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Amsa to bring new mine online

NEW: *In talks on coal supplies*

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ARCELOR-MITTAL SA (Amsa) is looking to bring an iron ore mine in the Northen Cape into production by 2015.

CEO, Nonkululeko Nyembezi-Heita said that this would go some way to fill the 2mtpa gap left by Kumba's Thabazimbi mine, which is due for closure in 2016.

Kumba and Amsa are in dispute over participation rights in the plans to extend the life of Thabazimbi.

She was speaking at the firm's interim results presentation yesterday.

Having spent approximately R300 million on exploration on the Northen Cape project, Nyembezi-Heita said that the details around the project, including the name of the black economic empowerment partner involved, would not be released until the prospecting licence had been successfully transferred by the Department of Mineral Resources (DMR).

"It is a fairly small resource with good logistics so it would be straight forward to bring it into production," said Heita.

Amsa had initially thought that the section 11 transfer was imminent as it was approved by the DMR office in Kimberley but it has since been referred to head office in Pretoria and was still in process.

On the Thabazimbi dispute with Kumba, the CEO was adamant that the supply agreement was very clear.

"We have a right to participate in the phoenix project and it is squarely in the Thabazimbi mining area. Ore reserves that are found within that property are to be mined for the benefit of ArcelorMittal. We don't agree that we have done an about turn; we have been procuring iron ore from Thabazimbi since time began, we have never stopped and we intend to continue," said Nyembezi-Heita.

On the sourcing of coking coal for its business, the steelmaker confirmed that it was currently in talks with Vale and Rio Tinto to secure supplies from these mining companies' respective Mozambique operations.

Lamenting the logistics issues particularly at the port of Beira, it was confirmed that trial vessels were already being received from Vale and that the quality of the coal had proved to be very good.

The plan was to secure 350 000 tons this year from Vale with an increase to 500 000 tons next year.

The interim results for the steelmaker were severely impacted by a decrease in local demand from both the building and construction sector as well as the mining sector. As a result production was exported at much less favourable margins.

DEMAND DOWN. ArcelorMittal CEO, Nonkululeko Nyembezi-Heita, laments weak domestic demand at the steelmaker's interim results presentation today. *Picture: Desiree Swart.*

From the previous period as it reported a headline earnings per share fall to 26 cents compared to R1.66 for the same period in 2011.

The outlook shared was not favourable with the losses incurred in the last quarter to end June expected to extend over the coming quarter.

The headline loss per share for the June 2012 quarter has plummeted to a loss of 44 cents per share compared to the first-half headline earnings per share of 71 cents for the January to March quarter.

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