company, and for illustrative purposes, such amount as of the date hereof is approximately US$120,017,721);

"Interim Order" means the interim order of the Court in a form acceptable to the Company and each of the Purchaser Parties, all acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended by the Court with the consent of the Company and each of the Purchaser Parties, all acting reasonably;

"Internal Controls" has the meaning ascribed thereto in paragraph (j) of Schedule D;

"Johannesburg Branch Taxes" means all obligations or liabilities for Taxes of the Company in respect of the Company's permanent establishment in South Africa;

"JSE" means the JSE Ltd;

"Key Consents" has the meaning ascribed thereto in Section 3.2(4);

"Law" or *"Laws"* means all laws (including common law), by-laws, statutes, rules, regulations, orders, rulings, ordinances, judgments, injunctions, awards, decrees, constitutions, treaties, conventions, codes or other requirements, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Authority and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority or self-regulatory authority (including the TSX and the JSE);

"Leased Real Property" has the meaning ascribed thereto in paragraph (s) of Schedule D;

"Lien" means, with respect to any property or asset, any mortgage, lien, hypothec, pledge, charge, security interest, encumbrance, defect of title, restriction, option, right of first refusal or first offer, occupancy right or other adverse claim in respect of such property or asset;

"Loan Facility" means Subsidiary B's existing US$85,000,000 bridging loan facility provided by Standard Chartered Bank and Standard Finance (Isle of Man) Limited;

"Managementco" has the meaning ascribed thereto in Section 2.9(2)(b);

"Managementco Shares" mean the common shares in the capital of Managementco;

"Material Adverse Change" means any change, effect, event or occurrence that, individually or taken together with any other change, effect, event or occurrence, has a material adverse effect on the business, operations, results of operations, properties, or financial condition of the Company and its Subsidiaries considered as a whole, provided, however, that in determining whether there has been a Material Adverse Change, any adverse effect directly or indirectly attributable to the following shall be disregarded unless, in the case of (i), (ii) or (iii) below, such adverse effect adversely affects the Company and its Subsidiaries considered as a whole disproportionately to the effect on other companies having operations similar to the Company and its Subsidiaries in the country where such adverse effect has an effect on the Company and its Subsidiaries: (i) events, changes, developments, conditions or circumstances in worldwide, national or local conditions or circumstances (political, economic, regulatory or otherwise) that adversely affect the mining industry generally, or in securities markets generally or the economies of Namibia, Zambia, Democratic Republic of Congo or Mozambique; (ii) any changes in, or imposition of new tax laws, exchange controls or controls over the ownership of or sales from companies involved in extraction industries in Namibia, Zambia, Democratic Republic of Congo or Mozambique; (iii) any outbreak or escalation of war, armed hostilities or acts of terrorism outside of, and which does not have a material impact on any of Namibia, Zambia, the Democratic Republic of Congo or Mozambique; (iv) any announcement of this Agreement and/or the transactions contemplated hereby; (v) any change in Law (other than any Law or change therein referred to in clause (ii) of this definition), or any change in generally accepted accounting principles, including GAAP (and any changes resulting therefrom); (vi) any change in the Company's application of generally accepted accounting principles, including GAAP; (vii) any change in the market price or trading volume of the Company Common Shares; (viii) any action taken or omitted to be taken by any Party that is required or expressly permitted by this Agreement. For greater certainty, and notwithstanding any of the foregoing items (i)-(viii) in this definition, any change in Law or any change in any contractual relationship between the Company or any of its Subsidiaries and any Governmental Authority or any Governmental Authority sponsored or controlled Person, which results in a material reduction in Newco's economic interest in the Company Assets taken as a whole (whether a material reduction in direct or indirect ownership interest or the requirement to provide a material royalty or other material interest in, or in the proceeds from the sale from any extractions from, the Company Assets) shall be considered a Material Adverse Change;

"Material Contract" means each Contract to which the Company and/or any Subsidiary thereof is a party: (i) that has a term equal to or in excess of six months and involves expenditures by or payments to the Company or any of its Subsidiaries aggregating in excess of $5,000,000 over the term of the Contract, or $1,000,000 in any year, (ii) whose termination (other than those terminations by passage of time) would individually or in the aggregate, reasonably be

expected to cause a Material Adverse Change; (iii) relating to indebtedness, to the direct or indirect guarantee or assumption by the Company or its Subsidiaries (contingent or otherwise) of any material payment or material performance obligations of any other Person; (iv) relating to any indemnification obligation of the Company or its Subsidiaries; (v) that is required to be filed with the Securities Authorities or other regulatory authorities; (vi) that is a joint venture, partnership agreement or other agreement with a Person that is a securityholder of the Company or a Subsidiary (but excluding any Contract relating to employment or consulting); (vii) that is outside the ordinary course of business and material to the business of the Company or its Subsidiaries; or (viii) that is entered into with a Governmental Authority in Africa relating to the exploration, development, exploitation or ownership of the following projects of the Company: the Lupoto Copper Project at Kalumines in the DRC, the Konkola North Copper Project in Zambia, the Otjikoto Gold Project in Namibia, the Mwambashi Copper Project in Zambia, and the Copperbelt Joint Venture in Zambia;

"material fact" has the meaning ascribed thereto in the Securities Act;

"Material Subsidiaries" means, collectively, TEAL (Zambia) Limited, TEAL Development (Zambia) Limited, TEAL Exploration (Zambia) Limited, Konnoco Zambia Limited, Avdale Namibia (Pty) Ltd, TEAL Mining (DRC) s.p.r.l, Kasonta — Lupoto Mines s.p.r.l., TEAL Metals (DRC) s.p.r.l., and TEAL Venture (Zambia) Limited;

"MI 52-109" means Multilateral Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings*;

"MI 61-101" means Multilateral Instrument 61-101 — *Protection of Minority Securityholders in Special Transactions*;

"misrepresentation" has the meaning ascribed thereto in the Securities Act;

"New Subsidiary B Intercompany Note" has the meaning ascribed thereto in Section 2.9(2)(c)(ii);

"Newco" has the meaning ascribed thereto in Section 2.9(2)(a);

"Newco ARM Support Amount Note" has the meaning ascribed thereto in Section 2.9(2)(f)(iii);

"Newco Arrangement Cost Note" has the meaning ascribed thereto in Section 2.9(2)(f)(iv);

"Newco Arrangement Cost Note Adjustment" has the meaning ascribed thereto in Section 2.9(2)(f)(iv);

"Newco Note I" has the meaning ascribed thereto in Section 2.9(2)(f)(v);

"Newco Note II" has the meaning ascribed thereto in Section 2.9(2)(f)(v);

"Newco Shares" mean the common shares in the capital of Newco;

"Outside Date" means April 30, 2009, or such later date as may be mutually agreed to by the Parties;

"Owned Real Property" has the meaning ascribed thereto in paragraph (s) of Schedule D;

"Parties" means, collectively, the parties to this Agreement, and *"Party"* means any of them;

"Permitted Liens" means: (i) the reservations, limitations, provisos and conditions expressed in any original grant from the Crown and any currently existing statutory exceptions to title; (ii) inchoate or statutory liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of real or personal property; (iii) easements, servitudes, restrictions, restrictive covenants, party wall agreements, rights of way, licenses, permits and other similar rights in real property (including, without limiting the generality of the foregoing, easements, rights of way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables); (iv) liens for Taxes in respect of real property; (v) zoning and building by-laws and ordinances, regulations made by public authorities and other restrictions affecting or controlling the use, marketability or development of real property but which do not materially affect the use of such properties; (vi) agreements with any municipal, provincial, state or federal governments or authorities and any public utilities or private suppliers of services, including (without limitation) subdivision agreements, development agreements, site control agreements, engineering, grading or landscaping agreements and similar agreements; (vii) such other imperfections or irregularities of title or Liens as do not materially affect the use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties; and (viii) the Liens listed as such in the Company Disclosure Letter;

"*Person*" includes any individual, firm, partnership, limited partnership, limited liability partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, body corporate, corporation, company, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

"*Plan of Arrangement*" means the plan of arrangement, substantially in the form of Schedule "C" hereto, and any amendments or variations thereto made in accordance with Section 10.1 hereof or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and each of the Purchaser Parties, all acting reasonably;

"*Potentially Superior Proposal*" has the meaning ascribed thereto in Section 6.3;

"*Pre-Arrangement Reorganization*" has the meaning ascribed thereto in Section 2.9(1);

"*Purchaser Parties*" means, collectively, the Purchaser, the Purchaser Parent, ARM and Vale;

"*Proceeding*" means any claim, action, suit or proceeding, whether civil, criminal, or administrative;

"*Registrar*" means the Registrar of Corporations under the YBCA;

"*Regulatory Approvals*" means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Authorities required to be obtained by any of the Parties (or their respective affiliates or joint actors, as applicable) in connection with execution, delivery or performance of this Agreement or the consummation of any of the transactions contemplated by this Agreement, including those set out in Schedule A hereto;

"*Remaining Mozambique Licenses*" means the Mozambique reconnaissance, exploration and other mineral licenses and mineral rights held by Subsidiary B which, as of the consummation of the transaction contemplated by Section 2.9(2)(c), have not been transferred in accordance with Section 2.9(1) or otherwise terminated;

"*Response Period*" has the meaning ascribed thereto in Section 6.4(1)(c);

"*Returns*" means all reports, forms, elections, designations, schedules, statements, estimates, declarations of estimated tax, information statements and returns required to be filed with a Governmental Authority with respect to Taxes;

"*Securities Act*" means the *Securities Act* (Ontario) as in effect on the date hereof;

"*Securities Authorities*" means, collectively, the Ontario Securities Commission and the applicable securities commissions and other securities regulatory authorities in each of the other provinces and territories of Canada and the JSE;

"*Securities Laws*" means the *Securities Act* and all other applicable Canadian provincial and territorial and South African securities Laws;

"*Securities Transfer Tax*" means securities transfer Taxes payable pursuant to the laws of South Africa in terms of the Securities Transfer Tax Act, No. 25 of 2007, in connection with the transfer of Company Common Shares listed on the JSE, pursuant to any of the transactions contemplated by this Agreement;

"*SENS*" means the Securities Exchange News Service of the JSE;

"*Share Appreciation Rights Plan*" means the Company's amended and restated share appreciation rights plan (2006) effective as of November 15, 2005, as amended effective as of November 14, 2006;

"*Subsidiary*" has the meaning ascribed thereto in Section 1.1 of National Instrument 45 106 — *Prospectus and Registration Exemptions* as in effect on the date hereof;

"*Subsidiary B*" means TEAL Exploration & Mining (B) Incorporated, a corporation incorporated under the law of Barbados and a direct wholly-owned subsidiary of the Company;

"*Superior Proposal*" means any unsolicited *bona fide* written Acquisition Proposal that is received (prior to the approval by the Company Common Shareholders of the Arrangement Resolution) from a Person: (a) to acquire, directly

or indirectly, not less than 35% of the outstanding Company Common Shares or not less than 35% of the assets of the Company on a consolidated basis, (b) that is not subject to a financing condition or a due diligence condition, (c) that is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal, (d) that did not result from, and was not otherwise in any way facilitated by, a breach of Section 6.3 or Section 6.4 of this Agreement, and (e) that the Board (or an independent committee of the Board) determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors, after taking into account all the terms and conditions of the Acquisition Proposal, and after taking into account at the time of determination any changes to the terms of this Agreement or the Arrangement that as of that time had been proposed by Vale in writing, but without assuming away the risk of non-completion, is more favourable to Company Common Shareholders (other than ARM) from a financial point of view than the Arrangement;

"Tax Act" means the *Income Tax Act* (Canada);

"Taxes" means any and all domestic and foreign federal, state, provincial, territorial municipal and local taxes, assessments and other governmental charges, duties, impositions and liabilities imposed by any Governmental Authority, including Canada Pension Plan and provincial pension plan contributions, tax instalment payments, unemployment insurance contributions and employment insurance contributions, worker's compensation and deductions at source, including taxes based on or measured by gross receipts, income, profits, dividends, sales, capital, use, and occupation, and including goods and services, value added, ad valorem, sales, capital, capital gains, transfer, securities transfer, franchise, non-resident withholding, customs, payroll, recapture, employment, stamp duties, excise and property duties and taxes, together with all interest, penalties, fines and additions imposed with respect to such amounts, including, for greater certainty, all taxes administered by the Commissioner for the South African Revenue Service;

"Technology" has the meaning ascribed thereto in paragraph (w) of Schedule D;

"Termination Fee" has the meaning ascribed thereto in Section 10.5(1);

"Trade-marks" means all trade-marks, trade-names, service marks, brands, trade dress, distinguishing guises, business names, domain names, tag lines, designs, graphics, logos and other commercial symbols and indicia of origin whether registered or not, and any goodwill associated therewith;

"TSX" means the Toronto Stock Exchange;

"Unwinding Transaction" has the meaning ascribed thereto in Section 2.9(4);

"Vale Subco" has the meaning ascribed thereto in Section 2.9(3)(a);

"Valuation and Fairness Opinion" means the formal valuation of the Company Common Shares prepared by the Financial Advisor, as required pursuant to MI 61-101, and an opinion of the Financial Advisor to the effect that, as of the date of such opinion, the Consideration to be received under the Arrangement by the Company Common Shareholders (other than ARM) is fair, from a financial point of view, to such holders; and

"YBCA" means the *Business Corporations Act* (Yukon).

SECTION 1.2 *Interpretation Not Affected by Headings*

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

SECTION 1.3 *Interpretation*

In this Agreement words importing the singular number include the plural and vice versa, and words importing any gender include all genders. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import. The phrase "made available to the Purchaser Parties" means ARM has advised the Company that copies of the subject materials were provided to Vale on or prior to 12:01 a.m., Toronto time, on December 15, 2008.

This page is an integral part of the Arrangement Agreement entered into among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc., 42696 Yukon Inc. and TEAL Exploration & Mining Incorporated on December 15, 2008.

Section 1.4 *Date for Any Action*

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day. In this Agreement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively.

Section 1.5 *Entire Agreement*

This Agreement, the agreements and other documents herein referred to, and the Confidentiality Agreement, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all other prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties. Except as expressly represented and warranted herein or in any other binding agreement relating hereto executed by the Parties after the date hereof, no Party shall be considered to have given any other express or implied representations or warranties, including as a result of oral or written statements or management or other presentations or memoranda.

Section 1.6 *Statutory References, References to Persons and References to Contracts*

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute, regulation, direction or instrument is to that statute, regulation, direction or instrument as now enacted or as the same may from time to time be amended, re-enacted or replaced, and in the case of a reference to a statute, includes any regulations, rules, published policies or directions made thereunder. Any reference in this Agreement to a Person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns. References to any contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with its terms.

Section 1.7 *Currency*

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and "$" refers to Canadian dollars.

Section 1.8 *Accounting Principles*

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under GAAP, and all determinations of an accounting nature required to be made shall be made in a manner consistent with GAAP.

Section 1.9 *Knowledge*

In this Agreement, unless otherwise stated, references to "the knowledge of the Company" (or similar expression) means the actual knowledge, after reasonable inquiry, of Hannes Meyer, Interim Chief Executive Officer of the Company, and Alyson D'Oyley, General Counsel and Corporate Secretary of the Company**,** and, if applicable, any knowledge such officers would have had had they exercised reasonable due diligence and made such reasonable inquiry, in their capacity as officers of the Company and not in their personal capacity and without personal liability.

Section 1.10 *Schedules*

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule "A" Regulatory Approvals
Schedule "B" Arrangement Resolution
Schedule "C" Plan of Arrangement
Schedule "D" Representations and Warranties of the Company
Schedule "E" Representations and Warranties of the Purchaser Parties

This page is an integral part of the Arrangement Agreement entered into among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc., 42696 Yukon Inc. and TEAL Exploration & Mining Incorporated on December 15, 2008.

ARTICLE 2

THE ARRANGEMENT

SECTION 2.1 *Arrangement*

The Parties agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

SECTION 2.2 *Interim Order*

The Company agrees that as soon as reasonably practicable after the date hereof, but in any event on or before January 20, 2009, the Company shall apply in a manner reasonably acceptable to each of the Purchaser Parties pursuant to Section 195 of the YBCA and, in cooperation with the Purchaser Parties, prepare, file and diligently pursue an application for the Interim Order, which application shall request that the Interim Order provide, among other things:

(1) for the calling and holding of the Company Meeting;

(2) that the requisite approval for the Arrangement Resolution shall be (i) two-thirds of the votes cast on the Arrangement Resolution by Company Common Shareholders (and, for greater certainty, the Interim Order shall provide that the only securities of the Company entitled to be voted shall be Company Common Shares) and (ii) a majority of the votes cast on the Arrangement Resolution by the Company Common Shareholders (other than ARM and any other Company Common Shareholders whose votes are required to be excluded in determining such approval pursuant to the provisions of MI 61-101), in each case, present in person or represented by proxy at the Company Meeting;

(3) that, in all other respects, the terms, restrictions and conditions of the constating documents of the Company, including quorum requirements and all other matters, shall apply in respect of the Company Meeting;

(4) for the grant of the Dissent Rights;

(5) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and

(6) that the Company Meeting may be adjourned or postponed from time to time by the Company without the need for additional approval of the Court.

SECTION 2.3 *The Company Meeting*

(1) Subject to the terms of this Agreement and the Interim Order, the Company agrees to convene and conduct the Company Meeting in accordance with the Interim Order, the Company's constating documents and Applicable Laws for the purpose of considering the Arrangement Resolution and for any other proper purpose as may be set out in the Company Circular on or before February 23, 2009 and not to propose to adjourn, postpone or cancel the Company Meeting without the prior written consent of each of the Purchaser Parties except (in the case of an adjournment or postponement) as may be necessary if a quorum is not present or as may be required by Applicable Law or by a Governmental Authority. The Purchaser Parties, acting jointly, shall have the right to require one or more adjournments of the Company Meeting of an aggregate of not more than 20 Business Days so long as such a request is made prior to the vote to consider the Arrangement Resolution.

(2) Subject to the terms of this Agreement, the Company will use its reasonable commercial efforts to solicit proxies in favour of the approval of the Arrangement Resolution.

(3) The Company will request its transfer agent to advise each of the Purchaser Parties as any of the Purchaser Parties may reasonably request, and at least on a daily basis on each of the last ten Business Days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution and any other matters to be considered at the Company Meeting.

(4) The Company will promptly advise each of the Purchaser Parties of any written notice of dissent or purported exercise by any Company Common Shareholder of Dissent Rights received by the Company in relation to the Arrangement Resolution and any withdrawal of Dissent Rights received by the Company and, subject to Applicable Laws, will provide each of the Purchaser Parties with an opportunity to review and comment upon any written

communications proposed to be sent by or on behalf of the Company to any Company Common Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution and reasonable consideration shall be given by the Company to any comments made by the Purchaser Parties and their respective counsel prior to sending any such written communications. The Company shall not settle any claims with respect to Dissent Rights without the prior written consent of each of the Purchaser Parties.

(5) The Company will give notice to each of the Purchaser Parties of the Company Meeting and will allow the Purchaser Parties' respective representatives and legal counsel to attend the Company Meeting.

SECTION 2.4 *The Company Circular*

(1) Subject to compliance by the Purchaser Parties with Section 2.4(4), promptly after the execution of this Agreement the Company shall prepare and complete, in consultation with the Purchaser Parties, the Company Circular together with any other documents required by the YBCA, Securities Laws and other Applicable Laws to be prepared or filed by the Company in connection with the Company Meeting and the Arrangement, and the Company shall, promptly after obtaining the Interim Order, cause the Company Circular and other documentation required in connection with the Company Meeting to be filed, and to be sent to each Company Common Shareholder and such other Persons, in each case as required by the Interim Order and Applicable Laws, so as to permit the Company Meeting to be held within the time required by Section 2.3(1).

(2) The Company shall ensure that the Company Circular complies with the Interim Order and all Applicable Laws, and, without limiting the generality of the foregoing, that the Company Circular will not at the time of mailing contain any misrepresentation (other than with respect to any information furnished by or on behalf of the Purchaser Parties specifically for use therein) and shall provide Company Common Shareholders with information in sufficient detail to permit them to form a reasoned judgement concerning the matters to be placed before them at the Company Meeting. The Company Circular will include (i) a statement to the effect that the Board has received the Valuation and Fairness Opinion and, after receiving legal and financial advice, has unanimously (subject to certain directors having abstained due to conflicts of interest resulting from their respective relationships with ARM) determined that the Arrangement is in the best interests of the Company and that the Board unanimously (subject to certain directors having abstained due to conflicts of interest resulting from their respective relationships with ARM) recommends that Company Common Shareholders vote to approve the Arrangement Resolution and (ii) a copy of the Valuation and Fairness Opinion.

(3) The Purchaser Parties and their respective legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Company Circular and other documents related thereto, and reasonable consideration shall be given to any comments made by the Purchaser Parties and their respective counsel, provided that all information relating to each Purchaser Party included in the Company Circular shall be in form and content satisfactory to such Purchaser Party, acting reasonably.

(4) Each of the Purchaser Parties shall promptly furnish to the Company all such information concerning itself as may be required by Applicable Law (including all necessary information with respect to any agreements, arrangements, commitments or understandings between or among the Purchaser Parties and their affiliates with respect to the Company and/or any of its Subsidiaries or the ownership thereof) or reasonably requested by the Company in the preparation of the Company Circular and other documents related thereto, and each of the Purchaser Parties shall ensure that no such information provided by it or on its behalf contains, at the time of mailing, any misrepresentation.

(5) Each of the Parties shall promptly notify the other Parties if at any time before the Effective Date it becomes aware that the Company Circular, an application for a Regulatory Approval or any other order, registration, consent, ruling, exemption, no action letter or approval, or any circular or other filing under Applicable Laws made, sent or filed by any of the Parties in connection with the Arrangement contains a misrepresentation, or otherwise requires an amendment or supplement, and the Parties shall co-operate in the preparation of any such amendment or supplement, as required or appropriate. The Company shall, subject to compliance by the Company with Section 2.4(2) and Section 2.4(3), *mutatis mutandis*, and by the Purchaser Parties with Section 2.4(4), *mutatis mutandis*, promptly send or otherwise publicly disseminate any such amendment or supplement to the Company Circular to Company Common Shareholders and such other Persons, and file the same, in each case as required by the Court or Applicable Laws.

This page is an integral part of the Arrangement Agreement entered into among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc., 42696 Yukon Inc. and TEAL Exploration & Mining Incorporated on December 15, 2008.

Section 2.5 *Final Order*

If the Interim Order is obtained and the Arrangement Resolution is passed at the Company Meeting as provided for in the Interim Order and as required by Applicable Law, and subject to the terms of this Agreement, the Company shall as soon as reasonably practicable thereafter but in any event not later than five Business Days thereafter, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 195 of the YBCA.

Section 2.6 *Court Proceedings*

The Purchaser Parties and the Company will cooperate in seeking the Interim Order and the Final Order, including by each of the Purchaser Parties providing to the Company on a timely basis any information reasonably requested by the Company to be supplied by such Purchaser Party concerning itself in connection therewith. The Company will ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement. The Company will provide the Purchaser Parties and their respective legal counsel with a reasonable opportunity to review and comment upon drafts of all materials to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to all such comments. The Company will also provide the Purchaser Parties and their respective legal counsel on a timely basis with copies of any notice of appearance and evidence served on the Company or its legal counsel in respect of the application for the Final Order or any appeal therefrom. The Company will not object to legal counsel to any the Purchaser Parties appearing and making such submissions at the hearing of the application for the Interim Order or the application for the Final Order as such counsel considers appropriate, provided that the Company is provided with a copy of any written submissions to be made by such counsel within a reasonable period prior to such hearing and such submissions and any oral submissions are consistent with this Agreement, the agreements contemplated hereby and the Plan of Arrangement.

Section 2.7 *Articles of Arrangement and Effective Date*

The Articles of Arrangement shall implement the Plan of Arrangement attached to this Agreement as Schedule “C”, as it may be amended. Subject to the Interim Order, the Final Order and any Applicable Law, the Company agrees to amend the Plan of Arrangement at any time prior to the Effective Time at the reasonable request of any of the Purchaser Parties in accordance with Section 10.1 of this Agreement to add, remove or amend any steps or terms in a manner determined to be necessary or desirable by such Purchaser Party, acting reasonably, provided that the Plan of Arrangement shall not be amended in any manner which is (i) prejudicial to the Company Common Shareholders, any of the other Parties or any other Persons to be bound by the Plan of Arrangement or is inconsistent with the provisions of this Agreement or (ii) creates, in the view of the Company, acting reasonably, a reasonable risk of delaying, impairing or impeding in any material respect the receipt of any Regulatory Approval or the satisfaction of any condition set forth in Article 3 hereof. On the third Business Day after the last of the conditions set forth in Section 3.1(1), Section 3.1(2), Section 3.1(4) and Section 3.2(4) has been satisfied or, where not prohibited, waived by the applicable Party or Parties in whose favour the condition is (provided that on such third Business Day each of the conditions set forth in Article 3 shall have been satisfied or, where not prohibited, waived by the applicable Party or Parties in whose favour the condition is), unless another time or date is agreed to in writing by the Parties (the **“Effective Date”**), the Parties (as applicable) shall consummate the Funding Transactions and the Articles of Arrangement and any other documents required (including articles of amalgamation) under subsection 195(10) of the YBCA shall be delivered by the Company to the Registrar for filing. From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by Applicable Law, including the YBCA. The closing of the transactions contemplated hereby will take place on the Effective Date at 8:00 a.m. at the offices of Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Canada, M5L 1B9, or at such other location or time as may be agreed upon by the Parties.

Section 2.8 *Company SARs*

Subject to the terms and conditions of this Agreement, pursuant to the Arrangement, each Company SAR that has not been duly exercised prior to the Effective Time will be cancelled and terminated at the Effective Time in exchange for a cash amount as set out in the Plan of Arrangement, and the Company shall take all such reasonable steps as may be necessary or desirable to give effect to the foregoing.

This page is an integral part of the Arrangement Agreement entered into among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc., 42696 Yukon Inc. and TEAL Exploration & Mining Incorporated on December 15, 2008.

SECTION 2.9 *Pre-Arrangement Transactions*

(1) The Company covenants and agrees to use its reasonable commercial efforts to cause Subsidiary B and each other applicable Subsidiary to transfer as soon as practicable, and in any event prior to the consummation of the transactions set out in Section 2.9(2)(c), all of its right, title and interest in and to the Mozambique exploration licenses listed with reference to this Section 2.9(1) in the Company Disclosure Letter to TEAL Mining Mozambique, Ltda. in consideration of $1,000.

