



## **NON-COMPLIANCE COST**

HSBC's David Bagley tells US Senate hearing on money laundering that he will step down

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## **COURT BATTLE**

Kalagadi's Daphne Mashile-Nkosi says ArcelorMittal must pay its fair share

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# Kalahari fights for steel giant to pay up

## ■ ArcelorMittal appeals ruling

Dineo Faku

**KALAHARI Resources** was considering its options to get Luxembourg-based ArcelorMittal, the biggest steel producer globally, to pay after it failed to comply with a court judgment ordering it to honour its shareholder commitment in Kalagadi Manganese, the company said yesterday.

Last month the South Gauteng High Court ordered ArcelorMittal to pay Kalagadi a sum of R241.3 million within 10 days, but the steel maker has since appealed the judgment.

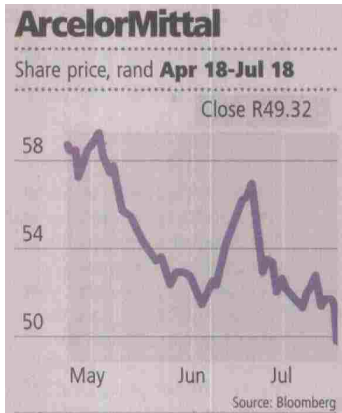
Kalagadi is a manganese mining joint venture in which ArcelorMittal owns 50 percent, Kalahari 40 percent, and the Industrial Development Corporation (IDC) 10 percent.

Kalahari is constructing an R11bn project, including a mine and sinter plant near Kuruman in the Northern Cape and a smelter at Coega, near Port Elizabeth. At the heart of the dispute are ArcelorMittal's concerns of weak corporate governance at Kalagadi.

ArcelorMittal is the parent company of ArcelorMittal South Africa, which is not involved in the project.

ArcelorMittal, which subscribed for 50 percent of Kalagadi for a consideration of \$430m (R3.5bn), did not honour the funding strategy last year because of friction over the appointment of an independent chief executive. Kalahari has invested R1.3bn to date, and the IDC has invested R250m in the project.

Daphne Mashile-Nkosi, the chairwoman of Kalagadi and executive chairwoman of Kalahari, said yesterday that ArcelorMittal wanted to pull out of constructing the smelter, but she wanted to ensure that it honoured its shareholder commitment to the project. She said ArcelorMittal wanted to control the project.



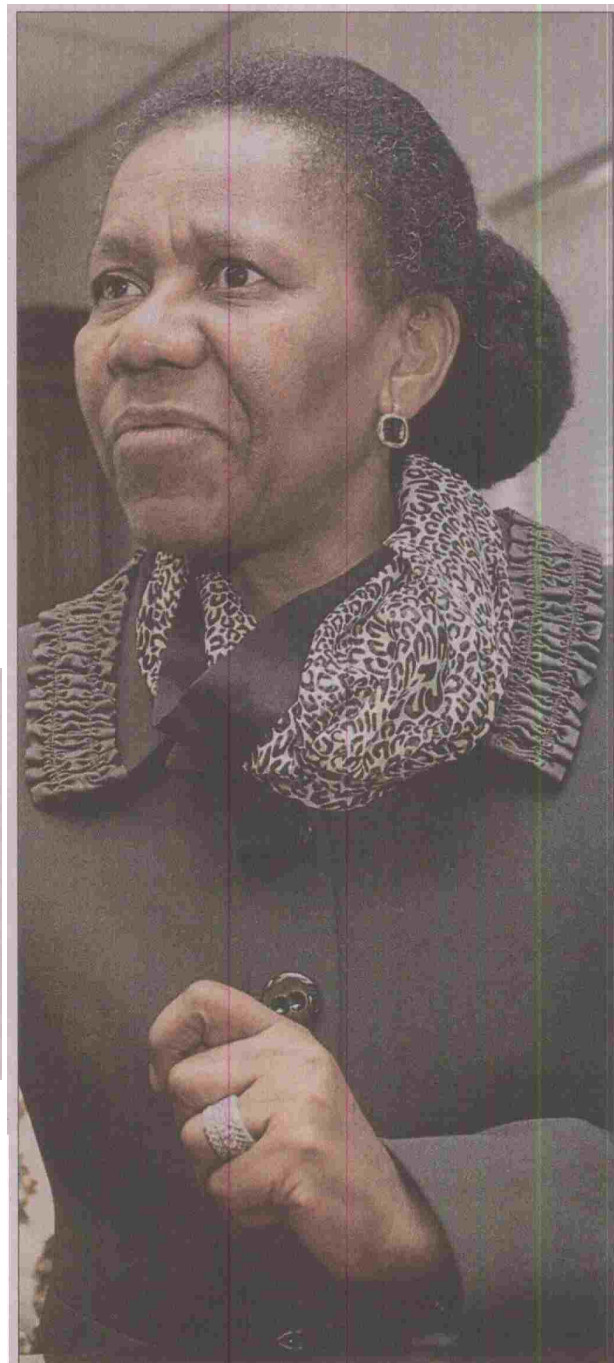
And, initially, during the 2007/08 financial crisis, it wanted to can the whole project, but decided to continue with the mine.

Mashile-Nkosi said ArcelorMittal forced Kalahari to employ people from London as they were globally competitive, but she had refused in order to adhere to the terms of the mining licence.

"The biggest frustration for me is that I am not a symbol who is happy to sit there. I am hands on, you can ask me any question about the project and I will tell you. For me, the bigger agenda is that South Africa needs this project to create jobs and to beneficiate minerals.

"There are no women in the mining sector, we need to open doors. Here is a project that can prove that women can make it in mining. And here are these men who feel I am corrupt because of my success. My husband and I started and funded this business. We put in R12.5m of our money before ArcelorMittal came on board, no bank wanted to fund it."

ArcelorMittal said it was committed and that the smelter had been reviewed and found to be financially feasible. ArcelorMittal also said it was concerned that Kalahari ran the company as if it



**Kalagadi Manganese chairwoman Daphne Mashile-Nkosi wants ArcelorMittal to pay its fair share.**

PHOTO: LEON NICHOLAS

was the only shareholder. It also said Mashile-Nkosi had refused to allow the ArcelorMittal-appointed directors access to the company's books and records, and complained of a lack of transparency in conducting the affairs of Kalagadi.

Mashile-Nkosi said: "ArcelorMittal says they did second a procurement specialist from Belgium who will come in for no consideration. We did not want to import a foreign specialist, when we have local people with skills in South Africa."

Business Day reported that Kalahari wanted to buy ArcelorMittal out of the manganese project. However, Bloomberg reported that ArcelorMittal said it would not sell its stake.