



Tel: +27 (0)11 996 3500  
Fax: +27 (0)11 996 3525

Ports Regulator  
Durban

23 November 2012

Dear Sir

**OBJECTION TO TNPA'S PROPOSED 2013 / 14 CARGO DUES INCREASE FOR CHROME ORE**

Transnet National Port Authority's proposed 2013/14 cargo dues tariff increase of 13.2% refers.

Tharisa Minerals / Arxo Logistics is a new chrome ore producer that started exports earlier this year. The mine is located in the Marikana area, close to Rustenburg. Our main export market is China. We entered the international chrome market in a downward phase with market conditions as well as the chrome ore price being at an all time low. The low growth rate in China, uncertain market conditions in the Euro zone countries and the USA are having a direct impact on steel and stainless steel prices. (chrome ore is a raw material that is used in the ferro & steel industries)

We export chrome ore in bulk through the port of Richards Bay and in containers through the port of Durban. The energy cost to transport the chrome ore from the mine to the ports and the sea freight charges is a major percentage of our expenditure. The energy cost has escalated over the past 10 months due to the increase in oil & diesel prices. Earlier this year Transnet Freight Rail implemented a fuel levy on rail wagons that they supply to customers - another 'unplanned' expenditure that we as chrome producers had to absorb.

- Chrome ore for bulk exports is transported by road to Marikana siding located 8 km from the mine and it is railed from Marikana to the port of Richards Bay (estimate 650 km)
- The chrome ore for container packing is road hauled from Marikana to Johannesburg (140 km) where it is packed in containers and transported to the port of Durban. (estimate 600 km)

Since the commissioning of the mine we were also faced with several other challenges.

- A major power increase earlier this year. Eskom already approached Government for a 16.5% electricity increase in 2013.
- During the period September – November 2012 Tharisa Minerals was indirectly affected by the mining unrest in the Marikana / Rustenburg area. TFR's service delivery was interrupted on numerous occasions by protestors. (Tharisa Minerals is located next to Lonmin and about 20 km from the Amplats mine where operations came to a halt due to the unrest)

Due to the poor national and international market conditions a proposed tariff increase of 13.2% for chrome ore cargo dues is totally unacceptable. Being a new mine with very high input cost Tharisa

**ARXO LOGISTICS (PROPRIETY) LIMITED**

Reg. No. 2009/006720/07, VAT registration number 4510254297  
Directors: P Pouroulis, EC Groesbeek, MS. Farren, JA Clark, ML Taylor  
Streatham House, 1 Streatham Crescent, Bryanston, 2191  
Postnet Suite 389, Private Bag x75, Bryanston, 2021



Tel: +27 (0)11 996 3500  
Fax: +27 (0)11 996 3525

Minerals is very sensitive for any tariff increases. The average CPI and PPI over the past 12 months were 5.78% and 7.45% respectively. These figures should rather be used as a bench mark for TNPA's cargo dues increase.

It will be appreciated if the Ports Regulator could please take these factors into consideration and assist the chrome industry by reviewing the proposed tariff increase of 13.2%.

Thank you for the opportunity to address this matter and we look forward to your response.

Kind Regards

Elize Groesbeek  
Director  
Arxo Logistics (Pty) Ltd.