(2) The Company covenants and agrees to, and to cause its Subsidiaries (as applicable) to, consummate and make effective the following transactions (collectively, the **"Pre-Arrangement Reorganization"**) at or prior to the Funding Time in the following sequence:

(a) Subsidiary B shall incorporate and organize a new company and license same as an "international business company" pursuant to the laws of Barbados whose articles of incorporation, by-laws, authorized share capital, directors, officers and other attributes shall be acceptable to the Company and each of the Purchaser Parties, all acting reasonably **("Newco")**. Upon its incorporation, Newco shall issue one Newco Share, for nominal value, to Subsidiary B. At all times prior to the consummation of the transactions set out in Section 2.9(2)(e), Newco shall have no other issued and outstanding Newco Shares, no assets (other than (i) any consideration received from Subsidiary B for the issuance of the initial Newco Share or (ii) the Managementco Share referred to in Section 2.9(2)(b)) and no liabilities whatsoever;

(b) Newco shall incorporate and organize a new company and license same as an "international business company" pursuant to the laws of Barbados whose articles of incorporation, by-laws, authorized share capital, directors, officers and other attributes shall be acceptable to each of the Purchaser Parties, all acting reasonably **("Managementco")**. Upon its incorporation, Managementco shall issue one Managementco Share, for nominal value, to Newco. At all times prior to the consummation of the transactions set out in Section 2.9(2)(d), Managementco shall have no other issued and outstanding Managementco Shares, no assets (other than the consideration for the issuance of the initial Managementco Share) and no liabilities whatsoever;

(c) Subsidiary B shall repay the Existing Subsidiary B Intercompany Debt for consideration consisting of:

(i) the transfer to the Company of all of the assets of Subsidiary B except for its shares of the Barb Holdcos, the Intercompany Receivables and the Remaining Mozambique Licenses; and

(ii) a promissory note of Subsidiary B in form and substance acceptable to each of the Purchaser Parties, all acting reasonably, and having a principal amount denominated in Canadian dollars equal to the amount by which (x) the Canadian dollar equivalent of the amount of the Existing Subsidiary B Intercompany Debt calculated using the rate of exchange for United States dollars into Canadian dollars quoted by the Bank of Canada at noon on the date of such repayment exceeds (y) the aggregate fair market value of the assets of Subsidiary B transferred to the Company pursuant to Section 2.9(2)(c)(i) at the time of such transfer (the **"New Subsidiary B Intercompany Note"**);

(d) subject to Clauses 2.9(2)(d)(X) and 2.9(2)(d)(Y), the Company shall sell, assign and transfer to Managementco all of the assets of the Company except for any cash, its shares of Subsidiary B and the New Subsidiary B Intercompany Note (the **"Company Transferred Assets"**), and Managementco shall assume all of the obligations and liabilities (whether known, unknown, accrued, contingent, absolute, determined, determinable or otherwise) of the Company which are related to the assets and undertaking of the Company, Subsidiary B or any of its Subsidiaries (the **"Company Assumed Liabilities"**), provided, however, that the Company Assumed Liabilities shall not include any such obligations or liabilities, present or future, of the Company:

(i) for amounts drawn under the ARM Letter of Financial Support;

(ii) which (excluding obligations or liabilities for Taxes) are incurred from and after the date hereof and prior to the Funding Time and which (A) are not consistent with expenses contemplated in the Company Budget or within a margin of error of 5% above the aggregate amounts estimated in the Company Budget, or (B) are prohibited by the provisions of Section 6.1;

(iii) for any payments required to be made hereunder or under the Plan of Arrangement to holders of Company SARs (the **"Company SARs Payments"**);

(iv) which relate to the Company's costs of the transactions contemplated by this Agreement, including without limitation (A) any fees or expenses of legal, financial, accounting or other advisers, depositaries and proxy solicitation agents of the Company in connection with the Arrangement or the transactions contemplated hereby, and (B) any costs incurred by the Company following the closing of the Arrangement, including costs of de-listing the Company Common Shares from any stock exchange on which they are listed and causing the Company to cease to be a reporting issuer (or equivalent) under the securities laws of any jurisdiction in which it has such status (the **"Company Transaction Costs"**); or

(v) which consist of obligations or liabilities for Taxes, other than (A) Securities Transfer Tax payable as a result of the Pre-Arrangement Reorganization or the Arrangement, (B) any Taxes payable by the Company, or by ARM as a result of any attribution to ARM for Tax purposes of any income of or gain by the Company, as a result of the Pre-Arrangement Reorganization or the Arrangement for which the Company or ARM (in each case on a non-consolidated basis) would not otherwise have been liable had the acquisition by Vale of a 50% indirect interest in the Company Assets contemplated by this Agreement been structured not as provided for herein but instead as a take-over bid by ARM (or a Subsidiary thereof) for all of the Company Common Shares held other than by ARM, followed by a purchase by Vale (or a Subsidiary thereof) from ARM (or its Subsidiary, as the case may be) of 50% of the Company Common Shares for the Funding Amount in cash, and (C) any Johannesburg Branch Taxes payable by the Company (but, with respect to (B) above, such assumption, taken together with the assumption pursuant to Section 2.9(2)(f)(ii)(B)(2), shall be to a maximum aggregate amount of US$3 million);

and for purposes of this Section 2.9(2)(d):

(X) if the fair market value of the Company Transferred Assets is less than the amount of the Company Assumed Liabilities (each as determined jointly by the Purchaser Parties, all acting reasonably), the Company shall transfer to Managementco an amount of cash equal to the amount by which the amount of the Company Assumed Liabilities exceeds the fair market value of the Company Transferred Assets (and to the extent that the Company does not have sufficient cash for this purpose, ARM shall contribute such cash to the Company under the ARM Letter of Financial Support); and

(Y) if the fair market value of the Company Transferred Assets exceeds the amount of the Company Assumed Liabilities (each as determined jointly by the Purchaser Parties, all acting reasonably), Managementco shall issue to the Company a promissory note in form and substance acceptable to each of the Purchaser Parties, all acting reasonably, and having a principal amount equal to the amount by which the fair market value of the Company Transferred Assets exceeds the amount of the Company Assumed Liabilities;

(e) Subsidiary B shall sell all of the issued and outstanding shares of each of the Barb Holdcos to Newco in consideration for such odd number of Newco Shares as the Purchaser Parties may jointly designate in writing prior to the time of such transfer; and

(f) Subsidiary B shall sell, assign and transfer the Intercompany Receivables to Newco in consideration of:

(i) the assumption by Newco of all the obligations and liabilities of Subsidiary B under the Loan Facility;

(ii) the assumption by Newco of all other obligations and liabilities (whether known, unknown, accrued, contingent, absolute, determined, determinable or otherwise) of Subsidiary B which are related to the assets and undertaking of Newco and its Subsidiaries (after giving effect to the transfers of securities contemplated in Section 2.9(2)(e)), provided, however, that Newco shall not assume any such obligations or liabilities, present or future:

(A) which (excluding obligations or liabilities for Taxes) are incurred from and after the date hereof and prior to the Funding Time and which (X) are not consistent with expenses contemplated in the Company Budget or within a margin of error of 5% above the aggregate amounts estimated in the Company Budget, or (Y) are prohibited by the provisions of Section 6.1; or

(B) which consist of obligations or liabilities for Taxes, other than (1) Securities Transfer Tax payable as a result of the Pre-Arrangement Reorganization or the Arrangement, and (2) any Taxes payable

by Subsidiary B, or by ARM as a result of any attribution to ARM for Tax purposes of any income of or gain by Subsidiary B, as a result of the Pre-Arrangement Reorganization or the Arrangement and for which Subsidiary B or ARM (in each case on a non-consolidated basis) would not otherwise have been liable had the acquisition by Vale of a 50% indirect interest in the Company Assets contemplated by this Agreement been structured not as provided for herein but instead as a take-over bid by ARM (or a Subsidiary thereof) for all of the Company Common Shares held other than by ARM, followed by a purchase by Vale (or a Subsidiary thereof) from ARM (or its Subsidiary, as the case may be) of 50% of the Company Share for the Funding Amount in cash (but, with respect to (2) above, such assumption, taken together with the assumption pursuant to Section 2.9(2)(d)(v)(B), shall be to a maximum aggregate amount of US$3 million);

(iii) a promissory note of Newco in form and substance acceptable to each of the Purchaser Parties, all acting reasonably, and having a principal amount equal to the aggregate outstanding principal amount of loans provided by ARM pursuant to the ARM Letter of Financial Support, less the aggregate amount of any cash held by the Company, and any cash held by Subsidiary B, following the completion of the transactions contemplated by Section 2.9(2)(d) (the **"Newco Net ARM Support Amount Note"**);

(iv) a promissory note of Newco in form and substance acceptable to each of the Purchaser Parties, all acting reasonably, and having an initial principal amount equal to the Company's reasonable estimate of the aggregate of (A) the Company SARs Payments, (B) the Company Transaction Costs and (C) any Securities Transfer Tax payable by ARM or any of its Subsidiaries (including, for greater certainty, Purchaser Parent or the Purchaser) or the Company in connection with the transfer of Company Common Shares pursuant to this Agreement (the **"Newco Arrangement Cost Note"**), provided that the principal amount of the Newco Arrangement Cost Note shall be subject to increase or decrease within 90 calendar days following the Effective Date so that such principal amount becomes equal to the aggregate of the actual amounts paid in respect of items (A), (B), and (C) listed above in this Section 2.9(2)(f)(iv) (the amount of such adjustment being referred to as the **"Newco Arrangement Cost Note Adjustment"**). The Company or its successors will provide each of the Purchaser Parties with copies of estimates, invoices and calculations in support of the initial amount of the Newco Arrangement Cost Note and any Newco Arrangement Cost Note Adjustment;

(v) two identical promissory notes of Newco denominated in United States dollars (**"Newco Note I"** and **"Newco Note II"**, respectively) in form and substance acceptable to each of the Purchaser Parties, all acting reasonably, and each having an initial principal amount equal to 50% of the amount by which (x) the amount of the Intercompany Receivables as at the time this step is undertaken exceeds (y) the aggregate of (i) the amount of the obligations and liabilities of Subsidiary B assumed by Newco pursuant to Section 2.9(2)(f)(i), (ii) the amount of the obligations and liabilities of Subsidiary B assumed by Newco pursuant to Section 2.9(2)(f)(ii), (iii) the principal amount of the Newco Net ARM Support Amount Note, and (iv) the initial principal amount of the Newco Arrangement Cost Note, provided that the principal amounts of each of Newco Note I and Newco Note II shall be subject to increase or decrease within 90 calendar days following the Effective Date by 50% of the decrease or increase, respectively, in the Newco Arrangement Cost Note represented by the Newco Arrangement Cost Note Adjustment.

(g) Each Party acknowledges and agrees to provide such assistance as any other Party may reasonably request in obtaining third party consents and releases in respect of the obligations of Subsidiary B and the Company to be assumed by Newco and Managementco pursuant to this Section 2.9(2), but for greater certainty, no Party will be required hereby to assume any obligations or make payments to third parties in connection therewith, it being acknowledged that the assumption by Newco and Managementco of such liabilities is not to be conditional on such third party consents or releases being obtained but rather is intended to be enforceable by Subsidiary B or the Company, as applicable, as against Newco or Managementco, as applicable, in any event.

(3) After the completion of the Pre-Arrangement Reorganization and immediately prior to the Effective Time:

(a) the Company covenants and agrees to cause Subsidiary B to sell (i) 50% of the issued and outstanding Newco Shares and (ii) all of its interest in Newco Note I to such wholly-owned direct or indirect Subsidiary of Vale as Vale may designate in writing for such purpose with the consent of ARM, acting reasonably (**"Vale Subco"**), for an

aggregate amount equal to the Funding Amount, which shall be allocated between the Newco Shares and Newco Note I as follows: (i) an amount, not to exceed the Funding Amount, equal to the principal amount of Newco Note I shall be allocated first as consideration for Newco Note I, and (ii) the balance of the Funding Amount shall be allocated to the Newco Shares so transferred, and Vale shall pay, or cause Vale Subco to pay, the Funding Amount to Subsidiary B concurrently with such transfer;

(b) immediately following the transactions described in Section 2.9(3)(a) above, the Company covenants and agrees to cause Subsidiary B to lend an amount at least equal to the Aggregate Consideration to Purchaser Parent in consideration for the issuance of an interest bearing promissory note of Purchaser Parent bearing a rate of interest that parties dealing at arm's length would agree to, to be issued at par and to be in form and substance satisfactory to the Company and each of the Purchaser Parties, all acting reasonably, and ARM shall cause Purchaser Parent to issue such promissory note; and

(c) immediately following the transactions described in Section 2.9(3)(b) above, the Purchaser Parent shall transfer an amount at least equal to the Aggregate Consideration to the Purchaser in consideration for such number of shares of Purchaser Parent as ARM may direct in its sole discretion and the Purchaser shall deposit such amount with the Depositary to be held in escrow for the benefit of the Company's Common Shareholders in accordance with the depositary agreement referred to in Section 2.10.

(such transactions being collectively referred to as the **"Funding Transactions"**).

(4) The Company further agrees that, upon the reasonable request by the Purchaser Parties, the Company shall, and shall cause each of its Subsidiaries to use its reasonable commercial efforts to (i) perform such reorganizations of its corporate structure, capital structure, business, operations and assets or such other transactions as the Purchaser Parties may jointly request in writing, acting reasonably (collectively, the **"Additional Pre-Arrangement Reorganization"**), and (ii) cooperate with the Purchaser Parties and their respective advisors to determine the nature of the Additional Pre-Arrangement Reorganization that might be undertaken and the manner in which it would most effectively be undertaken; provided that the Additional Pre-Arrangement Reorganization (i) is not prejudicial to the Company or the Company Assets in any material respect, (ii) does not unduly impede, interfere with, delay or prevent the completion of the transactions contemplated by this Agreement, (iii) is not prejudicial to the Company Common Shareholders or inconsistent with the provisions of this Agreement, (iv) shall not affect or modify in any respect the obligations of any of the Purchaser Parties under this Agreement, and (v) is reasonably capable of being consummated prior to the Funding Time. The Purchaser Parties shall provide written notice to the Company of any proposed Additional Pre-Arrangement Reorganization at least five Business Days prior to the Funding Time. Upon receipt of such notice, the Purchaser Parties and the Company shall work cooperatively and use commercially reasonable efforts to prepare, prior to the Funding Time, all documentation necessary and do such other acts and things as are necessary to give effect to such Additional Pre-Arrangement Reorganization, including an amendment to this Agreement if necessary. The Purchaser Parties shall bear the cost of the Additional Pre-Arrangement Reorganization, including any liability for Taxes of the Company or any of the Subsidiaries that may arise as a result of such Additional Pre-Arrangement Reorganization that would not otherwise arise. To the extent reasonably practicable, the Parties shall seek to have the Additional Pre-Arrangement Reorganization made effective on the Business Day which is immediately prior to the day on which the Funding Time occurs, and the Additional Pre-Arrangement Reorganization shall not in any event be made effective prior to the date on which the Final Order is granted. In the event that the Additional Pre-Arrangement Reorganization is completed and the Arrangement is not completed as contemplated herein as a result of (i) any termination of this Agreement for any reason other than pursuant to Section 9.2(1)(c)(ii) or Section 9.2(1)(d), or (ii) the occurrence of a Material Adverse Change, the Purchaser Parties shall reimburse the Company for any loss or damages, including any liability for Taxes, caused to or incurred by the Company or any of the Subsidiaries directly or indirectly as a result such Additional Pre-Arrangement Reorganization and shall also bear any cost associated with returning the corporate structure, capital structure, business, operations and assets, as applicable and as the case may be, to their state immediately prior to the Additional Pre-Arrangement Reorganization (an **"Unwinding Transaction"**) where the Company, acting reasonably, considers such Unwinding Transaction to be necessary or desirable. In connection with any Unwinding Transaction, (i) the Company shall cooperate with the Purchaser Parties and their respective advisors to determine the nature of any Unwinding Transaction and the manner in which it would most effectively be undertaken, (ii) the Purchaser

Parties and their respective legal counsel shall be given a reasonable opportunity to review and comment on drafts of any documents to be entered into in connection with any Unwinding Transaction, and the Company shall give reasonable consideration to any comments made by the Purchaser Parties and their respective counsel, (iii) to the extent possible, any Unwinding Transaction shall be completed on a tax-deferred rollover basis such that no Tax is realized by the Company or any of its Subsidiaries and the Company and its Subsidiaries shall file all Tax Returns, elections and other documents necessary to effect any Unwinding Transaction on a basis consistent with the foregoing and shall not take any position contrary with this clause (iii) in any Tax Return, election or other document or in discussions with any Governmental Authority.

Section 2.10 *Depositary Agreement*

The Company, the Purchaser and Vale shall enter into a depositary agreement with the Depositary in form and substance satisfactory to each of such Parties, all acting reasonably, which shall provide for the appointment of the Depositary as depositary under the Arrangement and shall contain customary provisions for a transaction of the nature of the Arrangement, provided that such depositary agreement shall provide that from and after the Effective Time all funds paid to the Depositary to be held in escrow for the benefit of Company Common Shareholders which are not paid to Company Common Shareholders in accordance with the Plan of Arrangement on or before the sixth anniversary of the Effective Date (whether as a result of a failure of a Company Common Shareholder to surrender to the Depositary his, her or its share certificate(s) representing Company Common Shares or to deposit a cheque representing his, her or its proceeds from the Arrangement or otherwise), and all interest earned on any funds so paid to the Depositary, shall be paid by the Depositary, on behalf of the Purchaser, Amalco or such other party as pursuant to the provisions of the Plan of Arrangement may be entitled to such funds, to Vale (or as Vale may direct by notice in writing to the Depositary) promptly following the sixth anniversary of the Effective Date. Such depositary agreement shall also provide that, in the event that this Agreement is terminated prior to the Effective Time, any funds paid by or on behalf of Vale to the Depositary and held in escrow for the benefit of the Company Common Shareholders, and any interest earned on any such funds, shall upon the written request of Vale, be promptly paid by the Depositary to (or as directed by) Vale.

ARTICLE 3

CONDITIONS

Section 3.1 *Mutual Conditions Precedent*

The obligations of the Parties to complete the transactions contemplated by this Agreement are subject to the fulfillment, at or before the Funding Time, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

(1) the Arrangement Resolution shall have been approved by the Company Common Shareholders at the Company Meeting in accordance with the Interim Order, including minority approval (as such term in defined in MI 61-101);

(2) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement and otherwise satisfactory to the Company and each of the Purchaser Parties, all acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the Company and the Purchaser Parties, each acting reasonably, on appeal or otherwise;

(3) no Applicable Law shall be in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or any of the Purchaser Parties from consummating the Arrangement or any of the other transactions contemplated hereby;

(4) the Regulatory Approvals set out in Schedule "A" shall have been obtained on terms and conditions satisfactory to the Company and each of the Purchaser Parties, in each case acting reasonably (but in the case of the Company, only so far as any such terms or conditions affect the Company Common Shareholders other than ARM); and

(5) this Agreement shall not have been terminated in accordance with its terms.

SECTION 3.2 *Additional Conditions Precedent to the Obligations of the Purchaser Parties*

The obligations of the Purchaser Parties to complete the transactions contemplated by this Agreement shall also be subject to the fulfillment, at or before the Funding Time, of each of the following conditions precedent (each of which is for the exclusive benefit of the Purchaser Parties or the Purchaser Party indicated below, and, except as otherwise provided below, may be waived only by the Purchaser Parties (acting together):

(1) all covenants of the Company under this Agreement to be performed at or before the Funding Time shall have been duly performed by the Company in all material respects, and the Purchaser Parties shall have received a certificate of the Chief Executive Officer and the Chief Financial Officer of the Company (in each case on behalf of the Company and without personal liability) addressed to the Purchaser Parties and dated as of the Effective Date confirming the same, such certificate to be in form and substance satisfactory to the Purchaser Parties, each acting reasonably;

(2) (a) the representations and warranties of the Company set forth in this Agreement qualified by materiality or Material Adverse Change and those set out in paragraphs (f) and (l) of Schedule D shall be true and correct in all respects, and (b) all other representations and warranties of the Company shall be true and correct in all material respects, in each case as of the date hereof and, taking into account all transactions contemplated and/or permitted by this Agreement (including as provided in Section 2.9), as of the Funding Time, as though made at and as of the Funding Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date) and the Purchaser Parties shall have received a certificate of the Chief Executive Officer and the Chief Financial Officer of the Company (in each case on behalf of the Company and without personal liability) addressed to the Purchaser Parties and dated as of the Effective Date confirming the same, such certificate to be in form and substance satisfactory to the Purchaser Parties, each acting reasonably;

(3) since the date hereof, there shall not have been or occurred any change, event or occurrence that constitutes, or would reasonably be expected to constitute, a Material Adverse Change;

(4) the consents and approvals described in the Company Disclosure Letter under the heading "Non-Contravention" (the **"Key Consents"**) shall have been obtained on terms and conditions satisfactory to the Purchaser Parties, acting reasonably;

(5) Dissent Rights shall not have been validly exercised with respect to more than 5% of the issued and outstanding Company Common Shares in respect of the Arrangement;

(6) each of (i) the maintenance agreement made as of November 15, 2005 between the Company and ARM and (ii) the corporate opportunity agreement made as of November 15, 2005 between the Company and ARM shall have been terminated in accordance with its terms;

(7) the Company shall have consummated the Pre-Arrangement Reorganization set out in Section 2.9(2) and any Additional Pre-Arrangement Reorganization as required pursuant to Section 2.9(4);

(8) (i) all covenants of Vale under this Agreement to be performed at or before the Funding Time shall have been duly performed by Vale in all material respects, and ARM and the Purchaser shall have received a certificate of two senior officers of Vale (in each case on behalf of Vale and without personal liability) addressed to ARM and the Purchaser and dated as of the Effective Date confirming the same, such certificate to be in form and substance satisfactory to ARM, acting reasonably, and (ii) all covenants of ARM and the Purchaser under this Agreement to be performed at or before the Funding Time shall have been duly performed by ARM or the Purchaser, as applicable, in all material respects, and Vale shall have received a certificate of two senior officers of ARM (in each case on behalf of ARM and without personal liability) addressed to Vale and dated as of the Effective Date confirming the same, such certificate to be in form and substance satisfactory to Vale, acting reasonably; and

(9) (i) the representations and warranties of Vale set forth in this Agreement shall be true and correct in all material respects as of the Funding Time as though made at and as of the Funding Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date, and except in each case for those representations and warranties that are subject to a materiality qualification, which must be true and correct in all respects), and ARM and the Purchaser shall have received a certificate of two senior officers

of Vale (in each case on behalf of Vale and without personal liability) addressed to ARM and the Purchaser and dated as of the Effective Date confirming the same, such certificate to be in form and substance satisfactory to ARM, acting reasonably, and (ii) the representations and warranties of ARM and the Purchaser set forth in this Agreement shall be true and correct in all material respects as of the Funding Time as though made at and as of the Funding Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date, and except in each case for those representations and warranties that are subject to a materiality qualification, which must be true and correct in all respects), and Vale shall have received a certificate of two senior officers of ARM (in each case on behalf of ARM and without personal liability) addressed to Vale and dated as of the Effective Date confirming the same, such certificate to be in form and substance satisfactory to Vale, acting reasonably.

Notwithstanding the foregoing, the conditions in Section 3.2(2), Section 3.2(3), Section 3.2(5), Section 3.2(6), Section 3.2(8)(ii) and Section 3.2(9)(ii) are for the exclusive benefit of and may be waived only by Vale, and the conditions in Section 3.2(8)(i) and Section 3.2(9)(i) are for the exclusive benefit of and may be waived only by ARM.

SECTION 3.3 *Additional Conditions Precedent to the Obligations of the Company*

The obligations of the Company to complete the transactions contemplated by the Plan of Arrangement shall also be subject to the fulfillment, at or before the Funding Time, of each of the following conditions precedent (each of which is for the exclusive benefit of the Company and may be waived only by the Company):

(1) all covenants of the Purchaser Parties (as applicable) under this Agreement to be performed at or before the Funding Time shall have been duly performed by the Purchaser Parties (as applicable) in all material respects, and the Company shall have received a certificate of two senior officers of each of the Purchaser Parties (in each case on behalf of the applicable Purchaser Party and without personal liability) addressed to the Company and dated as of the Effective Date confirming the same, such certificate to be in form and substance satisfactory to the Company, acting reasonably;

(2) the representations and warranties of each of the Purchaser Parties (as applicable) set forth in this Agreement shall be true and correct in all material respects as of the Funding Time as though made at and as of the Funding Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date, and except in each case for those representations and warranties that are subject to a materiality qualification and that set out in paragraph (g) of Part I of Schedule E, which must be true and correct in all respects), and the Company shall have received a certificate of two senior officers of the each of the Purchaser Parties (in each case on behalf of the applicable Purchaser Party and without personal liability) addressed to the Company and dated as of the Effective Date confirming the same, such certificate to be in form and substance satisfactory to the Company, acting reasonably; and

(3) Vale shall have deposited or caused to be deposited with the Depositary in escrow the Funding Amount to be held and disbursed in accordance with the depositary agreement referred to in Section 2.10 and the Company shall have received satisfactory evidence concerning same.

SECTION 3.4 *Satisfaction of Conditions*

The conditions precedent set out in Section 3.1, Section 3.2 and Section 3.3 shall be conclusively deemed to have been satisfied, waived or released at the Funding Time.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

SECTION 4.1 *Representations and Warranties of the Company*

The Company represents and warrants to each of the Purchaser Parties as set forth in Schedule D and acknowledges that each of the Purchaser Parties is relying upon these representations and warranties in connection with the entering into of this Agreement and the completion of the transactions contemplated hereby.

Section 4.2 *Survival of Representations and Warranties of the Company*

The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Funding Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER PARTIES

Section 5.1 *Representations and Warranties of the Purchaser Parties*

ARM, Purchaser Parent and the Purchaser jointly and severally represent and warrant to the other Parties as set forth in Part I of Schedule E, and Vale represents and warrants to the other Parties as set forth in Part II of Schedule E, and each of the Purchaser Parties acknowledges that the other Parties are relying upon its representations and warranties in connection with the entering into of this Agreement and the completion of the transactions contemplated hereby.

Section 5.2 *Survival of Representations and Warranties of the Purchaser Parties*

The representations and warranties of each of the Purchaser Parties contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 6

COVENANTS OF THE COMPANY

Section 6.1 *Conduct of Business*

The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and termination of this Agreement in accordance with its terms, unless a committee comprising one representative of each of ARM and Vale (the **"Committee"**) designated in writing shall otherwise consent in writing, such consent not to be unreasonably withheld, conditioned or delayed, or as is otherwise expressly permitted or specifically contemplated by this Agreement (including, for greater certainty, pursuant to Section 2.9 and the Plan of Arrangement) or as is otherwise required by Applicable Law:

(1) the business of the Company and its Subsidiaries shall be conducted only in, and the Company and its Subsidiaries shall not take any action except in, the usual and ordinary course of business consistent with past practice, and, except as disclosed in Section 6.1(1) of the Company Disclosure Letter, the Company shall use all commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, assets (including the Company Mineral Rights), employees, goodwill and business relationships (including the business relationships that are the subject of any and all of the agreements or similar arrangements in effect as of the date hereof relating to the Company Mineral Rights);

(2) except as otherwise contemplated in this Agreement or as disclosed in Section 6.1(2) of the Company Disclosure Letter, the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property); (iii) issue, grant, sell, pledge or subject to a Lien or agree to issue, grant, sell, pledge or subject to a Lien any shares of the Company or its Subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of the Company or its Subsidiaries, other than transactions solely between the Company and one or more of its Subsidiaries, two or more Barb Holdcos, between a Barb Holdco and one or more direct or indirect wholly-owned Subsidiaries of a Barb Holdco, or between two or more direct or indirect wholly-owned Subsidiaries of one or more Barb Holdcos, in each case entered into in the ordinary course consistent with past practice; (iv) issue any Company Common Shares in settlement of any Company SARs; (v) redeem, purchase or otherwise acquire any of its outstanding securities other than in transactions between two or more Barb Holdcos, between a Barb Holdco and one or more direct or indirect wholly-owned Subsidiaries of a Barb Holdco, or between two or more direct or indirect wholly-owned Subsidiaries of one or more Barb Holdcos; (vi) amend the terms of any of its securities; (vii) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of the Company or any of its Subsidiaries; (viii) split, combine

or reclassify any of its securities; (ix) reorganize, amalgamate or merge with any other Person; or (x) authorize or propose any of the foregoing, or enter into, modify or terminate any Contract with respect to any of the foregoing;

(3) the Company shall promptly notify the Purchaser Parties in writing of any circumstance or development that, to the knowledge of the Company, is or could, individually or in the aggregate, reasonably be expected to constitute a Material Adverse Change or, excluding any changes as a result of, directly or indirectly, any transactions contemplated and/or permitted by this Agreement (including as provided in Section 2.9) any change in any material fact set forth in the Company Disclosure Letter or in the Company Filings (including without limitation, to the Company Mineral Rights), provided that the delivery of any such notification shall not modify, amend or supercede any disclosure set forth in the Company Disclosure Letter or any representation or warranty of the Company contained in this Agreement or in any certificate or other instrument delivered in connection herewith;

(4) the Company will operate on a basis consistent, in all material respects, with the budget attached to the Company Disclosure Letter (the **"Company Budget"**). Further, the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, except in the ordinary course of business consistent with past practice or as disclosed in the Company Disclosure Letter: (i) sell, pledge, lease, license, transfer, dispose of or encumber any assets of the Company or of any Subsidiary; (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contributions of capital (other than to Subsidiaries), property transfer, or purchase of any property or assets of any other Person; (iii) incur, extend, renew or replace any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person, or make any loans or advances except for refinancing of existing debt on substantially the same terms or terms more favourable to the Company and its Subsidiaries; (iv) pay, settle, discharge or satisfy any material claims, liabilities, litigation, lawsuits, arbitration proceedings or obligations other than the payment, settlement, discharge or satisfaction of liabilities reflected or reserved against in the Company Financial Statements in the ordinary course of business consistent with past practice; (v) expend or commit to expend any amounts with respect to capital expenditures, except in a manner consistent with the Company Budget, provided however, the Company may expend or commit no more than an aggregate of $10,000 per month with respect to capital expenditures in addition to that which is provided for in the Company Budget; (vi) make any changes in financial or tax accounting methods, principles, policies or practices, except as required by GAAP or by Applicable Law; (vii) enter into any contracts or other transactions with any officer or director or, except as disclosed in Section 6.1(4)(vii) of the Company Disclosure Letter , any employee of the Company or any of its Subsidiaries, or (viii) authorize or propose any of the foregoing, or, except as disclosed in Section 6.1(4)(viii) of the Company Disclosure Letter, enter into or modify any Contract to do any of the foregoing;

(5) the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, exercise any termination rights (other than related to the passage of time) with respect to any Material Contract or a series of related existing Material Contracts, or enter into or modify any Material Contract or series of Contracts resulting in a new Material Contract or series of related new Material Contracts or modifications to an existing Material Contract or series of related existing Material Contracts outside of the ordinary course of business, that would (i) result in any vendor Material Contract having a term in excess of six months and which is not terminable by the Company or its Subsidiaries upon notice of six months or less from the date of the relevant Material Contract or modification of Material Contract or impose payment or other obligations on the Company or any of its Subsidiaries in excess of $500,000; or (ii) alone or in the aggregate, reasonably be expected to constitute a Material Adverse Change. The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, allow any Material Contract to terminate through lapse of time without providing the Purchaser Parties with 20 Business Days notice prior to the lapse of such Material Contract and, if so requested by any, and at the expense, of the Purchaser Parties, use its commercially reasonable efforts to extend any of such Material Contracts on reasonable terms.

