



Manganese Metal Co

NERSA Presentation MYPD 4

January 2019

Creating strength.

- Introduction to Manganese Metal Co.
 - 10 Key Facts About MMC
 - Beneficiation Impact in South Africa
- 3 main issues
 - 3 Year pricing without a strategy
 - Short Term Framework
 - Cross subsidies
- Proposal
- Final take away

10 Key Facts About MMC

1 **28,000 tpa** nominal production, operating at full capacity

3 **Established 1974** 44 years' of industry experience

5 **100%** locally owned and operated.

7 **ISO certification** Quality Management 9001 and Environmental Protection 14001

9 **Beneficiation** of 80,000t of Manganese ore fines from Northern Cape

2 **World's largest producer** of 99.9%, selenium-free electrolytic manganese metal

4 **600 Employees** 400 permanent

6 **95%** of production is exported, direct relationships with all customers

8 **Exclusive producer** of electrolytic manganese metal in Southern Africa

10 **Consistent 40MW** offtake from Eskom with an exceptionally high load factor.

Manganese Beneficiation for South Africa



Beneficiation
By processing 80,000t of Mn Ore washer tailings to 28,000t of Manganese Metal creates an additional

R950M value for SA Inc



\$80m
Exporting 28,000t EIMn



\$10m
Exporting 80,000t Mn Washer Tailings

Creating strength.



