

IRON-ORE

Forging Ahead

Northern Cape iron-ore drilling campaign at advanced stage – Mittal

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Steel producer ArcelorMittal South Africa (Mittal) is moving ahead with iron-ore exploration on three Northern Cape farms in the next few months and expects to be in a position to provide a reserve estimate in the coming months.

The company, which is seeking to diversify supply sources and close a possible deficit that could arise as Kumba Iron Ore's Thabazimbi mine approaches the end of its life, is also hoping to make a mining rights application for the property during the course of 2013.

The identity of the farms and the black economic-empowerment group with which Mittal is partnering on the venture have been kept confidential and

CEO **Nonkululeko Nyembezi-Heita** reports that such disclosures will probably only be made when an application is made for mining rights.

During 2012, Mittal invested R366-million on mining and exploration projects, with the prospecting campaign having absorbed a good portion of that capital.

Exploration started in February last year and is being fully funded by the steel company.

Mittal anticipated that results from the drilling campaign would be available in April and that there was potential to develop a 2-million-ton-a-year operation.

The Thabazimbi mine, which is currently supplying the

group with around 1.2-million tons yearly, is expected to close in 2016.

Following a mediation process facilitated by the Department of Trade and Industry, Mittal and Kumba's Sishen Iron Ore Company (SIOC) agreed last year to a new interim pricing agreement for the period running from January 2013 to December 2013.

However, while the pricing terms have been sustained, Mittal will only receive 4.8-million tons from Kumba, as opposed to the 6.25-million outlined in a 2001 supply agreement. Therefore, besides the new mine, Mittal is also buying additional volumes from Assmang's Beeshoek mine, also in the Northern Cape.

Meanwhile, arbitration proceedings relating to a long-running dispute between SIOC and Mittal over the termination of the iron-ore supply agreement have been postponed. The arbitration over the status of the 2001 supply agreement will only resume once legal appeal processes regarding the Sishen mining rights have run their course.



Photo by Chief Photographer Duane Davis

EXPLAINING THE NUMBERS
ArcelorMittal South Africa CEO Nonkululeko Nyembezi-Heita is seen with CFO Matthias Wellhausen at the company's latest results presentation

Nyembezi-Heita indicates that the appeal will be held in February, and that a ruling is expected by the second quarter.

To watch a video in which ArcelorMittal South Africa CFO Matthias Wellhausen and CEO Nonkululeko Nyembezi-Heita speak about iron-ore costs and future supply options, scan the barcode with TagReader (at www.gettag.mob) on your cellphone, or go to 'Video Clips' on www.miningweekly.com.