(6) other than as is necessary to comply with Material Contracts, the Share Appreciation Rights Plan, or any agreement or understanding with any officer or director or former officer or director identified in the Company Disclosure Letter, neither the Company nor any of its Subsidiaries shall grant to any officer, director or employee of the Company or any of its Subsidiaries an increase in compensation in any form, grant any general salary increase to

any officer, director or employee of the Company or any of its Subsidiaries, except for increases approved by the Board or the Company's Compensation Committee in November 2008, the details of which are disclosed in Section 6.1(6) of the Company Disclosure Letter, make any loan (which for greater certainty does not include any advances for proper business expenses) to any officer, director or employee of the Company or any of its Subsidiaries, except for loans of no more than an aggregate of $5,000 per month, take any action with respect to the grant of any severance or termination pay to or enter into any employment agreement with any officer, director or, except as disclosed in Section 6.1(6) of the Company Disclosure Letter, employee of the Company or any of its Subsidiaries, increase any benefits payable to any officer, director or employee under its current severance or termination pay policies (except for any statutory increases in benefits), or adopt, materially amend or make any contribution to any company plan or other bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, policies, trust, fund or arrangement for the benefit of directors, officers or employees of the Company or any of its Subsidiaries, in each case other than in the ordinary course of business consistent with past practice and after prior consultation with the Purchaser Parties;

(7) the Company shall not, and shall not permit any of its Subsidiaries to, settle or compromise (i) any material action, claim or proceeding brought against it and/or any of its Subsidiaries; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Arrangement;

(8) the Company shall use its commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by the Company or any of its Subsidiaries, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductibles and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; provided that, except as provided in Section 8.5, neither the Company nor any of its Subsidiaries shall obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months;

(9) subject to Section 6.1(10), the Company shall use all commercially reasonable efforts to maintain and preserve all of its rights under each of its Company Mineral Rights and under each of its Authorizations;

(10) the Company shall not, and shall not permit any of its Subsidiaries to, waive, release, grant, transfer, exercise, modify or amend in any material respect, other than as disclosed in the Company Disclosure Letter, (i) any existing contractual rights in respect of any Company Mineral Rights, (ii) any material Authorization, lease, concession, contract or other document, or (iii) any other material legal rights or claims;

(11) the Company shall not, and shall not permit any of its Subsidiaries to, initiate or otherwise engage in any material discussions, negotiations or filings with any Governmental Authority regarding the status of the Company Mineral Rights, without the prior written consent of the Committee, such consent not to be unreasonably withheld, conditioned or delayed, and the Company further agrees to provide the Purchaser Parties with prompt notice of any material communication (whether oral or written) to or from a Governmental Authority, including a copy of any written communication;

(12) the Company shall, and shall cause its Subsidiaries to, (i) duly and timely file all Tax returns required to be filed by it on or after the date hereof and all such Tax returns will be true, complete and correct in all material respects; (ii) timely withhold, collect, remit and pay all material Taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable except for any Taxes contested in good faith pursuant to Applicable Laws; (iii) not make or rescind any material express or deemed election relating to Taxes; (iv) not make a request for a tax ruling or enter into a closing agreement with any taxing authorities; (v) not settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; and (vi) not change in any material respect any of its methods of reporting income, deductions or accounting for income tax purposes from those employed in the preparation of its income tax return for the tax year ending June 30, 2008, except as may required by Applicable Laws;

(13) the Company shall, and shall cause its Subsidiaries to, duly and timely file all material forms, reports, schedules, statements and other documents required to be filed pursuant to any Applicable Laws;

(14) the Company shall not, and shall not permit any of its Subsidiaries to, enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives or other similar financial instruments (which for greater certainty do not include forward commodity sales contracts); and

(15) the Company shall not, and shall not permit any of its Subsidiaries to, commit to or enter into any new Contracts, transactions or arrangements, or modify any existing Contracts, transactions or arrangements, with ARM or any of its Subsidiaries that are not Subsidiaries of the Company.

SECTION 6.2 *Covenants of the Company Regarding the Arrangement*

The Company shall perform, and shall cause its Subsidiaries to perform, all obligations required to be performed by the Company or any of its Subsidiaries under this Agreement, reasonably co-operate with the Purchaser Parties in connection therewith, and do all such other acts and things as may be necessary or otherwise reasonably requested by the Purchaser Parties to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, the Company shall and, where appropriate, shall cause its Subsidiaries to:

(1) apply for and use commercially reasonable efforts to obtain all Regulatory Approvals and Key Consents required to be obtained relating to the Company or any of its Subsidiaries and, in doing so, keep the Purchaser Parties fully informed as to the status of the proceedings related to obtaining the Regulatory Approvals and Key Consents, including providing the Purchaser Parties promptly with copies of all related applications and notifications (other than with respect to information contained in such applications and notifications which is subject to confidentiality obligations to third parties), in draft form, in order for the Purchaser Parties to provide their respective reasonable comments thereon, and the Company shall give reasonable consideration to such comments. Except as expressly permitted by this Agreement, the Company shall not knowingly take or cause to be taken any action which is or would reasonably be expected to prevent or materially delay the consummation of (or impose material expense or other material requirements beyond that customarily required in analogous circumstances in respect of) the transactions contemplated hereby;

(2) not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which will or would reasonably be expected to impede or delay the completion of (or impose material expense or other material requirements beyond that customarily required in analogous circumstances in respect of) the transactions contemplated under this Agreement except as specifically permitted by this Agreement;

(3) subject to the approval of each of the Purchaser Parties, each acting reasonably, defend all lawsuits or other legal, regulatory or other proceedings against the Company challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;

(4) use its commercially reasonable efforts to assist in effecting the resignations of each member of the Board, and causing them to be replaced by Persons nominated by the Purchaser Parties effective as at the Effective Time; and

(5) use its commercially reasonable efforts to fulfil all conditions to closing contained in this Agreement that are within its power and satisfy all obligations of this Agreement and the Arrangement applicable to the Company.

SECTION 6.3 *Non-Solicitation*

(1) Except as otherwise provided in this Section 6.3 or Section 6.4, the Company shall not, directly or indirectly, through any officer, director, employee, advisor representative or agent of the Company or any of its Subsidiaries, (i) solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing non-public information) any inquiries or proposals regarding, or that may reasonably be expected to relate to or lead to, an Acquisition Proposal, (ii) participate in any substantive discussions or negotiations regarding an Acquisition Proposal, (iii) withdraw, amend, qualify or modify (or propose publicly to do so), in a manner adverse to any of the Purchaser Parties, the approval or recommendation of the Board (or any committee thereof) of this Agreement or the Arrangement,

(iv) approve or recommend, or propose publicly to approve or recommend any Acquisition Proposal, or (v) accept or enter into, or propose publicly to accept or enter into, any agreement, understanding or arrangement in respect of or relating to, an Acquisition Proposal; provided that nothing contained in this Section 6.3 shall prevent the Board (or any committee thereof), prior to the approval by the Company Common Shareholders of the Arrangement Resolution, from engaging in discussions or negotiations with, or (subject to compliance with Section 6.3(3) and Section 6.3(4)) furnishing information to, any Person who has made an unsolicited *bona fide* written Acquisition Proposal that:

(a) did not result from a breach of this Section 6.3; and

(b) the Board (or an independent committee thereof) determines in good faith, after consultation with its financial advisors and outside counsel, that such proposal constitutes, or could reasonably be expected to lead to, a Superior Proposal;

notwithstanding that such Acquisition Proposal may be subject to a financing condition or a due diligence condition, or both (a **"Potentially Superior Proposal"**).

(2) The Company shall, and shall cause its Subsidiaries and the officers, directors, employees, representatives and agents of the Company and its Subsidiaries to, forthwith after the date hereof, terminate any existing discussions or negotiations with any parties (other than the Purchaser Parties jointly) with respect to any proposal that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal. Without the prior written consent of each of the Purchaser Parties (which may be withheld or delayed in any of such Purchaser Parties' sole and absolute discretion), the Company shall not, and shall cause its Subsidiaries not to, modify or release any third party from any existing confidentiality agreement (including, for greater certainty, any existing standstill provisions), except to the extent necessary to permit such party to make a Potentially Superior Proposal. Further, the Company shall take all action necessary to enforce each confidentiality, standstill or similar agreement to which the Company or any of its Subsidiaries is a party or by which any of them is bound. The Company shall, forthwith after the date hereof, request the return or destruction of all information provided to any third party which, at any time since August 6, 2008, has entered into a confidentiality agreement with the Company relating to a potential Acquisition Proposal to the extent that such information has not previously been returned or destroyed, and shall use all commercially reasonable efforts to ensure that such requests are honoured in accordance with the terms of such agreements. Without limiting the foregoing, it is understood that any breach of this Section 6.3(2) by the Company, its Subsidiaries or their respective officers, directors, employees, advisors, representatives and agents shall be deemed to be a breach of this Section 6.3(2) by the Company.

(3) The Company shall immediately notify each of the Purchaser Parties, at first orally and then promptly (and in any event within 24 hours) in writing, of (i) any Acquisition Proposal or inquiry or request that the Company reasonably believes could be expected to relate or lead to an Acquisition Proposal, in each case received after the date hereof, or any amendments to the foregoing, or (ii) any request for non-public information relating to the Company or any of its Subsidiaries in connection with an Acquisition Proposal or for access to the properties, books or records of the Company or any of its Subsidiaries by any Person, in each case, of which any of its or its Subsidiaries' officers, directors, employees, advisors, representatives or agents are or become aware. Such notice shall include the identity of the Person making the Acquisition Proposal, inquiry or request, a description of the material terms and conditions of any such Acquisition Proposal, inquiry or request or amendment and shall include a copy of any written material received from or on behalf for such Person. The Company shall keep the Purchaser Parties fully informed of any change to the material terms of any such Acquisition Proposal (as amended, if applicable), inquiry or request.

(4) If the Company receives a request for material non-public information from a Person who makes a Potentially Superior Proposal, then, and only in such case, prior to the approval by the Company Common Shareholders of the Arrangement Resolution, the Board (or any committee thereof) may provide such Person with access to information regarding the Company, subject to, if such Person is not already subject to a confidentiality and standstill agreement having confidentiality and other terms no less restrictive on such Person than those applicable to the Purchaser Parties, the execution by such Person of such a confidentiality and standstill agreement, provided that the Purchaser Parties are promptly provided with a list and copies of all information provided to such Person not previously provided to all of the Purchaser Parties and are promptly provided with access to information and personnel similar to that which was provided to such Person.

SECTION 6.4 *Right to Match*

(1) Subject to Section 6.4(2), the Company covenants that it will not accept, approve or recommend, or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 6.3(4)) unless:

(a) the Acquisition Proposal constitutes a Superior Proposal;

(b) the Company has complied with its obligations under Section 6.3, this Section 6.4 and Section 8.2(1) and has provided each of the Purchaser Parties with a copy of the Superior Proposal (together with copies of all other documentation relating to and detailing the Superior Proposal, including a copy of any confidentiality or standstill agreement between the Company or any of its Subsidiaries and the Person making the Superior Proposal, or any of its affiliates, if not previously delivered, and written notice from the Board regarding the value in financial terms that the Board in consultation with its financial advisors determined should be ascribed to any non-cash consideration offered under the said Superior Proposal);

(c) a period (the **"Response Period"**) of five Business Days has elapsed from the date on which the Purchaser Parties received the last to be delivered of written notice from the Board that the Board determined, subject only to compliance with this Section 6.4, to accept, approve, recommend or enter into a binding agreement to proceed with the Superior Proposal and the documentation referred to in Section 6.4(1)(b); and

(d) the Company has terminated this Agreement pursuant to Section 9.2(1)(c)(ii) and has paid the fee prescribed by Section 10.5(1).

(2) During the Response Period, the Purchaser Parties will have the right, but not the obligation, to propose in writing to amend the terms of the Arrangement. During the Response Period, the Company shall negotiate in good faith with the Purchaser Parties to make such amendments to such written proposal and to the terms of this Agreement and the Arrangement as would enable the Company and the Purchaser Parties to proceed with the transactions contemplated by this Agreement on such amended terms. The Board will review any such written proposal (as it may be amended or varied) by the Purchaser Parties to amend the terms of this Agreement and the Arrangement, including any increase in, or modification of, the Consideration to be received by the Company Common Shareholders, in good faith in order to determine, in its discretion in the exercise of its fiduciary duties under Applicable Law, whether such written proposal would result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Company will so advise the Purchaser Parties and will accept the written proposal by the Purchaser Parties to amend the terms of this Agreement and the Arrangement and the Parties agree to take such actions and execute such documents as are necessary to give effect to the foregoing. If the Purchaser Parties do not make, within the relevant Response Period, a written proposal to amend this Agreement and the Arrangement that would in the reasonable good faith judgement of the Board exercising its fiduciary duties under Applicable Law, cause the Acquisition Proposal previously constituting a Superior Proposal to cease being a Superior Proposal, then the Company may, subject to the terms of this Agreement, including for greater certainty Section 9.2(1)(c)(ii) and Section 10.5(1)(b), accept, approve or recommend, or enter into any agreement, understanding or arrangement in respect of, such Superior Proposal. For greater certainty, the Board will advise the Purchaser Parties and otherwise negotiate with the Purchaser Parties in such manner as will afford the Purchaser Parties reasonable opportunity to revise any written proposal by the Purchaser Parties which the Board determines would not result in the Superior Proposal ceasing to be a Superior Proposal such that after such revision the Superior Proposal will cease to be a Superior Proposal; provided that, in any case, and for greater certainty, in no event shall the Board be obligated to extend the Response Period.

(3) Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Company Common Shareholders or any other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of this Section 6.4 and the Purchaser Parties shall be afforded a new five full Business Day Response Period in respect of each such Acquisition Proposal.

(4) At the written request of the Purchaser Parties, the Board shall promptly reaffirm its recommendation of the Arrangement by press release after any Acquisition Proposal is publicly announced or made to the Company Common

Shareholders and (i) the Board determines that such Acquisition Proposal is not a Superior Proposal, or (ii) the Board determines that a proposed amendment to the terms of the Arrangement would result in such Acquisition Proposal not being a Superior Proposal, and the Parties have amended this Agreement accordingly. The Purchaser Parties and their respective counsel shall be given a reasonable opportunity to review and comment on the form and content of any such press release, and the Board will give reasonable consideration to all such comments.

ARTICLE 7

COVENANTS OF THE PURCHASER PARTIES

SECTION 7.1 *Conduct of the Purchaser Parties*

(1) Each of the Purchaser Parties shall perform all obligations required or desirable to be performed by it under this Agreement, co-operate with the Company and the other Purchaser Parties in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, each of the Purchaser Parties shall, and shall cause its affiliates to:

(a) apply for and use commercially reasonable efforts to obtain all Regulatory Approvals required to be obtained relating to such Purchaser Party or any of its affiliates and, in doing so, keep the Company and the other Purchaser Parties fully informed as to the status of the proceedings related to obtaining the Regulatory Approvals, including providing the Company and the other Purchaser Parties promptly with copies of all related applications and notifications (other than with respect to confidential information contained in such applications and notifications), in draft form, in order for the Company and the other Purchaser Parties to provide their reasonable comments thereon, and the Purchaser Parties shall give reasonable consideration to such comments. None of the Purchaser Parties shall knowingly take or cause to be taken any action which is or could reasonably be expected to prevent or materially delay the consummation of the transactions contemplated hereby but for greater certainty, notwithstanding the foregoing, the Purchaser Parties and their respective affiliates are under no obligation to take any steps or action that would, in the sole discretion of the Purchaser Parties, materially and adversely affect any of their respective rights to own, use or exploit the Company Assets or any of their respective assets;

(b) not take any action, refrain from taking any commercially reasonably action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which will or could reasonably be expected to impede or delay the completion of the transactions contemplated under this Agreement except as specifically permitted by this Agreement;

(c) defend all lawsuits or other legal, regulatory or other proceedings against such Purchaser Party challenging or affecting this Agreement or the consummation of the transactions contemplated hereby; and

(d) use its commercially reasonable efforts to fulfil all conditions to closing contained in this Agreement that are within its power and to satisfy all provisions of this Agreement and the Arrangement applicable to such Purchaser Party.

(2) ARM unconditionally and irrevocably covenants to cause the Purchaser and the Purchaser Parent to perform, and guarantees the due and punctual performance by the Purchaser and the Purchaser Parent of, each and every obligation of the Purchaser and the Purchaser Parent arising under this Agreement and the Arrangement (and, for greater certainty, such obligations do not include any obligations of Vale arising under this Agreement or the Arrangement such as the obligation to provide the Funding Amount in connection with the Funding Transactions pursuant to Section 2.9(3)).

ARTICLE 8

MUTUAL COVENANTS

SECTION 8.1 *Shareholder and Other Communications*

The Parties agree to co-operate in the preparation of presentations, if any, to Company Common Shareholders regarding the Arrangement, and no Party shall issue any press release or otherwise make public statements with respect to this Agreement, the Arrangement or any transaction contemplated by this Agreement without the consent of the other

Parties (which consent shall not be unreasonably withheld or delayed) and the Company shall not make any filing with any Governmental Authority with respect thereto without prior consultation with the Purchaser Parties and the Purchaser Parties shall not make any filing with any Governmental Authority with respect thereto without prior consultation with the Company and each other; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under Applicable Laws, and the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Parties and reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing) and the Party making such disclosure shall give reasonable consideration to any comments made by the other Parties or their respective counsel, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

SECTION 8.2 *Notice and Cure Provisions*

(1) Each Party will give prompt notice to the others of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Funding Time of any event or state of facts which occurrence or failure would, or would be likely to:

(a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Date; or

(b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party hereunder.

(2) No Party may exercise its right to terminate this Agreement pursuant to Section 9.2(1)(c)(i) or Section 9.2(1)(d)(i) (and no payments are payable as a result of such termination pursuant to Section 10.5) unless forthwith and in any event prior to the Funding Time, the Party intending to so terminate this Agreement has delivered a written notice to the other Parties specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the termination right. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being cured, no Party may exercise such termination right until the earlier of (i) the Outside Date, and (ii) the date that is 30 Business Days following receipt of such notice by the Parties to whom the notice was delivered, if such matter has not been cured by such date.

SECTION 8.3 *Regulatory Approvals / Others*

(1) Subject to the terms and conditions of this Agreement, the Parties shall cooperate and use their commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under Applicable Law to consummate the transactions contemplated by this Agreement as soon as practicable, including:

(a) preparing and filing as promptly as practicable, and in any event within such time as requested by the applicable Governmental Authority, all necessary documents, registrations, statements, petitions, filings and applications for the Regulatory Approvals;

(b) using their commercially reasonable efforts to obtain and maintain all approvals, clearances, consents, registrations, permits, authorizations and other confirmations required to be obtained from any Governmental Authority or other third party that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including the Regulatory Approvals but for greater certainty and notwithstanding the foregoing, the Purchaser Parties and their respective affiliates are under no obligation to take any steps or action that would, in the sole discretion of the Purchaser Parties, materially and adversely affect any of their respective rights to own, use or exploit the Company Assets or any of their respective assets;

(c) using their commercially reasonable efforts to oppose, lift or rescind any injunction or restraining or other order prohibiting, enjoining, or otherwise adversely affecting their ability to consummate, the Arrangement and to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby; and

(d) each of the Parties carrying out the terms of the Interim Order and Final Order applicable to it and using commercially reasonable efforts to comply promptly with all requirements which Applicable Laws may impose on it or its Subsidiaries or affiliates with respect to the transactions contemplated hereby.

SECTION 8.4 *Access to Information*

(1) From the date hereof until the earlier of the Funding Time and the termination of this Agreement, subject to compliance with Applicable Law and the terms of any existing Contracts, the Company shall, and shall direct its and its Subsidiaries' officers, directors, employees, advisors, representatives and agents, to:

(a) give to the Purchaser Parties and their respective representatives reasonable access to the offices, properties, books and records and personnel of the Company and its Subsidiaries; and

(b) furnish to the Purchaser Parties and their representatives such financial and operating data and other information as such Persons may reasonably request.

(2) Any investigation pursuant to this Section 8.4 shall be conducted during normal business hours and in such manner as not to interfere unreasonably with the conduct of the business of the Company and its Subsidiaries. Any such investigation by any of the Purchaser Parties or their respective representatives shall not mitigate, diminish or affect the representations and warranties of the Company set out in this Agreement or in any document or certificate delivered pursuant hereto.

SECTION 8.5 *Director and Officer Liability*

(1) Without limiting the Company's right to do so prior to the Effective Date, ARM and Vale shall use reasonable commercial efforts to secure directors' and officers' liability insurance for the current and former directors and officers of the Company and its Subsidiaries on a six year "trailing" (or "run-off") basis, provided that such trailing policy is available at a reasonable cost and, in any event, at no more than 250% of the annual premium paid during the last fiscal year. If a trailing policy is not available at such reasonable cost, then ARM agrees that for the period of six years following the Effective Date, ARM shall cause to be maintained the Company's current directors' and officers' insurance policy or a substantially equivalent policy subject in either case to terms and conditions no less advantageous to the directors and officers of the Company and its Subsidiaries than those contained in the policy in effect on the date of this Agreement, for all present and former directors and officers of the Company and its Subsidiaries, covering claims made prior to or within such six year period. Further, ARM agrees that, after the expiration of such six year period, if there is no cost of doing so, the Purchaser shall use reasonable commercial efforts to cause such directors and officers to be covered under ARM's then existing directors' and officers' liability insurance policy.

(2) The Purchaser Parties (in the case of Vale, only with respect to present or former officers and directors of the Company and its Subsidiaries that are not or were not at the relevant time employees, representatives, nominees or agents of ARM or any of its Subsidiaries) hereby agree that they shall jointly and directly honour all rights to indemnification or exculpation existing as of the date hereof in favour of present or former officers and directors of the Company and its Subsidiaries to the extent that they are disclosed in the Company Disclosure Letter, and acknowledge that such rights shall survive the completion of the Arrangement and shall continue in full force and effect for the period of six years following the Effective Date.

ARTICLE 9

TERM AND TERMINATION

SECTION 9.1 *Term*

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

SECTION 9.2 *Termination*

(1) This Agreement may be terminated prior to the Effective Time by:

(a) the mutual written agreement of the Parties; or

(b) any of the Parties:

(i) if the Arrangement Resolution shall have failed to be approved by the Company Common Shareholders at the Company Meeting in accordance with the Interim Order; or

(ii) if the Interim Order or the Final Order shall have not been obtained on terms consistent with this Agreement or shall have been set aside or modified in a manner unacceptable to the Company or any of the Purchaser Parties, each acting reasonably, on appeal or otherwise; provided that the right to terminate this Agreement pursuant to this Section 9.2(1)(b)(ii) shall not be available to any Party that has breached or failed to perform or observe any of the covenants and agreements of such Party set forth herein in any material respect; or

(iii) if any final and non-appealable Applicable Law shall be effected by a Governmental Authority of competent jurisdiction that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or any of the Purchaser Parties from consummating the Pre-Arrangement Reorganization, the Funding Transactions or the Arrangement; provided that the party seeking to terminate this Agreement shall have used its commercially reasonable efforts to have such Applicable Law lifted if and to the extent required by Section 8.3; or

(iv) if the Effective Time does not occur on or prior to the Outside Date, provided that (A) at the time of such termination, the Funding Transactions have not been consummated and (B) the failure of the Effective Time to so occur is not due, in whole or part, to the failure of the Party seeking to terminate this Agreement to perform or observe any of the covenants and agreements of such Party set forth herein.

(c) the Company:

(i) subject to Section 8.2, if any of the Purchaser Parties shall have breached or not performed any of its covenants set forth in this Agreement or any representation or warranty of any of the Purchaser Parties set forth in this Agreement fails to continue to be true and correct, in each case, only where the failure, breach or failure to perform would cause the conditions set forth in Section 3.3 not to be satisfied and the Company is not then in breach in any material respect of any of its representations, warranties or covenants set forth in this Agreement; or

(ii) prior to the approval by the Company Common Shareholders of the Arrangement Resolution, in order to enter into a binding written definitive agreement with respect to a Superior Proposal (other than a confidentiality agreement permitted by Section 6.3(4)), in compliance with Section 6.4, provided that the termination fee set forth in Section 10.5(1) has been paid in accordance with the terms of this Agreement;

(d) any of the Purchaser Parties (or in the case of clause (i) of this Section 9.2(1)(d), the applicable Purchaser Party where Section 3.2 provides that the subject condition is not for the benefit of all of the Purchaser Parties):

(i) subject to Section 8.2, if the Company shall have breached or not performed any of its covenants set forth in this Agreement or any representation or warranty of the Company set forth in this Agreement fails to continue to be true and correct, in each case, only where the failure, breach or failure to perform would cause the conditions set forth in Section 3.2(1), Section 3.2(2), Section 3.2(4) or Section 3.2(7) not to be satisfied and the Purchaser Parties are (or the applicable Purchaser Party is) not then in breach in any material respect of any of their (or its) representations, warranties or covenants set forth in this Agreement; or

(ii) if the Board or any committee thereof shall have: (A) withdrawn or modified in a manner adverse to any of the Purchaser Parties its approval or recommendation of the Arrangement (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for more than two Business Days after the public announcement of such Acquisition Proposal or any amendment or modification thereto shall be considered an adverse modification), (B) approved or recommended, or publicly proposed to approve or recommend, an Acquisition Proposal or (C) failed to publicly reaffirm its recommendation of the Arrangement by press release, after an Acquisition Proposal shall have been made to the Company Common Shareholders or any Person shall have publicly announced an intention to make an Acquisition Proposal, within two Business Days of any written request by the Purchaser Parties (or in the event that the Company Meeting is

scheduled to occur within such two Business Day period, prior to the time or at such meeting) in accordance with Section 6.4(4); or

(iii) if the condition set forth in Section 3.2(5) has not been satisfied, or waived by Vale.

(2) If this Agreement is terminated in accordance with the foregoing provisions of this Section 9.2, this Agreement shall forthwith become void and of no further force or effect and no Party shall have any further obligations hereunder except as provided in, Section 10.5, Section 10.6 and Section 10.7 and the Confidentiality Agreement and as otherwise expressly contemplated hereby, and provided that neither the termination of this Agreement nor anything contained in this Section 9.2 or in Section 10.5 shall relieve any Party from any liability for any wilful breach by it of this Agreement.

(3) For greater certainty, although no right to terminate this Agreement is provided in Section 9.2(1)(d) in respect of the condition set forth in Section 3.2(3), the Parties other than Vale acknowledge that Vale shall have no obligation whatsoever to take any action, including in respect of any action which any of the other Parties may wish to take or cause to be taken, to seek to cure a Material Adverse Change.

ARTICLE 10

GENERAL PROVISIONS

Section 10.1 *Amendments*

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Funding Time, be amended only by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and Final Order and Applicable Laws, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and/or

(d) modify any mutual conditions precedent herein contained.

The Parties agree that if any of the Purchaser Parties proposes any amendment or amendments to this Agreement or the Arrangement, the other Parties will act reasonably in considering such amendment, provided that no such amendment could reasonably be expected to be prejudicial to the Company, its Subsidiaries, the Company Common Shareholders or the other Parties in any material respect.

Section 10.2 *Waiver*

No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or a future waiver of the same provision, nor shall such waiver be binding unless executed in writing by the Party to be bound by the waiver. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

SECTION 10.3 *Notices*

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by electronic mail, or as of the following Business Day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by Party by notice to the others given in accordance with these provisions):

(a) if to any of the Purchaser Parties:

42685 Yukon Inc. and 42696 Yukon Inc.
c/o African Rainbow Minerals Limited
ARM House
29 Impala Road
Chislehurston, Sandton, 2146
South Africa

Attention: Patricia Smit, Corporate Secretary
Facsimile: **[Redacted]**
E-mail: **[Redacted]**

and to:

African Rainbow Minerals Limited
ARM House
29 Impala Road
Chislehurston, Sandton, 2146
South Africa

Attention: Patricia Smit, Corporate Secretary
Facsimile: **[Redacted]**
E-mail: **[Redacted]**

and to:

Companhia Vale Do Rio Doce
Avenida Graça Aranha 26 — 6th Floor
Rio de Janeiro — RJ — CEP: 20.030-900
Brazil

Attention: Pedro Rodrigues
Email: pedro.jose.rodrigues@vale.com

with copies (which shall not constitute notice) to:

Stikeman Elliott LLP
Dauntsey House
4B Frederick's Place
London EC2R 8AB
United Kingdom

Attention: Stewart Sutcliffe
Email: ssutcliffe@stikeman.com

and to:

McCarthy Tétrault LLP
Suite 5300, TD Bank Tower
Toronto Dominion Centre
Toronto, Ontario
Canada M5K 1E6

Attention: Brian Graves and Gary Litwack
E-Mail: bgraves@mccarthy.ca and glitwack@mccarthy.ca

This page is an integral part of the Arrangement Agreement entered into among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc., 42696 Yukon Inc. and TEAL Exploration & Mining Incorporated on December 15, 2008.