Beneficiation Impact in South Africa – per Annum

600

200 Local businesses
R70m

Employees
R140m

*minimum wage R9,075pm

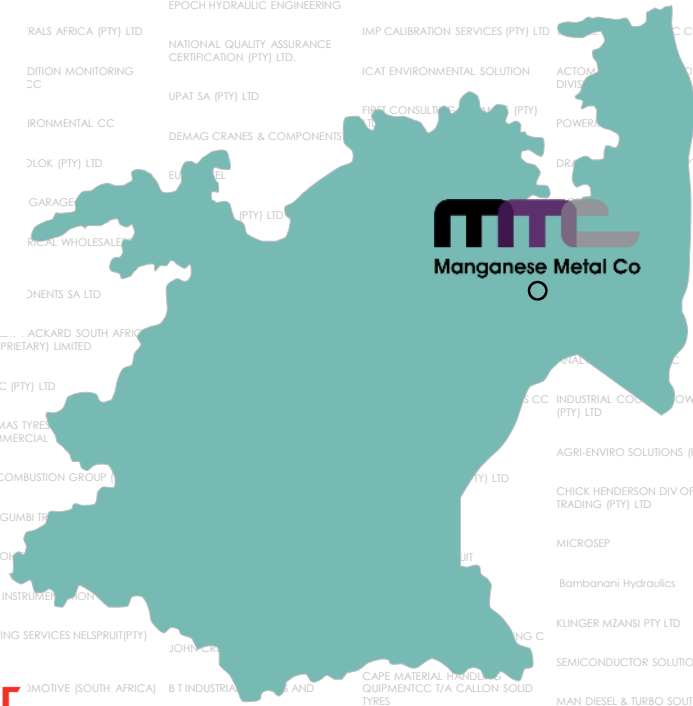


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 Eskom
R330m

 TRANSNET
R70m

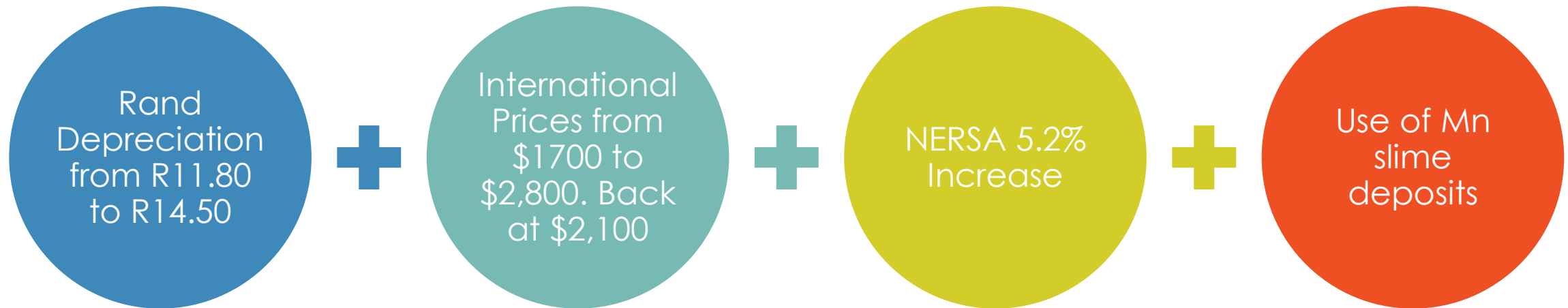
300 National businesses
R180m



 SARS
R44m

MANNIKIN GENERAL TRADING CC	J & M CONSTRUCTION CC	STEWARTS & LLOYDS NELSPRUIT (P	DANA TRAVEL AGENCY	BROCOM ELECTRICAL	LOWVELD COMPRESSOR SERVICES	PPE TECHNOLOGIES CC	WASA (PTY) LTD	BIATON PAVING	DU PAINT	SPECTRO ANALYTICAL INSTRUMENTS (PTY) LTD	JOHN MOFFAT PROLOCK (PTY) LTD	RIEBA CLOTHING
SIZANANE 7 CC	FIDELITY SECURITY SERVICES	SIZONKE TRADING (PTY) LTD	ENVIROENG (PTY) LTD	POWERFORCE HYDRAULICS LOWVELD	ACTOM ELECTRICAL MACHINES	REINOLD CROFTS SA (PTY) LTD	EAGLE BURGMANN SEALS S.A.	TRU-TRAC ROLLERS (PTY) LTD	LOADCELL SERVICES	GLT CHEMICALS (PTY) LTD	CONTACT (PTY) LTD	STGS.METLAB (PTY) LTD
DIRARO LOGISTICS	ROCKY'S ARMATURE WINDERS CC	FREUDENBERG FILTRATION	LOWVELD SCALE SERVICES	BLASTRIITE (PTY) LTD	REINFORCING STEEL CONTRACTORS	PARSLYS STUDIOS CC			LDS TRANSPORT	URAL CONTRACTORS	VITRAFLEX ASSOCIATES CC	FERROUS METAL WORKS (SA) (PTY) LTD
SASOL OIL (PTY) LTD			JMINIUM (PTY) LTD	EPOCH HYDRAULIC ENGINEERING	THE SURVEILLANCE FACTORY	EZEE-DEX			AP MANUFACTURING CC	GAS HANDLING SERVICES (PTY) LTD.	WITENS BREAKDOWN SERVICES	
SEMICONDUCTOR SOLUTIO			ALS AFRICA (PTY) LTD	NATIONAL QUALITY ASSURANCE CERTIFICATION (PTY) LTD.	IMP CALIBRATION SERVICES (PTY) LTD	CC			G & CONTROL SERVICES (PTY) LTD	ANCHOR STRAIGHT LTD	BERNBERGER TOOLS SA (PTY) LTD	
S & R PROJECTS			DITION MONITORING CC	UPAT SA (PTY) LTD	ICAT ENVIRONMENTAL SOLUTION	ACTOM DIVISION PRODUCTS LTD			RUDAN M NELSPRUIT (PTY) LTD	AFRICA (PTY) LTD	UM ENGINEERING SERVICES CC	
LOESCH SA			IRONMENTAL CC	DEMAG CRANES & COMPONENTS	FIRST CONSULTANTS (PTY)	POWER						MY OFFICE
GREEN DOT PARTNERSHIP			DLOK (PTY) LTD	ELITE (PTY) LTD		DRAMA (PTY) L						
ASM ANTON SMIT MAINT			GARAGE	RECAL WHOLESALE								
LECO AFRICA (PTY) LTD			ONENTS SA LTD									
