

POTENTIAL NEW ORE AGREEMENT

Arcelor, Kumba close to ore price deal

ArcelorMittal South Africa and Kumba Iron Ore say they are in talks over a potential new ore supply agreement as the companies try to resolve a rights and pricing dispute spanning over three years.

The companies said the talks are for ore from Kumba's Sishen and Thabazimbi mines.

Kumba, a unit of Anglo American, suspended an agreement with ArcelorMittal South Africa in February 2010 under which it sold iron ore at a discounted price of production costs.

The deal was in place because ArcelorMittal, a local arm of the global steelmaker, had a mining right in Kumba's Sishen mine that lapsed. The steelmaker said the discount supply agreement still stands.

The matter is in arbitration and the companies have reached an

1.2%

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interim pricing deal pending the outcome of the hearing. The current agreement expires at the end of the year.

A Kumba spokeswoman said a new supply agreement could have an impact on whether the arbitration process goes ahead.

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