(b) if to the Company:

TEAL Exploration & Mining Incorporated
Brookfield Place — TD Canada Trust Tower
161 Bay Street, 27th Floor
Toronto, Ontario
Canada M5J 2S1

Attention: Hannes Meyer
E-Mail: **[Redacted]**

with a copy (which shall not constitute notice) to:

Fasken Martineau DuMoulin LLP
66 Wellington Street West
Suite 4200, Toronto Dominion Bank Tower
Box 20, Toronto-Dominion Centre
Toronto, Ontario
Canada M5K 1N6

Attention: Georges Dubé
E-Mail: gdubé@fasken.com

and to:

McMillan LLP
Brookfield Place
Suite 4400, 181 Bay Street
Toronto, Ontario
Canada M5J 2T3

Attention: Jeffery Snow and Sean Farrell
Email: jeff.snow@mcmillan.ca and sean.farrell@mcmillan.ca

SECTION 10.4 *Governing Law*

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of Ontario and the laws of Canada applicable therein but the reference to such laws shall not, by conflict of law rules or otherwise, require the application of the law of any jurisdiction other than the Province of Ontario, and shall be construed and treated in all respects as an Ontario contract. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of Ontario in respect of all matters arising under and in relation to this Agreement and the Arrangement.

SECTION 10.5 *Termination Fees and Expense Reimbursement*

(1) Notwithstanding any other provision relating to the payment of fees, including the payment of brokerage fees, if this Agreement is terminated by:

(a) any of the Purchaser Parties pursuant to Section 9.2(1)(d)(ii));

(b) the Company pursuant to Section 9.2(1)(c)(ii); or

(c) any of the Parties pursuant to Section 9.2(1)(b)(i) in circumstances where the Arrangement Resolution was not approved by the Company Common Shareholders at the Company Meeting in accordance with the Interim Order (as contemplated in Section 3.1(1)), but only if prior to the Company Meeting a *bona fide* Acquisition Proposal shall have been made to the Company Common Shareholders or publicly announced, or any Person shall have publicly announced an intention to do so (in each of the foregoing cases, which has not been withdrawn prior to the Company Meeting), provided that within 9 months of the date of such termination:

(i) an Acquisition Proposal is consummated; or

(ii) the Board approves or recommends an Acquisition Proposal, or the Company enters into a definitive written agreement with respect to an Acquisition Proposal, and in either case such Acquisition Proposal (whether or not amended prior to its consummation) is consummated, and whether or not such consummation is before or after the end of such 9 month period;

then the Company shall cause Subsidiary B to pay, or cause to be paid, to Vale (or as Vale may direct by notice in writing), in the case of a termination pursuant to clause (a) above, within two Business Days of the termination of this Agreement, or in the case of clause (b) above, prior to the termination of this Agreement, or in the case of clause (c) above, on or prior to the date that the Acquisition Proposal referred to in clause (c) is consummated, in each case, an amount equal to $2,427,179 (the **"Termination Fee"**), being 3.0% of the Funding Amount, in immediately available funds to an account designated by Vale. For greater certainty, the Company shall in no circumstances be obligated to pay the Termination Fee more than once.

(2) If this Agreement has been terminated by any of the Purchaser Parties pursuant to Section 9.2(1)(d)(i) or Section 9.2(1)(d)(ii), then the Company shall, within two Business Days following the termination of this Agreement, cause Subsidiary B to pay, or cause to be paid, to the Purchaser Parties up to a maximum of $2 million on account of their reasonably incurred out-of-pocket expenses in connection with this Agreement and the Arrangement, of which the first $1.25 million payable shall be paid to Vale and any balance payable shall be paid to ARM. The Company agrees that the payment of expenses in this Section 10.5(2) are in addition to any damages or other payment or remedy to which the Purchaser Parties may be entitled, provided that if any payment is paid or payable hereunder to Vale pursuant to Section 10.5(1), any expenses paid or payable to Vale pursuant to this Section 10.5(2) shall be credited against such payment such that in no case shall the total amount paid or payable to Vale under Section 10.5(1) and Section 10.5(2) exceed the Termination Fee and, in such circumstance, no expenses shall be paid or payable to ARM.

(3) If this Agreement has been terminated by the Company pursuant to Section 9.2(1)(c)(i), then the Purchaser Parties shall, within two Business Days following the termination of this Agreement, pay, or cause to be paid, to the Company (or as the Company may direct by notice in writing) up to a maximum of $500,000 on account of its reasonably incurred out-of-pocket expenses in connection with this Agreement (including expenses incurred in connection with the transactions contemplated by Section 2.9) and the Arrangement. The Purchaser Parties agree that the payment of expenses in this Section 10.5(3) are in addition to any damages or other payment or remedy to which the Company may be entitled. The Purchaser Parties further agree that any amounts paid to the Company under this Section 10.5(3) shall be borne equally (on a several basis) by ARM and Vale.

SECTION 10.6 *Liquidated Damages and Injunctive Relief*

Each Party acknowledges that the payment amounts set out in Section 10.5 are payments of liquidated damages which are a genuine pre-estimate of the damages which the Party entitled to such damages will suffer or incur as a result of the event giving rise to such damages and the resultant termination of this Agreement and are not penalties. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, the Parties agree that, subject to Section 9.2(2), payment of the amount determined pursuant to Section 10.5 in the manner provided in respect thereof is the sole monetary remedy of the Party receiving such payment. Nothing contained herein shall preclude a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or the Confidentiality Agreement or otherwise to obtain specific performance of any of such acts, covenants or agreements, without the necessity of posting a bond or security in connection therewith.

SECTION 10.7 *Fees and Expenses*

The Purchaser Parties shall pay all fees payable in connection with the Regulatory Approvals. Subject to Section 2.9 and Section 10.5, except as may be otherwise agreed between any of the Parties in writing, each Party shall pay all other fees, costs and expenses incurred by such Party in connection with this Agreement and the Arrangement.

SECTION 10.8 *Time of Essence*

Time is of the essence of this Agreement.

This page is an integral part of the Arrangement Agreement entered into among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc., 42696 Yukon Inc. and TEAL Exploration & Mining Incorporated on December 15, 2008.

Section 10.9 *Binding Effect and Assignment*

This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assigns, provided that this Agreement may not be assigned or novated by any Party without the prior written consent of the other Parties, except that a Purchaser Party and its respective permitted assigns may at any time, in its sole discretion, assign any of its rights (but not its obligations) pursuant to this Agreement, in whole or in part, to (i) in the case of Vale, a wholly-owned Subsidiary, or (ii) in the case of ARM or the Purchaser, a wholly-owned Subsidiary of ARM.

Section 10.10 *Severability*

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Applicable Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 10.11 *Further Assurances*

Each Party hereto shall, from time to time and at all times hereafter, at the request of any other Party hereto, but without further consideration, do all such further acts, directly and to the extent applicable through its Subsidiaries or affiliates, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof including the Plan of Arrangement, including all such conveyances, transfers, consents, assignment and assumption agreements and other documents or writings as may be reasonably required to give effect the this Agreement and the transactions contemplated hereby.

Section 10.12 *No Third Party Beneficiaries*

Except as provided in Section 8.5, which provisions, without limiting its terms, are intended as stipulations for the benefit only of the third Persons mentioned therein, this Agreement is not intended to confer any rights or remedies upon any Person other than the Parties to this Agreement. To the fullest extent permitted by Applicable Law, each of the Purchaser Parties and the Company agrees that the stipulations for the benefit of third Persons set out in Section 8.5 shall not be revoked, and that acceptance by such third Persons of such stipulations shall be deemed to have occurred, without prejudice to their right to accept in any other manner, through the fulfilment of their respective duties and functions with the Company or its Subsidiaries until the end of the Business Day following the execution of this Agreement, it being an essential condition of this Agreement that the Persons intended to be beneficiaries of such stipulations shall be entitled to all the rights and remedies available to them thereunder and under Applicable Law.

Section 10.13 *Rules of Construction*

The Parties to this Agreement waive the application of any Applicable Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

Section 10.14 *No Liability*

This Agreement may only be enforced against, and any claims or causes of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement may only be made against, the entities that are expressly identified as parties hereto and no past, present or future affiliate, director, officer, employee, incorporator, member, manager, partner, shareholder, agent, attorney, advisor or representative of any party hereto shall have any liability for any obligations or liabilities of the parties to this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

This page is an integral part of the Arrangement Agreement entered into among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc., 42696 Yukon Inc. and TEAL Exploration & Mining Incorporated on December 15, 2008.

SECTION 10.15 *Language*

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.

SECTION 10.16 *Counterparts, Execution*

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

(Remainder of page intentionally left blank. Signature page follows.)

This page is an integral part of the Arrangement Agreement entered into among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc., 42696 Yukon Inc. and TEAL Exploration & Mining Incorporated on December 15, 2008.

IN WITNESS WHEREOF the Purchaser Parties and the Company have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

AFRICAN RAINBOW MINERALS LIMITED

By: ***"Michael Arnold"***
Authorized Signing Officer

COMPANHIA VALE DO RIO DOCE

By: ***"Eduardo Bartolomeo"***
Authorized Signing Officer

By: ***"Tito Martins"***
Authorized Signing Officer

42685 YUKON INC.

By: ***"Michael Arnold"***
Authorized Signing Officer

42696 YUKON INC.

By: ***"Michael Arnold"***
Authorized Signing Officer

This signature page is an integral part of the Arrangement Agreement entered into among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc., 42696 Yukon Inc. and TEAL Exploration & Mining Incorporated on December 15, 2008.

TEAL EXPLORATION & MINING INCORPORATED

By: ***"Hannes Meyer"***
Authorized Signing Officer

By: ***"Alyson D'Oyley"***
Authorized Signing Officer

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SCHEDULE "A"

REGULATORY APPROVALS

- Receipt by the Company of written approval from the South African Securities Regulation Panel for the Company to enter into the transactions contemplated by the Arrangement, to the extent required.
- Evidence of approval in favour of the Company by the Exchange Control Department of the South African Reserve Bank of the Arrangement, if applicable.
- Evidence of compliance by the Company with the de-listing requirements of the JSE.
- Evidence of clearance from the Zambian Competition Commission for the Company to enter into the transactions contemplated by the Arrangement.
- Barbados Exchange Control Approval in respect of (i) the transfer of shares of each of the Barb Holdcos to Newco as contemplated in Section 2.9(2)(e) of the Agreement, and (ii) the transfer of 50% of the Newco Shares to Vale Subco as contemplated in Section 2.9(3)(a) of the Agreement.

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SCHEDULE "B"

FORM OF ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. the arrangement (the "Arrangement") under Section 195 of the *Business Corporations Act* (Yukon) set forth in the plan of arrangement (the **"Plan of Arrangement"**) attached as Appendix • to the Management Information Circular of TEAL Exploration & Mining Incorporated (the **"Company"**) dated • , 2009 accompanying the notice of this meeting (as the Plan of Arrangement may be amended, modified or supplemented) is hereby authorized and approved;

2. the arrangement agreement among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc, 42696 Yukon Inc. and the Company dated December 15, 2008 (the **"Arrangement Agreement"**), all of the transactions contemplated therein (including without limitation the Pre-Arrangement Reorganization, and Additional Pre-Arrangement Reorganization and the Funding Transactions, each as defined therein), the actions of the directors of the Company in approving the Arrangement Agreement and any amendments thereto, and the actions of the officers of the Company in executing and delivering the Arrangement Agreement and any amendments thereto, are hereby ratified and approved;

3. notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Supreme Court of Yukon, the directors of the Company are hereby authorized and empowered without further notice to, or approval of, the securityholders of the Company (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement, and (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement; and

4. any one or more of the directors and officers of the Company are hereby authorized and directed to perform all such acts, deeds and things, and to execute, under the seal of the Company or otherwise, all such documents and writings, including articles of arrangement, as may be, in the opinion of any such director or officer, necessary or desirable to give effect to the Arrangement Agreement, the Plan of Arrangement or this resolution.

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SCHEDULE "C"

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 195 OF THE BUSINESS CORPORATIONS ACT (YUKON)

ARTICLE 1

INTERPRETATION

SECTION 1.1 *Definitions*

In this Plan of Arrangement, unless the context otherwise requires, the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"Amalco" means the corporation resulting from the amalgamation of the Company and the Purchaser pursuant to Section 2.3(3);

"Amalco Preference Shares" mean the redeemable preference shares in the capital of Amalco;

"Applicable Law" means, with respect to any Person, any domestic or foreign federal, national, state, provincial, territorial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority that is binding upon or applicable to such Person, as amended unless expressly specified otherwise;

"ARM" means African Rainbow Minerals Limited, a corporation incorporated under the laws of the Republic of South Africa;

"Arrangement" means the arrangement under Section 195 of the YBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Definitive Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and each of the Purchaser Parties, each acting reasonably;

"Arrangement Resolution" means the special resolution approving the Plan of Arrangement presented to the holders of Company Common Shares at the Company Meeting;

"Business Day" means a day, other than a Saturday, Sunday or other day on which commercial banks in Toronto, Ontario, New York City, Whitehorse, Yukon, Johannesburg, South Africa, Bridgetown, Barbados, or Rio de Janeiro, Brazil are closed;

"Cash Amount" means $3.00 in cash per Amalco Preference Share without interest;

"Certificate of Arrangement" means the certificate of arrangement issued by the Registrar of Corporations pursuant to subsection 195(11) of the YBCA giving effect to the Arrangement;

"Company" means TEAL Exploration & Mining Incorporated, a corporation existing under the laws of the Yukon Territory of Canada;

"Company Circular" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, sent to, among others, holders of Company Common Shares in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time;

"Company Common Shares" means the common shares in the capital of the Company;

"Company Meeting" means the special meeting of holders of Company Common Shares (including any adjournment or postponement thereof) called and held in accordance with the Interim Order to consider the Arrangement Resolution;

"Company SARs" means the share appreciation rights granted pursuant to the Share Appreciation Rights Plan;

"Court" means the Supreme Court of the Yukon Territory;

"Definitive Agreement" means the arrangement agreement made as of December 15, 2008 among ARM, Vale , the Purchaser, the Purchaser Parent and the Company (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms;

"Depositary" means Computershare Investor Services Inc. or any successor thereto;

"Dissent Rights" has the meaning ascribed thereto in Section 3.1;

"Dissenting Shareholder" means a holder of Company Common Shares who has duly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Company Common Shares in respect of which Dissent Rights are validly exercised by such holder;

"Effective Date" means the date upon which the Arrangement becomes effective, as established by the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"Effective Time" means 12:01 a.m. (Whitehorse time), or such other time as may be specified in writing by the Company at the request of the Purchaser Parties, on the Effective Date;

"Final Order" means the final order of the Court in a form acceptable to the Company and the Purchaser Parties, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser Parties, each acting reasonably) at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser Parties, each acting reasonably) on appeal;

"Governmental Authority" means any (a) multinational, federal, national, provincial, territorial, state, regional, municipal or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry or agency, domestic or foreign, (b) any subdivision, agent, commission, board or authority of any of the foregoing, (c) any quasi-governmental or private body exercising any regulatory, self-regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange;

"holders" means (a) when used with reference to the Company Common Shares, except where the context otherwise requires, the holders of Company Common Shares shown from time to time in the registers maintained by or on behalf of the Company in respect of the Company Common Shares, and (b) when used with reference to the Share Appreciation Rights Plan, the holders of Company SARs shown from time to time in the registers or accounts maintained by or on behalf of the Company in respect of the Company SARs;

"Interim Order" means the interim order of the Court in a form acceptable to the Company and the Purchaser Parties, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended by the Court with the consent of the Company and the Purchaser Parties, each acting reasonably;

"Letter of Transmittal" means the letter of transmittal sent to holders of Company Common Shares for use in connection with the Arrangement;

"Lien" means, with respect to any property or asset, any mortgage, lien, hypothec, pledge, charge, security interest, encumbrance, defect of title, restriction, option, right of first refusal or first offer, occupancy right or other adverse claim in respect of such property or asset;

"Person" includes any individual, firm, partnership, limited partnership, limited liability partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, body corporate, corporation, company, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

"Plan of Arrangement" means this plan of arrangement proposed under Section 195 of the YBCA, and any amendments or variations thereto made in accordance with the Definitive Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser Parties, each acting reasonably;

"Purchaser" means 42696 Yukon Inc., a corporation existing under the laws of the Yukon Territory of Canada as a wholly-owned direct subsidiary of Purchaser Parent;

"Purchaser Parent" means 42685 Yukon Inc., a company incorporated under the laws of the Yukon Territory of Canada as a wholly-owned direct subsidiary of ARM;

"Purchaser Parties" mean, collectively, ARM, Vale, the Purchaser Parent and the Purchaser;

"Purchaser Shares" mean the common shares in the capital of the Purchaser;

"Share Appreciation Rights Plan" means the Company's amended and restated share appreciation rights plan (2006) effective as of November 15, 2005, as amended effective as of November 14, 2006;

"Tax Act" means the *Income Tax Act* (Canada);

"Vale" means Companhia Vale do Rio Doce, a company incorporated under the laws of Brazil; and

"YBCA" means the *Business Corporations Act* (Yukon).

SECTION 1.2 *Interpretation Not Affected by Headings, etc.*

The division of this Plan of Arrangement into Articles, Sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Article" or "Section" followed by a number and/or a letter refer to the specified Article or Section of this Plan of Arrangement. The terms "hereof", "herein" and "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article, Section or other portion hereof.

SECTION 1.3 *Rules of Construction*

In this Plan of Arrangement, unless the context otherwise requires, (a) words importing the singular number include the plural and vice versa, (b) words importing any gender include all genders, and (c) the words "include", "includes" and "including" shall be deemed to be followed by the words "without limitation".

SECTION 1.4 *Currency*

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada and "$" refers to Canadian dollars.

SECTION 1.5 *Date for Any Action*

If the date on which any action is required or permitted to be taken hereunder by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

SECTION 1.6 *References to Dates, Statutes, etc.*

In this Plan of Arrangement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively.

In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute, regulation, direction or instrument is to that statute, regulation, direction or instrument as now enacted or as the same may from time to time be amended, re-enacted or replaced, and in the case of a reference to a statute, includes any regulations, rules, policies or directions made thereunder. Any reference in this Plan of Arrangement to a Person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns. References to any contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with its terms.

SECTION 1.7 *Time*

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein are local time (Whitehorse, Yukon) unless otherwise stipulated herein.

ARTICLE 2

THE ARRANGEMENT

SECTION 2.1 *Definitive Agreement*

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Definitive Agreement.

SECTION 2.2 *Binding Change*

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on the Purchaser, Purchaser Parent, the Company and its Subsidiaries, all holders and beneficial owners of Company Common Shares (including Dissenting Shareholders) and Company SARs, at and as of the Effective Time without any further act or formality required on the part of any Person.

SECTION 2.3 *Effective Time*

The following events or transactions shall occur and shall be deemed to occur commencing at the Effective Time in the following sequence without any further act or formality:

1. All Company SARs, and any and all certificates or agreements representing the same, shall be cancelled and terminated without any further act or formality, and in connection therewith:

   (a) each holder of a Company SAR that has not been duly exercised prior to the Effective Time shall be entitled to receive from the Company in exchange for such cancellation and termination a cash amount equal to the amount by which (i) $3.00 exceeds (ii) the Fair Market Value (as defined in the Share Appreciation Rights Plan) of a Company Common Share as of the date such Company SAR was granted to such holder;

   (b) each such holder's name shall be removed from the register or account of Company SARs maintained by or on behalf of the Company; and

   (c) the Share Appreciation Rights Plan shall be terminated.

2. The Company Common Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to the Purchaser (free and clear of any Liens) and, in connection therewith:

   (a) each Dissenting Shareholder shall cease to be the holder of such Company Common Shares and to have any rights as a holder of such Company Common Shares other than the right to be paid fair value for such Company Common Shares as set out in Section 3.1;

   (b) each such Dissenting Shareholder's name shall be removed as the holder of such Company Common Shares from the registers of Company Common Shares maintained by or on behalf of the Company; and

   (c) the Purchaser shall be deemed to be the registered holder of such Company Common Shares (free and clear of any Liens) and shall be entered as such in the registers of Company Common Shares maintained by or on behalf of the Company.

3. The Company and the Purchaser shall amalgamate under Section 195 of the YBCA to form Amalco. Upon the amalgamation:

   (a) all of the property of each of the Company and the Purchaser shall continue to be the property of Amalco;

   (b) Amalco shall continue to be liable for the obligations of each of the Company and the Purchaser (other than any obligation of the Company or the Purchaser to the other);

   (c) any existing cause of action, claim or liability to prosecution shall be unaffected;

   (d) a civil, criminal or administrative action or proceeding pending by or against the Company or the Purchaser may continue to be prosecuted by or against Amalco;

(e) a conviction against, or ruling, order or judgement in favour of or against, the Company or the Purchaser may be enforced by or against Amalco;

(f) the articles of the Purchaser immediately before the Effective Time shall be deemed to be the articles of incorporation of Amalco, and the Certificate of Arrangement shall be deemed to be the certificate of incorporation of Amalco;

(g) the by-laws of the Purchaser immediately before the Effective Time shall be deemed to be the by-laws of Amalco;

(h) the name of Amalco shall be "TEAL Exploration & Mining Incorporated";

(i) the registered office of Amalco shall be 200-304 Jarvis Street, Whitehorse, Yukon Territory;

(j) the authorized capital of Amalco shall consist of an unlimited number of common shares of Amalco and an unlimited number of Amalco Preference Shares;

(k) the common shares of Amalco shall have the rights, privileges, restrictions and conditions attaching to the common shares provided in the articles of the Purchaser;

(l) each Company Common Share outstanding immediately prior to the Effective Time (other than Company Common Shares held by the Purchaser, including Company Common Shares which are deemed to have been transferred to the Purchaser pursuant to Section 2.3(2)) shall be converted without any further act of formality into one Amalco Preference Share, and (i) each holder of such Company Common Shares immediately before the Effective Time shall cease to be the holder thereof and to have any rights as a holder of such Company Common Shares other than the right to be a holder of Amalco Preference Shares in accordance with this Plan of Arrangement, (ii) such holder's name shall be removed as the holder of such Company Common Shares from the registers of Company Common Shares maintained by or on behalf of the Company, and entered as the holder of such Amalco Preference Shares in the registers of Amalco Preference Shares maintained by or on behalf of Amalco;

(m) each Company Common Share held by the Purchaser, including Company Common Shares which are deemed to have been transferred to the Purchaser pursuant to Section 2.3(2), shall be cancelled without any repayment of capital in respect thereof;

(n) each Purchaser Share held by Purchaser Parent shall be converted into such number of common shares in the capital of Amalco as the Purchaser may designate in writing prior to the Effective Time;

(o) the aggregate stated capital in respect of the Amalco Preference Shares issued on the amalgamation shall be the Cash Amount multiplied by the number of Amalco Preference Shares so issued, and the aggregate stated capital in respect of all the common shares in the capital of Amalco issued on the amalgamation shall be the amount by which (i) the paid-up capital (as that term is defined in the Tax Act) of all of the Purchaser Shares immediately prior to the amalgamation exceeds (ii) the aggregate stated capital of the Amalco Preference Shares;

(p) there shall be no restriction in the business that Amalco is authorized to carry on or on the powers Amalco may exercise;

(q) the number of directors of Amalco shall be such number not less than one and not more than ten as the board of directors of Amalco may from time to time determine; and

(r) the initial sole director of Amalco shall be Michael Arnold and such director shall hold office until the first annual meeting of Amalco or until his successor is elected or appointed.

4. Each Amalco Preference Share issued pursuant to Section 2.3(3)(g) shall be redeemed without any further act or formality for the Cash Amount per Amalco Preference Share, and (i) each holder of such Amalco Preference Shares shall cease to be the holder thereof and to have any rights as a holder of such Amalco Preference Shares other than the right to be paid the Cash Amount per Amalco Preference Share in accordance with this Plan of Arrangement, (ii) such holder's name shall be removed as the holder of such Amalco Preference Shares from the registers of Amalco Preference Shares maintained by or on behalf of Amalco.

This page is an integral part of the Arrangement Agreement entered into among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc., 42696 Yukon Inc. and TEAL Exploration & Mining Incorporated on December 15, 2008.

ARTICLE 3

RIGHTS OF DISSENT

SECTION 3.1 *Rights of Dissent*

Holders of Company Common Shares may exercise dissent rights **("Dissent Rights")** in connection with the Arrangement pursuant to and in the manner set forth in Section 193 of the YBCA as modified by the Interim Order and this Article 3; provided that, notwithstanding subsection 193(5) of the YBCA, a holder's written objection to the Arrangement Resolution must be received by the Company not later than 4:00 p.m. (Whitehorse time) on the date which is two Business Days immediately preceding the date of the Company Meeting (as it may be adjourned or postponed from time to time). Each Dissenting Shareholder who duly exercises Dissent Rights shall be deemed to have transferred the Company Common Shares held by such Dissenting Shareholder in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all Liens, as provided in Section 2.3(2), and if such holder:

(a) ultimately is entitled to be paid fair value for such Company Common Shares, such holder shall be entitled to be paid by Amalco the fair value of such Company Common Shares, and shall not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holder not exercised their Dissent Rights in respect of such Company Common Shares; or

(b) ultimately is not entitled, for any reason, to be paid fair value for such Company Common Shares, such holder shall be deemed to have participated in the Arrangement on the same basis as holders that are not Dissenting Shareholders.

SECTION 3.2 *Recognition of Dissenting Shareholders*

(a) In no circumstances shall the Purchaser, the Company or any other Person be required to recognize a Person purporting to exercise Dissent Rights unless such Person is the holder of those Company Common Shares in respect of which such rights are sought to be exercised.

(b) For greater certainty, in no case shall the Purchaser, the Company or any other Person be required to recognize Dissenting Shareholders as holders of Company Common Shares in respect of which Dissent Rights have been validly exercised after the completion of the deemed transfer of such Company Common Shares contemplated by Section 2.3(2), and the names of such Dissenting Shareholders shall be removed from the registers of holders of Company Common Shares maintained by or on behalf of the Company in respect of which Dissent Rights have been validly exercised at the same time as such deemed transfer occurs. In addition to any other restrictions under Section 193 of the YBCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Company SARs, and (ii) holders of Company Common Shares who vote or have instructed a proxyholder to vote such Company Common Shares in favour of the Arrangement Resolution (but only in respect of such Company Common Shares).

ARTICLE 4

CERTIFICATES AND PAYMENTS

SECTION 4.1 *Payment of Consideration*

1. Prior to the Effective Time, the Purchaser shall deposit or cause to be deposited cash with the Depositary, to be held in escrow for the benefit of holders of Company Common Shares, in the aggregate amount equal to the payments in respect thereof required by Sections 2.3(4) and 3.1 of this Plan of Arrangement (with the fair value of any Company Common Shares in respect of which Dissent Rights have been exercised being deemed to be $3.00 per applicable Company Common Share for this purpose). The cash deposited with the Depositary shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of the Purchaser.

2. Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Company Common Shares that were converted into Amalco Preference Shares pursuant to Section 2.3(3), and subsequently redeemed pursuant to Section 2.3(4), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of Company Common Shares formerly represented by such surrendered certificate shall be entitled to receive in exchange

therefor, and the Depositary shall deliver to such holder, the cash which such holder has the right to receive under the Arrangement for the Amalco Preference Shares represented thereby, less any amounts withheld pursuant to Section 4.3, and any certificate so surrendered shall forthwith be cancelled.

3. Until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented Company Common Shares shall be deemed (i) upon and after the amalgamation contemplated by Section 2.3(3) until the time immediately prior to the redemption contemplated by Section 2.3(4), to represent only Amalco Preference Shares, and (ii) upon and after such redemption, to represent only the right to receive upon such surrender of such certificate a cash payment as contemplated in this Section 4.1, less any amounts withheld pursuant to Section 4.3. Any such certificate formerly representing Company Common Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Company Common Shares of any kind or nature against or in the Company or the Purchaser and shall be cancelled. On such date, all cash to which such former holder was entitled shall be deemed to have been surrendered to Amalco.

4. Any payment made by way of cheque by the Depositary or Amalco pursuant to the Plan of Arrangement that has not been deposited or has been returned to the Depositary or Amalco or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Time, and any right or claim to payment hereunder that remains outstanding on the sixth anniversary of the Effective Time, shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the consideration for Company Common Shares or Company SARs pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to Amalco for no consideration.

5. No holder of Company Common Shares or Company SARs shall be entitled to receive any consideration with respect to such Company Common Shares or Company SARs other than any cash payment to which such holder is entitled to receive in accordance with Section 2.3 and this Section 4.1 and, for greater certainty, no such holder with be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends.