TITAN PROJECTS CC			ACKARD SOUTH AFRICA (PROPRIETARY) LIMITED				MERCK MILLIPORE (PTY) LTD	GUIMA AST GROUP (PTY) LTD.		MERCURE I		
ELECTRO SYSTEMS ELECTF			CHEMICORP CC	HYTEC (PTY) LTD			MANDLAKAZI ELECTRICAL TECHNOLO	HEWLETT PACKARD SOUTH AFRICA (PROPRIETARY) LIMITED (INC)		SPERO SEN LTD		
ENGEN PETROLEUM LTD			THOMAS TYRE COMMERCIAL	THE COMBUSTION GROUP			PANALYTICAL (PTY) LTD	STONE STAMCOR (PTY) LTD		JONET ENX SERVICES		
ADA INDUSTRIAL SERVICES PTY LTD	FIRE CONTROL SECURITY SERVICES	COLLIERY TRAINING COLLEGE (PTY) LTD					INDUSTRIAL ANALYTICAL (PTY) LT			ILANES PR		
BIDVEST PRESTIGE CLEANING SERVICE (PTY) LTD	LOWVELD MOBILE CRANE HIRE AND						AGRI-ENVIRO SOLUTIONS (PTY			2010 HO LA		
OHS CARE CC	SEW EURODRIVE (PTY) LTD	MACROBERT ATTORNEYS					CHICK HENDERSON DIV OF IN-TRADING (PTY) LTD			HIDFOOD I		
DW RUBBERLINERS CC	IDEAL PATTERNMAKERS & TOOLING (PTY)LTD	DRAUGHTING AND DESIGNS					MICROSEP			ULTI (SOUT CUSTOMERS		
SIMUNYE BOILER REPAIRS	AQUAFARM & DESIGN CC	BRUTES AIR SOLUTIONS (PTY) LTD					Bambanani Hydraulics			PEOPLE RE		
KELSEY CONSTRUCTION CC	WARDS COMPRESSORS AND ENGINEERING SERVICES CC	BABATA PUMPS (PTY) LTD					KLINGER MZANSI PTY LTD			DCD ROLI DCD GRO		
HARVEY WORLD TRAVEL	BLUE CUBE SYSTEMS (PTY) LTD	STEEL TECHNOLOGIES					SEMICONDUCTOR SOLUTIONS			VERDER SC		
WILZA CRANE HIRE CC	SIVULAMATFUBA RUBBERLINING SERVICES (PTY) LTD						MAN DIESEL & TURBO SOUTH AFRICA (PTY) LTD	CHAPMAR INDUSTRIES CC		STAWIRE		
REFRACTORY & FIBRE INSTALLATIONS										CON INSTRUMENTATION CC	ELLIS - SINX	
RJK MACHINES SERVICES C.C.	ADROILITY									MI-WELD	HP SOUTH LIMITED	
BUCO NELSPRUIT	MINIAN STEEL CC									E WELDING ALLOYS (PTY) LTD	ENDRESS &	
MINERAL MINING TRAINING INSTITUTE (PTY) LTD	ACCTECH SYSTEMS (PTY) LTD									ANT (PTY) LTD	MOBILE HY	
HI-TEC GUARDS NELSPRUIT	BAMBANANI HYDRAULICS									DOTCOM	LEXISNEXUS	
D HENNING LOODGIETERS	KSB PUMPS SA (PTY) LTD									BATTERY PRO		
FREIGHTHAUL HOLDING (PTY) LTD	YANKA LABORATORIES											
GUNNING & SON C.C.	ECHO CRANES & STEEL CC											
AIREF SERVICES CC												
METALWORLD (PTY) LTD												

