Tharisa driven to truck its chrome as rail fails

By Nelson Banya

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South Africa's rail freight problems mean Tharisa Plc has to truck 85% of its chrome export volumes to ports, the diversified miner's CEO Phoevos Pouroulis said on Friday, 19 May, adding he saw no prospect of a swift solution.

Source: Siphiwe Sibeko/Reuters

Transnet is failing to meet demand for freight rail services because of a shortage of locomotives and spare parts, as well as cable theft and vandalism of its infrastructure.

For bulk mineral exporters, such as Tharisa, which co-produces chrome and platinum group metals (PGMs) in South Africa's Bushveld Complex, the problems have a high cost.

Pouroulis told Reuters in an interview Tharisa is transporting nearly all of its chrome export volumes by road, a marked shift from the 80% it used to haul by rail because of its economies of scale and ease of loading and offloading.

He said the company had no choice but to adapt and competition was intense for the limited rail capacity available.

"We don't see a short-term solution on the horizon, but medium-term, there needs to be public-private collaboration and possibly privatisation for the networks to be upgraded and maintained," he said.

South Africa is the top supplier of chrome, used in producing stainless steel, to China, accounting for about 80% of the Asian giant's imports. Tharisa says it accounts for about 10% of China's chrome needs.

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Tharisa half-year performance

Tharisa in its half-year earnings report on Friday said it produced 788,000 tonnes of chrome concentrate in its half-year to 31 March, a rise of 1.4% over a year ago, helping to offset the impact of lower PGM prices and production on group revenue.

Its half-year headline earnings per share (HEPS) - the main profit measure used in South Africa - was \$0.176, up from \$0.155 during the same period last year.

The added costs of shipping by truck rather than rail drove Tharisa's on-land logistics costs up 8.9% in the first half.

Pouroulis said the first phase of Tharisa's 70%-owned Karo PGM project in Zimbabwe was on schedule to begin production in July 2024 at an initial 194,000 ounces per year.