Transnet seals over R8 billion manganese contract with United Manganese of Kalahari

[Johannesburg; 19 June 2019] Transnet SOC Limited has signed yet another Manganese Export Capacity Allocation (MECA 2) contract with United Manganese of Kalahari (UMK), the 4th largest manganese producer in South Africa.

The seven-and-a-half-year contract is worth over R8 billion and will allow UMK an allocation of both rail and port capacity through the different manganese export channels in South Africa.

The allocation agreement is inclusive of the transportation, storage, and loading on-board a vessel of the UMK production destined for the export market.

To date, Transnet has concluded nine out of ten MECA2 contracts with local manganese producers, an indication that the logistic company is serious about the integration of its operations to suit the customers’ needs.

The nine manganese producers that have already signed the MECA2 contracts, include four emerging miners who continue to benefit and grow from the integration and seamless of the value-chain processes for this commodity.

The manganese from UMK will come mainly from the Kalahari Manganese fields in the Northern Cape through to the Port of Saldanha on the iron ore railway line, Port of Port Elizabeth, and the Port of Richards Bay. UMK is amongst manganese players who have been instrumental in piloting new export channels that Transnet has successfully operationalised, thus contributing to the export manganese success story.

Since the inception of the MECA2 programme in 2015, Transnet has witnessed an increase of manganese export volumes from 5 million tons per annum to the current 15.1 million tons per annum.

Welcoming the signing of the agreement, Mike Fanucchi, Chief Customer Officer at Transnet, said: “The signing of such a contract speaks to Transnet’s commitment to supporting the mining industry in South Africa. When we commenced with the MECA process, and the integration of our service offering, we only had two manganese companies playing in the export manganese
markets. We are excited to see this number increasing and we are close to signing the 10th producer.”

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.

Fanucchi added that: “The 15% capacity allocation was made available to encourage new and emerging entrants to take part in mining activities in the country. This will provide a seamless transportation of manganese for new miners.”

Commenting on the significance of the contract, Victor Radko, Chief Executive Officer for UMK said; “We are pleased to have reached an agreement with Transnet which underpins the growth plans of the UMK manganese business. This contract provides a stable base of exports from which UMK is able to further grow.”

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. 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

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About Transnet

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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, break-bulk and containerised freight along 30 400 kilometres of rail track.

**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 3 800 kilometres of underground pipelines, which traverse five provinces, thereby ensuring the security of supply of petroleum products to the inland market, especially Gauteng.

**Specialist units:**
**Transnet Group Capital** manages the Company’s largest capital projects.  
**Transnet Property** manages the Company’s property portfolio.

About UMK

Established in 2005, UMK is a 51% black owned company and, is the 4th largest manganese producer in South Africa.

After numerous years of groundwork and extensive exploration of the eight farms for which prospecting rights were granted, 361 boreholes were drilled, the results of which were astounding, with the most significant manganese deposits being found on Botha, Smartt and Rissik Farms.

In 2018 the mineral resources were estimated at more than 500Mt with 280Mt in Measured and Indicated categories. Mineral Reserves for Open Pit Mining are estimated at 112 Mt that provides a Life of Open Pit Mine of more than 30 years. Additionally, resources, potentially minable underground can reach 150 Mt. The underground reserves will be confirmed after completion of infill drilling and a pre-feasibility study, currently in progress.