

ArcelorMittal ordered to pay

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THE South Gauteng High Court on Tuesday ruled that Luxembourg-based steelmaker ArcelorMittal (AM) pay R285 million to its partner in a manganese venture, Kalahari Resources (KR) within five days.

The order was given to repay funding obligations KR made on AM's behalf between 1 July 2011 and 31 January 2012.

Judge Phillip Coppin also ordered AM to pay within the same time-frame R241 million to the manganese venture itself for funding obligations from February 1

2012 to May 31, 2012.

The judgment ordered AM to carry on with its 50% funding obligations from June 1, 2012 and to carry all legal costs for the court case. The venture, Kalagadi Manganese (KM), was founded, managed and 40% owned by the black women-owned company, Kalahari Resources, with a further 50% owned by AM and 10% by the Industrial Development Corporation.

Reacting to the court decision, Kalagadi chairman Daphne Mashile-Nkosi said it was a significant step forward for the joint venture

and was especially good news for the Northern Cape and Eastern Cape provinces. "It means the people of the Northern Cape will get their two-in-one project – the mine and the sinter plant – while the people of the Eastern Cape will get the smelter which will provide a major anchor project for the port of Coega".

AM issued this statement: "While ArcelorMittal respects the court's rulings, it is nevertheless disappointed, as this does not resolve the real issues, namely, that certain material obligations under the Kalagadi Manganese shareholders agreement have been breached, and that there remain serious shortcomings in terms of corporate governance within Kalagadi Manganese." – christyf@moneyweb.co.za