

# Kumba, Arcelor discuss supply deal

## Bloomberg and Londiwe Buthelezi

**ANGLO American's Kumba Iron Ore unit and ArcelorMittal South Africa, the continent's biggest steel maker, were in talks to secure a permanent deal for delivery of the raw material, they said on Friday.**

Last December, Kumba agreed to a one-year deal to supply as much as 4.8 million tons of iron ore from its Sishen mine, Africa's largest iron ore operation, to ArcelorMittal SA, the local unit of the world's biggest steel producer, at an average price of \$65 (R655) a ton. The arrangement ends on December 31.

"Discussions are under way on the possibility of a new supply agreement for iron ore from Kumba's mines, including Sishen and Thabazimbi," ArcelorMittal SA said on Friday.

In March 2010 Kumba cancelled a 2001 agreement to supply ArcelorMittal SA with 6.25 million tons of ore a year at cost plus three percent from Sishen after the steel maker's partial mining right over the operation expired the previous year.

They delayed arbitration until court proceedings over the right

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## ArcelorMittal

Share price, rand Jun 18-Sep 13



are concluded.

In March, the Supreme Court of Appeal dismissed an appeal by the state and Imperial Crown Trading 289 (ICT), whose owners include a business partner of President Jacob Zuma's son, Duduzane, to have rights to the complex reinstated. The case has gone to the Constitutional Court.

Kumba's Sishen Iron Ore Company (SIOC) controls and operates the Sishen mine. JSE-listed Exxaro Resources owns a 20 percent stake in SIOC.

Kumba "and ArcelorMittal SA are hoping that their discussions will lead to agreement on the

long-term supply of iron ore from SIOC's mines", Kumba said in an e-mailed statement on Friday.

The Constitutional Court was expected to announce its ruling on the Sishen mining right dispute between Kumba and ICT between the end of this year and early next year, a Kumba spokesperson said on Friday.

ICT and the Department of Mineral Resources lodged their application to appeal the granting of a 100 percent exclusive right of the mine to Kumba subsidiary SIOC in April, when the Supreme Court dismissed their application to have ICT's rights to the Sishen mine reinstated.

The Constitutional Court completed its hearings on the matter on September 3, but judgment was reserved. No specific date was given for a ruling.

Kumba was awarded 100 percent of the mining right when ArcelorMittal SA failed to convert its old order mining right into a new order mining right. The steel maker held 21.4 percent of the right while Kumba previously held 78.6 percent. The Mineral Resources Department had awarded ArcelorMittal SA's stake to ICT in May 2009.