

IRON-ORE

Kumba, Mittal extend interim supply deal to year-end

IDÉLE ESTERHUIZEN
ONLINE WRITER

JSE-listed Kumba Iron Ore has agreed to extend the interim pricing arrangement it has with ArcelorMittal South Africa, which sees it supplying the steelmaker with iron-ore from its Sishen mine, to the end of December.

Subsidiary Sishen Iron Ore would sell a maximum of 1.5-million tons of iron-ore to Mittal until the end of December, at a weighted average price of \$65/t. The interim agreement, which expired at the end of July, had already been extended once, in light of ongoing legal processes. The agreement provided that Sishen

would sell iron-ore from its Northern Cape mine to Mittal's Newcastle and Vanderbijlpark facilities at \$70/t and to Saldanha Steel at \$50/t, with a weighted average price of \$65/t.

The renewed agreement was subject to materially the same terms and conditions as applied under the extended interim pricing agreement.

Meanwhile, Kumba and Mittal said in separate statements that negotiations on the terms and conditions on which Sishen would sell iron-ore to Mittal after December 31, and until the arbitration between the parties regarding the status of the 2001 6.25-million-ton-a-year supply agreement was finalised, were still under way.

On March 1, Kumba terminated a supply agreement with Mittal under which it had sold iron-ore to the steelmaker at a discounted price of around \$30/t.