



22 March 2018

## Transnet Cements Manganese Contract with South32

**22 March 2018, Melrose Arch, JOHANNESBURG:** At a signing ceremony held today, Transnet and South32, a global resource company, signed a **seven and a half year** Manganese Export Capacity Allocation contract.

This contract will allow for the transportation of **2.6 million tonnes** of export manganese per annum and realise close to **R10.4 billion** in total value for Transnet. Furthermore, it will provide security for exported manganese volumes to Transnet and security of export rail and port logistics to customers.

Welcoming the signing of the agreement, Gert De Beer, Chief New Business Development Officer at Transnet, said: "We are pleased with reaching this key milestone with South32. The signing of such a contract speaks to Transnet's commitment to supporting the mining industry in South Africa. This contract will be followed by other important players in the manganese sector and will result in a secure and robust manganese export volumes for our European and Chinese markets."

Transnet together with key manganese producers have set aside 15% percent of the overall manganese export line capacity for the new entrants in the manganese export market.

De Beer added that: "The 15% capacity allocation was made available to encourage new and emerging entrants to take part in mining activities in the country."

Transnet plans to sign similar contracts with nine local manganese producers, including South32, which will see a total of 12.5 million tonnes of manganese per annum transported mainly from the Hotazel area in the Northern Cape through the Saldanha and Port Elizabeth ore railway lines.

Commenting on the significance of the contract, Lucas Msimanga, Vice President for South32 Manganese South Africa Operations said; "We are pleased to have reached an agreement with Transnet which supports the base production plans of our manganese ore business. This contract provides a stable base for the execution of export sales, with no significant exposure to the business during market down cycle. Furthermore, it demonstrates the strength of the relationship between South32 and Transnet as it underpins the value of both businesses."

The seven and a half-year contract will be back-dated from September 2015 until March 2023. The contract term is aligned with Transnet's Manganese Expansion plans to create capacity ahead of demand in freight, ports, terminals and rail systems in the country.

Transnet's manganese expansion programme will increase the commodity's export capacity through the update of the rail network between the Hotazel area and Coega in the Eastern Cape and the provision of the new bulk terminal at the Port of Ngqura.

South Africa accounts for close to 75% of global manganese reserves. The project aims to retain the country's position as the leading exporter of high-grade manganese ore.

ENDS

**Issued on behalf of Transnet SOC Ltd**

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**About Transnet**

Transnet is wholly owned by the Government of the Republic of South Africa. The company is uniquely positioned to provide integrated, seamless transport solutions for its customers in the bulk and manufacturing sectors. This is part of its drive to improve the efficiency and competitiveness of the South African economy.

Transnet has five operating divisions:

**Transnet Freight Rail** transports bulk and containerised freight along 20 500 kilometres of which 1 500 kilometres comprises rail networks heavy haul lines for export coal and export iron ore.

**Transnet Engineering** manufactures and maintains rolling stock. It consists of eight product-focused business units which provide services ranging from rolling stock refurbishment, conversion and upgrades, to the manufacturing of locomotives, coaches and wagons.

**Transnet National Ports Authority** is responsible for the safe, efficient and effective functioning of the national ports system, which it manages in a landlord capacity. The

National Ports Authority is also a provider of port infrastructure and marine services at all commercial ports in South Africa.

**Transnet Port Terminals** owns and operates 16 cargo terminal operations situated at seven South African ports. It provides cargo-handling services for the container, bulk, automotive and break-bulk sectors.

**Transnet Pipelines** transports a range of petroleum products and gas through 3 000 kilometres of underground pipelines, which traverse five provinces, thereby ensuring the security of supply of petroleum products to the inland market, especially Gauteng. Transnet Pipelines is gearing itself for full commissioning of the new Multi-Product Pipeline.

***Specialist units:***

**Transnet Capital Projects** manages our largest capital projects;

**Transnet Foundation** is responsible for executing our Corporate Social Investment initiatives.

**Transnet Property** manages our property portfolio.