SECTION 4.2 *Lost Certificates*

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Common Shares that were converted into Amalco Preference Shares and subsequently redeemed pursuant to this Plan of Arrangement shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will pay in exchange for such lost, stolen or destroyed certificate, the applicable cash payment deliverable in accordance with the holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such cash payment is to be delivered shall, as a condition precedent to the delivery of such cash payment, give a bond satisfactory to Amalco and the Depositary (each acting reasonably) in such sum as Amalco may direct, or otherwise indemnify Amalco in a manner satisfactory to Amalco, acting reasonably, against any claim that may be made against Amalco with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 4.3 *Withholding Rights*

Amalco or the Depositary shall be entitled to deduct and withhold from any amount payable to any Person under this Plan of Arrangement (including any amounts payable pursuant to Section 3.1), such amounts as Amalco or the Depositary determines, acting reasonably, are required to be deducted and withheld with respect to such payment under the Tax Act, the *United States Internal Revenue Code of* 1986 or any provision of any other Applicable Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such withholding was made, provided that such amounts are actually remitted to the appropriate taxing authority.

ARTICLE 5

AMENDMENTS

SECTION 5.1 *Amendments to Plan of Arrangement*

1. The Company may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in

writing, (ii) approved by each of the Purchaser Parties, (iii) filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) communicated to holders of Company Common Shares and Company SARs if and as required by the Court.

2. Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company at any time prior to the Company Meeting (provided that each of the Purchaser Parties shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

3. Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to by the Company and each of the Purchaser Parties (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by holders of the Company Common Shares voting in the manner directed by the Court.

4. Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Amalco, provided that it concerns a matter which, in the reasonable opinion of Amalco, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of Vale or any former holder of Company Common Shares or Company SARs.

ARTICLE 6

FURTHER ASSURANCES

SECTION 6.1 *Notwithstanding*

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Definitive Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out herein.

SCHEDULE "D"

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

(a) *Corporate Existence and Power.* The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the Yukon Territory of Canada and has all corporate powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which could not be reasonably expected to have, individually or in the aggregate, a Material Adverse Change.

(b) *Corporate Authorization.* The execution, delivery and performance by the Company of this Agreement and consummation by the Company of the transactions contemplated hereby are within the Company's corporate power, authority and capacity and have been duly authorized by the Board and no other corporate proceedings on its part are necessary to authorize this Agreement or the transactions contemplated hereby other than in connection with the approval by the Board of the Company Circular and the approval of the Arrangement Resolution by the Company Common Shareholders in accordance with the Interim Order. The execution, delivery and performance of this Agreement by the Company and the approval of the consummation of the transactions contemplated by this Agreement have as of the date hereof, been duly authorized by all necessary corporate action on the part of the Company other than approval of the Arrangement Resolution by the Company Common Shareholders in accordance with the Interim Order. This Agreement constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms (subject to the effects of bankruptcy, insolvency, reorganization, moratorium or laws relating to or affecting creditors' rights generally and that equitable remedies, including specific performance are discretionary and may not be ordered).

(c) *Board Approval.* As of the date of this Agreement, the Board, after consultation with its financial advisors, has determined unanimously (subject to certain directors having abstained due to conflicts of interest resulting from their respective relationships with ARM) that the Consideration is fair, from a financial point of view, to the Company Common Shareholders (other than ARM) and the Arrangement is in the best interests of the Company and has resolved to recommend to the Company Common Shareholders that they vote their Company Common Shares in favour of the Arrangement Resolution at the Company Meeting. The Board has received an oral Valuation and Fairness Opinion and shall deliver to the Purchaser an accurate and complete copy of the written Valuation and Fairness Opinion within two Business Days of receiving it.

(d) *Governmental Authorization.* The execution, delivery and performance by the Company of this Agreement and the consummation by the Company and/or its Subsidiaries of the transactions contemplated hereby require no action or filing by or on behalf of the Company or any of its Subsidiaries with or in respect of any Governmental Authority other than those which are contemplated by this Agreement or the Plan of Arrangement except for any actions or filings the absence of which would not reasonably be expected to materially or adversely impair the ability of the Company to complete the transactions contemplated by the Agreement on or prior to the Outside Date.

(e) *Non-Contravention.* The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation by the Company and/or its Subsidiaries of the transactions contemplated hereby do not and will not (i) contravene, conflict with, or result in any violation or breach of any provision of the articles of incorporation or by-laws of each of the Company and its Subsidiaries, (ii) assuming compliance with the matters, or obtaining the approvals, referred to in paragraph (d) above, contravene, conflict with or result in a violation or breach of any provision of any Applicable Law, (iii) except as set out in the Company Disclosure Letter, require any consent or other action by any Person (save for the consent of the Parties) under, constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Company or any of its Subsidiaries is entitled under any provision of any Material Contract binding upon the Company or any of its Subsidiaries or (iv) result in the creation or imposition of any Lien on any asset of the Company or any of its Subsidiaries, with such exceptions, in the case of each of clauses (ii) through (iv), as would not be reasonably expected to constitute, individually or in the aggregate, a Material Adverse Change or as would not prevent or materially delay the ability of the Company to consummate the transactions or perform its obligations contemplated by this Agreement;

This page is an integral part of the Arrangement Agreement entered into among African Rainbow Minerals Limited, Companhia Vale do Rio Doce, 42685 Yukon Inc., 42696 Yukon Inc. and TEAL Exploration & Mining Incorporated on December 15, 2008.

(f) *Capitalization.* The authorized share capital of the Company consists of an unlimited number of Company Common Shares and an unlimited number of Company Preferred Shares issuable in series. As of the close of business on November 30, 2008, (i) there were 53,937,303 Company Common Shares issued and outstanding, and there were no other shares of any class or series in the capital of the Company (including the Company Preferred Shares) that were issued and outstanding; and (ii) there were 5,105,361 Company SARs issued and outstanding and the maximum number of Company Common Shares issuable under the Share Appreciation Rights Plan upon the exercise of Company SARs that can be settled in Company Common Shares rather than cash is 5,352,000 Company Common Shares. The Company Disclosure Letter sets forth, as of date hereof, the number of Company SARs outstanding, the exercise period of such Company SARs and the Fair Market Value (as defined in the Share Appreciation Rights Plan) of the Company Common Shares on the grant date of such Company SARs. Except as set forth above or in paragraph (f) of the Company Disclosure Letter, there are no options, warrants or other rights, shareholder rights plans, agreements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by the Company of any shares of the Company (including Company Common Shares) or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of the Company or any Subsidiary (including Company Common Shares). All outstanding Company Common Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Company Common Shares that may be issued (in the sole discretion of the Company) upon the exercise of Company SARs in accordance with the terms thereof have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable. Other than the Company Common Shares, there are no securities of the Company or of any of its Subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the Company Common Shareholders on any matter. Except as set forth in the Company Disclosure Letter, there are no outstanding contractual or other obligations of the Company or any Subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its Subsidiaries.

(g) *Subsidiaries.* The Company Disclosure Letter sets forth (i) the name of each Subsidiary, its place and form of organization and jurisdictions in which it is authorized to conduct business; and (ii) if such Subsidiary is not directly or indirectly wholly-owned by the Company, the ownership interest therein of the Company and the identity and the class and number of ownership interest of other owners of such Subsidiary. Each Subsidiary is a company, corporation, partnership, trust or limited partnership, as the case may be, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation, as the case may be, and has all requisite corporate, trust or partnership power and authority, as the case may be, to own, lease and operate its properties and assets and to carry on its business as now being conducted, except, in the case of non-Material Subsidiaries only, where the failure to be so validly existing, qualified or in good standing, or to have such power or authority, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change. Except as disclosed in the Company Disclosure Letter, the Company is, directly or indirectly, the recorded and beneficial owner of all of the outstanding shares of capital stock or other equity interests of each of the Subsidiaries, free and clear of any Liens. All of such shares and other equity interests so owned by the Company are duly authorized, validly issued, fully paid and non-assessable (and no such shares have been issued in violation of any pre-emptive or similar rights). The Company has no material subsidiaries other than the Material Subsidiaries.

(h) *Securities Laws Matters.*

(1) The Company (i) is a "reporting issuer" under applicable Canadian Securities Laws in all the provinces and territories of Canada, and (ii) is a company listed on the JSE under applicable Securities Laws in South Africa. The Company is not in default of any material requirements of any Securities Laws applicable in such jurisdictions or any rules or regulations of, or agreement with, any stock exchange on which its securities are listed for trading. Except as contemplated by this Agreement, no delisting, suspension of trading in or cease trading order with respect to the Company Common Shares is pending or, to the knowledge of the Company, expected to be implemented or undertaken. The documents comprising the Company Filings did not, at the respective times they were published or filed with Securities Authorities, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, except as may have been corrected by subsequent disclosure. The Company has timely filed with the Securities Authorities, and timely published through SENS, all material forms, reports, schedules, statements and other documents required to be

filed by the Company with the Securities Authorities since the Company's Initial Public Offering. The Company has not filed any confidential material change report that, at the date hereof, remains confidential.

(2) None of the Company's Subsidiaries is a "reporting issuer" under applicable Canadian Securities Laws.

(3) Neither the Company Common Shares nor any other securities of the Company are registered pursuant to Section 12 of the Exchange Act.

(i) *Financial Statements*.

(1) The audited consolidated financial statements and unaudited consolidated interim financial statements of the Company included in the Company Filings fairly present, in all material respects, in conformity with GAAP applied on a consistent basis (except as may be indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of the Company's independent auditor), the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended (subject to normal year-end adjustments not material in amount or substance).

(2) Neither the Company nor any of its Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract (including any Contract relating to any transaction or relationship between or among the Company nor any of its Subsidiaries, on the one hand, and any unconsolidated affiliate, including any structure finance, special purpose or limited purpose entity or person, on the other hand) where the result, purpose or effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of its Subsidiaries in the Company's or any of its Subsidiaries published financial statements or other Company Filings.

(3) Since the Company's Initial Public Offering, none of (i) the Company, (ii) any of its Subsidiaries, and (iii) to the knowledge of the Company, any director, officer, employee or auditor of the Company or any of its Subsidiaries, has received or otherwise had or obtained knowledge of any fraud, material complaint, or a negative allegation, assertion or claim, whether written or oral, regarding fraud or with respect to the accounting or auditing practices, procedures, methodologies or methods of the Company or any of its Subsidiaries or their respective internal accounting controls.

(j) *Internal Controls*.

(1) Since the Company's Initial Public Offering, the Company's external auditor has been independent of the Company and the Company's management. The Company (i) keeps books, records and accounts that, in reasonable detail and in all material respects, accurately and fairly reflect the transactions and dispositions of the assets of the Company and its Subsidiaries and (ii) maintains a system of internal accounting controls sufficient to provide reasonable assurances that (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary (1) to permit preparation of financial statements in accordance with GAAP and (2) to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(2) Management of the Company has designed a process of internal control over financial reporting (as such term is defined in MI 52-109) **("Internal Controls")** for the Company in accordance with GAAP, including reasonable assurances on the following financial statement assertions: (i) occurrence — transactions and events that have been recorded have occurred and pertain to the entity; (ii) completeness — all transactions, events, assets, liabilities, and equity interests have been recorded; (iii) existence — assets, liabilities and equity interests exist; (iv) valuation — assets, liabilities and equity interests are included in the financial statements at appropriate amounts; (v) rights and obligations — the entity holds or controls the rights to assets, and liabilities are the obligations of the entity; (vi) presentation and disclosure — that financial statements are properly classified and described; and (vii) material information relating to the Company and its Subsidiaries is made known to those within the Company responsible for financial reporting and preparation of financial statements for external purposes in accordance with GAAP.

(3) Management has caused the Company to disclose in its management's discussion and analysis any change in the Company's Internal Controls that, prior to the date of such management's discussion and analysis, has materially affected, or is reasonably likely to materially affect, Internal Controls.

(k) *Disclosure Controls*.

(1) Management of the Company has designed and maintains disclosure controls and procedures (as such term is defined in MI 52-109) **("Disclosure Controls")** for the Company sufficient to provide reasonable assurance that material information relating to the Company is made known, on a timely basis, to the Company's management, including the chief executive officer and chief financial officer, by others within the Company or its Subsidiaries.

(2) Management has evaluated the effectiveness of the Disclosure Controls, and has caused the Company to disclose in its management's discussion and analysis the conclusions about the effectiveness of the Disclosure Controls based on such evaluation, as at the date of such management's discussion and analysis.

(l) *Absence of Certain Changes.* Since the Company's Initial Public Offering, other than the transactions contemplated in this Agreement or as set out in the Company Disclosure Letter, the business of the Company and its Subsidiaries has been conducted in the ordinary course consistent with past practices and there has not been any event, occurrence, development or state of circumstances or facts that has had or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Change.

(m) *No Undisclosed Material Liabilities.* Except as set out in paragraph (m) of the Company Disclosure Letter, there are no liabilities or obligations of the Company or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than: (A) liabilities or obligations disclosed in the Company Balance Sheet or in the notes thereto or in the Company Filings; (B) liabilities or obligations incurred in the ordinary course of business consistent with past practice since June 30, 2008; (C) the liabilities or obligations incurred in connection with the transactions contemplated hereby; (D) liabilities or obligations under the Material Contracts or Contracts that are not required to be disclosed by this Agreement that have been entered into in the ordinary course of business consistent with past practices (but not any liabilities or obligations for breaches thereof by the Company); (E) liabilities or obligations that would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Change; and as of December 12, 2008, the principal amount of, and any accrued and unpaid interest, on all indebtedness for borrowed money was as disclosed in the Company Disclosure Letter.

(n) *Compliance with Laws.* The Company and each of its Subsidiaries is, and since the Company's Initial Public Offering has been, in compliance with, and to the knowledge of the Company is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of, any Applicable Law, except for failures to comply or violations that have not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Change.

(o) *Litigation.* Except as set out in paragraph (o) of the Company Disclosure Letter, there is no Proceeding pending against, or, to the knowledge of the Company, threatened against or affecting, the Company or any of its Subsidiaries before any Governmental Authority or other Person, that (i) would be reasonably expected to have, individually or in the aggregate, a Material Adverse Change, (ii) prevent or materially delay the consummation of the transactions or (iii) materially delay performance by the Company of its material obligations hereunder.

(p) *Tax Matters*.

Except as set out in paragraph (p) of the Company Disclosure Letter,

(1) the Company and each of its Subsidiaries has paid all Taxes which are due and payable within the time required by Applicable Law, and each has paid all assessments and reassessments it has received in respect of Taxes. Full and adequate provision has been made in the Company Filings for all Taxes of the Company and each of its Subsidiaries which are not yet due and payable but which relate to periods ending on or before the Effective Date;

(2) the liability for Taxes of the Company and each of its Subsidiaries has been assessed by all relevant Governmental Authorities for all periods. There are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of Taxes or the filing of any Return by, or any payment of Taxes by, the Company or any of its Subsidiaries;

(3) the Company and each of its Subsidiaries has withheld and collected all amounts required by Applicable Law to be withheld or collected by it on account of Taxes and, except as disclosed in paragraph (p)(3) of the Company Disclosure

Letter, has remitted all such amounts to the appropriate Governmental Authority within the time prescribed under any Applicable Law;

(4) the Company and each of its Subsidiaries has filed or caused to be filed with the appropriate Governmental Authority, within the times and in the manner prescribed by Applicable Law, all federal, provincial, local and foreign Returns which are required to be filed by or with respect to it. The information contained in such Returns is correct and complete and such Returns reflect accurately all liability for Taxes of the Company and each of its Subsidiaries, as applicable, for the periods covered thereby;

(5) there is no (i) Proceeding pending or, to the knowledge of the Company, threatened against or with respect to, or (ii) to the knowledge of the Company, audit or investigation pending or threatened against or with respect to, the Company or any of its Subsidiaries in respect of any material Tax or Tax asset;

(6) except as would not reasonably be likely to result in a material liability to the Company or its Subsidiaries, taken as a whole, neither the Company nor any of its Subsidiaries has received any refund of Taxes or any credit against Taxes from any relevant taxing Governmental Authority to which it was not entitled and that has not been returned to such relevant taxing Governmental Authority;

(7) neither the Company nor any of its Subsidiaries has entered into any transactions to which any of section 17, section 78, section 79 or sections 80 to 80.04 of the Tax Act, or any equivalent provision under applicable provincial law or any corresponding provision of other Applicable Law, could apply. None of the Company or any of its Subsidiaries has claimed or will claim any reserve under any provision of the Tax Act or any equivalent provincial provision or any provision of other Applicable Law, if any amount could be included in the income of the Company or any such Subsidiary for any period ending after the Effective Date;

(8) the Company has not acquired property or services from, or disposed of property or provided services to, a Person with whom it does not deal at arm's length (as such relationship is determined in the Tax Act) for an amount that is other than the fair market value of such property or services. For all transactions between the Company, on the one hand, and any non-resident Person with whom the Company was not dealing at arm's length, on the other hand, during a taxation year commencing after 1998 and ending on or before the Effective Date, except as set out in the Company Disclosure Letter, the Company has made or obtained records or documents that satisfy the requirements of paragraphs 247(4)(a) to (c) of the Tax Act. For all transactions between the Company and any affiliate of the Company or between affiliates of the Company, the Company and such affiliate or such affiliates have complied with all transfer pricing and contemporaneous documentation requirements of all other Applicable Law;

(9) neither the Company nor any of its Subsidiaries is liable for any Taxes or compliance obligations in any jurisdiction in which it is not currently paying Taxes and filing Returns, and no jurisdiction has made any such claim against the Company or any of its Subsidiaries; and

(10) since November 13, 2008, neither the Company nor any of its Subsidiaries has incurred any liability, whether actual or contingent, for Taxes or engaged in any transaction or event which could result in any liability, whether actual or contingent, for Taxes or realized any income or gain for Tax purposes, other than pursuant to the Pre-Arrangement Reorganization or any Additional Pre-Arrangement Reorganization or in the ordinary course of business.

(q) *Employees and Employee Plans.*

(1) The Company and its Subsidiaries are in compliance in all material respects with all terms and conditions of all employment agreements to which it is a party and all Applicable Laws respecting employment, including pay equity, employment equity, wages, hours of work, overtime, human rights, workers' compensation and occupational health and safety, and there are no outstanding claims, complaints, investigations or orders under any such Applicable Laws.

(2) The Company and its Subsidiaries have not and are not engaged in any unfair labour practice and, except as disclosed in paragraph (q)(2) of the Company Disclosure Letter, no unfair labour practice complaint, grievance or arbitration proceeding is pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries.

(3) There is no collective agreement in force with respect to the employees of the Company or any of its Subsidiaries, nor is there any Contract with any employee association in respect of the employees of the Company or any of its Subsidiaries.

(4) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of the employees of the Company or any of its Subsidiaries by way of certification, interim certification, voluntary recognition, or succession rights, or has applied or, to the knowledge of the Company, threatened to apply to be certified as the bargaining agent of the employees of the Company or any of its Subsidiaries. To the knowledge of the Company, there are no threatened or pending union organizing activities involving any employees of the Company or any of its Subsidiaries. There is no labour strike, dispute, work slowdown or stoppage involving or, to the knowledge of the Company, pending or threatened against the Company or any of its Subsidiaries, and, except as disclosed in paragraph (q)(4) of the Company Disclosure Letter, no such event has occurred within the last three years.

(5) To the knowledge of the Company, no trade union has applied to have the Company or any of its Subsidiaries declared a common or related employer pursuant to the *Labour Relations Act* (Ontario) or any similar legislation in any jurisdiction in which the Company and its Subsidiaries carry on business.

(6) Except as disclosed in the Company Disclosure Letter, no employee of the Company or any of its Subsidiaries has any agreement as to length of notice or severance payment required to terminate his or her employment, other than such as results by Law from the employment of an employee without an agreement as to notice or severance.

(7) Except as disclosed in the Company Disclosure Letter, to the knowledge of the Company, there are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due to be paid, or owed, by the Company or any of its Subsidiaries pursuant to any workplace safety and insurance legislation and there are no orders under applicable occupational health and safety legislation relating to the Company or any of its Subsidiaries which are currently outstanding.

(8) The Company Disclosure Letter lists and describes all Employee Plans. The Company has made available to the Purchaser Parties brief summaries of all those Employee Plans marked with an asterisk in the Company Disclosure Letter. Each of the remaining Employee Plans is a government scheme.

(9) All Employee Plans have been registered and administered in material compliance with all Applicable Laws. To the knowledge of the Company, no fact or circumstance exists which could adversely affect the registered status of any such Employee Plan.

(10) The Company has made or caused to be made all contributions required to be made by the Company and paid all premiums in respect of each Employee Plan in a timely fashion in accordance with the terms of each Employee Plan and applicable Laws.

(r) *Environmental.* Except for any matters that, individually or in the aggregate, would not have or would not reasonably be expected to have a Material Adverse Change or as disclosed in the Company Disclosure Letter:

(1) all facilities and operations of the Company and its Subsidiaries have been conducted, and are now, in compliance with all applicable Environmental Laws to the extent such Environmental Laws currently exist;

(2) the Company and its Subsidiaries are in possession of, and in compliance with, all Environmental Permits required to own, lease and operate the Company Mineral Rights and to conduct its business as it is now being conducted;

(3) no environmental, reclamation or closure obligation, demand, notice or work order presently exists, to the knowledge of the Company, with respect to any portion of any currently or formerly owned, leased, used or otherwise controlled property, interests and rights or relating to the operations and business of the Company and its Subsidiaries and, to the knowledge of the Company, there is no basis for any such obligations, demands, notices or work orders to arise in the future as a result of any activity in respect of such property, interests, rights, operations and business;

(4) neither the Company nor any of its Subsidiaries is currently subject to any proceeding, application, order or directive which relates to environmental, health or safety matters, and which may require any work, repairs, construction or expenditures;

(5) to the knowledge of the Company, there are no changes in the status, terms or conditions of any Environmental Permits held by the Company or any of its Subsidiaries or any renewal, modification, revocation, reassurance, alteration, transfer or amendment of any such environmental approvals, consents, waivers, permits, orders and exemptions, or any review by, or approval of, any Governmental Authority of such environmental approvals, consents, waivers, permits, orders and exemptions that are required in connection with the execution or delivery of this Agreement, the consummation of the transactions contemplated herein or the continuation of the business of the Company or any of its Subsidiaries following the Effective Date; and

(6) the Company and its Subsidiaries have made available to the Purchaser Parties all material audits, assessments and investigation reports with respect to environmental matters in its possession.

(s) *Real Property.* Except in any such case as would not, individually or in aggregate, reasonably be expected to result in a Material Adverse Change, with respect to the real property owned by the Company or its Subsidiaries (the **"Owned Real Property"**), (i) the Company or one of its Subsidiaries, as applicable, has good and marketable title to the Owned Real Property, free and clear of any Liens, except for Permitted Liens, and (ii) there are no outstanding options or rights of first refusal to purchase the Owned Real Property, or any portion thereof or interest therein. Except in any such case as would not, individually or in aggregate, reasonably be expected to result in a Material Adverse Change, with respect to the real property leased or subleased to the Company or its Subsidiaries (the **"Leased Real Property"**), (i) the lease or sublease for such property is enforceable, and none of the Company or any of its Subsidiaries or, to the knowledge of the Company, the landlord, is in breach of or default under such lease or sublease, and no event has occurred that, with notice, lapse of time or both, would constitute a breach or default by any of the Company or its Subsidiaries or permit termination, modification or acceleration by any third party thereunder, and (ii) no third party has repudiated or has the right to terminate or repudiate such lease or sublease (except for the normal exercise of remedies in connection with a default thereunder or any termination rights set forth in the lease or sublease) or any provision thereof, except in each case, for such invalidity, failures to be binding, unenforceability, ineffectiveness, breaches, defaults, terminations, modifications, accelerations, repudiations and rights to terminate or repudiate that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change.

(t) *Personal Property.* The Company and its Subsidiaries have good and valid title to, or a valid and enforceable leasehold interest in, all personal property owned or leased by them free and clear of all Liens, except for Permitted Liens, necessary to conduct the business of the Company and its Subsidiaries. The Company and its Subsidiaries, as lessees, have the right under valid and subsisting leases to use, possess and control all personal property leased by the Company and its Subsidiaries as now used, possessed and controlled by the Company and its Subsidiaries as applicable.

(u) *Interest in Mineral Rights.*

(1) All of the Company Mineral Rights are set out in the Company Disclosure Letter. Other than the Company Mineral Rights set out in the Company Disclosure Letter, neither the Company nor its Subsidiaries, owns or has any interest in any mineral interests and rights.

(2) Except as disclosed in the Company Filings:

(i) except in relation to the Company's joint venture agreements (details of which exceptions are disclosed in the Company Filings), the Company or a Subsidiary of the Company is the sole legal and beneficial holder of all right, title and interest in and to the Company Mineral Rights, free and clear of any Liens;

(ii) all of the Company Mineral Rights are comprised of valid and subsisting mineral claims, have been properly located and, to the Company's knowledge, have been properly recorded in compliance with Applicable Law;

(iii) all of the the Company Mineral Rights are in good standing under Applicable Law and, to the knowledge of the Company, all work required to be performed and filed in respect thereof has been performed and filed, all Taxes, rentals, fees, expenditures and other payments in respect thereof have been paid or incurred and all filings in respect thereof have been made;

(iv) except as disclosed in paragraph (u)(2)(iv) of the Company Disclosure Letter, there is no adverse claim or challenge, in progress or to the knowledge of the Company, pending or threatened, against the title to or ownership of any of the Company Mineral Rights;

(v) the Company or a Subsidiary of the Company has the exclusive right to deal with all of the Company Mineral Rights;

(vi) no Person other than the Company and its Subsidiaries has any interest in any of the Company Mineral Rights (including in respect of the production, revenues or profits therefrom or any royalty in respect thereof) or, except in relation to the Company's joint venture agreements (details of which exceptions are disclosed in the Company Filings), any right to acquire any such interest;

(vii) except in relation to the Company's joint venture agreements (details of which exceptions are disclosed in the Company Filings), there are no back-in rights, earn-in rights, rights of first refusal or similar provisions or rights which would affect the Company's or any of its Subsidiary's interest in any of the Company Mineral Rights;

(viii) there are no material restrictions on the ability of the Company and its Subsidiaries to use, transfer or exploit any of the Company Mineral Rights, except pursuant to the Applicable Law or the terms of the Company Mineral Rights;

(ix) neither the Company nor any of its Subsidiaries has received any notice, whether written or oral, from any Governmental Authority of any revocation or intention to revoke any interest of the Company or a Subsidiary of the Company in any of the Company Mineral Rights; and

(x) the Company and its Subsidiaries have all surface rights, including fee simple estates, leases, easements, rights of way and permits or licences from landowners or Governmental Authorities permitting the use of land by the Company and its Subsidiaries, and mineral interests that are required to exploit the development potential of the Company Mineral Rights as contemplated in the Company Filings filed on or before the date hereof and no third party or group holds any such rights that would be required by the Company to develop any of the Company Mineral Rights.

(3) None of the Company or any of its Subsidiaries has abandoned any mines or exploration areas.

(v) *Mineral Resources.* The estimate of inferred mineral resources for various mineral properties in which the Company or its Subsidiaries hold an interest, as set forth in the Company Filings, were prepared in all material respects in accordance with recognized mining, engineering, geoscience and other applicable industry standards and practices, and in all material respects in accordance with all Applicable Laws, including the requirements of National Instrument 43-101 "Standards of Disclosure for Mineral Projects". There has been no material reduction in the aggregate amount of estimated mineral resources of the Company and its Subsidiaries, taken as a whole, from the amounts set forth in the Company Filings.

(w) *Intellectual Property.* Except in each case to the extent that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Change: (i) the Company and/or its Subsidiaries own all right, title, and interest in and to, or are validly licensed (and are not in material breach of such licenses), all patents , trade-marks, trade names, domain names and copyrights that are material to the conduct of the business, as presently conducted, of the Company and its Subsidiaries taken as a whole (collectively, the **"Intellectual Property Rights"**); (ii) all such Intellectual Property Rights that are owned by or licensed to the Company or its Subsidiaries are sufficient, in all material respects, for conducting the business, as presently conducted, of the Company and its Subsidiaries taken as a whole; (iii) to the knowledge of the Company, all Intellectual Property Rights owned by the Company and/or its Subsidiaries are valid and enforceable (subject to the effects of bankruptcy, insolvency, reorganization, moratorium or laws relating to or affecting creditors' rights generally), and to the knowledge of the Company the Technology (as hereinafter defined) owned by the Company and/its Subsidiaries does not infringe in any material way upon any third parties' intellectual property rights in Canada or elsewhere; (iv) to the knowledge of the Company and/or its Subsidiaries, no third party is infringing upon the Intellectual Property Rights owned by the Company and/or its Subsidiaries in a manner that currently would reasonably be expected to adversely affect such Intellectual Property Rights; (v) all computer hardware and associated firmware and operating systems, application software, database engines and processed data, technology infrastructure and other computer systems used in connection with the conduct of the business, as presently

conducted, of the Company and its Subsidiaries taken as a whole (collectively, the **"Technology"**) are sufficient, in all material respects, for conducting the business, as presently conducted, of the Company and its Subsidiaries taken as a whole; and (vi) the Company and its Subsidiaries own or have validly licensed or leased (and are not in material breach of such licenses) such Technology.

