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Sakura Ferroalloys' Power Purchase Agreement (PPA) Signing with Sarawak Energy

On 19 June 2013, ARM and ASSORE announced that their joint venture company, Assmang Limited (ASSMANG), had conditionally approved the establishment of a joint venture manganese alloy smelting facility, Sakura Ferroalloys, in the Samalaju Industrial Park, Bintulu, Sarawak, Malaysia, with Japan's Sumitomo Corporation and Taiwan's China Steel Corporation.

This smelting facility leverages on the long-term availability of reasonably priced hydro-electric power, with a guaranteed low escalation rate within Malaysia, and allows ASSMANG to continue to supply its existing alloy customers. ASSMANG will further sell manganese ore to Sakura Ferroalloys on commercial terms.

Sakura Ferroalloys, with ASSMANG as the majority shareholder, has signed a Power Purchase Agreement (PPA) with Sarawak Energy for the supply of power to its planned 80MW manganese alloy smelter, on 11 October 2013, in Kuching, Malaysia. The tripartite venture has approved capital of about US\$328 million and the Sakura Ferroalloy smelting facility is planned to produce some 170 000 tons of manganese alloys per annum. Construction of the smelting facility is expected to commence in February 2014 with the first furnace due to be ready for commissioning in October 2015.

In witnessing the signing of the PPA, The Right Honourable Chief Minister of Sarawak, Pehin Sri Haji Abdul Taib Mahmud said : "We are extremely pleased with the signing today. For every signing, it is imperative that it fulfills two commitments - economic and human development." Apart from bringing investment into Sarawak state, constructing and operating the Sakura Ferroalloys plant will see the creation of a significant number of direct and indirect job opportunities.

Signing for Sarawak Energy were its CEO, Datuk Torstein Dale Sjøtveit and GM for Planning and Strategy, Alvin Lim. For Sakura the signatories were Jan Steenkamp and Tiaan van Aswegen, as directors of Sakura Ferroalloys Sdn Bhd, in the presence of Shinichi Uryu from Sumitomo Corporation and Mou-Ping Wang from China Steel Corporation. Also present to witness the signing were state ministers, assistant ministers, heads of government departments, as well as management and board members of both Sarawak Energy and Sakura Ferroalloys.