How did MMC survive 2018



Issue #1 : Increases without a strategy

- The Eskom strategy was due in 2018
- Apparently it will be issued before the budget speech in February 2019
- Presidential task team has been appointed

Comments

- Increases for 3 years should not be approved without an appropriate strategy.
- The 19.5% requested is for Eskom to continue with “business as usual”
- A Presidential task team is confirmation that government has limited faith in current Eskom Executive.
- RCA's does not work for business – we can't claw back from customers.
- Eskom should include claw back in price application so that the full impact can be shown.

Comments

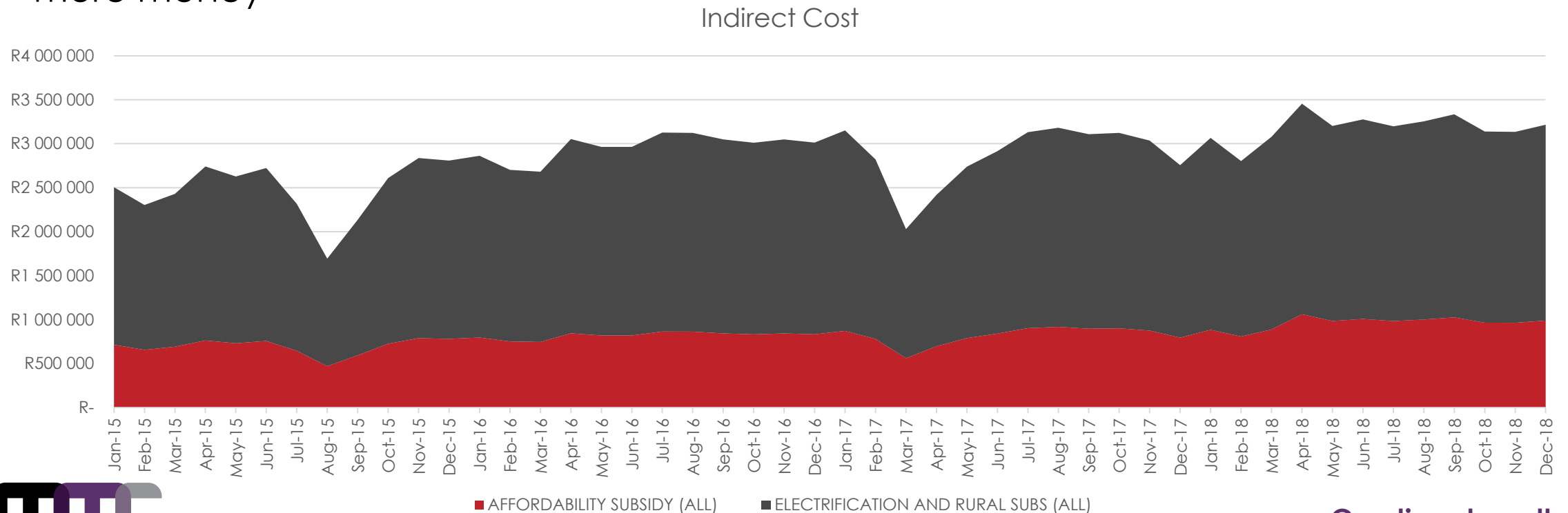
- Unclear if Eskom still support this
- The turn-around time and administration is frustrating
- Markets are dynamic – this process is not

Proposal

- Consider new pricing for all large intensive users based on Short Run Marginal Cost plus a margin