(x) *Material Contracts.* The Company Disclosure Letter sets forth a complete list of all the Material Contracts. Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Change, (i) neither the Company nor any of its Subsidiaries is in breach of or default under the terms of any Material Contract, (ii) as of the date hereof, to the knowledge of the Company, no other party to any Material Contract is in breach of or default under the terms of any such Material Contract and (iii) each Material Contract is a valid and binding obligation of the Company or its Subsidiary that is a party thereto and is in full force and effect.

(y) *Non-Arm's Length Transactions.* Except as set forth in the Company Disclosure Letter, there are no current contracts, commitments, agreements, arrangements or other transactions between the Company or any of its Subsidiaries on the one hand, and any officer or director of the Company or any of its Subsidiaries or, to the knowledge of the Company, any associate of any officer or director, on the other hand.

(z) *Authorizations, etc.* The Company Disclosure Letter sets forth a list of all material Authorizations that each of the Company and each of its Subsidiaries possess which are necessary to conduct their respective businesses. As of the date hereof, the Authorizations described in the Company Disclosure Letter are the only material Authorizations of the Company and its Subsidiaries, as applicable. Each such Authorization is (i) in full force and effect; and (ii) not subject to any dispute. No event has occurred which, with the giving of notice, lapse of time or both, would constitute a material default under, or in respect of, any such Authorization.

(aa) *Insurance.* Each of the Company and its Subsidiaries is, and has been continuously since the Company's Initial Public Offering, insured by reputable and financially responsible insurers. The insurance policies of the Company and its Subsidiaries are in all material respects in full force and effect in accordance with their terms.

(bb) *Books and Records.* All books and records of the Company and its Subsidiaries present fairly in all material respects the financial position of the Company and its Subsidiaries and all material financial transactions relating to the businesses carried on by the Company and its Subsidiaries have been accurately recorded in all material respects in such books and records.

(cc) *Corporate Records.* The Corporate Records are complete and accurate in all material respects, and all corporate proceedings and actions reflected in the Corporate Records have been conducted or taken in compliance with all Applicable Laws and with the articles and by-laws of the Company and its Subsidiaries, as applicable.

(dd) *Finders' Fees.* Except for the Financial Advisor, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of the Company or any of its Subsidiaries who might be entitled to any fee or commission from the Company or any of its Subsidiaries in connection with the transactions contemplated by this Agreement. The Company has made full disclosure to the Purchaser Parties of all fees to be paid to the Financial Advisor under the terms of the agreements with the Financial Advisor.

(ee) *Intention of Directors and Officers.* The Company has been advised that each of the directors and executive officers of the Company intends to vote, or cause to be voted, all Company Common Shares of which he or she is the beneficial owner in favour of the Arrangement Resolution.

SCHEDULE "E"

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER PARTIES

Part I: Representations and Warranties of ARM, Purchaser Parent the Purchaser

(a) *Corporate Existence and Power.* Each of ARM, Purchaser Parent and the Purchaser is a company duly incorporated, validly existing and in good standing under all Applicable Laws and both Purchaser and the Purchaser Parent have not carried on any active business prior to the date of this Agreement other than activities in connection with this Agreement, the documents ancillary hereto and the transactions contemplated hereby and thereby.

(b) *Corporate Authorization.* The execution, delivery and performance of this Agreement by each of ARM, Purchaser Parent and the Purchase and the consummation by each of the transactions contemplated by this Agreement or the Plan of Arrangement are within the corporate powers of each and have been duly authorized by their respective boards of directors, and no other corporate proceedings on the part of any of them are necessary to authorize this Agreement or the transactions contemplated by this Agreement or the Plan of Arrangement. This Agreement constitutes a legal, valid and binding agreement enforceable against each of ARM, Purchaser Parent and the Purchaser in accordance with its terms (subject to the effects of bankruptcy, insolvency, reorganization, moratorium or laws relating to or affecting creditors' rights generally).

(c) *Governmental Authorization.* The execution, delivery and performance of this Agreement by each of ARM, Purchaser Parent and the Purchaser, and the consummation by each and its respective affiliates of the transactions contemplated by this Agreement or the Plan of Arrangement require no action or filing by or on behalf of ARM, Purchaser Parent, the Purchaser or any of their respective affiliates with or in respect of any Governmental Authority other than those which are contemplated by this Agreement or the Plan of Arrangement except for any actions or filings the absence of which would not reasonably be expected to materially or adversely impair the ability of any of them to complete the transactions contemplated by the Agreement or the Plan of Arrangement on or prior to the Outside Date.

(d) *Non-Contravention.* The execution, delivery and performance of this Agreement by each of ARM, Purchaser Parent and the Purchaser, and the consummation of the transactions contemplated by this Agreement or the Plan of Arrangement do not and will not (in respect of each): (i) contravene, conflict with, or result in any violation or breach of any provision of the articles of incorporation or bylaws, (ii) assuming compliance with the matters referred to in paragraph (c) above, contravene, conflict with or result in a violation or breach of any provision of any Applicable Law, (iii) require any consent or other action by any Person under, constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which such Party is entitled under any provision of any material contract to which such Party is a party or by which it or any of its properties or assets may be bound; or (iv) result in the creation or imposition of any Lien on any material asset of such Party, with such exceptions, in the case of (ii) through (iv), as would not be reasonably expected to materially impede or delay the ability of either of them to consummate the transactions contemplated by this Agreement or the Plan of Arrangement.

(e) *Litigation.* As of the date hereof, there is no Proceeding pending against, or, to the knowledge of any of ARM, Purchaser Parent or the Purchaser, threatened against or affecting any of them that could (i) prevent or delay the consummation of the transactions or (ii) delay performance by any either of them of their respective material obligations hereunder.

(f) *Ownership of Company Common Shares.* (i) ARM is the direct or indirect beneficial or registered holder of 35,000,001 Company Common Shares, (ii) such shares are, and will be, at all times up to the Effective Time, free and clear of any Liens or any other rights of others, and (iii) ARM has, and will have, at all times up to the Effective Time, the sole voting power and sole power of disposition with respect to such Company Common Shares.

(g) *No Other Consideration.* Neither ARM nor any affiliate of ARM has received or will receive, directly or indirectly, any financial consideration in connection with the transactions contemplated by this Agreement (but having regard to the assumption of liabilities contemplated in Section 2.9 and the agreement of Vale to directly or indirectly assume 50% of the outstanding guarantee provided by ARM to the lenders in respect of Subsidiary B's obligations

pursuant to the Loan Facility) or any "connected transaction" (as defined in MI 61-101) to such transactions other than the difference between the Funding Amount and the Aggregate Consideration.

Part II: Representations and Warranties of Vale

(a) *Corporate Existence and Power.* Vale is a company duly incorporated, validly existing and in good standing under all Applicable Laws.

(b) *Corporate Authorization.* The execution, delivery and performance by Vale of this Agreement and the consummation by it of the transactions contemplated by this Agreement are within its corporate powers and have been duly authorized by its board of directors, and no other corporate proceedings are necessary to authorize this Agreement or the transactions contemplated by this Agreement. This Agreement constitutes a legal, valid and binding agreement enforceable against it in accordance with its terms (subject to the effects of bankruptcy, insolvency, reorganization, moratorium or laws relating to or affecting creditors' rights generally).

(c) *Governmental Authorization.* The execution, delivery and performance by Vale of this Agreement and the consummation by it and its respective affiliates of the transactions contemplated by this Agreement require no action or filing by or on behalf of Vale or any of its affiliates with or in respect of any Governmental Authority other than those which are contemplated by this Agreement except for any actions or filings the absence of which would not reasonably be expected to materially or adversely impair its ability to complete the transactions contemplated by the Agreement on or prior to the Outside Date.

(d) *Non-Contravention.* The execution, delivery and performance by Vale of this Agreement and the consummation of the transactions contemplated by this Agreement do not and will not: (i) contravene, conflict with, or result in any violation or breach of any provision of its articles of incorporation or bylaws, (ii) assuming compliance by ARM, Purchaser Parent and the Purchaser with the matters referred to in paragraph (c) above, contravene, conflict with or result in a violation or breach of any provision of any Applicable Law, (iii) require any consent or other action by any Person under, constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which such Party is entitled under any provision of any material contract to which such Party is a party or by which it or any of its properties or assets may be bound; or (iv) result in the creation or imposition of any Lien on any material asset of such Party, with such exceptions, in the case of (ii) through (iv), as would not be reasonably expected to materially impede or delay its ability to consummate the transactions contemplated by this Agreement.

(e) *Litigation.* As of the date hereof, there is no Proceeding pending against, or, to the knowledge of Vale, threatened against or affecting it that could (i) prevent or delay the consummation of the transactions or (ii) delay its performance of its respective material obligations hereunder.

(f) *Sufficient Funds.* Vale has sufficient funds or has made adequate arrangements to have financing in place in order to provide sufficient funds to pay the aggregate consideration in accordance with the terms of the Arrangement, and such financing is not subject to any condition precedent other than those conditions set forth in Article 3 hereof.

(g) *Ownership of Company Common Shares.* Neither Vale nor any of its affiliates beneficially owns or exercises control or direction over, directly or indirectly, any Company Common Shares.

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APPENDIX D

INTERIM ORDER

Form 44 (Rule 43 (3)) S.C. No. 08-A0152

SUPREME COURT OF YUKON

IN THE MATTER OF AN APPLICATION FOR APPROVAL
OF AN ARRANGEMENT UNDER SECTION 195 OF
THE BUSINESS CORPORATIONS ACT OF THE YUKON TERRITORY
R.S.Y. 2002, C.20 AND AMENDMENTS THERETO

TEAL EXPLORATION & MINING INCORPORATED
Suite 200, 204 Lambert Street
Whitehorse, Yukon
Y1A 3T2

Petitioner

INTERIM ORDER

BEFORE THE HONOURABLE	)	Tuesday, the 13th
MR. JUSTICE L. F. GOWER	)	day of January, 2009

THE APPLICATION of the Petitioner, coming on for hearing at Whitehorse, Yukon on the 13th day of January, 2009, and on hearing James R. Tucker, lawyer for the Petitioner TEAL Exploration & Mining Incorporated.

THIS COURT ORDERS that:

1. Pursuant to paragraph 195(4)(a) of the Yukon *Business Corporations Act* ("YBCA") that TEAL Exploration & Mining Incorporated ("TEAL") convene and hold a special meeting (the "Meeting") of shareholders (the "TEAL Shareholders"), at which a vote shall be held of the TEAL Shareholders, as provided for in the Management Proxy Circular to be dated on or about the 14th day of January, 2009 (the "Circular") for the purpose of considering and, if thought advisable, passing, with or without variation, a special resolution (the "Arrangement Resolution") approving, among other things, a plan of arrangement ("Plan of Arrangement") and related transactions involving the Petitioner, the TEAL Shareholders and certain others as described in the Arrangement Agreement (the "Agreement") contained in Exhibit "A" to the Affidavit of Hannes O. Meyer, sworn the 12th day of January, 2009 (the "Meyer Affidavit").
2. The Meeting shall be called, held and conducted in accordance with the provisions of the YBCA and the Articles and By-laws of TEAL as modified by the terms of this Order.
3. The TEAL Shareholders be permitted to attend at and participate in the Meeting by teleconference at a location in Canada to be determined by TEAL, substantially as described in the Circular.
4. The following information (the "Meeting Materials"):
   (a) the letter to the Shareholders from TEAL;
   (b) the Notice of Special Meeting of TEAL;
   (c) the Circular and the Appendices thereto, including the Plan of Arrangement;
   (d) a copy of this Interim Order, attached to which is a copy of the Notice of Application (in the form attached hereto as Exhibit "A") for the application for an Order, among other things, giving final approval to the Plan of Arrangement (the "Final Order");
   (e) the form of proxy for TEAL; and,
   (f) the Letter of Transmittal,

   in or substantially in the forms as referred to in the Meyer Affidavit, with such amendments and inclusions thereto as counsel for the Petitioner may advise are necessary or desirable, provided that such amendments and inclusions

are not inconsistent with the terms of this Order, shall be mailed by prepaid ordinary mail, or in the case of clauses (III), (IV) and (V) (with respect to the Registrar of Corporations) by courier, facsimile transmission or personal delivery, or in the case of clauses (V) (with respect to the Superintendent of Securities) and (VI) below, filed electronically via the SEDAR system, or in the case of clause (VII) below, filed in accordance with the requirements of the JSE Ltd ("JSE") as applicable:

(I) to the TEAL Shareholders at their registered addresses as they appear on the books of the transfer agent for TEAL at the close of business on January 14, 2009, being the record date fixed by the Board of Directors of TEAL for the determination of TEAL Shareholders entitled to notice of the Meeting (the "Record Date"), provided that TEAL Shareholders who are registered as holders of TEAL Shares on the branch register located in South Africa shall receive, instead of items (e) and (f), a form of proxy and form of surrender, respectively, in the form required by local requirements in South Africa;

(II) to the intermediaries requesting same in accordance with the procedures prescribed by National Instrument 54-101 of the Canadian Securities Administrators;

(III) to the holders of Share Appreciation Rights ("TEAL SARs") granted pursuant to TEAL's amended and restated share appreciation rights plan (2006) at their registered addresses as they appear on the books of TEAL at the close of business on January 14, 2009;

(IV) to the directors and auditors of TEAL;

(V) to the Registrar of Corporations for the Yukon Territory and the Superintendent of Securities for the Yukon Territory;

(VI) to the securities regulatory authorities in each Canadian jurisdiction in which TEAL is a reporting issuer (or the equivalent), and to the Toronto Stock Exchange (the "TSX"); and

(VII) the JSE;

which mailing, filing, delivery by courier, facsimile transmission or personal delivery as the case may be, shall occur at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing and including the date of the Meeting, and that mailing or filing, as the case may be, of the Notice of Application for a Final Order approving the Plan of Arrangement as herein described shall constitute good and sufficient service of such Notice of Application upon all who may wish to appear in these proceedings and no other mailing, filing or service need be made, and such service shall be effective on the fifth day after the said Notice of Application is mailed or filed.

4A. The requisite approval for the Arrangement Resolution shall be (i) two-thirds of the votes cast on the Arrangement Resolution by TEAL Shareholders (and, for greater certainty, the only securities of TEAL entitled to be voted at the Meeting shall be TEAL Shares) and (ii) a majority of the votes cast on the Arrangement Resolution by the TEAL Shareholders (other than African Rainbow Minerals Limited and any other TEAL Shareholders whose votes are required to be excluded in determining such approval pursuant to the provisions of Multilateral Instrument 61-101), in each case, present in person or represented by proxy at the Meeting.

5. The Petitioner shall use all commercially reasonable efforts to effect service of Notice of the Meeting or Notice of Application in the manner set out herein. The accidental omission to give Notice of the Meeting or Notice of Application to, or the non-receipt of such Notices by, one or more of the persons specified herein, shall not invalidate any resolution passed or proceedings taken at the Meeting.

6. TEAL is authorized to make, in the manner contemplated by and subject to the Agreement and the Plan of Arrangement such amendments, revisions or supplements to the Plan of Arrangement as it may determine without any additional notice to the TEAL Shareholders. The Plan of Arrangement as so amended, revised or supplemented, shall be the Plan of Arrangement to be submitted to the Meeting and the subject of the Arrangement Resolution.

7. Notice of any amendments, updates or supplements to any of the information provided in the Meeting Materials may be communicated to the TEAL Shareholders by press release, news release, newspaper advertisement or by notice sent to the TEAL Shareholders by any of the means set forth in paragraph 4, as determined to be the most appropriate method of communication by the Board of Directors of TEAL.

8. The only persons entitled to attend the Meeting shall be:

   (a) the registered TEAL Shareholders or their respective proxyholders as of the Record Date (provided that a transferee of TEAL Shares after such date who establishes ownership of such shares in accordance with the requirements of the YBCA not later than 10 days before the Meeting, and demands to be included in the list of holders of TEAL shares eligible to vote at the Meeting, will be entitled to vote those shares at the Meeting);

   (b) TEAL directors, officers, auditors and advisors;

   (c) representatives of African Rainbow Minerals Limited ("ARM"), Companhia Vale do Rio Doce, ("Vale"), 42685 Yukon Inc. (the "Purchaser Parent") and 42696 Yukon Inc. (the "Purchaser"), and any of their subsidiaries or affiliates and advisors; and,

   (d) other persons with the prior permission of the Chair of the Meeting.

8A. All votes at the Meeting shall be by ballot.

9. The Chair of the Meeting shall be any officer or director of TEAL.

10. Subject to the terms of the Agreement, the Chair of the Meeting is at liberty to call on the assistance of legal counsel to the Petitioner at any time and from time to time, as the Chair of such Meeting may deem necessary or appropriate, during such Meeting, and such legal counsel is entitled to attend such Meeting for this purpose.

11. The Meeting may be adjourned for any reason upon the approval of the Chair of such Meeting or postponed by TEAL from time to time in either case, without the need for additional approval of the Court, and if such Meeting is adjourned or postponed, it shall be reconvened or convened, as the case may be, at a place and time to be designated by the Chair of such Meeting or by TEAL, as applicable, to a date which is not more than 30 days thereafter.

12. The quorum required at the Meeting shall be the quorum required by the By-laws of TEAL.

13. The Petitioner shall be at liberty to give notice of this application to persons outside the jurisdiction of this Honourable Court in the manner specified herein.

14. Any Shareholder or holders of TEAL SARs may appear and make representations at the application for the Final Order provided that such person shall file an Appearance, in the form prescribed by the Rules of Court of the Supreme Court of Yukon, with this Court and deliver a copy of the filed Appearance, together with a copy of all material on which such person intends to rely at the application for the Final Order, including an outline of such person's proposed submissions, to the solicitors for the Petitioner at its address for delivery set out in the Petition, on or before 4:00 p.m. Whitehorse local time, (7:00 p.m. Toronto time) on Wednesday, February 11, 2009, (being 2:00 a.m. Johannesburg time on February 12, 2009), or at such time on the date in Whitehorse and Toronto that is two business days immediately preceding the date of the meeting (as it may be adjourned or postponed from time to time).

15. TEAL Shareholders may exercise dissent rights ("Dissent Rights") in accordance with section 193 of the YBCA and the requirements specified in paragraph 16 below, provided that such TEAL Shareholders have provided a written objection to the Arrangement Resolution to TEAL, which written objection remains outstanding on the Effective Date (as defined in the Plan of Arrangement). A TEAL Shareholder who provides written notice of objection to the Arrangement Resolution but ultimately is not entitled to be paid fair value for the TEAL Shares in respect of which they dissent, shall not be reinstated as a TEAL Shareholder, but for purposes of receipt of consideration shall be deemed to have participated in the Plan of Arrangement on the same basis as a non-dissenting TEAL Shareholder and accordingly shall be entitled to receive such cash payment as provided in the Plan of Arrangement, but in no case shall TEAL be required to recognize such a shareholder as a TEAL Shareholder after the Effective Date.

16. Only registered TEAL Shareholders shall be entitled to exercise Dissent Rights in respect of the Arrangement Resolution and the following requirements shall apply in addition to, and modify, those set forth in the YBCA:

   (a) a registered TEAL Shareholder intending to exercise the dissent rights must give a written notice of dissent (a "Dissent Notice") to TEAL's Transfer Agent, Computershare Investor Services Inc., 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, to be received by TEAL no later than 4:00 p.m. Whitehorse time (7:00 p.m. Toronto time) on February 11, 2009 or at such time on the date in Whitehorse and Toronto that is two business days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time) and must otherwise comply with this Section 16;

(b) a Dissent Notice must specify the name and address of the registered holder of TEAL Shares (the "Dissenting Shareholder"), the number of TEAL Shares in respect of which the Dissent Notice is being given (the "Dissent Shares") and must specify that the Dissenting Shares constitute all of the TEAL Shares of which the Dissenting Shareholder is the registered and beneficial owner.

(c) if the Dissenting Shareholder votes any of its Dissent Shares in favour of the Arrangement Resolution, the Dissent Notice shall be deemed to have been revoked and such Shareholder shall no longer be entitled to exercise Dissent Rights; and

(d) upon the Arrangement becoming effective, each Dissenting Shareholder who duly exercises Dissent Rights shall be deemed to have transferred the TEAL Shares held by such Dissenting Shareholder in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all liens, and if such holder:

(i) ultimately is entitled to be paid fair value for such TEAL Shares, such holder shall be paid by Amalco (as defined in the Plan of Arrangement) the fair value of such TEAL Shares, and shall not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holder not exercised its Dissent Rights in respect of such TEAL Shares; or

(ii) ultimately is not entitled, for any reason, to be paid fair value for such TEAL Shares, such holder shall be deemed to have participated in the Arrangement on the same basis as holders that are not Dissenting Shareholders;

17. If the application for the Final Order is adjourned, only those persons who have filed and delivered an Appearance in accordance with the terms hereof need to be served with notice of the adjourned date.

18. Unless the directors of the Petitioner by resolution determine, in accordance with the terms of the Agreement, to abandon the Plan of Arrangement, the Petitioner be at liberty to apply on February 17, 2009 at 3:00 p.m. (Whitehorse local time) or such other date as the Court may direct, for the Final Order giving final approval of the Plan of Arrangement and a determination as to the procedural and substantive fairness of the Plan of Arrangement provided the resolutions are approved as aforesaid at the Meeting.

19. The Petitioner report to this Court and furnish evidence of its compliance with this Interim Order at the date of the application for the Final Order.

20. The Petitioner be at liberty to make such further applications to this Honourable Court in relation to the Plan of Arrangement as are necessary for putting into effect the Plan of Arrangement.

21. To the extent of any inconsistency or discrepancy with respect to the matters provided for in this Interim Order between this Interim Order and the terms of any instrument creating, governing or collateral to the TEAL Shares, this Interim Order shall govern.

By the Court

(signed) Jackie Davis

D/Clerk of the Court

Approved as the Order made:

(signed) James R. Tucker

James R. Tucker, Lawyer for the Petitioner,
TEAL Exploration & Mining Incorporated

Form 44 (Rule 43 (3)) S.C.

SUPREME COURT OF YUKON

IN THE MATTER OF AN APPLICATION FOR APPROVAL
OF AN ARRANGEMENT UNDER SECTION 195 OF
THE BUSINESS CORPORATIONS ACT OF THE YUKON TERRITORY
R.S.Y. 2002, C.20 AND AMENDMENTS THERETO

TEAL EXPLORATION & MINING INCORPORATED
Suite 200, 204 Lambert Street
Whitehorse, Yukon
Y1A 3T2

Petitioner

INTERIM ORDER

JAMES R. TUCKER
Macdonald & Company
Lawyers
200 — 204 Lambert Street
Whitehorse, YT Y1A 3T2

Exhibit "A"

Form 52 (Rule 47 (1)) S.C. No. 08-A0152

SUPREME COURT OF YUKON

IN THE MATTER OF AN APPLICATION FOR APPROVAL
OF AN ARRANGEMENT UNDER SECTION 195 OF
THE BUSINESS CORPORATIONS ACT OF THE YUKON TERRITORY
R.S.Y. 2002, C.20 AND AMENDMENTS THERETO

TEAL EXPLORATION & MINING INCORPORATED
Suite 200, 204 Lambert Street
Whitehorse, Yukon
Y1A 3T2

Petitioner

NOTICE OF APPLICATION

To all shareholders of TEAL Exploration & Mining Incorporated

TAKE NOTICE that an application will be made by James R. Tucker, lawyer for the Petitioner, TEAL Exploration & Mining Incorporated ("TEAL"), to the presiding judge at the The Law Courts, 2134 Second Avenue, Whitehorse, Yukon on the 17th day of February, 2009 at 3:00 o'clock in the afternoon, for an order that:

1. The terms and conditions of the Plan of Arrangement attached as Schedule "C" to the Arrangement Agreement, which is attached as Appendix "C" to the draft Management Proxy Circular of TEAL to be dated January 14th, 2009 (the "Plan of Arrangement"), are procedurally and substantively fair to TEAL, TEAL shareholders, holders of TEAL SARs and all directors and auditors of TEAL and any other interested parties and such terms and conditions are hereby approved;

2. The Plan of Arrangement be, and is hereby approved, and shall be implemented in the manner set forth in the Plan of Arrangement and be binding on the TEAL and its shareholders and on all other parties who have been served with notice of these proceedings, upon the acceptance of a certified copy of this Order by the Registrar of Corporations for the Yukon Territory; and

3. The Articles of Arrangement attached and forming part of the Order be approved as the form of Articles of Arrangement to be filed with the Yukon Registrar of Corporations pursuant to Section 195(10) of the *Business Corporations Act*, R.S.Y. 2002, c.20.

TEAL will rely on Section 195 of the *Business Corporations Act*, R.S.Y. 2002, c.20 set forth in the Plan of Arrangement.

At the hearing, any shareholder, holder of TEAL SARs, director, or auditor of TEAL, or any other interested party with leave of the Court, desiring to support or oppose the applications may appear for this purpose, either in person or by counsel. If you do not attend, either in person or by counsel, at that time, the Court may approve the Plan of Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, without any further notice to you.

A copy of the Petition and other documents in the proceedings will be furnished to any shareholder of TEAL or other interested party requesting the same.

At the hearing of the application, the Petitioner will rely on the following affidavits and other documents: the Affidavit of Hannes O. Meyer and the Affidavit of Grant Macdonald, Q.C., and all the pleadings and proceedings herein and such further and other material as Counsel may advise and this Honourable Court may permit.

The applicant estimates that the application will take 30 minutes.

If you wish to receive notice of the time and date of the hearing or to respond to the application, you must, within the proper time for response:

(a) deliver to the Petitioner at its Address for Delivery as set out below

 (i) 2 copies of a Response in Form 11, and

 (ii) 2 copies of each of the affidavits and other documents, not already in the court file, on which you intend to rely at the hearing, and

(b) deliver to TEAL

 (i) one copy of a Response in Form 11, and

 (ii) one copy of each affidavit and other document, not already in the court file, on which you intend to rely at the hearing.

TIME FOR RESPONSE

The Response must be delivered on or before 4:00 p.m. (Whitehorse Local Time) on February 11, 2009.

ADDRESS FOR DELIVERY

Macdonald & Company
Lawyers
Suite 200, 204 Lambert Street
Whitehorse, YT Y1A 3T2

Dated ______________________________ ______________________________

James R. Tucker,
Lawyer for the Petitioner,
TEAL Exploration & Mining Incorporated

Form 52 (Rule 47 (1)) S.C. No.

SUPREME COURT OF YUKON

IN THE MATTER OF AN APPLICATION FOR APPROVAL
OF AN ARRANGEMENT UNDER SECTION 195 OF
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TEAL EXPLORATION & MINING INCORPORATED
Suite 200, 204 Lambert Street
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Petitioner

NOTICE OF APPLICATION

JAMES R. TUCKER
Macdonald & Company
Lawyers
200 — 204 Lambert Street
Whitehorse, YT Y1A 3T2

APPENDIX E

NOTICE OF APPLICATION FOR FINAL ORDER

Form 52 (Rule 47 (1)) S.C. No. 08-A0152

SUPREME COURT OF YUKON

IN THE MATTER OF AN APPLICATION FOR APPROVAL
OF AN ARRANGEMENT UNDER SECTION 195 OF
THE BUSINESS CORPORATIONS ACT OF THE YUKON TERRITORY
R.S.Y. 2002, C.20 AND AMENDMENTS THERETO

TEAL EXPLORATION & MINING INCORPORATED
Suite 200, 204 Lambert Street
Whitehorse, Yukon
Y1A 3T2

Petitioner

NOTICE OF APPLICATION

To all shareholders of TEAL Exploration & Mining Incorporated

TAKE NOTICE that an application will be made by James R. Tucker, lawyer for the Petitioner, TEAL Exploration & Mining Incorporated ("TEAL"), to the presiding judge at the The Law Courts, 2134 Second Avenue, Whitehorse, Yukon on the 17th day of February, 2009 at 3:00 o'clock in the afternoon, for an order that:

1. The terms and conditions of the Plan of Arrangement attached as Schedule "C" to the Arrangement Agreement, which is attached as Appendix "C" to the draft Management Proxy Circular of TEAL to be dated January 14th, 2009 (the "Plan of Arrangement"), are procedurally and substantively fair to TEAL, TEAL shareholders, holders of TEAL SARs and all directors and auditors of TEAL and any other interested parties and such terms and conditions are hereby approved;
2. The Plan of Arrangement be, and is hereby approved, and shall be implemented in the manner set forth in the Plan of Arrangement and be binding on the TEAL and its shareholders and on all other parties who have been served with notice of these proceedings, upon the acceptance of a certified copy of this Order by the Registrar of Corporations for the Yukon Territory; and
3. The Articles of Arrangement attached and forming part of the Order be approved as the form of Articles of Arrangement to be filed with the Yukon Registrar of Corporations pursuant to Section 195(10) of the *Business Corporations Act*, R.S.Y. 2002, c.20.

