



ArcelorMittal

# news release

**5 November 2013**

For more information, please contact  
Themba Hlengani  
T +27 (16) 889 2425

For immediate release

## **Kumba Iron Ore and ArcelorMittal joint announcement**

### **Salient Features:**

- Agreement regulating the sale and purchase of iron ore between Kumba's Sishen Iron Ore Mining Company (SIOC) and ArcelorMittal South Africa has been concluded and will become effective from 1 January 2014;
- Price of iron ore sold to ArcelorMittal South Africa by SIOC will be determined with reference to the cost associated with the production of iron ore at the Sishen mine, plus a margin of 20% and subject to a ceiling price equal to the Sishen export parity price at the mine gate;
- Agreed price for pre-determined quantities of iron ore for the first two years of the agreement;
- Agreement settles all existing disputes between ArcelorMittal South Africa and SIOC;
- Provides a possible extension for the life of the Thabazimbi Mine, securing jobs for 1,300 employees; and
- Remains subject to a number of conditions, including that SIOC retains the entire Sishen mining right.

**Johannesburg, 5 November 2013:** The CEO of ArcelorMittal South Africa, Nonkululeko Nyembezi-Heita, and the CEO of Kumba Iron Ore, Norman Mbazima, today signed a new iron ore supply agreement which will regulate the sale and purchase of iron ore between Sishen Iron Ore Company (SIOC) and ArcelorMittal South Africa.

The agreement will become effective from 1 January 2014 and settles various pending disputes between the two companies.



The agreement regulates the sale of up to 6.25 million tonnes per annum of iron ore by SIOC to ArcelorMittal South Africa complying with agreed specifications from both the Sishen and Thabazimbi mines. In addition, there is an agreed price for a pre-determined quantity of iron ore for the first two years of the agreement.

The CEOs said that they are confident that this agreement will secure the long term sustainable supply of iron ore to ArcelorMittal South Africa for the life of the Sishen mine at favourable prices.

The new agreement is subject to a number of conditions, including that SIOC retains the entire Sishen mining right and is not required to account to any third party (excluding ArcelorMittal South Africa). In addition, it is assumed that amendments to existing legislation or new legislation will not have a material effect on the terms of supply.

Should these conditions not be met and SIOC becomes entitled to terminate the agreement, the Sishen arbitration, which commenced in April 2010, will proceed to determine ArcelorMittal South Africa's entitlement to receive iron ore from SIOC.

A positive outcome of this agreement is the possibility it presents to extend the life of Thabazimbi mine. Based on its current operating configuration, the mine is nearing the end of its economic life, with unit costs having increased materially. SIOC has started studies to evaluate the viability of Thabazimbi's extension through certain low grade beneficiation technologies and early indications in this regard are promising. A potential mine life extension at Thabazimbi will secure the jobs for about 1 300 employees, including 850 permanent staff and small to medium size suppliers located in the immediate vicinity of the mine.

Although Thabazimbi mine has operated under the current agreement as a captive cost-plus mine with the costs borne by ArcelorMittal South Africa, under the new terms, operational and financial risks will pass to Kumba and Thabazimbi mine will become an alternative source of iron ore to ArcelorMittal South Africa from the Kumba portfolio of mines.

Norman Mbazima commented, "We are delighted to have reached agreement on a long term holistic solution that meets the requirements of both companies and is consistent with the government's objectives with regard to beneficiation."

Nonkululeko Nyembezi-Heita concluded, "This is an exciting development that bodes well for the long term security of iron ore supply to ArcelorMittal South Africa. Moreover, it will lend stability to the steel industry in South Africa".

Distributed on behalf of ArcelorMittal South Africa and Kumba Iron Ore by Brunswick

For further information and interviews:

**ArcelorMittal:** Themba Hlengani: 083 440 0158

**Kumba Iron Ore:** Yvonne Mfolo: 083 469 4566

**Notes to editors:**

**Kumba Iron Ore**



# ArcelorMittal

Kumba Iron Ore Limited, a member of the Anglo American plc group, is a leading value-adding supplier of high quality iron ore to the global steel industry. Kumba produces iron ore in South Africa at Sishen mine and its new Kolomela mine in the Northern Cape Province, and at Thabazimbi mine in the Limpopo Province. Kumba exports iron ore to customers in a range of geographical locations around the globe including China, Japan, Korea and a number of countries in Europe and the Middle East.

**[www.angloamericankumba.com](http://www.angloamericankumba.com)**

## **ArcelorMittal**

ArcelorMittal South Africa is Africa's largest steel producer, producing about 6 million tonnes of liquid steel per annum. Its plants based in Vanderbijlpark, Vereeniging, Newcastle and Saldanha produce both flat and long steel products. In addition, ArcelorMittal South Africa operates a metallurgical by-products processing division, called ArcelorMittal Coke & Chemicals. ArcelorMittal South Africa is majority owned by the ArcelorMittal Group based in Luxembourg. The company employs over 10 000 employees.

ArcelorMittal has a depth of technical and managerial expertise carefully nurtured since 1928, a reputation for reliability and a sharply defined business focus, which has forged the company into a modern, highly competitive supplier of steel products.

**[www.arcelormittalsa.com](http://www.arcelormittalsa.com)**