

MANGANESE

ArcelorMittal backs out of acrimonious manganese shareholding

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STEEL company ArcelorMittal is backing out of its acrimonious manganese mining shareholding in Kalagadi Manganese, which has developed an underground mine in South Africa's Kalahari manganese belt.

ArcelorMittal announced from its headquarters in Luxembourg that it was selling its 50% Kalagadi stake to project founder and Kalagadi chairperson **Daphne Mashile-Nkosi** – or her yet-to-be-named nominee.

The announcement follows a South Gauteng High Court ruling in June, which gave

ArcelorMittal ten days to meet its R241.3-million Kalagadi shareholders agreement.

ArcelorMittal said last week that Mashile-Nkosi, or her nominee – which might be a consortium consisting of some of the existing Kalahari Resources shareholders – would acquire ArcelorMittal's 50% Kalagadi shareholding for R3.9-billion (\$447-million) cash.

Mining Weekly reported in early 2008 that ArcelorMittal had paid \$432.5-million for its Kalagadi interest.

On completion of the latest transaction, Kalahari Resources, ArcelorMittal said, would hold a 40% interest in Kalagadi Manganese, Mashile-Nkosi, or her nominee, 50%, and South Africa's State-owned Industrial Development Corporation (IDC) the remaining 10%.

It was Kalahari Resources that in May requested the South Gauteng High Court to ensure that ArcelorMittal honoured its share-

holder agreement obligations, after the steel-maker had failed to settle the matter out of court.

An oft-publicised but still proposed 320 000 t/y high-carbon ferromanganese smelter at Coega, in the Eastern Cape, has lagged Kalagadi's manganese mine and sinter plant in Hotazel, in the Northern Cape.

The plan, as outlined to *Mining Weekly* during a site visit, was for the three-million tons of ore a year to serve as the feedstock for the production of 2.4-million tons a year of sinter, of which 1.7-million tons a year would be marketed and 700 000 t/y smelted into 320 000 t/y of high-carbon ferromanganese.

Mining Weekly was told at the time that the IDC was keen to promote optimum beneficiation – hence, the smelting aspiration, and the offtake agreement of 850 000 t/y secured by ArcelorMittal.