TEAL will rely on Section 195 of the *Business Corporations Act*, R.S.Y. 2002, c.20 set forth in the Plan of Arrangement.

At the hearing, any shareholder, holder of TEAL SARs, director, or auditor of TEAL, or any other interested party with leave of the Court, desiring to support or oppose the applications may appear for this purpose, either in person or by counsel. If you do not attend, either in person or by counsel, at that time, the Court may approve the Plan of Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, without any further notice to you.

A copy of the Petition and other documents in the proceedings will be furnished to any shareholder of TEAL or other interested party requesting the same.

At the hearing of the application, the Petitioner will rely on the following affidavits and other documents: the Affidavit of Hannes O. Meyer and the Affidavit of Grant Macdonald, Q.C., and all the pleadings and proceedings herein and such further and other material as Counsel may advise and this Honourable Court may permit.

The applicant estimates that the application will take 30 minutes.

If you wish to receive notice of the time and date of the hearing or to respond to the application, you must, within the proper time for response:

(a) deliver to the Petitioner at its Address for Delivery as set out below

 (i) 2 copies of a Response in Form 11, and

 (ii) 2 copies of each of the affidavits and other documents, not already in the court file, on which you intend to rely at the hearing, and

(b) deliver to TEAL

 (i) one copy of a Response in Form 11, and

 (ii) one copy of each affidavit and other document, not already in the court file, on which you intend to rely at the hearing.

TIME FOR RESPONSE

The Response must be delivered on or before 4:00 p.m. (Whitehorse Local Time) on February 11, 2009.

ADDRESS FOR DELIVERY

Macdonald & Company
Lawyers
Suite 200, 204 Lambert Street
Whitehorse, YT Y1A 3T2

Dated ______________________________ ______________________________

JAMES R. TUCKER,
Lawyer for the Petitioner,
TEAL Exploration & Mining Incorporated

Form 52 (Rule 47 (1)) S.C. No.

SUPREME COURT OF YUKON

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APPENDIX F

SECTION 193 OF THE YBCA

Business Corporations Act, R.S.Y. 2002, c. 20

Section 193 — Shareholder's right to dissent

(1) Subject to sections 194 and 243, a holder of shares of any class of a corporation may dissent if the corporation resolves to

(a) amend its articles under section 175 or 176 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class;

(b) amend its articles under section 175 to add, change or remove any restrictions on the business or businesses that the corporation may carry on;

(c) amalgamate with another corporation, otherwise than under section 186 or 189;

(d) be continued under the laws of another jurisdiction under section 191; or

(e) sell, lease or exchange all or substantially all its property under section 192.

(2) A holder of shares of any class or series of shares entitled to vote under section 178 may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

(a) at or before any meeting of shareholders at which the resolution is to be voted on; or

(b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after learning that the resolution was adopted and of the right to dissent.

(6) An application may be made to the Supreme Court after the adoption of a resolution referred to in subsection (1) or (2),

(a) by the corporation; or

(b) by a shareholder if an objection to the corporation under subsection (5) has been sent by the shareholder,

to set the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section.

(7) If an application is made under subsection (6), the corporation shall, unless the Supreme Court otherwise orders, send to each dissenting shareholder a written offer to pay an amount considered by the directors to be the fair value of the shares to that shareholder.

(8) Unless the Supreme Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

(a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant; or

(b) within 10 days after the corporation is served with a copy of the originating notice, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

(a) be made on the same terms; and

(b) contain or be accompanied by a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of that shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Supreme Court pronounces an order setting the fair value of the shares.

(11) A dissenting shareholder

(a) is not required to give security for costs in respect of an application under subsection (6); and

(b) except in special circumstances shall not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Supreme Court may give directions for

(a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Supreme Court, are in need of representation;

(b) the trial of issues and interlocutory matters, including pleadings and examinations for discovery;

(c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares;

(d) the deposit of the share certificates with the Supreme Court or with the corporation or its transfer agent;

(e) the appointment and payment of independent appraisers, and the procedures to be followed by them;

(f) the service of documents; and

(g) the burden of proof on the parties.

(13) On an application under subsection (6), the Supreme Court shall make an order

(a) setting the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application;

(b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders; and

(c) setting the time within which the corporation must pay that amount to a shareholder.

(14) On

(a) the action approved by the resolution from which the shareholder dissents becoming effective;

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for that shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise; or

(c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Paragraph (14)(a) does not apply to a shareholder referred to in paragraph (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the dissent; or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Supreme Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder because of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13); or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Even though a judgment has been given in favour of a dissenting shareholder under paragraph (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to having full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S., c.15, s.193.

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APPENDIX G

CIBC WORLD MARKETS VALUATION AND FAIRNESS OPINION

CIBC World Markets

CIBC World Markets Inc.
BCE Place, 161 Bay Street
Toronto, Ontario
M5J 2S8
Tel: 416 594-7000

December 15, 2008
The Independent Committee of the Board of Directors
TEAL Exploration & Mining Inc.
66 Wellington Street West, Suite 4200
Toronto Dominion Bank Tower
Toronto, Ontario M5K 1N6
Canada

Dear Sirs:

CIBC World Markets Inc. ("CIBC World Markets") understands that TEAL Exploration & Mining Inc. ("TEAL" or the "Company") is proposing to enter into a definitive agreement with, among others, African Rainbow Minerals Limited ("ARM") and Companhia Vale do Rio Doce ("Vale") (collectively, the "Offeror") relating to the acquisition, through a series of transactions (collectively, the "Proposed Transaction") to be effected by way of a plan of arrangement (the "Arrangement") under the *Business Corporations Act* (Yukon), of all of the outstanding common shares of TEAL (the "Common Shares") held by shareholders other than ARM and its affiliates, (the "Minority Shareholders"), at a price of C$3.00 per common share, in cash (the "Consideration").

CIBC World Markets further understands:

- that the Consideration will be funded by way of an equity investment by Vale into the consolidated operations of TEAL and that, concurrent with the Arrangement, ARM intends to form a 50:50 joint venture with Vale for the future development and operation of TEAL's assets;
- that the Proposed Transaction constitutes a "business combination" within the meaning of *Multilateral Instrument 61-101 — Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and therefore requires a formal valuation; and
- that the board of directors of the Company (the "Board of Directors") has appointed a committee (the "Independent Committee") comprised of directors who are independent of ARM, Vale and the Company's management to consider the Proposed Transaction and to make recommendations to the Board of Directors with respect to the Proposed Transaction.

We also understand that all of the material terms of and risks associated with the Transaction will be described in a management proxy circular (the "Circular"), which will be prepared by the Company's management and advisors in compliance with applicable laws, regulations, policies and rules and will be mailed to holders of TEAL Common Shares in connection with the Arrangement. CIBC World Markets understands that this letter will form an exhibit to, and will be referenced in, the Circular.

All dollar amounts herein are expressed in Canadian dollars, unless stated otherwise.

Engagement of CIBC World Markets

By letter agreement dated November 17, 2008 (the "Engagement Agreement"), the Independent Committee retained CIBC World Markets to provide advice and assistance to the Independent Committee in evaluating the Proposed Transaction, including the preparation and delivery to the Independent Committee of a formal valuation (the "Valuation") of the Common Shares in accordance with the requirements of MI 61-101, and under the supervision of the Independent Committee. In addition, the Independent Committee has requested that CIBC World Markets provide an opinion (the "Fairness Opinion") as to the fairness, from a financial point of view, of the Consideration offered to Minority Shareholders pursuant to the Arrangement.

The Engagement Agreement provides for the payment of a fee to CIBC World Markets upon our completion and delivery of a written preliminary value analysis, a fee upon our delivery of the Valuation and a fee upon our delivery of the Fairness Opinion. None of the fees payable to us under the Engagement Agreement are contingent upon the conclusions reached by us in the Valuation or the Fairness Opinion, or upon the completion of the Proposed Transaction. In addition, the Company has agreed to reimburse CIBC World Markets for its reasonable expenses and to indemnify CIBC World Markets in respect of certain liabilities that might arise out of its engagement. The fees payable to CIBC World Markets pursuant to the Engagement Agreement are not financially material to CIBC World Markets. No understandings or agreements exist between CIBC World Markets and ARM or Vale with respect to future financial advisory or investment banking business.

Credentials of CIBC World Markets

CIBC World Markets is one of Canada's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading, and investment research. The opinions expressed herein are the opinions of CIBC World Markets, and the form and content hereof have been approved for release by a committee of its managing directors and internal counsel, each of whom is experienced in merger, acquisition, divestiture and valuation matters.

Relationships with Interested Parties

None of CIBC World Markets or its affiliates:

i) is an "issuer insider", "associated entity" or "affiliated entity" (as such terms are used in MI 61-101) of the Offeror;

ii) is a financial advisor to the Offeror in connection with the Proposed Transaction;

iii) is a manager or co-manager of a soliciting dealer group formed to solicit acceptances of the Arrangement, nor will we, as a member of such group, perform services beyond the customary soliciting dealer functions nor will we receive more than the per-share or per-shareholder fee payable to other members of the group;

iv) has a financial incentive with respect to the conclusions reached in the Valuation, the Fairness Opinion or has a material financial interest in the completion of the Proposed Transaction.

Scope of Review

In connection with our preparation of the Valuation, we have reviewed or relied upon, among other things, the following:

i) a draft, dated December 15, 2008, of the Arrangement Agreement;

ii) site visits, conducted between November 29 and December 2, 2008, by representatives of CIBC World Markets to the Kasonta and Lupoto Copper-Cobalt Projects at Kalumines in the Democratic Republic of Congo ("DRC"), the Konkola North and Area 'A' Copper Projects in the Republic of Zambia ("Zambia");

iii) the annual reports, including the comparative audited financial statements and management's discussion and analysis, of TEAL for the fiscal years ended September 30, 2006, 2007, and 2008;

iv) the Company's annual information form, dated June 30, 2008;

v) the Company's management information circular, dated September 29, 2008;

vi) certain internal financial, operational, corporate and other information concerning TEAL, that was prepared or provided by the management of TEAL, including financial models, project pre-feasibility and other studies, management presentations, licences and government regulation documents, material agreements and JV agreements and certain other internal operating and financial projections;

vii) independent technical report on the mineral resources for the Lupoto copper project, DRC, dated October 2008;

viii) independent technical report on the mineral resources for the Konkola North copper project, Zambia, dated March 2008;

ix) selected public market trading statistics and relevant business and financial information of TEAL and other comparable publicly-traded entities;

x) relevant financial information and selected financial metrics with respect to relevant precedent transactions;

xi) selected reports published by equity research analysts and industry sources regarding TEAL and other comparable publicly-traded entities;

xii) certain industry reports pertaining to the copper mining industry generally and Southern Africa specifically;

xiii) certificates addressed to us, dated as of the date hereof, from two senior officers of the Company as to the completeness and accuracy of the information provided to us by the Company; and

xiv) such other information, analyses, investigations and discussions as we considered necessary or appropriate in the circumstances.

In addition, we have participated in discussions with members of the senior management and project technical teams of TEAL regarding the Company's projects, past and current business operations, other assets, financial condition and prospects. We have also participated in discussions with the Independent Committee and with representatives of McMillan LLP, legal counsel to the Independent Committee, and Fasken Martineau DuMoulin LLP, legal counsel to the Company, regarding the Proposed Transaction, the Valuation and related matters. Furthermore, we participated in discussions with ARM's management, its financial advisor, J.P. Morgan, and its legal counsel, Stikeman Elliott LLP. To the best of its knowledge, CIBC World Markets has not been denied access by the Company to any information it has requested.

Prior Valuations

TEAL has represented to CIBC World Markets that there have been no independent appraisals or prior valuations (as defined in MI 61-101) of all or a material part of the assets owned by, or the securities of, the Company or any of its respective subsidiaries completed in the last 24 months.

Assumptions and Limitations

Our Valuation and Fairness Opinion (together, this "letter") are subject to the assumptions and limitations below.

With the Independent Committee's permission and subject to the exercise of our professional judgement, we have relied upon and have assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, or provided to us by the Company or its affiliates or advisors, or otherwise obtained by us pursuant to our engagement, and our Valuation is conditional upon such completeness, accuracy and fair presentation. We have not been requested to or attempted to verify independently the accuracy, completeness or fairness of presentation of any such information, data, advice, opinions and representations. We have not met separately with the independent auditors of the Company in connection with the preparation and delivery of this letter. With the Independent Committee's permission, we have assumed the accuracy and fair presentation of, and relied upon, the audited and unaudited financial statements of the Company and, where applicable, the respective reports of the auditors thereon.

With respect to operating and financial forecasts and budgets provided to us concerning the Company (and relied upon in our analysis), we have assumed, subject to the exercise of our professional judgement, that they have been prepared on bases reflecting the most reasonable assumptions, estimates and judgements of management, having regard to business plans, financial condition and prospects of the Company and/or its assets.

The Company has represented to us, in a certificate from two senior officers of the Company dated the date hereof that, *inter alia*, the information, data and other materials provided to us by or on behalf of the Company, including the written information and discussions concerning the Company referred to above under the heading "Scope of Review" (collectively, the "Information"), are complete and correct at the date the Information was provided to us and that, since the date of the Information, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its respective subsidiaries and affiliates, and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Valuation or the conclusion reached by us in the Fairness Opinion.

Except as expressly noted under the heading "Scope of Review", we have not conducted any investigation concerning the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or its subsidiaries. We have not attempted to verify independently any of the information concerning the Company or any of its subsidiaries.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Proposed Transaction.

This letter is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof, and the conditions and prospects, financial and otherwise, of the Company and its subsidiaries as they are reflected in the Information and as they were represented to us in our discussions with management or its advisors. In our analyses and in connection with the preparation of this letter, we made numerous assumptions with respect to industry performance, general business, capital markets, commodity prices, political risk, economic conditions and other matters, many of which are beyond the control of any party involved in the Proposed Transaction.

With the Independent Committee's permission and in accordance with its determination that the perceived detriment to the Company of the disclosure of certain competitively sensitive information outweighs the potential benefit of the public disclosure of such information in the Valuation, certain detailed information concerning the Company has been aggregated and certain portions of our analysis have been presented in summary form for purposes of disclosure in this Valuation.

This letter has been provided to the Independent Committee for its exclusive use in considering the Proposed Transaction and may not be relied upon by any person, other than the Independent Committee and the Board of Directors, or used for any other purpose or published without the prior written consent of CIBC World Markets. This letter is not to be construed as a recommendation to any holder of the Common Shares as to how it should vote or act on any matter relating to the Proposed Transaction.

The conclusions of our Valuation and Fairness Opinion are given as of the date hereof and we reserve the right to change or withdraw the Valuation if we learn that any information that we relied upon in preparing the Valuation was inaccurate, incomplete or misleading in any material respect. However, we disclaim any obligation to change or withdraw this letter, to advise any person of any change that may come to our attention or to update the Valuation or Fairness Opinion after the date hereof.

CIBC World Markets believes that its financial analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the preparation of this letter. The preparation of a valuation and fairness opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to do so could lead to undue emphasis on any particular factor or analysis.

THE VALUATION

Overview of TEAL

TEAL is a mineral development and exploration company with a portfolio of base and precious metal mines and projects in Zambia, the DRC, the Republic of Namibia ("Namibia") and the Republic of Mozambique ("Mozambique"). The Company is currently focused on the development of three key mining assets: the Konkola North Copper Project in Zambia ("Konkola North"); the Kalumines Copper-Cobalt Project in the DRC ("Kalumines"); and the Otjikoto Gold Project in Namibia ("Otjikoto"). TEAL also owns interests in various other mineral licence areas in Zambia, Namibia and Mozambique, on which the Company conducts exploration activities.

The Company was formed in early 2005 when ARM transferred all of its non – South African mining assets to TEAL. The Company subsequently completed an initial public offering ("IPO") on the Toronto Stock Exchange ("TSX") on November 15, 2005. The IPO was completed at a price of $2.25 per share and raised gross proceeds of approximately $42.5 million; upon completion of the IPO, ARM owned 64.9% of the Company. On April 3, 2006 TEAL listed its common shares on the Johannesburg Stock Exchange.

The Company's key mining assets are described below:

Kalumines (60% TEAL, 40% Gécamines)

Kalumines is situated near the city of Lubumbashi in the Katanga Province of the DRC. The area under mining licence comprises approximately 77 km^2 and hosts four known areas of copper mineralization (Lupoto, Kasonta, Niamumenda and Karavia). In May 2007, TEAL began a small scale mining operation at Lupoto consisting of a single open pit utilizing conventional mining methods, a screening plant and sorting area. The site does not have a metallurgical plant to produce conventional copper concentrate or cathode. The mined material is hand-sorted into three products,

differentiated by copper grade and sold as direct shipping ore to local smelters. For the year ended June 30, 2008, Lupoto produced 46.4 thousand tonnes of direct shipping ore, which was sold. Given the small size of the operation and the lack of infrastructure, Kalumines does not currently generate material operating profits. A feasibility study of a larger open pit mining operation, together with a dedicated metallurgical processing facility, is currently in progress and is expected to be completed by September 2009.

A mined stockpile of approximately 1 million tonnes of mineralized material at grades ranging between 2% to 20% copper remains above ground at Kalumines. It is from this stockpile that higher grade portions of direct shipping ore have historically been sold.

Konkola North (95% TEAL, 5% ZCCM)

Konkola North is located in the geologically favourable, northern part of the Copperbelt Province of Zambia, near the DRC border, an area that hosts multiple current and historical copper mining projects. The project consists of a large scale mining licence covering an area of approximately 44 km^2. The project is situated near the town of Chililabombwe which is adjacent to the producing Konkola Mine, operated by Konkola Copper Mines plc. Two main areas of copper mineralization have been identified at Konkola North — the South and East Limbs and Area 'A'.

South and East Limbs

In April 2008, TEAL announced the results of an independent technical study and resource estimate at Konkola North's South and East Limbs which included measured and indicated resources of 51.0 million tonnes at 2.35% copper and inferred resources of 26.9 million tonnes at 2.46% copper. TEAL completed an internal feasibility study for a 2.0 million tonnes per annum, 26 year operation in November 2008. The feasibility study assumed sub-level open stoping and room and pillar mining methods with conventional flotation metallurgical processing. The feasibility study featured a capital expenditure estimate of US$250 million and estimated operating cash costs of approximately US$1.34 per pound. Using prevailing copper prices at the time, the returns on the feasibility study were marginal. A revision to the November 2008 feasibility study is currently underway to incorporate updated technical parameters and cost assumptions.

Area 'A'

In March 2008, TEAL announced the results of an independent resource estimate at Konkola North's Area 'A' which included a total inferred resource of 219.5 million tonnes at 2.64% copper. TEAL is currently conducting an exploration program to confirm and upgrade the inferred mineral resource estimate. Four exploration drill rigs were operational and as at the end of Q1 2009 (September 30, 2008) 14,186 metres of an 18,000 metre drill program had been completed. In December 2008, TEAL completed a preliminary desktop study on Area 'A' based on the project's current resources as well as a capital expenditure estimate of US$725 million based on estimates used in the feasibility study for the South and East Limbs, and estimated operating cash costs of approximately US$1.11 per pound. Using prevailing copper prices at the time, the project's present value was significant.

Otjikoto (90% TEAL, 10% EVI Mining)

Otjikoto is located between the towns of Otjiwarongo and Otavi, approximately 300 km north of Windhoek, the capital of Namibia. The project is situated within the Otavi Exploration Area which consists of five exclusive prospecting licences that cover a surface area of approximately 3,800 km^2. Excellent infrastructure surrounds the Otavi Exploration Area: national road B1, paved and in good condition, connects the project to Windhoek; the main national rail line, which runs to the north of the country, also intersects the Otavi area; both the road and rail network are a link from the Otavi area to the deep-water port facility at Walvis Bay. In July, 2008, TEAL announced the results of an updated resource estimate at Otjikoto, which included an indicated gold resource of 1.05 million ounces at a grade of 1.40 grams per tonne, representing a 128% and 13.6% increase over the previous indicated resource and gold grade, respectively. A comprehensive geological model, which will take into account an additional 77,167 metres of infill drilling, is currently being compiled to increase the confidence of the estimates of the final grades and tonnages that will be used in a pre-feasibility study.

Mineral Resources

Below are the estimated copper and gold resources at TEAL's key mining assets as at September 30, 2008, shown on an attributable basis.

Copper Reserves & Resources	Tonnes	Copper Grade	Contained Copper
	(Millions)	(%)	(Mlbs)
Konkola North (95%)			
M&I — South Limb	30.6	2.16%	1,457
M&I — East Limb	17.9	2.67%	1,051
Kalumines (60%)			
M&I — Lupoto	9.1	2.32%	463
Total M&I Resources	**57.5**	**2.34%**	**2,971**
Konkola North (95%)			
Inf. — South Limb	15.4	2.22%	753
Inf. — East Limb	10.2	2.83%	635
Inf. — Area 'A'	208.5	2.64%	12,136
Kalumines (60%)			
Inf. — Lupoto	5.5	2.09%	251
Total Inf. Resources	**239.5**	**2.61%**	**13,776**

Gold Reserves & Resources	Tonnes	Gold Grade	Contained Gold
	(Millions)	(g/t)	(koz)
Otjikoto (90%)			
M&I — Otjikoto	21.0	1.40	913
Total M&I Resources	**21.0**	**1.40**	**913**
Inf. — Otjikoto	17.5	1.41	766
Total Inf. Resources	**17.5**	**1.41**	**766**

Note: Excludes Mwambashi M&I Resources of 9.2 million tonnes at a copper grade of 2.02% for 410 million lbs of contained copper, and Mwambashi Inf. Resources of 1.8 million tonnes at a copper grade of 2.10% for 82 million lbs of contained copper.

TEAL Historical Financial Summary

TEAL generated no revenues in 2007 and only began to generate revenues in 2008, attributable primarily to mining operations and ore sales at Kalumines. The Company also made the decision to dispose of a copper furnace in Lubumbashi in the DRC that was reported as discontinued operations.

The tables set out below provide summary information with respect to the Company's financial results for the fiscal years ended June 30, 2007 and June 30, 2008, as well as for the three months ended September 30, 2008.

	Selected Financial Information			
	Year Ended June 30,	Year Ended June 30,	Three Months Ended September 30,	
	2007	2008	2007	2008
	(US$ thousands, except per-share amounts)			
Income Statement Items				
Revenue	—	$ 17,804	—	$ 3,899
Gross Profit	—	$ 11,160	$ (1,755)	$ 381
EBIT	$(28,068)	$(24,105)	$ (9,487)	$(12,922)
Net Income from continuing operations	**$(27,893)**	**$(15,172)**	**$ (9,749)**	**$(13,539)**
Discontinued Operations	$ (181)	$(10,111)	$ (613)	$ (487)
Minority Interest	$ (808)	—	—	—
Net Income	**$(27,266)**	**$(25,283)**	**$(10,362)**	**$(14,107)**
Average Number of Shares Outstanding (000s)				
Basic	53,906	53,926	53,911	53,937
Per-share Amounts:				
Basic loss per share from continuing operations	$ (0.50)	$ (0.28)	$ (0.18)	$ (0.25)
Basic loss per share	$ (0.51)	$ (0.47)	$ (0.19)	$ (0.26)
Cash Flow Items				
Cash flow from operations	$(24,841)	$(19,158)	$ (9,381)	$(13,012)

Source: Interim and annual reports of the Company.

	Selected Balance Sheet Information				
		As at June 30,			
Balance Sheet Data	As at Sept. 30, 2008	2008	2007	2006	2005(1)
	(US$ thousands)				
Current Assets	$ 22,394	$ 12,075	$ 6,852	$ 27,200	$ 32,141
Total Assets	$ 70,125	$ 55,610	$14,113	$ 27,493	$ 32,167
Current Liabilities	$102,044	$ 74,224	$13,923	$ 2,375	$ 536
Total Liabilities	$105,787	$ 77,880	$13,973	$ 2,375	$ 536
Shareholders' Equity	$ (35,662)	$(22,270)	$ 140	$ 25,118	$ 31,631
Net Debt (Net Cash)	$ 79,458	$ 54,623	$ 4,144	$(26,560)	$(32,167)

Source: Interim and annual reports of the Company.

(1) 2005 figures are from the pro forma Consolidated Balance Sheet as per Final Long Form Prospectus.

On July 15, 2008, TEAL announced that a consortium of two lenders, Standard Chartered Bank and Standard Finance (Isle of Man) Limited, part of the Standard Bank Group, made available an unsecured US$85 million loan facility to TEAL, replacing its previous US$50 million loan. The facility is available from July 18, 2008 to August 31, 2009 and as at September 30, 2008 was fully drawn. The loan is guaranteed by ARM.

Trading Range and Volume of Shares

The Common Shares are listed on the TSX and trade under the symbol "TL". The following table sets forth, for the periods indicated, the reported high and low closing prices and the aggregate volume of the Common Shares traded:

Period	TSX Closing Prices		Volume
	High	Low	
2007			
January	$4.25	$3.95	60,869
February	$4.25	$3.75	1,043,334
March	$4.00	$3.75	470,380
April	$3.90	$3.60	1,028,167
May	$4.64	$3.70	2,405,159
June	$5.20	$4.45	1,093,727
July	$6.00	$5.05	1,464,430
August	$5.90	$4.98	960,567
September	$5.45	$5.00	864,691
October	$5.25	$4.50	807,008
November	$5.27	$4.95	679,135
December	$5.02	$5.00	367,600
2008			
January	$5.00	$4.59	249,162
February	$4.75	$4.50	31,953
March	$4.45	$3.65	495,228
April	$4.00	$3.81	23,381
May	$3.75	$3.35	166,008
June	$4.20	$3.85	54,505
July	$4.00	$3.10	253,825
August	$4.00	$3.45	510,864
September	$3.30	$2.00	127,110
October	$2.30	$0.22	1,085,197
November	$0.70	$0.28	492,406
December 1-12	$0.60	$0.26	496,140

Source: Bloomberg Financial Markets.

On December 12, 2008, the trading day immediately prior to the Offeror's announcement of the Proposed Transaction, the closing price of the Common Shares on the TSX was $0.60.

Valuation

General Approach to Value Analysis

CIBC World Markets approached the Valuation in accordance with MI 61-101, which, in the case of the Proposed Transaction, requires the valuator to make a determination as to the fair market value of the Common Shares. MI 61-101 defines "fair market value" as the monetary consideration that, in an open and unrestricted market, a prudent informed buyer would pay a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act. As required by MI 61-101, CIBC World Markets has made no downward adjustment to the fair market value of the Common Shares, to reflect the liquidity of the Common Shares, or the fact that the Common Shares held by individual minority holders do not form part of a controlling interest.

Consequently, the Valuation provides a conclusion on a per Common Share basis with respect to TEAL's "en bloc" value or the price at which all of the Common Shares could be sold to one or more buyers at the same time.

Valuation Methodologies

CIBC World Markets employed four principal methodologies in our approach to the Valuation:

i) net asset value ("NAV");

ii) comparable companies analysis;

iii) precedent transactions analysis; and

iv) retained exploration expenditures.

In addition, CIBC World Markets reviewed historical trading data and considered research analyst views for TEAL.

NAV

The NAV approach separately considers each mining, exploration and financial asset, whose individual values are estimated through the application of the methodology viewed as most appropriate in the circumstances, net of obligations and liabilities, including reclamation and closure costs, and the present value of corporate general and administrative costs that are not directly attributable to the individual projects. To value TEAL's key mining assets, CIBC World Markets relied primarily on a discounted cash-flow ("DCF") analysis whereby it discounted the unlevered, after-tax, constant-dollar free cash flows of each asset, over the life of the asset at a prescribed discount rate to generate present values. Based on a number of assumptions, each asset's real (or inflation-adjusted) discount rate was estimated and used to calculate the present value of the cash flows. All forecasts of free cash flow were based on Company operating estimates, using consensus research analyst copper price forecasts, and CIBC World Markets' assessment thereof in the exercise of its professional judgement. To value TEAL's other mining and exploration assets where the DCF approach was not appropriate, CIBC World Markets relied on the comparable companies or retained exploration expenditures approach as described below.

Under the NAV approach, the value of each asset is summed to produce a total asset value, from which is added or subtracted, the Company's financial assets and liabilities as well as an estimate of the present value of corporate general and administrative costs that were not directly assignable to the operating and development assets.

The NAV method considers a variety of valuation techniques in the context of individual assets, is less biased with respect to a transaction's timing within a commodity pricing cycle due to its reliance principally on long term metal price forecasts, and explicitly addresses the unique characteristics of TEAL's African-based mines from a long-term operating and exploration perspective.

Comparable Companies Analysis

In the comparable companies approach, various financial metrics at which similar, publicly listed, copper mining and development companies trade are reviewed and used to estimate appropriate multiples of similar metrics for the Company. Asset location, stage of project development and size are key considerations for gauging comparability. The following financial metrics which are discussed later in this report were used to ascribe values to TEAL's Common Shares: enterprise value ("EV") per pound of measured and indicated copper resource ("EV/M&I"), EV per pound of measured, indicated and inferred copper resource ("EV/MI&I"), collectively, EV to contained copper ("EV/Contained Copper"), and price to NAV ("P/NAV"). EV is defined as the market value of common equity and preferred shares plus the book value of long-term debt and minority interest minus the book value of working capital.