Issue #3 : Cross Subsidies

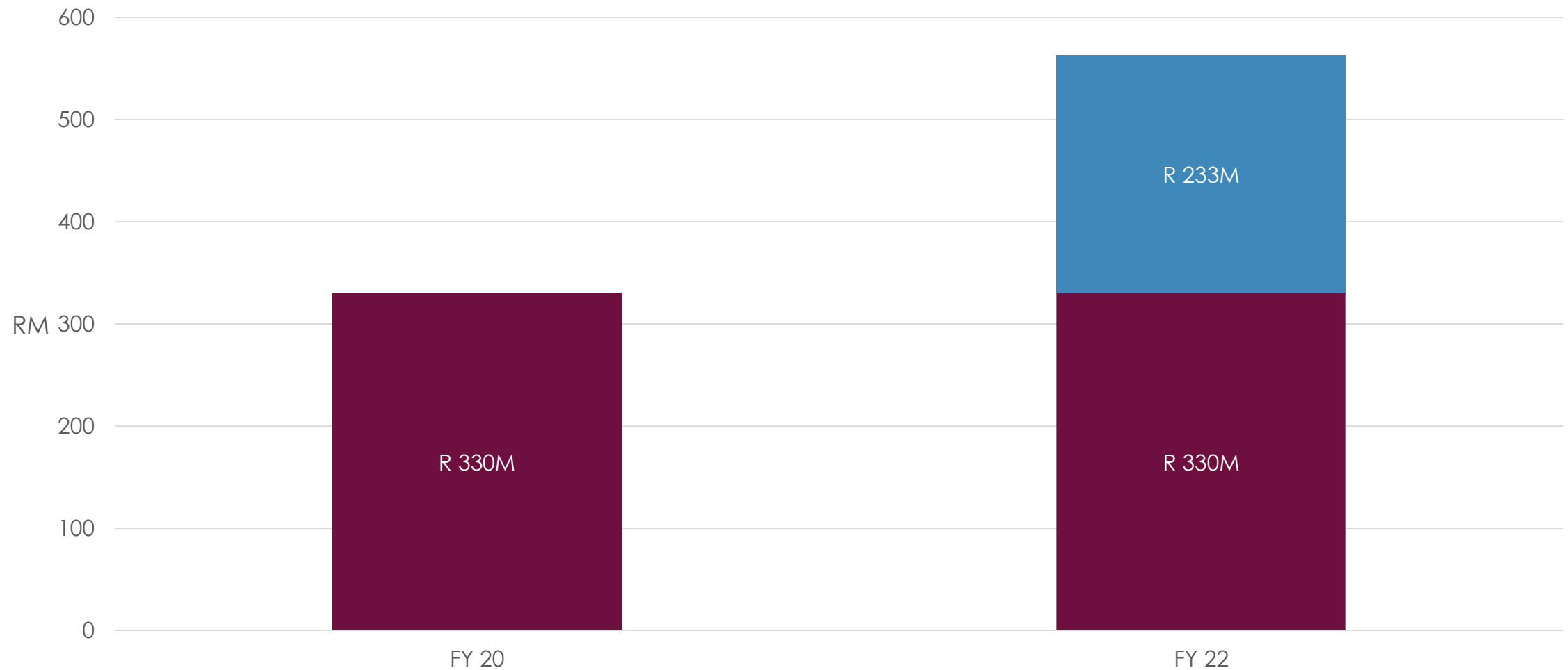
- Cross subsidies represents 14% of MMC's electricity costs
- Eskom receives no benefit for cross subsidies
- This is an additional tax
- National Treasury must take an holistic view on whether this is the best way obtain more money



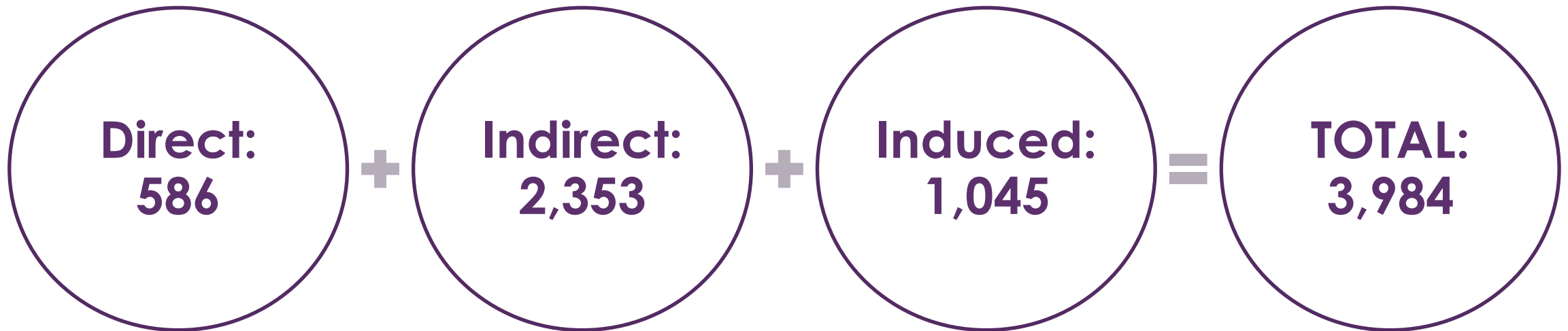
Proposal

- Large Industrial users should not be required to pay cross subsidies. National Treasury should look at the bigger picture
- Multi year increases without an appropriate strategy support “repeat of yesterday”.
- Only inflation increases to be approved with Eskom taking action to improve profitability

Actual Increase 70% after 3 years = R233M



Job losses if MMC closes



TAKEAWAY: Please help Eskom with their addiction to:



Massive increases

Surplus employees

Inefficiencies

Avoiding difficult decisions