A similar methodology to EV/Contained Copper was also used to ascribe value to Otjikoto. EV per ounce of measured and indicated gold resource and EV per ounce of measured, indicated and inferred gold resource, collectively EV to contained gold ("EV/Contained Gold"), was calculated for a set of comparable junior gold companies with assets located in Africa. The resulting values for EV/Contained Copper and EV/Contained Gold were then summed resulting in an aggregate EV to contained metal ("EV/Contained Metal") that ascribes value to TEAL's copper and gold assets.

CIBC World Markets considered the multiples of EV/Contained Metal and P/NAV to be the most relevant metrics for a development stage mining company with negligible cash flow or earnings.

The results of the comparable companies analysis were then adjusted to include a control premium based on comparable change-of-control transactions, to compute an "en bloc" value for the Common Shares.

Precedent Transactions Analysis

The precedent transactions approach considers transaction prices in the context of the purchase or sale of a comparable company or asset. The prices paid for similar copper mining and development companies and assets and their implied multiples provide a general measure of relative value. Factors such as asset size, location and grade, as well as the spot price of copper at the time of the transaction are also considered. CIBC World Markets considered the multiples of EV/Contained Copper and P/NAV to be the most relevant metrics for a development stage mining company with negligible cash flow or earnings. CIBC World Markets focused on transactions that were completed at times when the copper price was near current levels.

Given the lack of sufficiently comparable precedent gold transaction data, coupled with the Company's previous unsuccessful auction process for Otjikoto, and the materiality of the asset, relative to the Company's copper assets, CIBC World Markets converted Otjikoto's gold resources to copper equivalent prior to applying precedent transaction metrics for copper transactions to TEAL's assets. Otjikoto gold resources were converted to copper equivalency based on analyst consensus long term copper price of US$1.76 per pound and gold price of US$769 per ounce.

Retained Exploration Expenditures

The retained exploration expenditures approach assumes a value for an exploration property based on meaningful past exploration expenditures plus warranted future costs. Budgets for future expenditures were not generally available, therefore CIBC World Markets focused primarily on past expenditures and on a recent TEAL property transaction which included upfront and future committed exploration expenditures from a third party.

NAV Analysis

To value TEAL's key mining assets and development projects, CIBC World Markets relied on TEAL's internal unaudited financial models adjusted to reflect management's views on the prospects for certain of the Company's key mining assets and their assessment of the Company's ability to further optimize them. This base case model (the "Base Case"), included the following commodity price and exchange rate assumptions.

Commodity Price and Exchange Rate Assumptions

Forecast commodity prices are a critical determinant of the outcome of the NAV approach. Commodity prices are difficult to predict and different views can have a material impact on resulting DCF values. CIBC World Markets relied on current consensus research analyst commodity price forecasts to arrive at the assumptions below. CIBC World Markets applied these commodity price assumptions uniformly to each of the financial models. Sensitivity analysis was performed to consider the impact of changes to commodity price assumptions on the estimate of TEAL's NAV per share.

	2009	2010	2011	2012	After 2012
Commodity Prices					
Copper (US$/lb)	2.02	2.23	2.35	2.15	1.76
Cobalt (US$/lb)	20.64	16.21	14.92	13.13	12.36
Gold (US$/oz)	887	904	890	856	769
Sulphuric Acid (US$/t)	200	200	200	200	200
C$/US$(1)	1.247	1.247	1.247	1.247	1.247

Notes:

(1) 30-day average as at December 12, 2008. (Source: Reuters). The C$/US$ exchange rate has no material impact on the Valuation except for computing share prices in C$ at the Valuation date.

Key Mining Assets — Operating Assumption Adjustments

The operating assumptions provided by TEAL management on each asset were based on feasibility, scoping or desktop studies previously completed. Since the studies were completed additional technical and/or financial information was provided. CIBC World Markets made the following adjustments to the operating assumptions in the Company's internal unaudited financial models to incorporate this new information:

1. Modelled resources at Kalumines and, consequently, the life-of-mine, were increased to account for the significant amount of resource definition and infill drilling which has been carried out over the past 18 months since the last resource estimate. The main ore body at Lupoto remains open at depth.

2. At Konkola North (South and East Limbs only) the study completed by TEAL in November 2008 envisaged a 2.0 million tonnes per annum operation. However, subsequent optimization work has been completed and this has resulted in revisions to capital and operating cost estimates. These design changes have increased the annual ore tonnage to 2.5 million tonnes per annum, principally by upgrading the shaft hoisting capacity. Capex forecasts have been moderately reduced from US$250 million to US$240 million due to, among other things, lower steel and diesel prices. Operating costs have also been reduced to reflect a higher throughput with a similar fixed cost base. At Area 'A', CIBC Worlds Markets considered the desktop study completed in December 2008 by management to reflect management's current view of the estimated economics of the project.

3. Further drilling at Otjikoto has identified higher grade shoots, which has increased the overall resource grade. Feed to the plant has been upgraded by means of selective mining and stockpiling (as at AngloGold Ashanti's Namibian operation at Navachab). A modified metallurgical process has been proposed, which assumes the introduction of an acid plant to capitalize on the significant sulphur content of the resource to produce sulphuric acid, for which there is a domestic market.

Financial forecasts for TEAL's key mining assets for the years 2009-2019 are aggregated for selected key line items in the Base Case. Assuming capital expenditures of approximately US$1.5 billion, free cash flow is expected to be negative over the next 5 years:

	Year Ending June 30, (US$MM)										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue	0	27	63	446	485	708	913	1,012	1,037	1,051	1,078
Operating Expenditure	0	21	45	233	282	420	525	567	576	599	605
Capital Expenditure	46	308	399	509	277	11	21	26	9	10	17
Free Cash Flow	(47)	(309)	(394)	(308)	(76)	276	348	380	323	317	325

Notes: Above figures represent 100% ownership of each asset.

Discount Rates

Discount rates used in the DCF analysis were selected on an asset by asset basis to reflect differing stages of project development and variations in the associated geopolitical risk profile. Based on CIBC World Markets' experience and professional judgment and with reference to research analyst reports, emerging market US$ denominated bond spreads and Euromoney risk scores, the following methodology was employed:

- A base discount rate of 8% for a producing base metals (copper) operation in more politically stable regions and a base discount rate of 5% for a producing gold operation in more politically stable regions.
- Plus a margin for degree of project uncertainty. Bankable feasibility study (or imminent production), which would have the most certainty with respect to capital and operating costs, incurs +1%, pre-feasibility stage projects +2%, scoping study stage +4% and desk top study, which would have the least certainty with respect to capital and operating costs, +6% to the base discount rate.
- Plus a political/social risk margin based on, *inter alia,* an analysis of emerging market US$ denominated bond spreads and Euromoney risk scores. This resulted in the following political/social risk margins for the countries in which TEAL operates:

Country	Political/Social Risk Margin
Namibia	+1.0%
Zambia	+2.5%
DRC	+5.0%

Based on the foregoing, the following real discount rates were used in the Base Case DCF analysis:

Project	Base Discount Rate	Project Uncertainty Margin	Political/Social Risk Margin	Combined Discount Rate
Kalumines	8.0%	1.0%	5.0%	**14.0%**
Konkola North — South & East Limbs	8.0%	2.0%	2.5%	**12.5%**
Konkola North — Area ‘A’	8.0%	6.0%	2.5%	**16.5%**
Otjikoto	5.0%	4.0%	1.0%	**10.0%**

Empirical Discount Rates

To confirm the validity of the discount rates used to value each asset, CIBC World Markets estimated a real (or inflation-adjusted) weighted average cost of capital (“WACC”) for the Company based on a review of 9 comparable African focused emerging copper companies and certain other public financial data listed below. This is equivalent to a blended discount rate for all of the assets that, when applied to discount TEAL’s projected unlevered, after-tax and constant-dollar cash flows, would yield similar results to valuing each asset separately. CIBC World Markets assumed 80% equity, 20% debt as being the optimal capital structure for a junior copper development company.

The assumptions used by CIBC World Markets in estimating the WACC for TEAL are outlined in the table below:

	Low	High
Cost of Debt		
Pre-tax cost of debt (real)	6.2%	7.7%
Tax rate(1)	36.1%	36.1%
After-tax cost of debt	3.9%	4.9%
Cost of Equity		
Risk-free rate(2) (real)	1.4%	1.4%
Equity market risk premium(3)	7.1%	7.1%
Re-levered beta(4)	1.15	1.61
Size premium(5)	3.7%	3.7%
Cost of equity	13.3%	16.5%
WACC (real)		
Optimal capital structure (% debt)	20.0%	20.0%
Optimal capital structure (% equity)	80.0%	80.0%
WACC	**11.4%**	**14.2%**

Notes: Numbers may not be additive due to rounding.

(1) Statutory tax rate as per 2007 TEAL annual report.

(2) Based on current average yield of Government of Canada 30-year bond, adjusted for the average of International Monetary Fund’s estimate of Canada’s consumer price index.

(3) Source: Morningstar, U.S. Risk Premia Over Time Report (2008).

(4) Derived based on the adjusted average beta, both historical and predicted, of the following African focused emerging copper companies: African Copper, Africo Resources, Anvil Mining, CAMEC, Copper Resources Corp., Equinox Minerals, Metorex, Katanga Mining and Weatherly International. Source: Bloomberg Financial Markets and Barra Inc.

(5) Based on the size premium applicable to TEAL. Source: Morningstar, U.S. Risk Premia Over Time Report (2008).

DCF Summary

Low and high case scenarios were generated by applying a +/- 0.5% sensitivity to the discount rate used for each asset.

The results of the DCF analysis are as follows:

Key Mining Assets	Value Range	
	Low	High
	(US$MM)	
Kalumines	5.0	10.0
Konkola North — South & East Limbs	19.6	38.7
Konkola North — Area 'A'	118.7	155.2
Otjikoto	31.2	38.8
Total Key Mining Assets	**174.5**	**242.7**

Note: The DCF values calculated for Kalumines were negative however, given the scale of the project and the option value associated with the opportunity to develop the project, CIBC World Markets considered other approaches to value. To ascribe a value to Kalumines CIBC World Markets used a modified retained exploration expenditures method resulting in a valuation range of US$5.0 to US$10 million. Kalumines ore stockpiles were evaluated separately from current operations.

Other Mining & Exploration Assets

Kalumines Stockpiles (60% TEAL, 40% Gécamines)

The inventory of copper contained in stockpiles at Kalumines as at October 31, 2008 is as follows:

Category	Ore	Grade	Copper
	(t)	(%)	(Mlbs)
Blocks	22	17.8	0.01
Fines	30,061	10.0	6.63
High Grade	581,589	6.2	79.50
Low Grade	410,709	3.0	27.16
Total	1,022,381	5.0	113.29

Source: Company information.

A value for the contained metal within the stockpiles was derived by taking an average of the values derived by applying LME spot copper price of US$1.38 per pound and analyst consensus long term copper price of US$1.76 per pound to the amount of material present and assuming recovery of 50% of contained metal. Further, and based on previous sales of TEAL's stockpiled ore, the assumption was made that 40% of the value derived was received from purchasers. The multiple of EV/Contained Copper obtained from the comparable companies analysis was also applied to the stockpile metrics. The average of these two methods was used to derive our valuation for the Kalumines Stockpiles.

Mwambashi (100% TEAL)

The Mwambashi Copper Project ("Mwambashi") is situated within a large scale mining license located in the Copperbelt Province of Zambia, between the towns of Kitwe and Chingola. The total area under license is 330 km^2. TEAL commenced drilling the project in 1995 and exploration continued through various phases until 2007. Technical studies for a feasibility study on Mwambashi were largely completed in August 2006. The feasibility study proposed a small open pit operation, processing 0.6 million tonnes per annum of oxide ore through conventional flotation metallurgical processing over a 6 year mine life. The project requires additional resources to improve economic viability and TEAL has undertaken further drilling toward achieving this goal. Management has assessed various alternatives for Mwambashi, including a combined open pit and underground operation with a combination of processing facilities to treat additional sulphide ores. Further development of Mwambashi has been delayed, subject to an off-take arrangement for the treatment of the Mwambashi copper ore. Although the process to conclude an off-take agreement has advanced over the last year, management has not secured suitable terms to the benefit of the Company. CIBC World Markets, using financial models provided by Company management and a discount rate of 11.5% as determined by the methodology described above, deemed the asset to have a negligible value.

Exploration Assets

Due to the lack of development on TEAL's exploration projects, CIBC World Markets valued these projects based generally on a modified retained exploration expenditures method. Other than for the Company's key mining assets, historical and future budgeted expenditures for the exploration properties were not available. A value range of US$5-10 million was determined based on the general exploration expenditures on the properties to date and with reference to the joint venture with Antofagasta PLC ("Antofagasta") in April 2008, which concerned two of TEAL's largest Zambian exploration licenses. These two exploration licenses cover an area of approximately 2,067 km^2 and are strategically positioned adjacent to large operating mines on the Zambian Copperbelt as well as TEAL's Konkola North and Mwambashi mining licenses. Under the terms of the joint venture agreement, Antofagasta paid US$5 million for a 30% interest in the properties, and agreed to an expenditure of US$4.5 million of which US$2 million is committed. Following the expenditure of US$4.5 million, Antofagasta would earn an additional 20% interest in the two properties.

TEAL's other mining and exploration assets were valued as follows:

	Value Range	
	Low	High
	(US$MM)	
Other Mining & Exploration Assets		
Kalumines Stockpiles	22.9	22.9
Mwambashi	0.0	0.0
Exploration Assets	5.0	10.0
Total Other Assets	27.9	32.9

Financial Assets and Liabilities

CIBC World Markets calculated the present value of the financial liability associated with TEAL's forecast corporate overhead costs discounted at the average of the WACC for TEAL discussed earlier. The remainder of the financial assets and liabilities presented below were valued at their book values.

	Value Range	
	Low	High
	(US$MM)	
Financial Assets		
Cash and Working Capital	8.6	8.6
Total Financial Assets	8.6	8.6
Financial Liabilities		
Corporate General and Administrative Costs	(31.7)	(31.7)
Total Debt	(88.1)	(88.1)
Total Financial Liabilities	(119.8)	(119.8)

Results of the NAV approach

The following table summarizes the foregoing NAV analysis:

	Value Range	
	Low	High
	(US$MM)	
Key Mining Assets	174.5	242.7
Other Mining & Exploration Assets	27.9	32.9
Financial Assets	8.6	8.6
Financial Liabilities	(119.8)	(119.8)
Net Asset Value	**91.3**	**164.5**
Net Asset Value per Share	**C$ 1.92**	**C$ 3.47**

NAV Sensitivity Analysis

CIBC World Markets considered the sensitivity of the NAV analysis to certain key inputs. Changes in commodity price forecasts and discount rates were found to have the largest impact on the NAV. A 5% increase in forecast commodity prices resulted in an increase in value of $2.14 per share, while a 5% reduction in forecast commodity prices resulted in a reduction in value of $2.06 per share. An increase of 0.5% in the discount rate used on each asset resulted in a reduction in value of $0.75 per share, while a decrease in the discount rate used on each asset resulted in an increase in value of $0.80 per share. The commodity price and discount rate assumptions reflect CIBC World Markets' best estimates as at the date of this letter.

Comparable Companies Analysis

CIBC World Markets selected 9 African focused emerging copper mining and development companies considered comparable to TEAL based on commodity, location and production status. Only companies with copper assets in the Copperbelt were included to normalize for any discount or premium a company that operates in Zambia or the DRC may receive in the market.

Company Name	Market Cap.	EV	Attributable Resources		EV to		P/NAV
			M&I	MI&I	M&I	MI&I	
Prices as at December 12, 2008	US$MM	US$MM	Mlbs	Mlbs	US$/lb	US$/lb	(x)
African Copper (UK)	**4**	**10**	**1,568**	**2,299**	**0.006**	**0.004**	**0.09x**
Africo Resources (Canada)	**56**	**(24)**	**1,347**	**3,012**	**nm**	**nm**	**0.62x**
Anvil Mining (Canada)	55	(61)	3,985	5,343	nm	nm	0.11x
CAMEC (UK)	121	25	0	5,902	0.000	0.004	0.02x
Copper Resources Corp (UK)	**19**	**27**	**1,445**	**5,959**	**0.019**	**0.005**	**n/a**
Equinox Minerals (Canada)	602	1,075	7,406	13,439	0.145	0.080	0.28x
Metorex (South Africa)	105	389	6,623	7,628	0.059	0.051	0.06x
Katanga Mining (Canada)	75	170	33,591	45,086	0.005	0.004	0.07x
Weatherly International (UK)	**12**	**19**	**1,399**	**1,663**	**0.014**	**0.012**	**0.03x**
Mean					**0.028**	**0.018**	**0.16x**
Selected Mean					**0.010**	**0.005**	

Note: Companies included in the selected mean are shown in bold.

Consistent with the development stage nature of TEAL's assets CIBC World Markets removed any company with a meaningful production forecast for 2008 or 2009 from our selected mean.

The mean EV/M&I for the selected comparable companies was calculated as US$0.010 per pound of contained copper. A range of +/− 10% around this average was applied to arrive at a valuation range of US$0.009 to US$0.011 per measured and indicated pound of TEAL's contained copper.

The mean EV/MI&I for the selected comparable companies was calculated as US$0.0051 per pound of contained copper. A range of +/− 10% around this average was applied to arrive at a valuation range of US$0.0046 to US$0.0057 per measured, indicated and inferred pound of TEAL's contained copper.

Similarly, TEAL's gold asset, Otjikoto, was valued using appropriate African focused junior gold company multiples based in Africa as listed below.

Company Name	Market Cap.	EV	Attributable Resources M&I	Attributable Resources MI&I	EV to M&I	EV to MI&I
Prices as at December 12, 2008	US$MM	US$MM	koz	koz	US$/oz	US$/oz
Junior African Gold Developers						
Adamus Resources	20	19	1,158	1,463	16.13	12.65
Axmin	10	10	2,090	3,850	4.74	2.55
Banro Corp	52	52	4,811	11,787	10.94	4.45
Cassidy Gold	3	3	337	701	8.17	3.87
Central African Gold	3	26	3,527	7,104	6.14	3.55
Cluff Gold	44	30	764	2,218	29.47	13.50
Great Basin Gold	215	215	12,216	15,218	17.64	14.08
Mano River	10	10	729	1,773	8.19	5.75
Nevsun	77	36	3,427	5,069	8.39	7.05
Perseus Mining	35	31	514	3,321	60.24	9.26
Riverstone Resources	3	2	252	495	9.44	4.76
Robex Resources	2	2	0	760	n/a	2.67
Wega Mining	72	134	1,942	3,905	45.44	34.29
Mean					**18.75**	**9.11**

The mean EV/M&I for the comparable companies was calculated as US$18.75 per ounce of contained gold. A range of +/− 10% around this average was applied to arrive at a valuation range of US$16.87 to US$20.62 per measured and indicated ounce of TEAL's contained gold.

The mean EV/MI&I for the comparable companies was calculated as US$9.11 per ounce of contained gold. A range of +/− 10% around this average was applied to arrive at a valuation range of US$8.20 to US$10.02 per measured, indicated and inferred ounce of TEAL's contained gold.

EV/Contained Metal	Metric	Multiple Low (US$)	Multiple High (US$)	Value Range Low (US$MM)	Value Range High (US$MM)
EV/Contained Copper					
EV/M&I Copper lb	3,383	0.0088	0.0107	29.7	36.3
EV/MI&I Copper lb	13,857	0.0046	0.0057	64.1	78.3
EV/Contained Gold					
EV/M&I Gold oz	913	16.8706	20.6196	15.4	18.8
EV/MI&I Gold oz	766	8.1963	10.0177	6.3	7.7
EV				**115.4**	**141.1**
Less: Net Debt				(79.5)	(79.5)
Equity Value				35.9	61.6
Equity Value per Share				**C$ 0.76**	**C$ 1.30**

Note: numbers may not sum due to rounding.

The mean P/NAV multiple for the comparable companies was calculated as 0.16x NAV. A valuation range of 0.10x to 0.20x was applied to TEAL's NAV

P/NAV	Metric NAVPS	Multiple Low	Multiple High	Value Range Low	Value Range High
P/NAV	$2.70	0.10x	0.20x	$0.27	$0.54

To reflect the premium paid in a transaction for a change-of-control, CIBC World Markets applied a premium to the values derived from selected market trading metrics. Historical transaction premia paid for change-of-control transactions across

cycles and sectors has averaged approximately 30%. Due to recent market volatility, in which many junior base metal development companies, including TEAL, lost in excess of 75% of their market capitalization, applying a 30% premium to TEAL's current share price could understate the implied values. To account for this unprecedented market volatility, CIBC World Markets focused on 6 recent mining change-of-control transactions. The average 1-day premium paid to sellers in these transactions was 93%, suggesting a disconnect between public markets trading values and intrinsic value. CIBC World Markets applied a range of control premia to implied trading values of 30% to 100% to account for more recent control premiums paid in the mining sector.

	Recent Mining Control Premiums	
Acquirer/Target	Date	1-Day Premium
IAMGold/Orezone	10-Dec-08	180%
Pallinghurst/Platmin	9-Dec-08	67%
Paladin/Fusion	2-Dec-08	59%
HudBay/Lundin	21-Nov-08	103%
SeverStal/High River	20-Nov-08	100%
George Forrest International/Forsys	14-Nov-08	51%
Average		**93%**

Results of the Comparable Companies Approach

	Equity Value per Share		Control Premium		Equity Value per Share with Control Premium	
Comparable Companies Analysis	Low	High	Low	High	Low	High
EV/Contained Metal	$0.76	$1.30	30%	100%	$0.99	$2.60
P/NAV	$0.27	$0.54	30%	100%	$0.35	$1.08

Precedent Transactions Analysis

The precedent transactions approach involves identifying comparable transactions and selecting appropriate value multiples, and applying these multiples to the appropriate TEAL financial metrics. Given the recent volatility in the price of copper, transactions completed when the price per pound of copper exceeded US$2.25 were excluded from this analysis. In identifying comparable transactions, CIBC World Markets selected assets that were undeveloped at the time of the transaction, with substantial copper deposits in the National Instrument 43-101 inferred category or higher.

CIBC World Markets examined a sample of 8 precedent transactions completed between December 2003 and March 2006, when the copper price was closer to the current price, as noted below:

Announce. Date	Acquirer/Target (Asset)	EV	P/NAV	Contained Copper	EV/ Contained Copper	Copper Price
		US$MM	(x)	Mlbs	US$/lb	US$/lb
Transactions at — US$2.25/lb Copper						
14-Mar-06	**Pan Pacific/Regalito (Regalito)**	**133**	**1.19x**	**7,137**	**0.019**	**$2.25**
19-Dec-05	**Rio Tinto/ProInversion (La Granja)**	**82**	**n/a**	**15,600**	**0.005**	**$2.08**
5-Oct-05	Quadra/Cambior (Carlota)	38	0.72x	1,293	0.029	$1.84
3-May-05	Inmet/MK Resources (Las Cruces 70%)	71	0.58x	1,631	0.043	$1.52
12-Jan-05	**Quadra/Inca Pacific (Magistral 65%)**	**9**	**0.22x**	**1,225**	**0.007**	**$1.44**
31-Aug-04	**Xstrata/ProInversion (Las Bambas)**	**121**	**n/a**	**3,043**	**0.040**	**$1.29**
17-May-04	**Chariot/Rio Tinto (Marcona)**	**34**	**0.64x**	**3,850**	**0.009**	**$1.23**
3-Dec-03	Quadra/BHP (Robinson)	32	0.26x	3,967	0.008	$0.97
Average			**0.60x**		**0.020**	
Adjusted Average					**0.012**	

Note: The Adjusted Average is weighted according to Contained Copper and only includes transactions shown in bold. Source: Public filings and equity research.

The average EV/Contained Copper acquired was adjusted for the early stage of TEAL's largest asset, Area 'A', and only precedent transactions where the asset's resources had not been advanced to NI 43-101 Reserves were used. The adjusted average was calculated to be US$0.012 per pound of contained copper. A range of +/− 10% around this average was applied to arrive at a valuation range of US$0.011 to US$0.013 per pound of contained copper resources of TEAL.

EV/Contained Copper	Metric	Multiple (US$) Low	Multiple (US$) High	Value Range (US$MM) Low	Value Range (US$MM) High
EV/Contained Copper	17,973	0.0110	0.0135	198.5	242.6
EV				**198.5**	**242.6**
Less: Net Debt				(79.5)	(79.5)
Equity Value				119.0	163.1
Equity Value per Share				**C$ 2.51**	**C$ 3.44**

Note: Contained Copper is shown as copper equivalent based on analyst consensus long term copper price of US$1.76/lb and gold price of US$769/oz.

The average P/NAV multiple for the selected transactions was calculated as 0.60x NAV. A range of +/− 10% around this average was applied to arrive at a valuation range of 0.54x to 0.66x NAV of TEAL.

P/NAV	Metric — NAVPS Low	Metric — NAVPS High	Multiple Low	Multiple High	Value Range per Share Low	Value Range per Share High
P/NAV	$1.92	$3.47	0.54x	0.66x	$1.04	$2.29

Results of the Precedent Transactions Approach

Precedent Transactions Analysis	Low	High
EV/Contained Copper	$2.51	$3.44
P/NAV	$1.04	$2.29

Distinctive Material Benefit to ARM

CIBC World Markets considered whether any distinctive material benefits would accrue to ARM as a consequence of the completion of the Proposed Transaction. It is anticipated that ARM will benefit from the elimination of some of the costs borne by the Company in connection with its status as a publicly traded entity. The potential pre-tax savings attributable to the elimination of these costs were estimated to be approximately $2.0 million per year, and the estimated costs of achieving these synergies are assumed to be immaterial.

For the purposes of the Valuation, CIBC World Markets assumed that an arm's length purchaser would be willing to pay for 50% of the value of the public company cost saving synergies in an open auction for the Company. 50% of the estimated public company cost savings is between $0.07 and $0.09 per share. CIBC World Markets reflected this portion of the projected savings in the valuation range.

Valuation Conclusion

In arriving at an opinion of the fair market value of the Common Shares, CIBC World Markets has not attributed any particular weight to any specific factor but has made qualitative judgements based on our experience in rendering such opinions and on circumstances then prevailing as to the significance and relevance of each factor. CIBC World Markets did, however, consider each valuation approach with specific focus on NAV, EV/Contained Copper and P/NAV metrics.

Overview of Value Analysis	Low	High
Net Asset Value Analysis		
NAV	**$1.92**	**$3.47**
Comparable Companies Analysis with Control Premium		
EV/Contained Metal	**$0.99**	**$2.60**
Precedent Transactions Analysis		
P/NAV	**$1.04**	**$2.29**
EV/Contained Copper	**$2.51**	**$3.44**
High and Low of Mid Range of Value Approaches	**$1.66**	**$2.97**
Add: Value of Public Company Savings	**$0.07**	**$0.09**
Fair Market Value of TEAL	**$1.73**	**$3.06**

Based upon and subject to the foregoing and such other factors as we considered relevant, CIBC World Markets is of the opinion that, as of December 15, 2008, the fair market value of the Common Shares is in the range of $1.73 to $3.06 per Common Share.

The Fairness Opinion

The conclusion in our Fairness Opinion is subject to all of the conditions, limitations, qualifications, disclaimers and assumptions reflected in and underlying the Valuation, as described above. The analysis, investigations, research, testing of assumptions and conclusions reflected in and underlying the Valuation are integral to the provision of our Fairness Opinion.

In addition, in preparing this Fairness Opinion, we have also assumed that the Proposed Transaction will be completed substantially in accordance with the terms of the draft Arrangement Agreement reviewed by us and all applicable laws, that the Circular will disclose all material facts relating to the Proposed Transaction and will satisfy all applicable legal requirements.

Fairness Considerations

In considering the fairness, from a financial point of view, of the Consideration offered to the Minority Shareholders pursuant to the Proposed Transaction, CIBC World Markets considered and relied upon the following factors among others:

1. the Consideration falls within the range of values derived from the Valuation of $1.73 to $3.06 per Common Share;
2. the Consideration represents (i) a premium of 400% over the TSX closing price per Common Share on December 12, 2008, the trading day immediately prior to the delivery of this letter, and (ii) a premium of 891% over the volume weighted average price for TEAL's Common Shares on the TSX for the 20 days prior to, and including, December 12, 2008; and
3. the Proposed Transaction is the end product of a formal sale process for TEAL, and ARM has agreed, as a part of the Proposed Transaction, to sell a material interest in the assets of the Company at a price equal the Consideration offered to Minority Shareholders.

Fairness Opinion Conclusion

Based upon and subject to the foregoing, CIBC World Markets is of the opinion that, as of the date hereof, the Consideration offered to the Minority Shareholders pursuant to the Proposed Transaction is fair, from a financial point of view, to the Minority Shareholders.

Yours very truly,

(signed) **CIBC WORLD MARKETS INC.**

Any questions and requests for assistance may be directed to
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